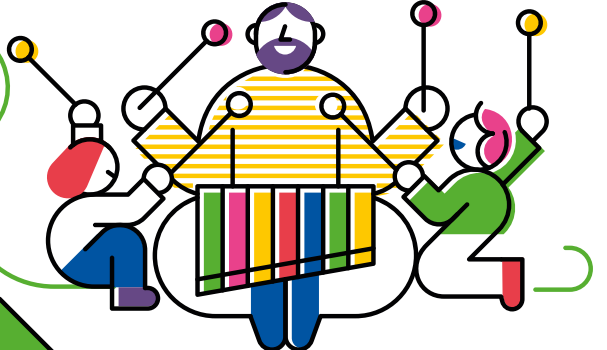
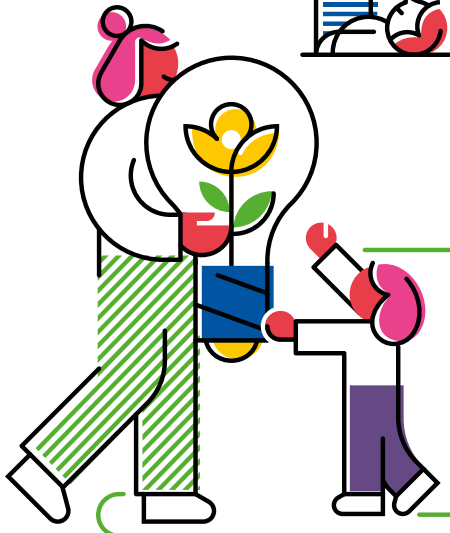


Let's grow

together

**PRG**  
RETAIL GROUP  
GROW WITH US



**SUSTAINABILITY REPORT**  
2022

# INTERACTIVE PDF










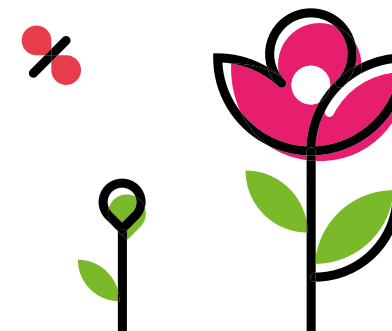
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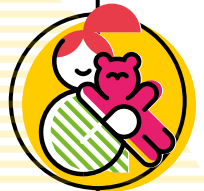
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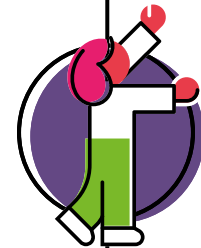
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# LETTER FROM THE CEO

**Dear stakeholders,**  
**Once again, this year, the opening note of the Sustainability Report allows me to look back proudly to all the activities that PRG Retail Group has managed to realise, in order to effectively participate in the development of a more sustainable society and planet.**

At the same time, on the occasion of the third edition of this report I have to ask myself whether the path and actions undertaken are the right ones, the most urgent, and the most necessary for the context and for the ecosystem in which PRG moves and operates. In the day-by-day routine of processes and decisions, it is not always straightforward to stop and distinguish between what we do out of duty, out of mission, out of opportunity, out of conviction, or a mix of these reasons. Moments of analysis and synthesis, such as this one, are therefore to be considered valuable occasions, also useful to avoid falling into automatism or into the rhetoric of corporate storytelling.

Getting to the point, in 2022 we moved forward again on several priority fronts which are crucial for PRG' sustainable approach. Below mentioned you can see just three of the many addressed and reported on in the following chapters.

Firstly, we have focused on the product - leaving our stores to entering millions of homes, bringing a message as well as a purpose - proceeding with the progressive reduction of the impact of the packaging of our private label collections, and acting on their recovery and end-of-life management. Also in this sphere, our role as strategic distributor for many Italian and international Textile, Childcare, and Toy companies has confirmed and renewed our ability to play the role of "sentinel partner", attentive on supply chains and capable of rewarding the commitment of virtuous suppliers in our stores, in Italy and Europe.

Another challenging topic last year was the acceleration of digitisation processes and data protection of our loyal consumers in Europe, an essential matter impacting daily on the relationship of trust with families that has led us to make significant investments in terms of resources and time.

Finally, also in 2022, we have confirmed our full support to several organizations and social enterprises that carry out fundamental work for the protection of rights, the valorisation of diversity, and material and immaterial support for people in disadvantaged

conditions. Once again, the PRG Retail Group community has proven to be careful and supportive, ready to follow and prop "good examples", promoting them to the public and our customers.

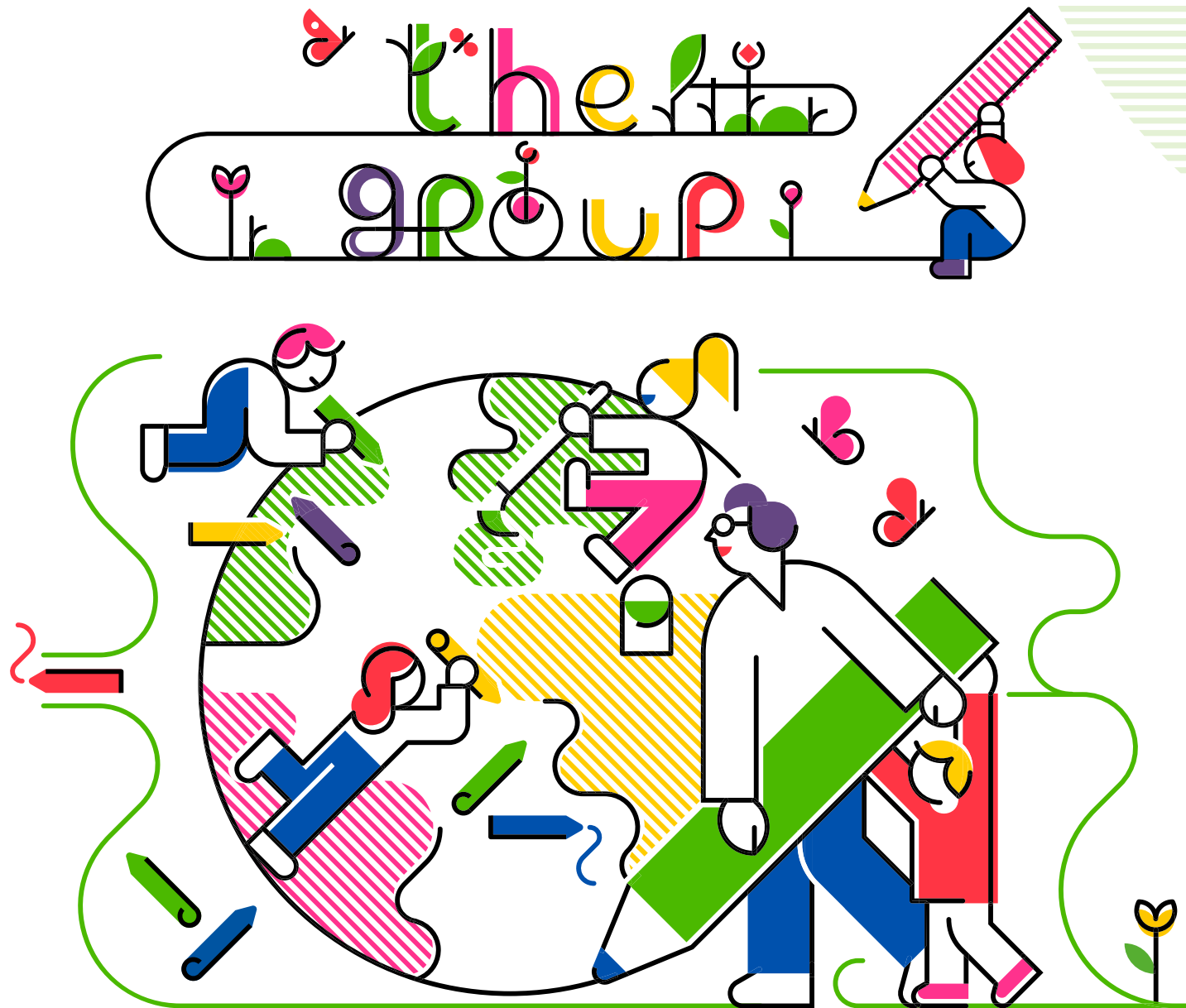
Maybe, going back to the initial reflection, this is precisely the key point, what PRG Retail Group will be able to do more and more in the future: to have alongside, but above all to be viewed as, fellow travellers capable of developing sustainability mindset and culture, being a source of positive inspiration, as well as promoter of good practices to be adopted and shared. Thoughts, words, intentions, and culture are definitely important in our times, actions alone are often not enough.

For this reason, PRG Retail Group can aspire to be Europe's first Kids&Family Hub, not only in terms of geography, size, quality, and diversity of offer, but also by increasingly playing the role of actor of that proximity welfare that really allows people to be supported and grow better together.

**Grow with us.**

*Amedeo Giustini*  
**Amedeo Giustini**  
 PRG Retail Group CEO

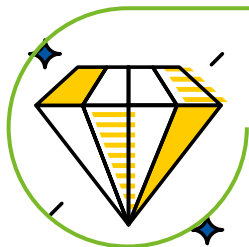




# 1. A PASSIONATE, OPEN-MINDED AND RESPONSIBLE GROUP

## 1.1 Identity and brands

“Grow with Us” summarises and fully expresses our desire to envision an amazing project, day by day: we want to strengthen our role as a point of reference for families, from the moment of the child’s birth throughout its growth, based on an increasingly empathetic relationship with customers, a constantly updated product offering, an omnichannel strategy that is more effective every day, and the enhancement of partnerships in the full sharing of values and objectives. We want to consolidate our role, through this vision, as leading *European Kids&Family hub*, and strengthen the unique, long-lasting relationship of trust, which is already the point of reference for 31 million families.



### MISSION

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

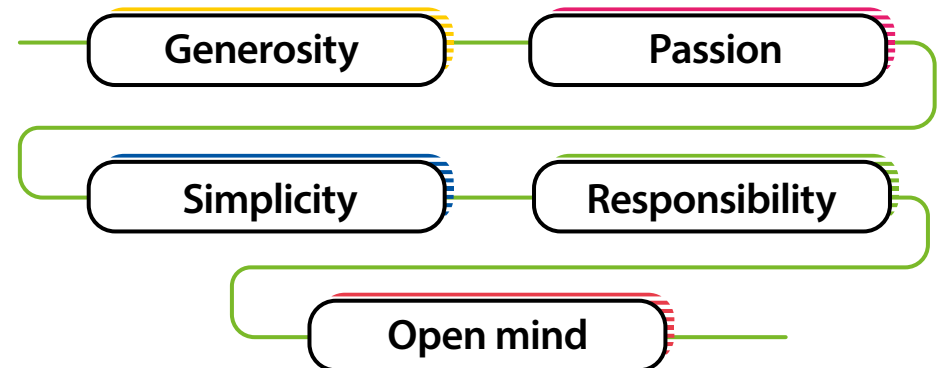


### VALUES

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

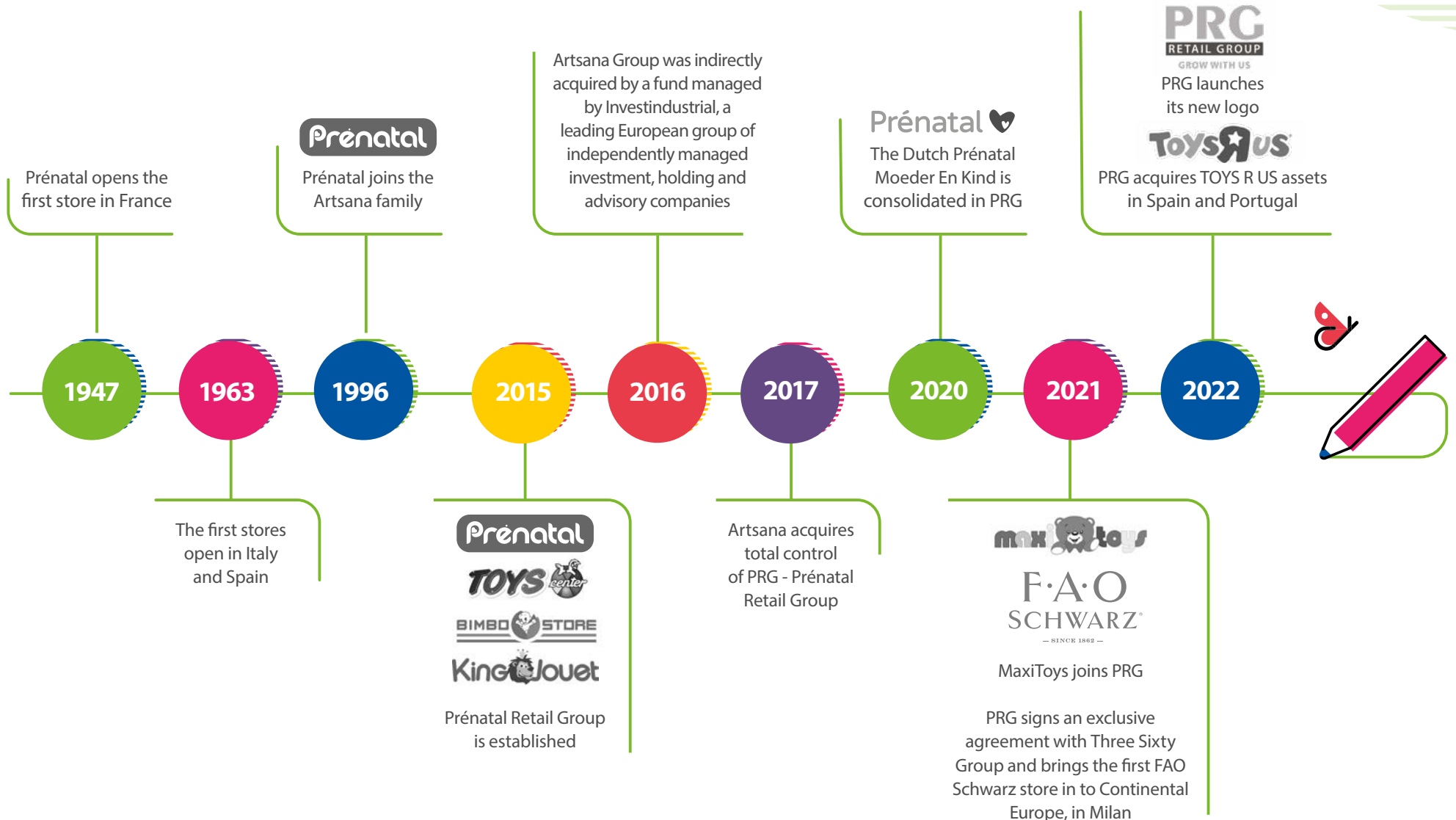
In a market context characterized by the rapid evolution of the retail sector (accelerated in the last years by the Covid-19 pandemic) that has changed customers’ buying habits towards an **omnichannel model**, the Group aims to quickly become a **‘marketplacer’** in the world of parents for their children’s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

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



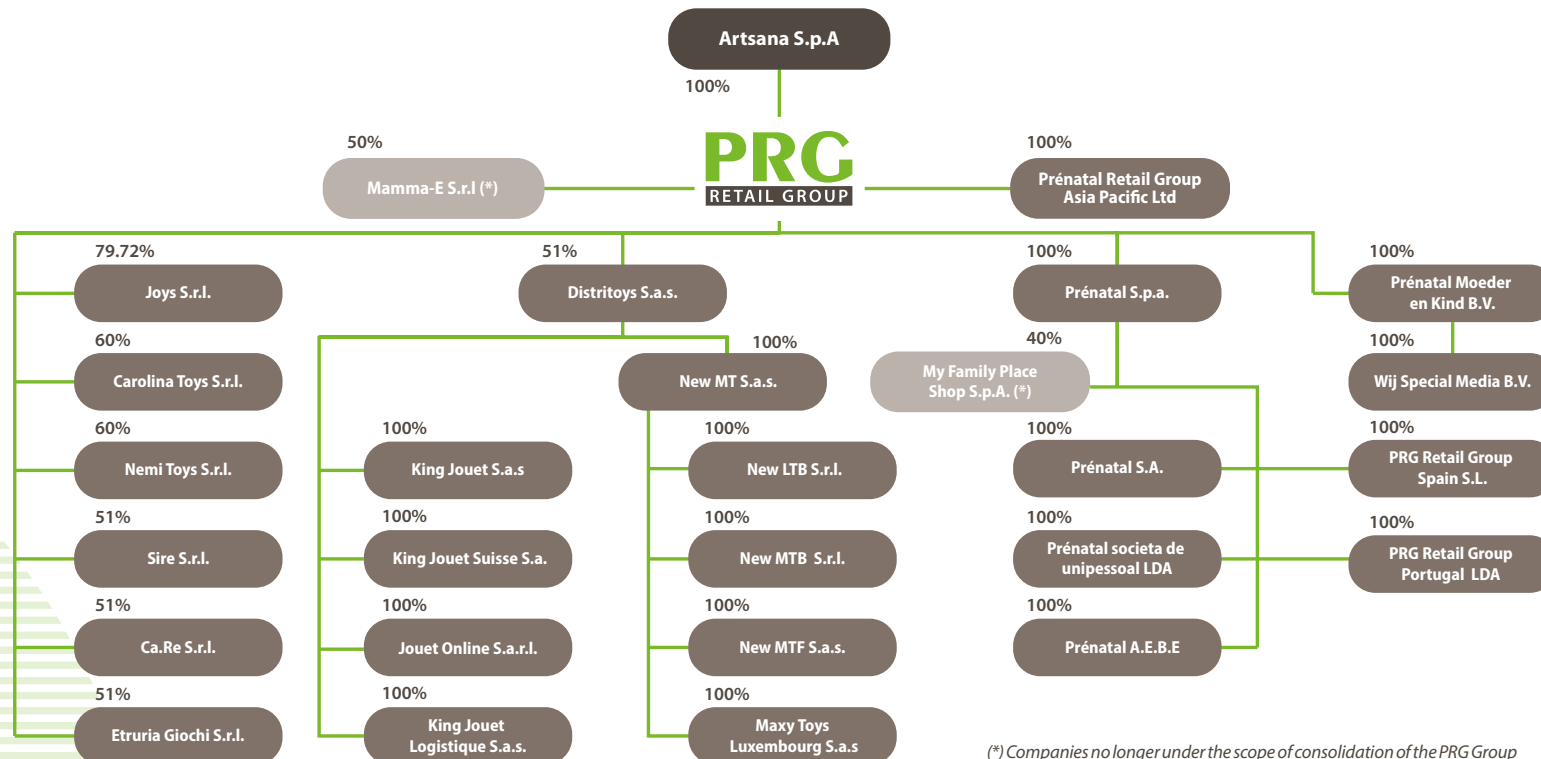
PRG is continuing its growing path year after year including new brands in the portfolio. Internationalisation is becoming a key feature for

PRG which is constantly working towards connecting different cultures, countries and companies under same the values and passion.



Through an accurate long-term strategy of diversification and partnerships with major players in the sector, PRG stands today as a leading player in the market, the parent Company of 26 different operating companies, which bring value to customer through 8 brands across 9 countries.

In July 2022, the acquisition of the **Toys 'r Us Spain** and **Portugal** retail network (via the subsidiaries Prenatal Spain and Portugal) was completed from the insolvency proceedings opened in April 2022 at the Court of Madrid. The acquisition of **Toys 'r Us**, a historic player in the toy sector, allows PRG to strengthen its position at European level by expanding the geographies in which it operates.



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

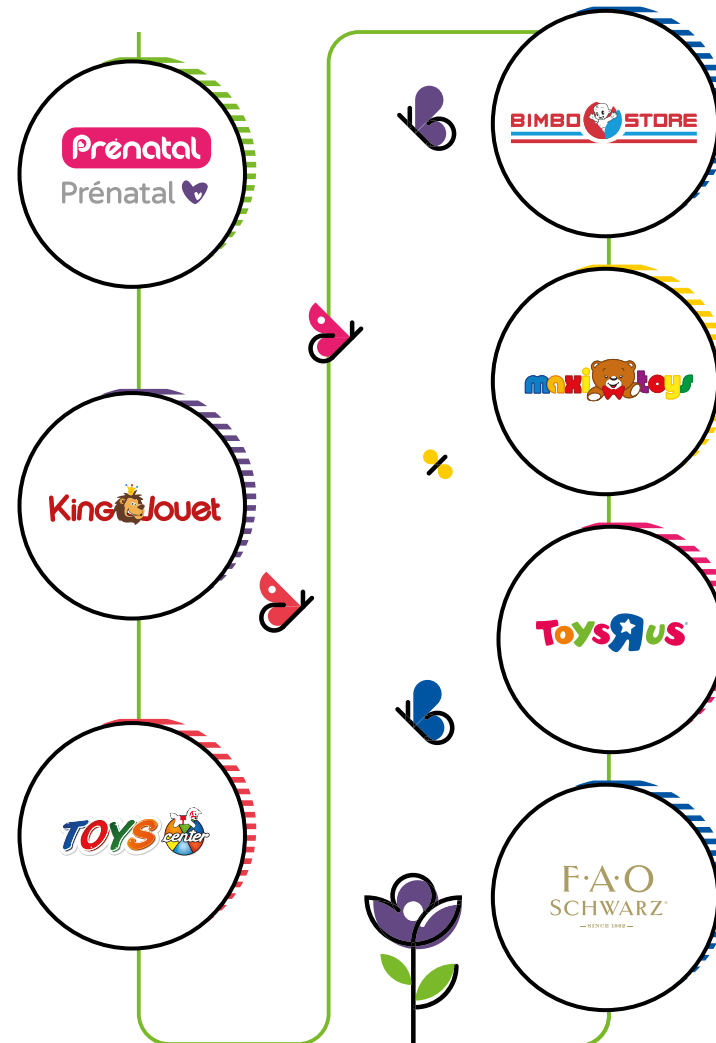


The eight brands (of which two licensed - Fao Schwarz and Toys'R'Us) through which the Group operates have their own history and identity, and PRG has combined them into a single synthesis of values and proposals for the end customer, whilst maintaining their territorial roots and distinctive characteristics. PRG aims to share the knowledge gained over the years in the brands it has acquired and in the children's retail sector.

**Prénatal** has a retail network of 287 stores, including 239 directly operated stores, in Italy, Spain, Portugal, Greece, France and the Netherlands. In addition to an extensive selection of the world's top childcare product brands, Prénatal also offers a wide range of dedicated specialist clothing for new mums and bespoke clothes for new-borns and children.

Founded in 1875, **King Jouet** is today the first specialist retailer in the French and Swiss markets with large stores and an innovative format, with 365 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.

Launched in the 1990s, over the years **Toys Center** has developed a family-friendly format and consistently expanded its product range of toys to include childcare products and textiles in increasingly larger stores throughout Italy. Toys Center counts 133 stores and is the only toy specialist chain in Europe with more than 20% share in the national market.



**Bimbo Store**, acquired in 2015, has now 91 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.

Active in France and Belgium since the early '90s, at the end of 2021 **Maxi Toys** was acquired by King Jouet. Maxi Toys is present through over 26 stores and on-line with an offer of wide range of products, combining the innovations of the major international brands with the high standards of private label products.

Founded in 1948 and originally specialised in the sale of children's furniture, **Toys 'R' Us** is today a chain of toy shops, known for their wide selection of quality toys, games, dolls, action figures and more, and for the wide range of brands offered. In 2022, Toys 'R' Us Iberia, 46 stores of which 35 are in Spain and 11 in Portugal, was acquired by the Group taking over the assets and the license agreement for use of the brand.

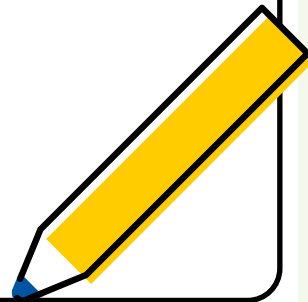
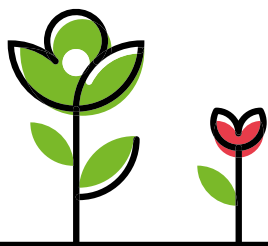
The first **FAO Schwarz** store opened in Baltimore in 1862: the first toy shop in the United States. The stores are known and renowned for premium, exclusive brands (FAO, Sharper Image, Discovery Mind-Blown), life-sized stuffed animals and exceptional, one-of-a-kind toys, from all over the world. FAO has been present in Italy since 2021 in Milan – Piazza Cordusio, with an exclusive 600 m<sup>2</sup> retail outlet containing 25 themed areas. The first of Continental Europe.

## PRG RETAIL GROUP ACQUIRES TOYS 'R' US IBERIA LICENCE

Leader in the toys and children's products sector, PRG Retail Group has initiated the operation to protect and relaunch the brand in Spain and Portugal. PRG Retail Group adds the assets of Toys 'r Us Iberia to its portfolio. Through its subsidiaries in Spain and Portugal, the company secures the future of this renowned brand. This strategic move not only strengthens the Italian Group's position as a leader in the toys and children's products sector but also reinforces its presence in the Iberian Peninsula where it has been thriving since 1963 with its brand Prénatal.

By acquiring Toys 'r Us Iberia, PRG Retail Group demonstrates its unwavering commitment to growth in Europe. The company funded this acquisition entirely through its internal resources, showcasing its financial strength. With this deal, PRG Retail Group solidifies its position in both markets, gaining access to high-value assets and a network with immense development potential. This includes a remarkable 46 stores, with 35 located in Spain and 11 in Portugal. Additionally, the acquisition includes e-commerce platforms, a logistics center, and headquarters situated in Madrid and Lisbon.

*"We are excited about this new great adventure and ready to bring to Spain and Portugal the model that we are successfully applying in Italy and with which we intend to grow to become the first hub dedicated to Kids&Family in Europe, able to propose to the customer a complete specialized offer of toys, clothing and childcare products in highly qualified, multiformat and multi-banner stores"*  
says Amedeo Giustini, CEO of PRG Retail Group.



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 the **brands** Prénatal, BimboStore, Toys Center, King Jouet, Maxi Toys, Toys 'R' Us and Fao Schwarz reflecting a peculiar value position.



## 1.2 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 the age of 10.

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 company of the Group that is in charge of maintaining and developing the relationships with the selected range of local suppliers, as well as carrying out research and development activities with local partners, thus guaranteeing for the Group the best quality and security standards for its private label products.

With its employees over the world, Group's presence is mainly focused in Europe: its **957 stores**, both directly managed and in affiliation, are located in Italy, France, Netherlands, Spain, Portugal, Greece, Switzerland, Belgium and Luxembourg. In addition, the Group is present even outside of Europe with some stores run as franchises.

- ✂ The majority (42%) of the stores are located in Italy, partly thanks to the multiple affiliations closed with local players. All Group brands are present in the Italian territory, except for King Jouet, Maxi Toys and Toys 'r US. The Group's headquarters are based in Cogliate, Monza e Brianza.
- ✂ In France, the Group is present with 347 King Jouet stores and 6 Prénatal stores; another 17 King Jouet stores are located in Switzerland and 1 in Belgium. In addition, Maxi Toys counts 26 stores in Belgium.
- ✂ In the Iberian Peninsula there are a total of 84 points of sale, 20 in Portugal and 64 in Spain, divided between the Prénatal brand and the Toys 'r Us brand.
- ✂ There is a further significant presence in the Netherlands and Greece, mostly under the Prénatal brand.



**957**  
stores



**€1,196**  
million revenues  
in 2022

In terms of revenues, the Group generated **over 1,196 million Euros in 2022**, the majority of which (91.2%) directly from points of sale, while a minority comes from e-commerce (6.6%), wholesales (1.8%) and other (0.4%).

The following tables show the regional distribution and product mix of PRG Group:

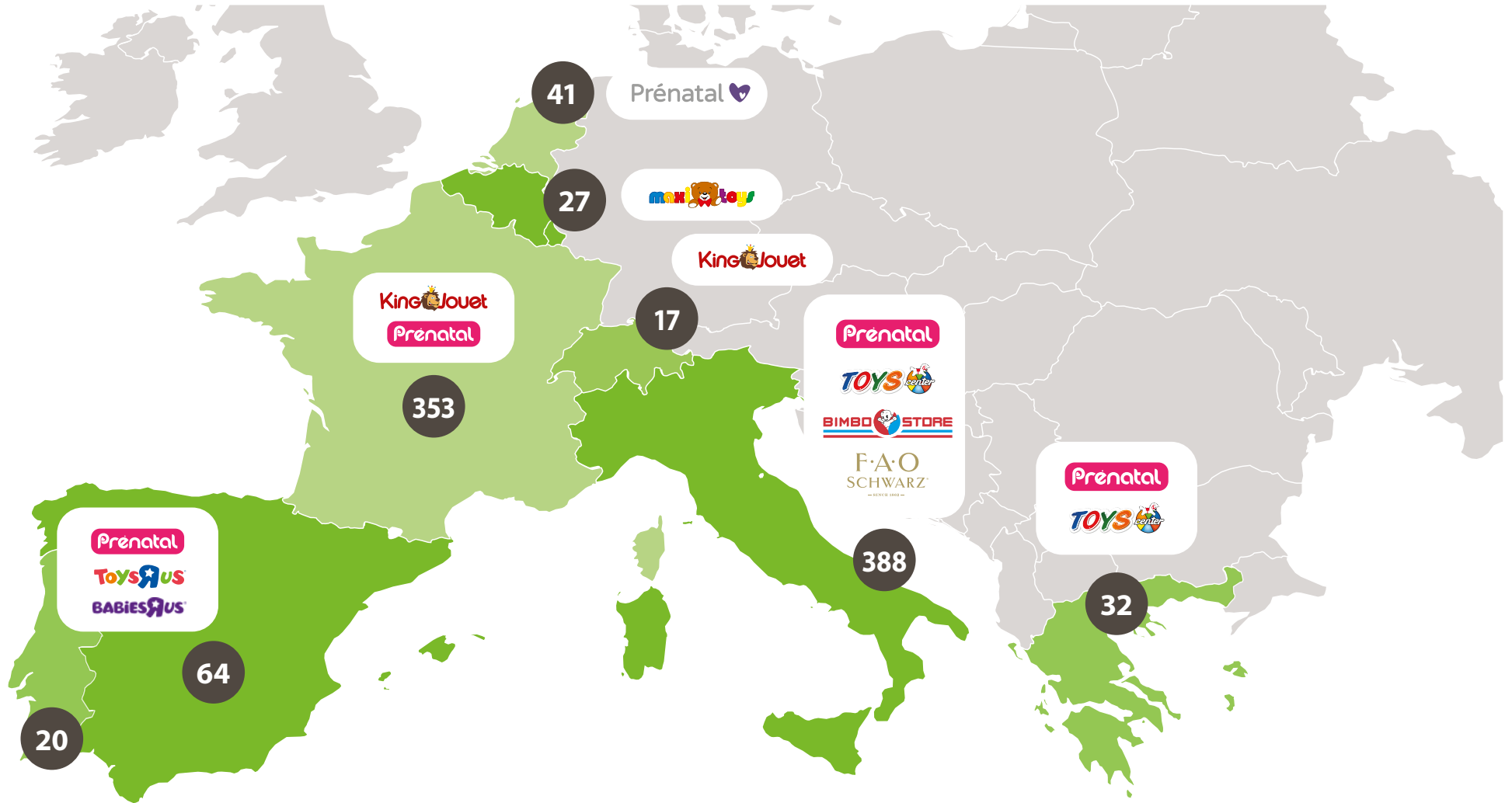
### PRG Revenues – Regional distribution

Country	Italy	France	Netherlands	Spain & Portugal	Switzerland	Belgium	Other
Revenues generated	50.4%	28.6%	7.7%	6.3%	2.6%	2.5%	1.9%

### PRG Revenues – Product mix

Product	Toys	Textiles	Hard goods	Baby care and nappies	Other
Revenues generated	63.2%	14.6%	15.0%	6.7%	0.5%

# Points of Sale



# Let's grow together

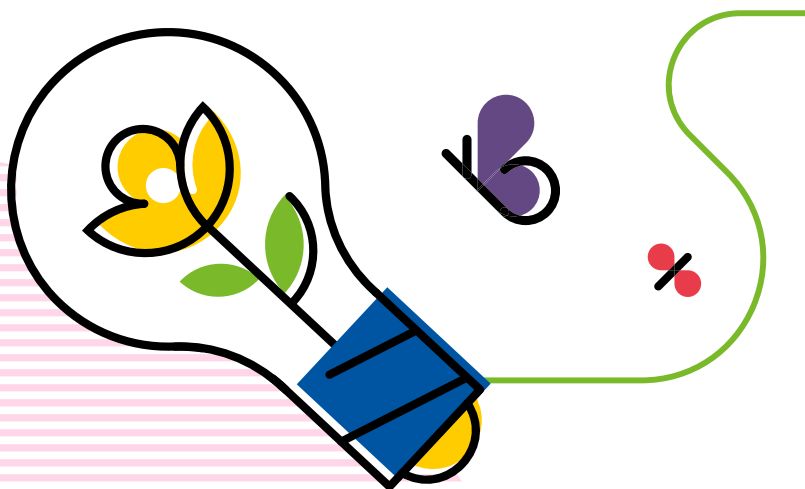


## 2. LET'S GROW TOGETHER

Recognizing the importance of acting responsibly and sustainably, PRG pays strong attention to people and the environment in all its operations. In this regard, the company is committed to ensuring equitable and enduring relationships with all its stakeholders, with a focus on its business partners and its consumers.



What sets PRG apart is its international outlook, as it brings together diverse entities from various countries, all driven by a unified mission and a shared vision. To reinforce this commitment, a collaborative behaviour has been established among its subsidiaries, enabling them to work closely together on a wide range of issues, with sustainability taking center stage. In this regard, teams from different countries are actively engaged in numerous projects, such as International Accord and Better Cotton. **The aim is to create a joint vision and a sustainability plan that includes all the Group's brands.**



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

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

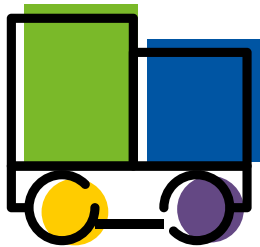
In addition, with the aim of integrating the communication of sustainability performances emerging from the Report, by framing it into a general perspective that reflects the Group's outlook of the main challenges foreseeable in the coming years, PRG also began defining the main commitment areas to address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

Hereafter, the 5 pillars around which the strategy will be built:



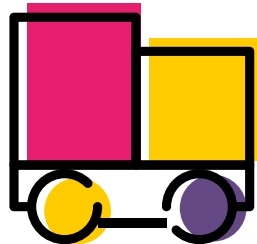
### Making Good Products

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



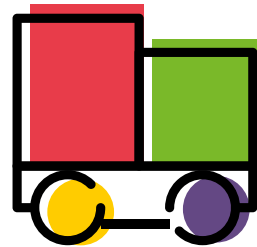
### Supporting a responsible value chain

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



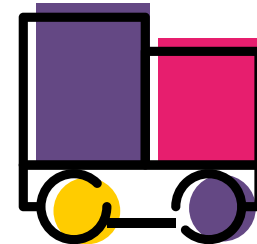
### Fighting for a better climate

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



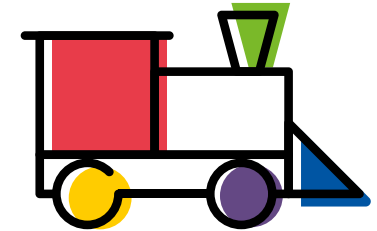
### Valuing our people

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



### Growing Responsibly

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



## 2.1 Stakeholders

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

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





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



### EMPLOYEES

In October and November 2021, **PRG Business Units were involved for the first time in brainstorming and discussion sessions**, with the aim of sharing ideas, feedback, proposals, and doubts related to the implementation of sustainability projects and to discuss the goals and purposes of creating a Group sustainability strategy. This represented a perfect chance to collect the commitment of the teams regarding the creation of a **Sustainability Working Group**.



### CONSUMERS AND FAMILIES

PRG has been committed to fully understanding the needs and desires of families by maintaining a constant dialogue with them. In 2022, PRG dealt with consumers coping with a difficult economic situation, many of whom had to review their needs and spending targets increasing the gap underlined by the 2021 survey *"Sustainability: a practice suspended between saying and doing"* created by Osservatorio delle Famiglie Contemporanee with the aim of understanding how many people really know and apply this often-quoted word in their daily lives. However, PRG's focus remained high, proposing activities that considered the economic problems of families but did not neglect the sustainable aspects to which PRG has been committed for years. This year the Osservatorio delle Famiglie Contemporanee with "the Ideal Parent" initiative has enabled PRG to understand its consumers even better, trying to enter directly into the relationship between parents and children.



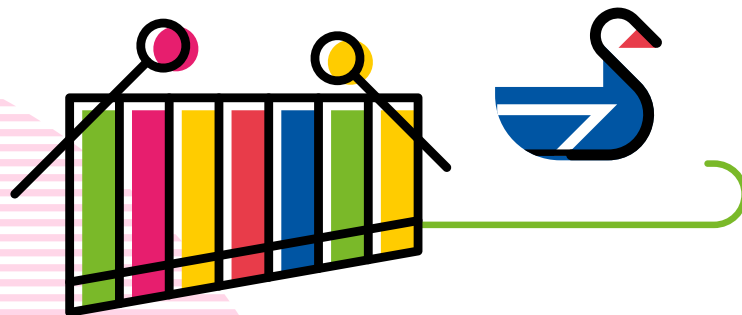
### SHAREHOLDER

Regarding investors, the Report covers those issues that are material to our shareholders and applicable to PRG's business model, as they have emerged from various points of engagement, from various points of engagement such as their Annual Sustainability Summit.



### COMPETITORS

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



## 2.2 Material topics

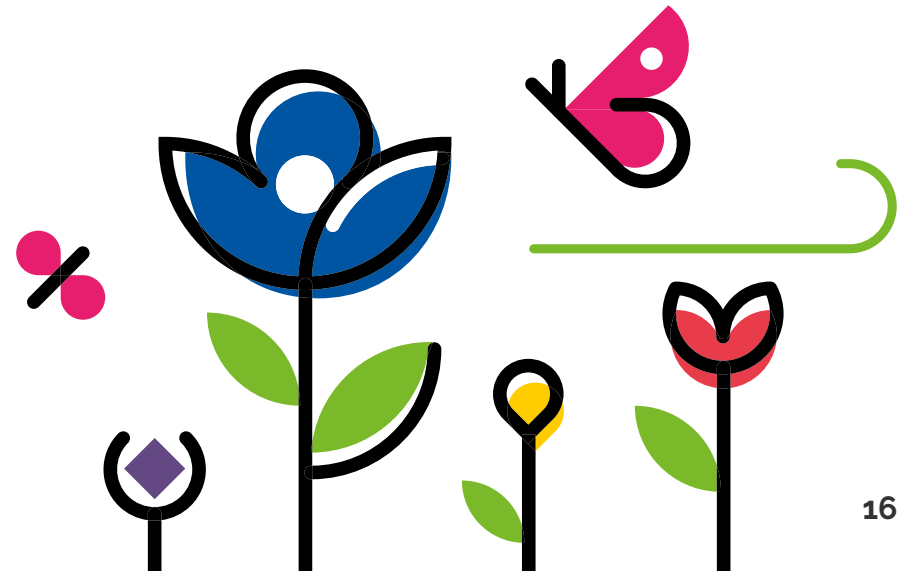
In line with the requirements of the GRI Standards 2021, the last release required for all documents published from January 2023, PRG has identified the material topics to be addressed in the Sustainability Report 2022 through a reviewed version of the materiality analysis. The aim of the new materiality analysis is to illustrate the topics that represent the most significant impacts (effectively or potentially) generated by the entire PRG value chain on economy, environment, society, and people, considering human rights.

According to this, PRG has conducted an analysis of the **impacts** generated, directly and indirectly, by the organization, through three different stages:

- ✂ **1.Context analysis and impacts identification:**  
the context in which PRG operates has been analysed with the aim of identifying the actual and potential, positive and negative impacts generated by the Company's activities throughout its value chain.
- ✂ **2.Evaluation of the relevance and prioritization:**  
the negative impacts have been classified based on two variables, **severity** (evaluated considering scope, scale, and irremediable character) and **likelihood**, with the latter being considered only for potential impacts. The positive impacts have been evaluated considering their significance (scale and scope). The impacts have been then prioritized based on the product of the quantitative scores assigned to each of them, adding also a qualitative interpretation of the results performed according to the interviews with company functions.



- ✂ **3.Material topics identification:**  
based on the results of phase 2, a prioritized list of impacts has been obtained. Based on this list, a materiality threshold has been defined, in order to differentiate material impacts from non-materials ones. After this process, one or more material impacts have been grouped into material topics. a



Thanks to this evaluation, **14 positive or negative material topics** have been identified, that represent material impacts that the Group has or could have along its value chain:

## Environment

<b>Logistics Management and Energy and Transport efficiency, and fight against Climate Change</b>	Climate change caused by GHG emissions
<b>Sustainable Design for product and packaging, and Circular Economy</b>	Positive impact due to product and packaging designs that promote the circular economy in material selection, limiting the use of raw materials
<b>Sustainable Supply Chain Management</b>	Damages due to inappropriate behaviour involving environmental issues along the supply chain

## People

<b>Sustainable Supply Chain Management</b>	Damages due to inappropriate behaviour involving social issues along the supply chain
<b>Customer Health and Safety</b>	Damage to consumer health and safety due to the use of products
<b>Occupational Health &amp; Safety</b>	Impacts on workers' health and safety
<b>Marketing and Labeling</b>	Physical injuries to customers caused by incorrect communication of product information

## Business

<b>Business Integrity and Anti-corruption</b>	Negative impacts on the economic system due to episodes of corruption
<b>Customer privacy</b>	Impacts on employees and customers due to loss of sensitive data
<b>Digitalization and Technological progress</b>	Digitization of internal and external processes, technological advancement of products and services
<b>Customer satisfaction and Loyalty</b>	Positive impact on customer satisfaction and loyalty through the selling of high quality and durable products
<b>Human Rights, Child Labor and Forced or Compulsory Labor</b>	Violations of human rights and child labour regulations
<b>Sustainability Education for employees and customers</b>	Spreading of sustainable behaviour among employees and consumers
<b>Employment and Labor / Management Relations</b>	Creation of jobs
<b>Skills development</b>	Skills development of employees due to targeted and dedicated training plans

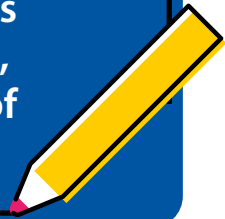


### 3. MAKING GOOD PRODUCTS

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



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



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

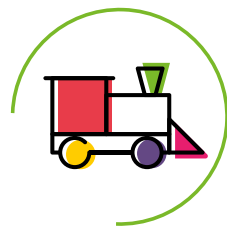
## 3.1 Safe products

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

PRG is committed to guaranteeing the highest standard of product safety to protect the health of its customers. For this reason, within the contracts regulating the relations with suppliers, PRG decided to add a physical and chemical technical document called "Product's safety and quality requirements", which was revised in 2021 in order to align with the most stringent legislative (e.g. EU REACH - *Registration, Evaluation, Authorisation and Restriction of Chemicals*) and industry standard updates.

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

### Toys and Childcare articles



**100%**

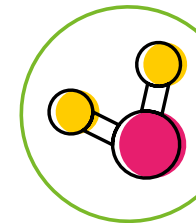
**Products tested to be compliant with performance, chemical and safety requirements**



### Textiles articles during 2022 collections



**>7,800**  
QC  
Inspection



**3,311**  
Chemical and mechanical  
safety test



**4,233**  
Performance  
test

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

These tests are complemented by inspections, which in the reporting year 2022 amounted to over 7,800 for the textiles business unit; of these 7,800 plus, end-of-line inspections amounted to 5,332, conducted almost entirely by PRG personnel, while the remaining 2,500 were in-line inspections. To the inspections for the textile product area must be added 3,547 inspections conducted for the toys product area, as well as 343 additional inspections conducted on the childcare product area. Altogether, inspections in 2022 reached the remarkable total number of 11,690.

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.

## STANDARD 100 by OEKO-TEX®



The foundation of OEKO-TEX® dates to 1992, with the mission to use laboratory tests to ensure that textile products are harmless to health. Currently, the organization offers a large product portfolio and works together with 17 independent textile and leather testing institutes.

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

When a product does not meet the required standards, as a precautionary measure, PRG can withdraw it from the market, even in absence of not compliance with laws. In the reporting period, PRG had one case of a product withdrawal, i.e. an electric scooter, which, however, does not qualify as a product recall, nor are there any reports of significant incidents occurring to consumers. Therefore, no incidents of non-compliance with regulations and/or voluntary codes concerning the health and safety impacts of products were recorded.

Since 2021, PRG adopts the strict protocol of STANDARD 100 by OEKO-TEX® scheme, an independent and internationally uniform testing and **certification system that aims to ensure that textile products are free of toxic substances and therefore safe for human health and the environment.** Prenatal has obtained **STANDARD 100 by OEKO-TEX® class I certification** (Articles for newborns and young children up to 3 years of age) for new-borns, kids and mother-to-be garments and household and bed linen in order to further enhance the already structured controls with additional chemical tests with even more stringent limits. Prenatal's aim is to increase the number of STANDARD 100 by OEKO-TEX® certified garments, especially for products that come into direct contact with the skin. In order to enable the monitoring of product health and safety, the Group actively engages with suppliers to verify that the selected articles can be certified in every component of the products and cooperates with them to manage all the production steps.

Likewise, PRG has decided to use STANDARD 100 by OEKO-TEX® certification for **21 articles of "Baby Smile"** Soft Toys line. The line is suitable for newborn babies and children up to three years old, and therefore requires utmost attention to materials. It was therefore decided to design a product line in which every single component, from the fabric to the anchoring points, complies with the stringent requirements of STANDARD 100 by OEKO-TEX® certification. This led to a massive rethink of the entire toy production process. The prototyping process was challenging and meticulously conducted, and the relationship with suppliers for production specifications was characterized by a higher level of collaboration and engagement. The result has been appreciated by PRG's consumers, who have an increasingly keen eye for the health and safety and sustainability of the materials from which the toys are made.

## 3.2 Sustainable materials

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



### 3.2.1. Toys

**Toys are a first example of the “Making good products” pillar. In 2022 the Toys product team has continued its work on offering products made with more sustainable materials.**

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



## The materials of the toys are FSC-certified, but not only that, as the certification has been extended to the packaging as well, as it was deemed necessary to take the next logical step and ensure that all the packaging for Wood'N Play products was also certified.

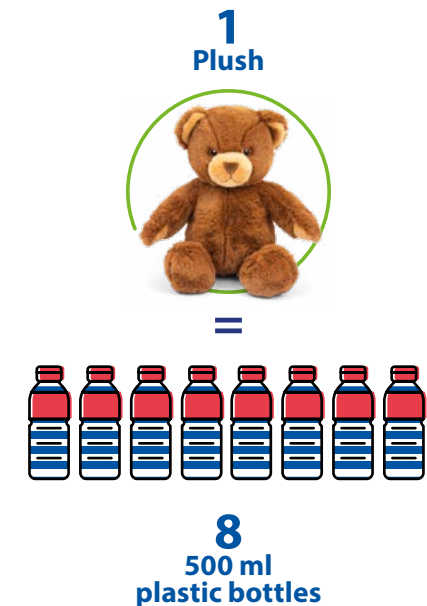
This means gradually eliminating all materials other than wood, paper or cardboard, and also making sure that the packaging was as mono-material as possible, in order to facilitate its recycling after use.

It has to be underscored that, while the collection puts sustainability at the forefront, innovation and tradition play an important role as well. Wood'N Play is a collection in which the innovation lies in the use of sustainable materials, certified by FSC, the leading forest resource management body. Nonetheless, tradition played a significant role in the conception, production, and commercialization of the Wood'N Play line, since wood is the material of classic games, those that brightened up the childhoods of generations parents and grandparents.

The initiative has been a success internationally, due to several factors, the main ones being the unique design of the products and the strong focus on sustainability of materials and packaging. Customers, the ultimate judges of the project's merits, were very satisfied because, as fewer and fewer are willing to compromise on product safety, on the nature of raw materials and packaging, they found the added value they were

looking for in Wood'N Play. Given the success of the line, PRG is committed to adding new pieces every year to offer a wide range of themes. In 2022 together with STANDARD 100 by OEKO-TEX® certified products, FSC certified Wood'N Play line represents 10% of the Group's private label portfolio.

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



## 3.2.2 Textile

As early as 2019, the Group launched the Organic Cotton line, a collection dedicated to new-borns (0-9 months) that uses 100% organic cotton textiles. Starting from 2021, Prénatal product team focused on finding an alternative to conventional synthetic fibres, which are impactful in terms of energy used and GHGs emitted during the production phase.

Moreover, using recycled polyester allows to “give new life” to materials that eventually become waste. Therefore, Prénatal launched **a line of jackets made with post-consumer recycled polyester**. In season fall-winter 22 and spring-summer 23, 25% of the jackets and waistcoats were manufactured with post-consumer recycled polyester.



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



In February 2022 PRG Retail Group joined **Better Cotton**, a global non-profit organisation that leads the world's largest cotton sustainability programme. Cotton being one of the most important materials in terms of volume, the Group decided to commit to a globally recognised initiative that would support Prénatal in sourcing cotton in a “better way”. Better Cotton's mission is to help cotton communities survive and thrive, while protecting and restoring the environment.



Its main strategic aims threefold, that is embedding sustainable farming practices and policies while enhancing well-being and development for farming communities and encouraging global demand for sustainable cotton.

Already in 2021, with the intention of joining Better Cotton, Prénatal began the process of setting up an internal system to calculate and monitor the amount of cotton purchased and started an engagement process with its textile suppliers.

All suppliers responded, providing evidence of a good degree of readiness to embrace the requisites set out by Better Cotton. At the same time, all the most impacted business units were involved in a cycle of training and brainstorming to better prepare them for the massive project ahead. This process came to a milestone when the Group formally joined Better Cotton, and in the last quarter of 2022 PRG began sourcing sustainable cotton through the Initiative. The goal for 2023 is to significantly increase the share of sourced cotton through this initiative.

## Prénatal Moeder & Kind BV and Organic Cotton

Prénatal Moeder & Kind has been sourcing increasing quantities of organic cotton for its private label articles, opposed to traditional cotton, growing from a percentage of 21% in 2020 to 46% in 2021 and 55% in 2022, with the ambitious target of increasing this percentage to 67% by 2024.

Assessments conducted prior to the launch of this strategic operation showed that the ecological footprint is considerably lower for a kilogram of organic cotton than of conventional cotton. No toxic pesticides or artificial manures are used during the production process, and no toxic chemicals are utilized. Prénatal Moeder & Kind thus decided to make use of organic cotton, which proved to be a winning choice for the company, the consumer and the supplier.

Due to elevated costs and limited availability of organic cotton, in 2022 Prénatal Moeder & Kind BV decided to supplement its sourcing of cotton by using more sustainable cotton through the Better Cotton

The experience of joining Better Cotton influenced the decision to increase the knowledge of the Group's main suppliers by investigating their readiness for sustainability challenges, mainly in the textile segment. In this regard, in 2022 the Group

launched a survey of textile suppliers and in particular of those operating wet processes to understand their commitment to environmental protection.

The survey, a preliminary assessment by PRG Retail Group which currently does not participate in either programme, investigated two dimensions: its suppliers' adherence to **the Zero Discharge of Hazardous Chemicals Programme (ZDHC)** and the adoption of self-assessment standards of their sustainability, such as the **Higg Index**, a measurement tool created by the **Sustainable Apparel Coalition (SAC)**.

Since 2011, leading brands, value chain partners, and associate contributors have joined forces to create **the Zero Discharge of Hazardous Chemicals (ZDHC) Programme**. This initiative aims to eliminate the discharge of hazardous chemicals from the textile, leather, and footwear value chains, minimizing the negative effects on the environment and human health. One of the worst effects of the industry is the release of dangerous chemicals, which is frequently done without any oversight and endangers the environment and those who live and work nearby. The main evidence gathered from the survey is **that 30.6%** of PRG providers already adhere to the Programme and **12.2%** stated that they intend to join in the course of 2023.

In addition, the survey also returned interesting insights into the suppliers' attitude to evaluate themselves in terms of sustainable processes. In fact, almost half of the PRG suppliers (46.9%) adopt the Higg Index as a standard for self-assessment of their sustainability. The Higg Index is a set of measurement tools for the textile, clothing, and footwear sectors, which quantifies the environmental and social impact of fashion products by taking into account various sustainability parameters related to the entire product life cycle and procurement chain. The organisation that devised the **Higg Index**, the **Sustainable Apparel Coalition (SAC)**, aims to transform businesses for exponential impact, and the Index is a set of instruments for the consistent measurement of value chain sustainability.

## 3.3 Packaging

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

The guidelines aim to guide PRG's product, marketing and merchandising teams towards packaging design with a lower environmental impact, while maintaining the key function of packaging, which is to protect the product and communicate its characteristics. The guidelines specify that packaging is considered low-impact when it is:

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

For private brands **toys**, where the incidence of packaging is significant, any improvement has a relevant impact. The Toys product team concentrated on redesigning packaging and choosing materials with a lower impact. Wherever possible, efforts have been made to reduce the use of plastic and to give preference to paper and cardboard. Efforts have resulted in more and more packaging made of non-plasticized paper and cardboard, almost half of which (48%) comes from certified sustainable or recycled sources. The amount of plastic for packaging is negligible and 25% of it comes from recycling. The product team is also researching innovative way of using packaging (e.g. product becomes packaging, packaging becomes part of the playset, reusable packaging).

In the case of **textiles**, packaging has been reduced to a minimum by almost completely eliminating boxes, as items are sold on coat hangers which are then reused at the point of sale. The Group is increasing the percentage of FSC-certified and/or recycled paper and introducing increasing percentages of recycled plastic in protective plastic bags with the aim of reaching at least 50% in the next few years.

As far as the **childcare** product area is concerned, a redesign of the product packaging is planned in the next two years, introducing the innovations studied for the other product areas with the ambition of replicating the results achieved.



100%

Wood'N Play packaging  
is FSC certified

100%

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



100%

Prénatal paper shoppers  
are FSC certified

88%

Prénatal tag are  
FSC certified

The last aspect that needs to be addressed is the project related to the **environmental labelling**. In 2021 PRG changed all packaging labels in order to be compliant with the new labelling regulations for packaging, which have come into force in 2022. PRG revised the labels to show the composition of the packaging, as well as how the packaging should be disposed of. The process also involved the creation of a website, 'Recycle.me', to which the QR code on the labels directs. The website is a consumer guide explaining in a concise but comprehensive way how to handle the return of packaging material, answering questions such as 'What is it made of? Where do I dispose of it? What are the different parts of the packaging?'. The site also contains information on label codes (e.g. Triman, Green Dot), as well as some general tips for responsible handling of packaging material.

## 3.4 Product end of life

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



Forever  
YOUNG

**20%**  
PRG Consumers  
who registered  
to the online platform

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

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

The project originated from the consideration that the parental journey starts with the purchase of expensive products that are only used for a few months. With Forever Young, families can give their products back once their child has grown, restoring its value, including economic one. 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. This initiative represents the intention of PRG to be a player in a shared future together with its customers. The double objective of the project is, on one hand, to help families from an economic point of view and, on the other hand, to ensure a useful reuse for a better future.

PRG has a clear understanding of how proper waste management is a key aspect in ensuring an end-of-life of products with reduced environmental impact, preserving natural resources and mitigating negative effects on the ecosystem. In this sense, the collaboration with **Erion**, Italy's largest Extended Producer Responsibility system for the management of waste associated with electronic products, was born and has been consolidated over time.

In 2022, this collaboration made possible to responsibly manage as much as 98,097 kg of WEEE waste, as well as 5,283 kg of waste batteries and accumulators from laptops. The responsible treatment of WEEE and battery and accumulator waste has resulted in several environmental benefits, including significant savings in terms of electricity consumption, GHG emissions and recycled materials.

### Savings due to WEEE waste treatment



**279,610 kWh**

Equal to the electricity consumption of



**25 t CO<sub>2</sub>eq**

Equal to the stoppage of



**90 t of recycled materials**

Equal to the weight of



**254 individuals**

per year



**8 cars**

which travel 20,000 km in a year



**2 locomotives**

fully loaded

### Savings due to batteries and accumulators waste treatment



**8 t CO<sub>2</sub>eq**

Equal to the stoppage of



**29 t of resources saved**

Equal to the weight of



**2 cars**

which travel 20,000 km in a year



**1 locomotive**

fully loaded



## FOCUS ON: King Jouet circularity projects

According to figures provided by the Ellen McArthur Foundation, in France more than 40 million toys become waste every single year and France is one of the European countries that pays the most attention to the final disposal of products, particularly toys, having introduced the “Anti-Wastage and Circular Economy Law” in February 2020.



**30%**  
of the assortment  
is composed of  
recovered items

**Toys collection and reuse:** under the King'Okaz brand, King Jouet offers the opportunity to return unused toys still in good conditions for new uses, which will be put on sale to new customers as secondhand items. This initiative is a response to a need expressed by a great number of consumers, who in the last ten years have manifested a keen interest in secondhand items. Under the new King'Okaz brand, seven new stores have opened in 2022. In King'Okaz stores 30% of the assortment is composed of recovered items. The return of the items to the stores is subject to a series of conditions, namely systematic testing (verification of general condition, solidity, completeness, presence of boxes, batteries), systematic cleaning and reconditioning if necessary.



**2,000**  
expected spare parts  
available on the  
e-commerce during 2023

**“Spare parts project”:** King Jouet will launch the possibility to buy, through its website, spare parts for its toys, which are used to guarantee consumers’ right to repair. King Jouet will offer refills and extension sets for certain games (e.g. board games, with expansions and remodels extending their playability). The initiative will focus on certain categories of toys, such as outdoor games, electric vehicles, board games, construction games and remote-controlled cars. The goal of the project is to have 2,000 references for spare parts for sale on the website during 2023.





## 4. SUPPORTING A RESPONSIBLE VALUE CHAIN<sup>1</sup>

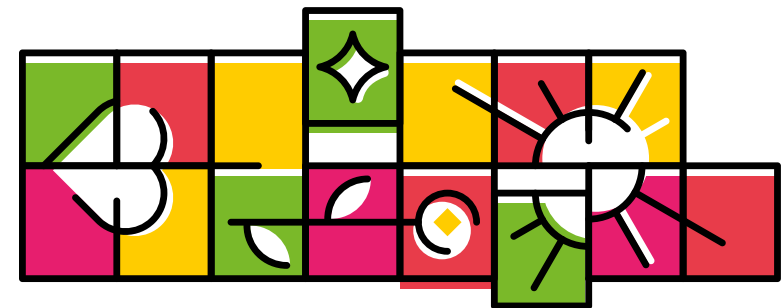
PRG's long term goal is to grow together with its suppliers discovering how to improve and evolve in the journey of sustainability.

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

### 4.1 Code of Conduct for suppliers

Over 300 partners are involved in the supply of PRG's private label products, most of whom are based in the Far East (China, India, and Bangladesh), Europe, Central Asia, and the Near East (Pakistan and Turkey).

Given the diversity of suppliers and the range of national regulations to which they are subject, the Group established a set of fundamental behavioural requirements that must be communicated to all suppliers, regardless of location, as a necessary condition for developing any business relationship. These standards are stated in the **Code of Conduct for Supplier**, which all suppliers must conform to and which strives to promote and guarantee the fundamental rights of employees, the safety of buildings, and respect for the environment. Within the scope of PRG's private label products supply chain, all new suppliers wishing to enter business relations with the Group are screened using environmental and social criteria. All of the Business Units (toys, textile and childcare) are subject to the PRG Code of Conduct for Supplier, which has been created in accordance with the major internationally acknowledged standards such the Universal Declaration of Human Rights and the ILO (International Labour Organization) Conventions.



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

In 2022, with the ambition to complete them the next year, PRG began work on renewing and updating the Supplier Code of Conduct and drafting the first Environmental Policy, which would include standards and guidelines for suppliers to follow regarding the environmental impact of production and the sourcing of raw materials.



**No discrimination**



**No child labour**



**No forced labour**



**No coercion or harassment**



**Salaries, compensations and working hours**




**Freedom of association and the collective bargaining rights**




**The environment**



**Fraud and corruption**



**Transparency**



**Management system**

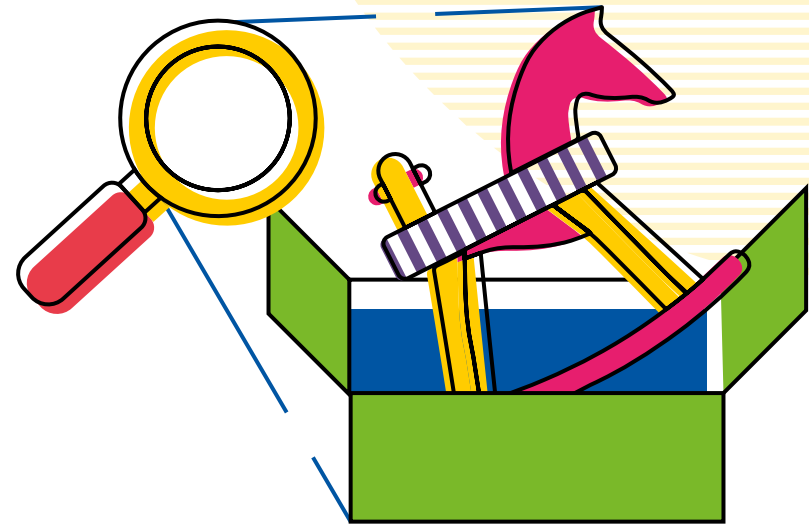


**Health and Safety**

## 4.2 Supplier qualification and monitoring procedure

A structured approach was developed by PRG, with inspiration from the Organization for Economic Cooperation and Development (OECD) Due Diligence guidance for Responsible Business Conduct, in order to ensure constant and close monitoring over the entire supply chain and to prevent any potential risk caused by improper conduct of the business partners.

The approach is paramount to contrasting child labour and forced labour, phenomena that affect 152 million children and 15 million adults globally<sup>2</sup>. In keeping with the preceding process, PRG's supply chain management is divided into the following four connected steps:



**1. VERIFICATION OF MINIMUM REQUIREMENTS**

**2. ON BOARDING**

**3. MONITORING**

**4. FOLLOW-UP AND DATA UPDATE**

<sup>2</sup> International Labour Organization (ILO), Organisation for Economic Co-operation and Development (OECD), International Organization for Migration (IOM), United Nations Children's Fund (UNICEF), Ending child labour, forced labour and human trafficking in global supply chains - Executive Summary, 12 November 2019, available at [https://www.ilo.org/ipec/Informationresources/WCMS\\_728062/lang-en/index.htm](https://www.ilo.org/ipec/Informationresources/WCMS_728062/lang-en/index.htm)



## 1. VERIFICATION OF MINIMUM REQUIREMENTS

The process begins by gathering documents related to economic aspects, such as the financial stability and reliability of the supplier. During this phase, the evaluation focuses on factors like the presence of management systems, third-party audits, and valid certifications. Special attention is given to assessing social responsibility systems like SA 8000 or social compliance audits such as BSCI (Business Social Compliance Initiative) by Amfori, SMETA audit by SEDEX, ICTI audit by Ethical Toy Programme, and WRAP certification (Worldwide Responsible Accreditation Production).

If a supplier lacks such an assessment, an additional auditing phase is planned to thoroughly evaluate their compliance with mandatory criteria. This auditing phase can be conducted either by PRG staff or by second-party providers. The responsible teams are currently scheduling audits with suppliers who do not possess a valid assessment to ensure complete coverage of social compliance topics. If any non-conformities are identified, the qualification process may be halted unless the supplier commits to resolving them within a reasonable timeframe. Critical non-compliances are typically considered warning signs and indicate a high risk associated with starting a business relationship with the supplier.



## 2. ON BOARDING

After successfully completing the qualification stage, the onboarding process for suppliers commences. As part of this process, the Group mandates that suppliers provide information and documentation regarding their production profile. This includes details such as the number of employees, manufacturing facilities, potential subcontractors, and the specific processes involved. Additionally, suppliers are expected to disclose any relevant certifications or memberships they hold that could be of interest to PRG, such as FSC (Forest Stewardship Council), STANDARD 100 by OEKO-TEX®, Better Cotton, and others.

Furthermore, all suppliers are required to formally agree to and subscribe to the Code of Conduct for Suppliers. This code serves as a contractual agreement between the supplier and PRG, outlining the expected ethical and responsible business practices. Suppliers must also meet PRG's stringent safety and quality requirements for their products. Failure to adhere to these standards may result in a breach of the supply contract between PRG and the supplier.

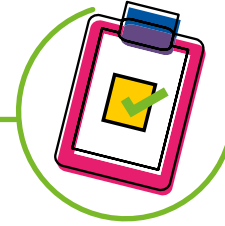


### 3. MONITORING

Each supplier is added to a Supplier Index where all pertinent information is tracked, including social compliance audits, prospective environmental efforts (such as ISO 14001, Amfori BEPI, internal environmental audit), and any certifications or initiatives the supplier is a member of. Additionally, the Index takes into account factors like volume produced and supplier turnover to make it simple to identify the major suppliers for the various business units. All internal assessments of suppliers and related items are supported by this data.

In order to make sure the standards and criteria evaluated at entrance are maintained, suppliers are frequently reviewed through desktop reviews and/or regular on-site inspections conducted by both Group personnel and independent third parties.

Currently, social and ethical issues are primarily monitored. The relationship with PRG must be maintained by resolving any potential non-compliances found during this phase by a certain deadline. A thorough CAP (Corrective Action Plan) with supporting documentation, visuals, and a description of the actions is always required from suppliers, as part of PRG's commitment to closely monitor these non-compliances.



### 4. FOLLOW-UP AND DATA UPDATE

The Supplier Index is a useful tool for keeping track of the validity of audits or certifications since it indicates when a revised version is needed. The Group asks all suppliers to provide the follow-up social audit report annually depending on their priority and significance in terms of volume and turnover in order to enable an updated assessment of PRG's supply chain.

**In this regard, PRG has the objective of continuing to strengthen the qualification and monitoring system, developing a vendor rating system based on suppliers' social and environmental performance.**

## FOCUS ON: The International Accord

In 2022, PRG confirmed its commitment to join forces with 170 fashion companies worldwide, united in creating a safe and healthy working environment within textile factories in Bangladesh. This bold initiative, known as the Accord on Fire and Building Safety in Bangladesh, has undergone a transformation, emerging as the International Accord for Health and Safety in the Textile and Garment Industry.



With a two-year duration starting from September 2021, this accord represents a formidable alliance between the International Labour Organization, prominent global retailers, local garment industry leaders, and trade unions, all unified by the common goal of ensuring safety standards in Bangladeshi textile manufacturing factories.

While the primary focus remains on occupational health and safety in Bangladesh, the vision of this agreement extends beyond its borders. Ambitious feasibility studies are presently underway, exploring the possibility of implementing this ground-breaking scheme in other countries.

PRG has enthusiastically embraced its role in this international collaboration, actively engaging with the dedicated team of the International Accord and working closely with the RMG Sustainability Council (RSC) in Bangladesh. Together, they tirelessly strive to implement technical inspections and comprehensive training programs.

This united front is dedicated to set up innovative improvement plans which entail regular inspections, the evaluation of the structural integrity of facilities, the enhancement of fire prevention systems and electrical infrastructure, and the implementation of rigorous training



programs covering vital safety procedures and precautions. Most importantly, they empower workers to voice their concerns and actively participate in activities that ensure their own safety. Recognizing the financial challenges some manufacturers face in rectifying non-compliance issues, the accord also offers vital support, providing assistance to those unable to bear the full burden of necessary costs and investments.

PRG remains unwavering in their commitment to the International Accord. Furthermore, the Group maintains a steadfast commitment to exclusively partnering with suppliers who demonstrate the implementation of robust safety management systems within their premises. Together, the Group strives to shape a future where the well-being of workers takes precedence, both in Bangladesh and beyond.

In addition, financial support is also provided for manufactures who are unable to carry all costs and investments necessary to solve a non-compliance. Despite the complexity of travelling and the issues in carrying out the inspections due to the spread of Covid-19, PRG continues its work with the International Accord. PRG exclusively works with suppliers who prove that they implement an appropriate safety management system in their premises.

## FOCUS ON: Transparency in Prénatal Moeder en kind BV

For years, the Dutch company of the Group has been a first mover among the different subsidiaries and always a guideline for the Group. In 2022, Prénatal Moeder & Kind B.V selected 3 main objectives to be developed in the 2025 plan.

A central point among these is 'transparency'. The company is committed to being clear and to disseminating important news about its supply chain. Prénatal Moeder & Kind B.V took part in Open Supply HIB (OS Hub), a platform that provides open access to global supply chain data, including the location of production facilities and the ecosystem surrounding a plant.

The company's commitment to transparency facilitated the creation of a partnership together with a competitor aimed at increasing wages in countries with lower payroll, namely in India. Together with Zeeman, Prénatal Moeder & Kind B.V worked on a pilot to ensure the payment of a living wage at a joint factory in India. This initiative is designed to counter the inequalities that sometimes are embedded in the clothing and textile industry, of which perhaps the most obvious is the limited percentage of value retained by the first actors in the value chain, mainly factory workers. Paying a living wage breaks the vicious circle of poverty and has several indirect positive consequences such as combating forced labour, preventing excessive overtime, and encouraging the schooling of children. By comparing the benchmark data elaborated by the Global Living Wage Coalition, the Company identified the gaps to be closed in order to ensure a fair payment for its workers.

Additionally, the Company has signed a sectorial agreement. The Dutch Agreement on Sustainable Garment & Textile was also signed by Prénatal Moeder en Kind BV in 2016 in addition to the International Accord. Over 50 firms endorsed this effort, which was organized by the Dutch Social and Economic Council (SER).

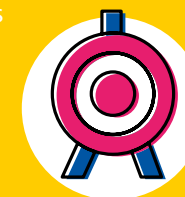
The goal was to collaborate closely with NGOs, unions, and specialist groups on a range of social and environmental issues. Participating firms have learnt through experience how to effectively incorporate the OECD recommendations on due diligence into their sourcing and purchasing processes, putting them in a good position to comply with impending EU regulations in this area:



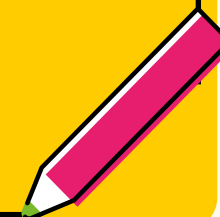
**Conducting risk assessments**  
on the level of production countries, material use and purchasing practices



**Prioritizing risks and topics**  
to work on and making positive impact



**Setting ambitions,**  
tracking its progress and reporting on it both internally and externally



# better climate





# 5. FIGHTING FOR A BETTER CLIMATE

## 5.1 GHG Inventory 2022

PRG is conscious of the impacts on the environment, people and economy generated by its operations and more significantly along its value chain. While the environmental impact from retailing activities is primarily due to energy usage and logistics, the Group is engaged in constantly monitoring its energy consumption and its suppliers' compliance to the best environmental standards, in order to establish strong partnerships that can lead to improved efficiency and reduced environmental impacts.

Additionally, PRG's commitment to an increasingly comprehensive and transparent disclosure is directed to the progressive extension of its greenhouse gas (GHG) inventory, by gradually enlarging the scope of reporting. As part of this effort, PRG renewed the calculation of its GHG inventory for 2022, and it is currently defining the methodology for the calculation of additional emission categories.

The management of the points of sale, headquarters and central warehouses and logistics represent the most environmentally impactful activities. These activities primarily consume electricity for lighting and air conditioning in stores and offices, as well as diesel and natural gas for heating. Additionally, the Group's car fleet uses fuel, including gasoline



and diesel. Furthermore, many of the Group's premises in Italy are heated by district heating systems.



**-12%**  
fuel energy  
consumption  
for the fleet in 2022

The total **energy** consumed by PRG in 2022 amounted to 323,382 GJ, **with an increase of 20% compared with the previous year**. This significant increase is not attributed to an organic growth in energy consumption of the companies within the Group but was largely due to the acquisition of **Toys"R"US Iberia**, which contributed to the increase in consumption with its 46 shops. The increase in energy consumption was recorded, albeit at different rates, for the two major energy sources used, namely electricity and natural gas (+23% and +20% respectively). In contrast, fuel energy consumption for the fleet decreased by 12%.

ENERGY CONSUMPTION (GJ)	2020	2021	2022
<b>Energy consumption for buildings</b>	<b>237,711</b>	<b>253,112</b>	<b>308,813</b>
of which from electricity	190,280	203,691	250,840
of which from natural gas	41,805	43,427	52,056
of which from diesel	3,382	2,121	1,901
of which from district heating	2,244	3,873	4,018
<b>Energy consumption for car fleet</b>	<b>1,861</b>	<b>16,498</b>	<b>14,567</b>
<b>Total energy consumption</b>	<b>239,571</b>	<b>269,610</b>	<b>323,382</b>

The main energy source is **electricity** drawn from the national grid for lighting and cooling systems, which accounted, in 2022, for over 78% of the total energy consumption.



**16%**  
Natural Gas

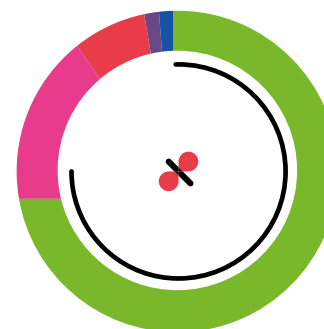
Another relevant source (16%) is **natural gas**, used in many points of sales and offices for boilers and heating systems. For the same use, a limited number of stores also use diesel, which accounted for 1% of total consumption. A further 1% is represented by energy consumed by district heating systems in use in many Italian stores and locations.



**4%**  
fuel

Lastly, a further 4% is represented by the consumption of **fuel** (for both diesel and gasoline vehicles) used to power the company's car fleet, which remained stable compared to the previous year. 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, to contain emissions.

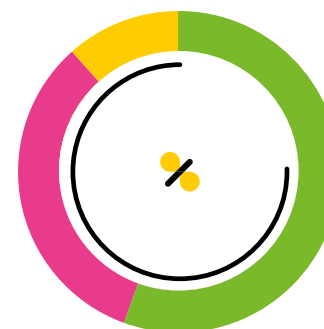
### Energy consumption by source in 2022



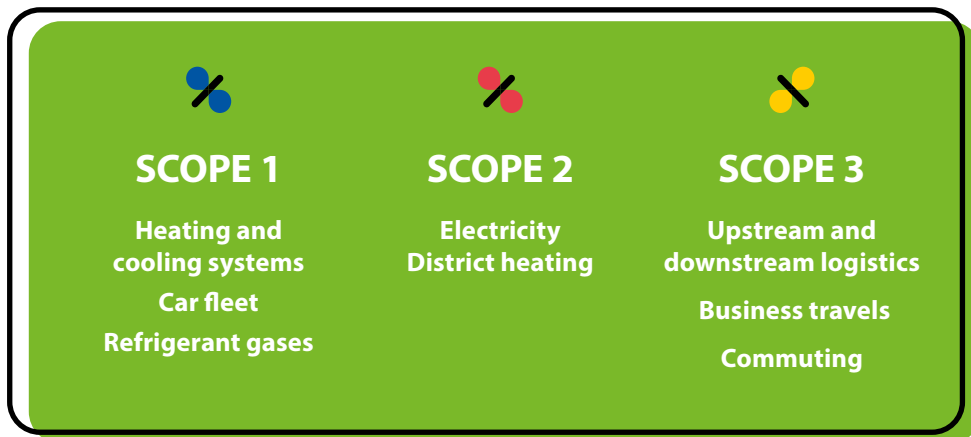
- Electricity: 78%
- Natural Gas: 16%
- Car fleet fuel: 4%
- Diesel: 1%
- District heating: 1%

In 2022, out of the total of 34,512 tons of CO<sub>2eq</sub> of emissions calculated according to the location-based method, a significant share (39%) was generated outside the Group's boundaries, by emissions from home-work commute and by upstream and downstream logistics, and, to a lesser extent, by business travels (Scope 3). A larger share (51%) came from electricity consumption in stores, offices, and premises (Scope 2 Location Based). Lastly, 10% was related to refrigerant gases from air conditioning systems, boiler fuels and the corporate cars fuel (Scope 1).

### Distribution of PRG's GHG emissions in 2022



- SCOPE 1: 10%
- SCOPE 2 LB: 51%
- SCOPE 3: 39%



The GHG Protocol provides guidance for calculating Scope 3 indirect emissions, encouraging companies to report their emissions along the entire value chain, following the principle of maximum completeness of information. In line with this provision, the Group is committed to progressively expanding the scope of its GHG inventory, to provide an increasingly complete disclosure of the GHG emissions related to its value chain. Presently, the Group calculates some of the most relevant categories, specifically upstream and downstream transportation, and distribution (categories 4 and 9), business travels (category 6) and emissions from employees' commuting (category 7).

<sup>3</sup>The increase in Scope 2 emissions calculated with the Market Based approach is due to the decision reduce or discontinue the purchase of Guarantees of Origins (GO).

In view of next reporting years, PRG is committed to calculating the emissions generated by all purchased goods (category 1).

ENERGY CONSUMPTION (GJ)	2020	2021	2022
Scope 1	3,463	4,353	3,626
Scope 2 Location Based	15,319	14,799	17,511
Scope 2 Market Based <sup>3</sup>	20,235	5,918	23,967
Scope 3 – Category 4	4,736	5,995	6,275
Scope 3 – Category 6	79	75	167
Scope 3 – Category 7 <sup>4</sup>	Not calculated	6,343	6,581
Scope 3 – Category 9	235	247	352
<b>Total S1 + S2 LB + S3</b>	<b>23,832</b>	<b>31,812</b>	<b>34,512</b>
<b>Total S1 + S2 MB + S3</b>	<b>28,748</b>	<b>22,931</b>	<b>40,968</b>

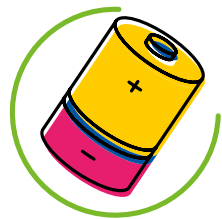
Comparing the current reporting year and the previous one, the total emissions for 2022 are higher than for 2021, an increase of 8%<sup>5</sup>. This upward trend is mainly attributable to a single factor, namely the expansion of the reporting perimeter, which from 2022 also includes the Toys “R” US Iberia sites and stores. 1) in view of future reporting.

<sup>4</sup>The calculation for the category is based on a survey submitted to the following countries: Italy, France, Spain, the Netherlands and Greece, investigating the distance travelled every day by the employee to get to the workplace, the means of transportation and the days in smart working. The figure published in PRG'S Sustainability Report 2021, namely 2,444 tCO<sub>2eq</sub>, has been recalculated to make it comparable to the figure published in this document.

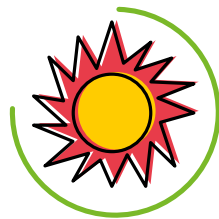
<sup>5</sup>For the calculation of this trend, Scope 1 emissions, Scope 2 emissions calculated with the Location Based method and Scope 3 emissions are considered.

## 5.2 Strategy for cutting GHG emissions

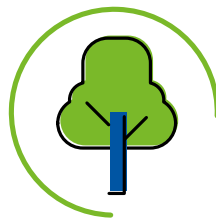
In line with the path recommended by the most widely adopted standards for carbon neutrality, the Group is committed to abating its GHG emissions, through a three-level strategy including energy saving initiatives, the purchase of energy from renewable sources and carbon offsetting for that part of operations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



ENERGY EFFICIENCY  
INITIATIVES



ELECTRICITY FROM  
RENEWABLE SOURCES



CARBON OFFSETTING  
PROJECTS

In 2022, the Group didn't purchase the Guarantees of Origins (GO) covering the electricity consumption, the price of which had risen a lot over the previous year, but **photovoltaic** module has been installed on the rooftop of some shops that will become operational in 2023.

From 2020 on the Group decided to purchase carbon credits in order to offset its GHG Scope 1 and Scope 2 (-27,593 tons of CO<sub>2eq</sub>) on the activities falling within the reporting perimeter.

€2.1

million invested in  
efficiency projects  
in the last two years

61

stores with new  
lighting systems

1,338.5

MWh saved

25

stores with new  
conditioning systems

## FOCUS ON: The carbon offsetting projects

As a complement to PRG's initiatives to manage and reduce its absolute greenhouse gas ("GHG") emissions, the Company has since 2020 purchased carbon credits to compensate for ("offset") its residual Scopes 1 and 2 operational emissions.

The Company's primary climate mitigation approach is to reduce its absolute carbon emissions over time. Through the purchase of carbon credits, PRG also provides carbon financing to climate mitigation projects beyond its value chain. As each credit corresponds to the reduction (or removal) of one ton of CO<sub>2</sub> equivalent (CO<sub>2</sub>e), the Company can – under voluntary carbon market standards and guidance – claim it has reached carbon neutrality (Scope 1 and 2) in a given year by purchasing credits to offset its residual emissions. From the outset, the two projects from which PRG has purchased carbon credits are the "Great Bear Forest Carbon" and the "Guatemalan Conservation Coast" projects. These two projects were chosen because of their strong credentials on environmental and biodiversity issues as well as their social initiatives.

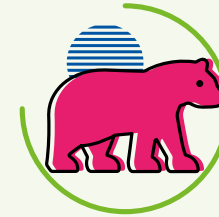
### Great Bear Forest Carbon project<sup>6</sup>, Canada

The Great Bear Forest covers c. 6.4 million hectares of north and central coast in British Columbia in Canada and is home to the First Nations people who have inhabited this land for up to 10,000 years. This rare and rich ecosystem is also home to rare species of plants and animals (including the Kermode Bear). The aim of this project is to improve forest management in the region, 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.

### Guatemalan Conservation Coast project<sup>7</sup>, Central America

The Guatemalan Conservation Coast programme works to address the drivers of deforestation through effective law enforcement, land-use planning, education, economic opportunities, and sustainable agroforestry initiatives. Some of the most important project achievements to date are the protection of 30 threatened tree species including the Baird's tapir and West Indian manatee, the protection of 54,157 hectares of threatened forest in the Mesoamerican Biological Corridor and the creation or support of 1,141 jobs for indigenous and local communities (41% held by women).

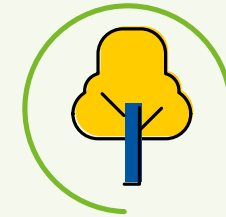
### Data related to Guatemalan Conservation Coast Project



**30**

**threatened species protected**

including the Baird's tapir and West Indian manatee



**54,157**

**hectares of threatened forest protected**

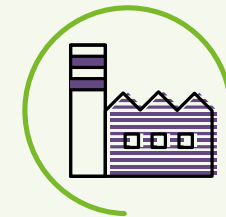
in the Mesoamerican Biological Corridor



**1,141**

**jobs for indigenous**

and local communities



**22**

**million tonnes**

of CO<sub>2</sub> emissions avoided

<sup>6</sup> The Great Bear Forest Carbon project is registered on the British Columbia Registry under three different projects: Great Bear (South Central Coast) 104000000011319, Great Bear (Haida Gwaii) 104000000011559 and Great Bear (North and Central-Mid Coast) 104000000012798 aims to generate Improved Forest Management and reforestation-based carbon credits.

<sup>7</sup> The Guatemalan Conservation Coast project is registered on the Verra registry, REDD+ Project for Caribbean Guatemala: The Conservation Coast 1622, applies Verra's Verified Carbon Standard (VCS Standard v4.3 VM0015) and the Climate, Community and Biodiversity Standards v.3.1, and will generate carbon credits from avoided unplanned deforestation representing c. 22 million tonnes of CO<sub>2</sub>e.



# 6. VALUING OUR PEOPLE

All initiatives pertaining to the People who take part into PRG's business and share the Group's values are collected under the pillar "Valuing Our People". From the stores to the corporate offices and local communities throughout all nations, PRG is dedicated to providing the greatest service and working environment for everyone. Given the large number of subsidiaries, internationality, and variety, the structure's complexity is both a great challenge a great incentive to develop a strong and healthy Group's structure.

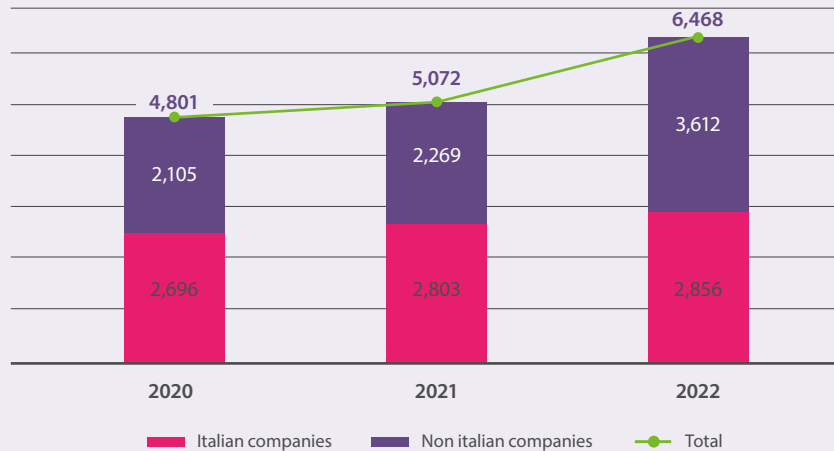
## 6.1 Our employees

The total number of employees at PRG Group at the end of 2022 was **6,468**; this represents an increase of **27.5%** from 2021 and **34.7%** from 2020. This growth at a very high rate is due to recent acquisitions by the Group, namely the acquisition of the Spanish and Portuguese branches of Toys 'R Us Iberia, which include 846 and 192 people respectively, completed in 2022.



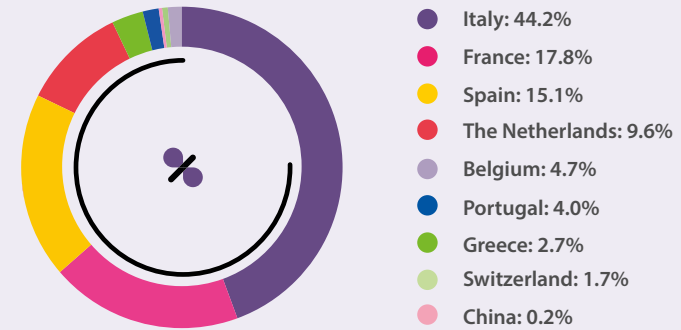
**6,468**  
PRG's  
employees

### Group Employees



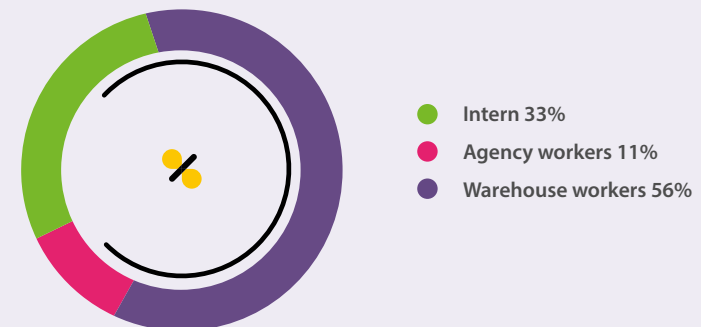
The Group's workforce is distributed across 9 different countries and is employed either directly by PRG Spa or by its several subsidiary businesses. In 2022, the Group's Italian businesses employed around **44%** of the total workforce, while the remaining **56%** was split between France, the Netherlands, Greece, Spain, Switzerland, Portugal, Belgium and China. These figures give an idea of the Group's strategic outlook, which for several years has been pursuing an ever-increasing **internationalisation of the Group**, while **maintaining solid foundations in Italy**.

### Employees by region (2022)



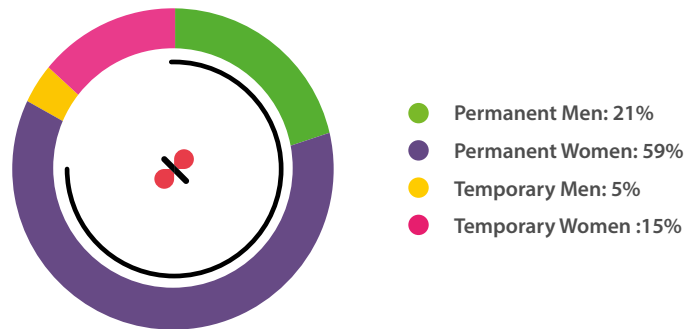
To the total number of employees, a considerable fraction of interns, agency workers and warehouse workers must be added (121, 41 and 208 respectively).

### Workers who are not employees (2022)



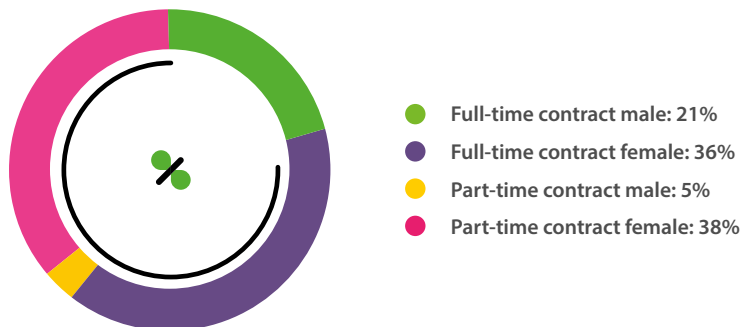
Regardless of age, region and professional category, PRG strives to build **solid and long-lasting relationships** with its employees, as a fundamental element of trust and commitment for a stable growth of the communities where it operates. Temporary contracts primarily concern staff hired during peak periods, in order to meet the need for additional labor that typically arises at certain times of the year, such as Easter and Christmas. 80% of PRG employees had permanent contracts at the end of 2022, a slight decline from 83% in 2021 largely due to the Group's recent acquisitions.

**Employees per type of contract (2022)**









In terms of employment type, the majority of employees are **full-time** (57%), but **part-time** is seen as an important lever for meeting employees' private and family needs, and thus ensuring a healthy work-life balance: 43% of the workforce has a part-time contract, and almost all of them are women (over 88%). According to National

**Employees per type of employment (2022)**



legislations, the relationship with employees may include **collective bargaining** agreements, which cover, on the whole, 83% of Group's workforce. PRG Spa, Prénatal Spa, and their Italian subsidiaries, for instance, have 100% coverage, as do King Jouet (France), Prénatal SA (Spain), Prénatal LDA (Portugal), and the newly acquired Toys 'R Us Iberia.

Furthermore, for PRG Spa and Prénatal Spa, a framework agreement was signed in 2022 that provides for a number of measures for employees, the main ones being:

-  **Possibility of smart working for head office staff** (with additional concessions for those with children under three).
-  **Solidarity holidays and leave, to support employees** who have used up any remaining holidays and leave and who are in health situations requiring care or who are caring for children or parents in need.
-  **Work leave for parents** to facilitate the introduction of their children to nursery or pre-school.
-  **Initiatives to combat sexual harassment** and violence in the workplace.
-  **Group employees who have become fathers are entitled to two additional paid parental leave days** in addition to the national contract in force.
-  **Commitment to 100% supplement sickness and accident compensation** by the Group.
-  **Support for an employee with a family member waiting to benefit from the leave granted by Law 104**, the Italian framework legislation on disability.



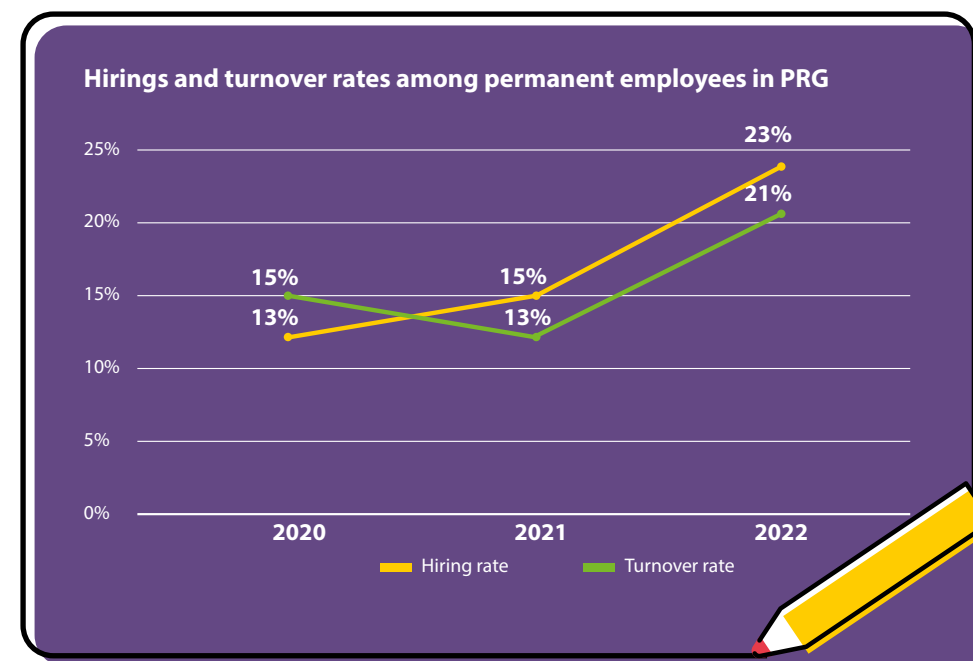
To this framework agreement must be added the measures provided for in the Supplementary Company Agreement, also signed in 2022. It guarantees the possibility of increasing the value of the performance bonus by 30% for all those who have opted for this bonus in welfare mode. Finally, it should be emphasised that, as a further effort by the company to support its employees in a historical period characterised by high inflation and economic uncertainty, the Group has adopted two income support measures, recognising more than €218,000 in total in welfare payments to its employees, as well as increasing the monthly compensation of interns by 30%.

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 rates vary significantly depending on general trends and shop sales volumes. Despite the period of high uncertainty, PRG's recruitment remained virtually unchanged, **32%** in 2022, **31%** in 2021 and **23%** in 2020<sup>8</sup>.

The key driver of both hiring and termination rates is the extensive use of temporary resources, which strengthens Group forces in stores to meet strong customer demand during peak season, particularly around Christmas. This becomes evident when analysing hiring and turnover rates excluding seasonal workers. For the sole PRG Spa for instance, 2022 rates are **23%** for hirings and **21%** for terminations<sup>9</sup>.

<sup>8</sup>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.



<sup>9</sup>The overall turnover rate, including temporary resources, increased from 25% in 2020-2021 to 27% in 2022. For further details see *Quantitative Appendix*.

## 6.2 Close to our families

In order to improve its employees' life-work balance, PRG has established a welfare platform in recent years, which comprises many advantages such as sanitary services and wellbeing solutions.

This platform is aimed at guaranteeing the continued development of talent within the organization; it is a flexible, user-friendly solution that has been well received by all users.

PRG started the "Prénatal- Parental skills at work" project in 2020 to encourage the implementation of skills obtained by parents and caregivers in the workplace.

The project is intended to take advantage of the synergies generated by Prénatal's experience on the knowledge of parents and their needs and the expertise in work life balance of the University of Lugano in Italian Switzerland (USI) and Marco Vigorelli Foundation. In 2022, PRG hosted a series of digital encounters led by academic partners to learn about the value of parental skills and how to effectively apply them for a trusting relationship at home and at work. The project was launched in collaboration with Professor Lorenzo Cantoni, lecturer at the USI, and the aforementioned Marco Vigorelli Foundation. The course develops in continuously growing thematic modules: Communication, Empathy, Conflict management, Digital Skills, Gaming, Creativity,



Change management, Stress management, Networking and Multitasking. The digital classes covered themes such as digital skills, digital literacy, and how to improve the ability to evaluate and comprehend what digital technologies are and how people might use them in their personal 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.

At the end of each module, a self-assessment test is present, an essential passage for completing the training course and obtaining the final certificate of participation.

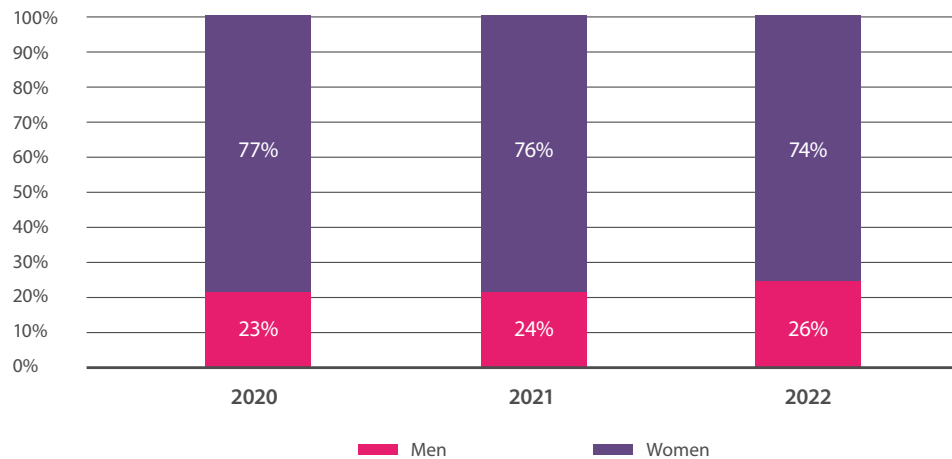
<b>8,484</b> enrolled	<b>+200</b> members per month on averaget	<b>20%</b> conversion rate over views
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## 6.3 Diversity and inclusion

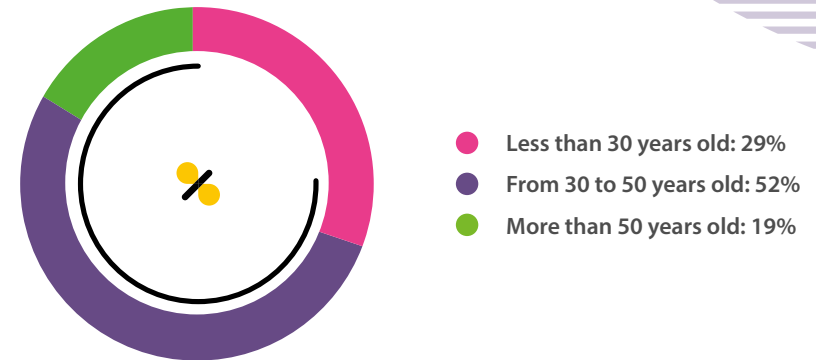
In terms of gender distribution, PRG proudly declares that a considerable majority of its employees are female (4,793 vs. 1,675 men in 2022), in a steady proportion that has remained almost unchanged over the last three years, with a slightly increase of the male components.

Total Employees by gender



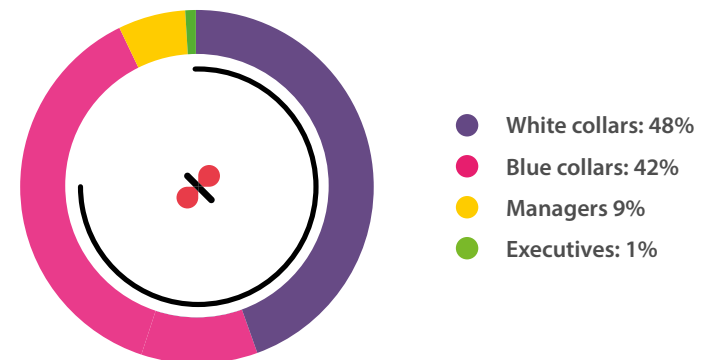
The Group has a significant degree of diversity in its age range composition because it recognizes the need of having an equal balance of experienced and youthful resources with the appropriate growth potential. The majority of employees are in the **30-50 age group** (52%), although there has been a slight decrease since 2021 (56%). The under-30 age group remained unchanged (29% in 2022 as well as in 2021). The 50-plus age group increased significantly (19% in 2022, 15% in 2021).

Employees by age group (2022)



Concerning the categories of employees, **90% are blue collar and white-collar workers** (2,738 and 3,100 respectively), with responsibilities in local shops, the first ones mainly as salespersons and shop assistants, the second ones mainly as shop managers. The remaining 10% are **managers** (578) and **executives** (52), of whom 54% and 29% respectively are women. As far as blue collar and white-collar workers are concerned, women represent the majority of employees (75% and 78% respectively).

Employees by category (2022)



## FOCUS ON Happy Box project

At the end of 2021, Happy Box has been introduced in Italy with the goal of better assisting expectant mothers-to-be and their families during the significant pregnant journey.

It is a “box” packed of essential products for mother and newborn (diapers, lotions, and oils) (see <https://happybox.prenatal.com/>) cooperation with social cooperatives RJ45 and Consorzio Sociale Abele Lavoro. These two organisations engaged disadvantaged individuals in the provinces of Monza and Brianza to realise the Happy Boxes in accordance with article 14 of the Law 276/03 agreement . Happy box is a social project that promotes the integration and employment of 5 people with disabilities. Every week they helped PRG to pack boxes for new parents, which were then distributed in Prénatal shops.



This successful partnership combines the requirements of the company with the goals and capabilities of social cooperatives of type B (cooperatives that conduct service and production activities geared toward the labor integration of underprivileged people, among whom also include local individuals with disabilities).



Today, 166 shops offer this service, which over the years is benefiting both the Group and the disadvantaged people helped. In 2022, about 190,000 requests were received, more than half of which were new customers.



**152,000**  
Boxes realised



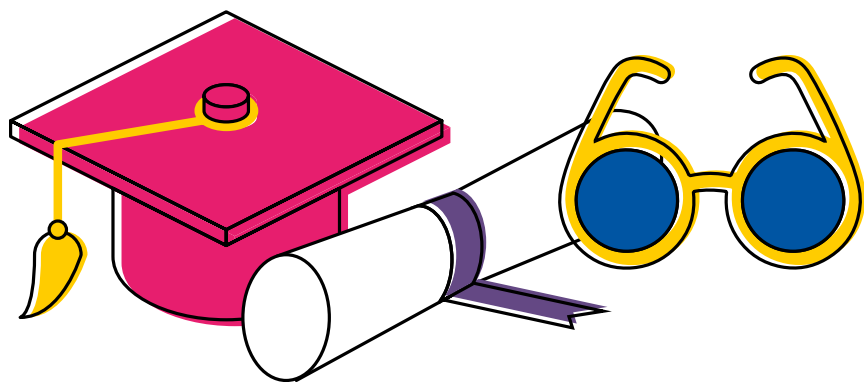
**190,000**  
Requests  
of which 70%  
are new clients



**116,000**  
Boxes collected  
by clients

## 6.4 Talent development

The provision of training for employees is a significant component of PRG's human resources development activities. The continuous improvement and updating of employees' skills is a critical component in allowing PRG to maintain its competitive advantage.



Even in 2022, the total training hours offered to employees increased. Compared to the previous year, the total training hours increased by 27% between 2021 (6,5 h) and 2022 (7,7 h), while they had remained almost unchanged between 2020 and 2021. This is also due to the influx of new employees following the integration of Toys 'R Us Spain and Portugal occurred in 2022.

In 2022, the second edition of the project "**Generation Italy**", took place, an initiative aimed at supporting and training young people entering the labour market. The collaboration between PRG Retail Group and the Youth and Work Program, set up by Intesa San Paolo with the support of the non-profit foundation Generation Italy, continued into 2022. The program offers a training plan dedicated to young people (18-29 years) who are entering the world of work and includes, among the various professional profiles, those of junior sales staff for the world of retail.

Among the courses provided: a first session dedicated to the **soft skills** required by the retail (*Proactivity and personal responsibility, Customer orientation, Communication and listening effectiveness, Personal growth orientation*), a **second session** dedicated to the **client** (*Understanding customer needs, Importance of product knowledge and use in customer service, Cross-selling/up-selling*) and a **third more practical session** (*Using the necessary technologies, How to speak in public, Time management, Practical assessment*).

After the training period between September and October, in Turin, Milan and Rome, PRG opened a selection process to identify possible candidates to be included as an internship, for a maximum of six months. The Human Resources team and the store managers selected 4 young candidates who, before entering the stores, received additional internal training carried out by the PRG team.

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

## 6.5 Health and safety

The PRG has always valued its employees' health and safety as crucial factors. As a result, the Group is constantly committed to ensuring a healthy and safe workplace, launching a number of initiatives aimed at raising internal awareness about these issues.

The Group's entities located in Italy complies with Italian law, and more specifically, with the demands of Legislative Decree 81/2008, with regard to the protection of health and safety at work. As a result, Safety Meetings are routinely held to discuss workplace safety issues. Participants include 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** that outlines the foundational values of PRG's commitment to these issues. The Policy aims to regulate business operations in accordance with legal requirements for health and safety. It additionally intends to improve the performance of the Group by making all employees more aware of these issues.

Additionally, PRG has voluntarily implemented a **Health & Safety Management System** in order to manage all health and safety-related aspects. This system serves as an essential road map for all employees' actions and behaviours with the aim of reducing unsafe conditions through a continuous improvement approach. The H&S Management System documentation includes the procedure for managing injuries, which states that the Human Resources department is in charge of looking into and reporting any dynamics following an injury, and that in the event of non-compliance, it works with the Technical Department to take corrective action.

In terms of numerical data, the number of work-related accidents to employees amounted to 134, plus 1 accident to a non-employee. Compared to the previous years, 2022 showed

a dramatic increase in the number of injuries for employees, that can be explained firstly by the new acquisition of Toys 'R Us Iberia, which accounted for almost 9% of the number of injuries, and secondly by the French subsidiary, which tripled the number of injury cases. The main reason for this increase is the change in the methodology for recording accidents, whereby in previous years minor injuries, minor contusions were not recorded, whereas from 2022 it was decided to take them into account.

Work-related injuries - Employees	2020	2021	2022
Number of recordable work-related injuries	52	53	134
of which high-consequence work-related injuries	1	0	0
Hours worked	6,144,836	6,587,520	8,009,938
Rate of recordable work-related injuries	8.5	8.0	16.7
Rate of high-consequence work-related injuries	0.2	0.0	0.0

Amongst other workers who are not employees, namely agency workers and interns (163,550 hours worked in 2020, 257,322 in 2021 and 204,103 in 2022), a single injury was recorded in 2022. As a result, the rate of recordable work-related injuries in 2022 stands at 4.9. Furthermore, no fatalities among employees and not employees were recorded over the three-year period<sup>11</sup>.

<sup>11</sup> **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.

## 6.6 Community impact

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

### FOCUS ON PRG Group Charitable initiatives



#### I Bambini delle fate

In cooperation with Bambini delle Fate, inclusion projects supporting children and young people with autism have been going strong for over 4 years now. For the 2022 campaign, almost € 300,000 was raised. With **Bambini delle Fate**, Toys Center and Bimbo Store have been involved in fundraising for two projects. The first is the **Banca del Tempo Sociale** in which moments of meeting and sharing lasting two hours are organised between students and children with autism. An enriching experience for each other, in a mutual growth that returns unique testimonies from all the young people involved. "The one with Toys Center and Bimbo Store is a very meaningful partnership. Their day-to-day life as much as ours passes through contact with families and this has created a special harmony that customers have made their own. What has been achieved and can be achieved depends to a large extent on the support of those who have understood this. The great obstacle for those suffering from autism problems and disabilities is isolation and indifference. What we try to do with our social enterprise is to overcome both with structured paths and projects" comments Franco Antonello, founder of Bambini delle Fate.



#### PizzAut

The second fundraising project is in collaboration with **PizzAut**. The group helped the association open a new restaurant in Monza, created to offer a real opportunity for work, training and dignity to young people with autism spectrum disorders. In particular, the funds provided by Toys Center and Bimbo Store will be used for the acoustic comfort of the restaurant, a fundamental element for the well-being of autistic people. Reducing loud or sudden auditory stimulation will make the ambience more appropriate for both the children included in the project and the clients, helping to build the most suitable climate for true inclusion, as well as improving the energy efficiency and thermal insulation of the facility thanks to the materials chosen. **Nico Acampora**, founder of PizzAut comments: "Thanks to the important support of Toys Center and Bimbo Store, we can give concrete form to our project. The new pizzeria wants to offer new opportunities and hope to those who live the reality of autism, and at the same time raise awareness of the issue among all those who come to visit us. The deepest and most direct way to do this is in the field, showing them what the potential and resources of these children are".



### Mission Bambini

Besides Bambini delle Fate, the collaboration between Prénatal and **Mission Bambini**, a joint effort to aid children in need, continues as well. Prénatal started a fundraising effort throughout the Christmas season in its 165 physical stores and online by selling goods marked with the hashtag #fattiGRANDE. Customers' generosity resulted in a collection of 47,000 euros, which Mission Bambini will utilize to operate 17 early development centers throughout 9 Italian provinces. The funds raised have two destinations. On one hand, economic support to meet expenses and school fees that guarantee the youngest children access to quality educational services (nursery and kindergartens). The other area of intervention is assistance, focusing on deepening parenting skills. With this in mind, customised and individual programmes are set up with psycho-pedagogical counselling and other specific courses aimed at improving the relationship between parents and children and their education. **Sara Modena**, General Director of Mission Bambini adds: "... Mission Bambini has intensified the work it has been doing for many years in the difficult contexts of Italian cities to fight educational poverty, offering the youngest children the chance to escape social marginalisation. Once again we thank Prénatal, for being at our side in guaranteeing quality educational opportunities to so many children and concrete help to their families".



### Progetto Arca

The **Russian-Ukrainian** conflict has deeply affected the hearts and minds of the people of PRG Retail Group. The images and stories of pain and devastation of the war on the borders of Europe generated shared feelings of compassion for the victims of the war, but also prompted the impulse to provide concrete help and solidarity to those suffering. As is often the case, those most affected by these conflicts are also the most innocent, namely children, so PRG decided to do its part to alleviate their suffering. In collaboration with the aforementioned **Mission Bambini** and the **Progetto Arca** NGO, textiles, childcare products, toys and food for children were donated, as well as a small amount of cash for a total value of € 48.000.



### Fondazione Umberto Veronesi

No less important is Prénatal dedication to support **Fondazione Umberto Veronesi** in its mission to combat pediatric tumors. In the year 2022, the company provided aid to **Marta Colletti**, a researcher based at the Bambino Gesù Pediatric Hospital in Rome. Her research project focuses on examining **mesenchymal stromal cells** (MSCs) found in the bone marrow of children diagnosed with neuroblastoma, which is the most prevalent solid tumor located outside the brain in pediatric patients. Children and their future. This is the common thread that unites Prénatal and the **Gold for kids** project of the Umberto Veronesi Foundation: "Gold for kids is a project that, by putting the care of children in the foreground, inevitably touches the most intimate chords of the mission and values of Prénatal, which wishes to accompany every moment of the growth path of the youngest children and their families. We are proud to be able to be at the side of Fondazione Umberto Veronesi and to support the commitment to research in the knowledge that children are our future" - comments Amedeo Giustini, CEO PRG Retail Group.



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



100,000 children in the Netherlands feel 'forgotten' and 'invisible'. They have been neglected or abused. "**Het Vergeten Kind**" is committed to helping these children by improving their situation. They fight for a safe and loving home for vulnerable children in the Netherlands. Prénatal Moeder & Kind helps the foundation with this goal, by raising awareness for their work and by generating financial donations from our customers. On top of that, in 2022 the company also collected and donated over €27,000 to the initiatives.



PRG joined hands with **Stichting Babypullen** in helping Ukrainian refugees. When the war - and with it the flood of refugees - started, the association donated a lot of small hardgoods (bottles, pacifiers cuddly toys), 600 pajamas and nearly 1,000 sleeping bags to ukrainian citizens in need. The Foundation used these to make packages for babies and children who need it most.



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



King Jouet has been partnering with the association "Tout le Monde contre le Cancer" with the aim of supporting the fight against cancer of children and their families. The association collect donations from multiple companies to support sick children and provide for medical treatments, hospital stays and general cares. In 2022, the association counts 1,000 active projects and 170 partner hospitals. To help them celebrate a joyous Easter, King Jouet decide to donate 3,000 "Famille à la plage" Easter eggs to sick and hospitalized children.

# growing responsibly



# 7. GROWING RESPONSIBLY

## 7.1 Our customers

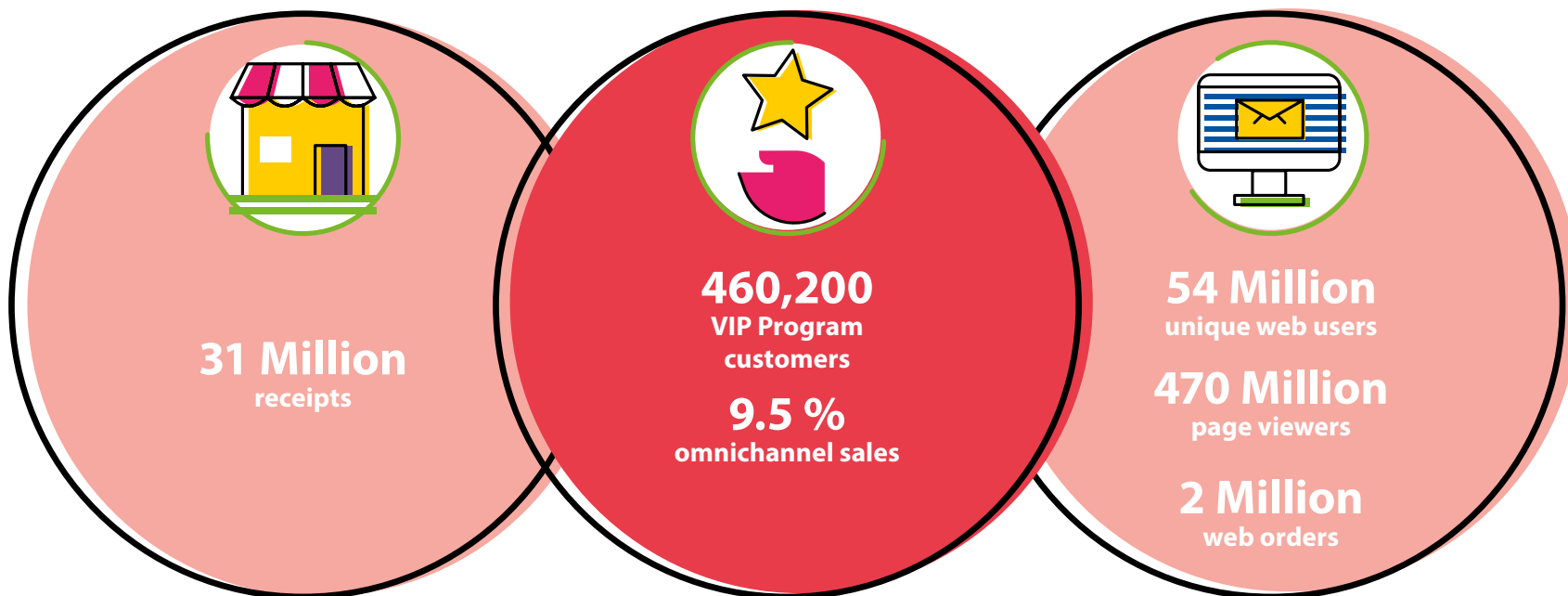
Customers and their satisfaction have always been the core of PRG strategy and business approach with the aim of establishing long lasting relationships with the families during the children's growth.

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

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

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

### PRG and phygital transformation



## To support the omnichannel approach, the Group invested significantly in digital innovation in 2022, and specifically in four aspects.



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



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



**User Experience** has been re-invented for the e-commerce website. Prénatal, Toys Center and Bimbo Store e-commerce websites were redesigned from the ground up, to make the site navigation experience simple, effective and pleasant, adapting it to the new needs of the contemporary customer, who in most cases, accesses the site via smartphone. PRG's objective is to guide and assist consumers in their purchasing choices, thus reducing dissatisfaction and potential waste generated.



One more notable aspect of the Prénatal brand is its commitment to offering families an array of extra services and support that surpass the typical client-provider dynamic. This includes going above and beyond to provide resources, workshops, support groups, online materials, and exclusive benefits through a **loyalty program**. These efforts aim to extend beyond the ordinary and establish a more comprehensive and personalized approach to assisting families throughout their parenting journey. For example, the possibility to **'click and collect'**, when customers purchase an item and choose to pick up the order at a designated store. Another example would be the **'virtual shopper'**, the possibility for online customers to interact with experts in the shop, who make their know-how available via their smartphone to support the customer, or the **'personal shopper'**, which consists of reserving a time slot with a store employee who provides assistance and consulting so as not to miss anything for children and pregnant mothers in their ever-evolving needs. Two other initiatives in this regard are the confirmation of **'zero queue'**, which originated during the pandemic period and is now used to ensure an experience without the inconvenience of waiting in queues, and **'locker'** deliveries, available for textile products.

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

Several tools are implemented for monitoring and measuring the level of appreciation and satisfaction 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 customer satisfaction by means of surveys, which are submitted, after the purchase, both in stores and on the website.

In 2022, PRG started to invest in **digital revolution**, externally but also internally. With a firm dedication to progress, PRG invested substantial resources, time, and effort in overhauling their well-established business models and methodologies, ushering in a new era of innovative processes. The main objectives will be two-fold: to reduce consumption and environmental impact using the latest technologies, and to create a dynamic and modern work environment for employees. By making these changes, PRG aims to be at the forefront of sustainability and provides a vibrant workplace for personnel. Digitisation, dematerialisation and cloud are the key drivers of this transition. Internal processes include the digitisation of documents used and the consequent disappearance of paper media in daily operations. With regard to consumers, the Group is committed to dematerialising receipts. In fact, the aim is to reduce the use of paper, following the same interests that are leading the business to reduce the environmental impacts generated, in terms of consumption and waste. In addition, the IT department will transfer internal processes and tools to cloud platforms, so that its employees can access them easily and without having to be on site.



PRG is aware that this digital transformation will increase the Group's transparency by helping consumers to have easier access to the Group's resources and information.

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, 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](mailto:privacy@prenatalretailgroup.com)). During the reporting period, PRG did not receive any substantiated complaints concerning breaches of customer privacy and losses of customer data.

## 7.2 Customers' education

The behavior and attitude of future parents of tomorrow depends on the education they received as children. For this reason, PRG aims to provide goods, contents, and information to educate all children by teaching them about sustainability, instilling respect of the environment and the people around us. PRG truly believes in early-age education in order to create the “change-makers” of the future.

### FOCUS ON THE IDEAL PARENT



A study by PRG Retail Group's *Osservatorio delle Famiglie Contemporanee*, in collaboration with BVA-DOXA, reveals the traits of the ideal parent from the point of view of children (8 to 14 years old), comparing it with that of parents. Being a parent is certainly a complicated 'job' at the center of studies, debates, models to follow and good practices to apply. While the perfect parent probably does not exist, the ideal parent does exist in the imagination of children and young people. Research findings indicate that half of the children surveyed desire a parent who possesses qualities of patience and friendliness. Italian parents closely match the description of an ideal parent, although they lack patience. There is a consensus on values and the importance of spending quality time together for activities like travel and play. Nevertheless, traditional gender stereotypes still persist in the handling of daily routines.



*“PRG Retail Group dialogues daily with parents and their children, interacting in the areas in which families grow and evolve. For this reason, the Osservatorio delle Famiglie Contemporanee acquires an important role in understanding current social issues and dynamics”* says Amedeo Giustini, CEO of PRG Retail Group.

*“We started with the children, specifically asking their opinion on the characteristics of the ideal parent. It is interesting how the request for patience turns out to be an essential trait for children, a signal that shows us how we adults should be more listening. The data also bring to our attention a relevant issue such as work-life balance, considered necessary by 66% of adults and by over 50% of children. An increasingly central and diriment point that impacts on the lives of families and the construction of new dynamics that companies can no longer procrastinate. It also reaffirms the centrality of playing together: in the family context, this activity remains a founding moment for the growth of children and young people, and one in which we must invest in accordance with the new needs of the contemporary family”* Giustini concludes.

The survey involved a sample of 1,537 individuals including 699 parents equally distributed between mums and dads and representative of the Italian population with children aged 0-14, 302 children aged 8-14, 468 PRG Retail Group employees and 68 of their children aged 8-14.

Toys Center began implementing a number of programs in 2021, with the goal of educating kids about a variety of subjects, including food waste, plant care, and food seasonality.

*These projects sought to tackle the subject of sustainability in a lighthearted and practical manner. What actions can kids take to incorporate more environmentally friendly habits into their daily lives? Here are those present in 2022:*

## #CARTNEVALE

**Lori, The Colour Craftsman**, helps PRG during the Carnival period, one of the children's favourite festivals where they can develop their creativity and originality. Thanks to Lori, the children received new ideas from the world of art and craft to create and build new projects from what they have at home but unused such as boxes, newspaper and buttons. Toys Center has created a **booklet** with which children can recreate and experience adventures and enchanted worlds by creating objects **and living their own stories**.

Many researches have confirmed how living in contact with nature is good for our health. We can say that the garden is good for children because it **helps to develop manual skills, food and environmental education and season awareness**. Together with **grandfather Ferruccio**, thanks to a booklet made by Toys Center, the children were able to learn how to prepare a green and luxuriant vegetable garden and how much seasonality and 0 km options are a good for our environment.

## #BENTORNATIASCUOLA

One of children's favourite moments at school is **playtime**, be it morning or afternoon. The protagonist is the snack, an ideal moment to recharge energy and regain focus. Today, children prefer packaged snacks, often high in calories and with poor nutritional properties, instead of fruit and vegetables, rich in fibre and vitamins. This is why PRG thought of creating a **guide** with which children can learn how to prepare a good and, above all, **HEALTHY** meal by themselves or with the family in a fun way. **Chef Gigi** and **Francesca, The Nutritionist**, will help the Group to create together healthy and delicious recipes that can help parents and children to eat **healthy** and **balanced** meals, while also trying to reuse all the waste.

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



**toys made with certified raw materials**  
(e.g., FSC certified wood, bioplastic toys)



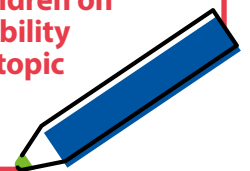
**toys with sustainable packaging**



**toys with % recycled content**  
(e.g., recycled plastic)



**toys designed to educate children on sustainability related topic**



## FOCUS ON Sustainable Stores: Assago Maxi Store

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

In addition to energy, the Group also pays great attention to the furnishing of its stores, and the materials used, to minimize their environmental impact. For this reason, the Real Estate function sifts through innovative solutions whenever opening a new store or revamping is needed in the existing stores.

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



**9 STORES**  
with PEFC WOOD  
used for shelves and  
counters



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

PRG aims to become Europe's first Kids&Family Hub, a reliable reference point for children and their care givers. Protagonist of this goal is the new maxi-store in the Assago Milanofiori shopping district, on the edge of Milan, opened in 2022. Over 3,000 square metres for a shopping experience with emotional dimensions: structures and spaces are designed to provide unique and memorable moments for the families that are born and grow up with



the Group's brands. In fact, the sales areas are combined with experiential areas, those of Prénatal dedicated to relaxation for the pregnant mother, breastfeeding, changing and baby care, and at Toys Center areas for parents and children that provide entertainment and fun, such as the colourful multi-storey slide or the Magic Mirror.

In the new Assago store, quality and innovation are the result of a project designed with InresCoop to make the family the protagonist.

*"We are happy to bring Prénatal inside an innovative multi-format like this one in Assago. A new and sustainable space, created to develop a participative and special relationship with our customers, both through a complete and excellent offer in the field of textiles and childcare, and through innovative services and the sharing of emotions and experiences. A physical space to be discovered and experienced, in a dimension designed for the family and its needs, strongly connected with the offer of digital services and where omnichannelity responds to the needs of everyday life. For Prénatal, when a child is born the wonder begins and this store is the demonstration of that"* declares Alberto Rivolta, CEO Prénatal.

The store was created by minimising the environmental impact as much as possible, through the recovery of original materials and the use of FSC-certified wood or energy-saving lighting.

In addition, a new Prénatal sustainable store has been opened on March, 2023, in Via Aurelia, in Rome, with thousands of products and a range of services representing the highest expression of proximity welfare and sustainability.



## 8. APPENDIX

### 8.1 Governance and sustainability approach

#### 8.1.1. Our governance

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

The Board comprises **6 members** (1 male executive and 5 male non-executives) and it is endowed with the highest responsibility in the achievement of corporate objectives. There is only one representative who is considered internal. Four representatives are appointed by shareholders who do not engage in operational management, while one representative is completely external. The term of office lasts for three years. There are no **conflicts of interest** resulting from overlapping positions. Processes to prevent conflicts of interest comply with current regulations. The competences are the ordinary ones expected of a management body. The Artsana shareholder appoints the highest governing body according to two criteria: **independence** and important **competences** in relation to the organisation's impacts. The Board appoints its chairman and elects the Chief Executive Officer. The chairman of the Board is not a high executive of the organisation.

The Board is not involved in due diligence but evaluates the results. Among its responsibilities, it is in charge of the **final review of the effectiveness of the organisation's processes**. With respect to sustainable development policies, the highest governing body serves a **steering role**. On the other hand, sustainability reporting does not fall directly on the highest governing body. This responsibility has been entrusted to a specific function, the CSR one which reports directly to the CEO. One of the responsibilities of the CSR function is to increase the knowledge and capabilities of the highest governing body with regard to sustainable development, and to this end, the head of function organises regular and frequent meetings that are an opportunity for growth and education on sustainable development.

The evaluation of the highest governing body is carried out by the shareholder. The frequency of the evaluation is annual. Consistently, the shareholders' meeting also decides on the remuneration of the board members. Concerning executives, the remuneration is determined by taking into account various factors including market comparison, experience, performance against objectives and available resources. The variable part is earned when a threshold set by the annual budget objectives is reached. The benefits are those foreseen by the category contract plus the company car and supplementary health coverage.

In addition, a Board of **5 Statutory Auditors** operates in complete independence 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 compliance with the law and the articles of association.

In addition, an essential element of the 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, behaviours 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. Moreover, PRG S.p.A., in compliance with the regulations on whistleblowing, has set up an additional information channel. In fact, the reports can also be sent to the personal e-mail addresses of the members of the Supervisory Board, which are communicated by the Company to all those concerned. In general, **critical issues** are communicated to the highest governing body in accordance with current regulations. No critical issues arose in 2022.

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).

## 8.1.2. Policies, compliance and associations

Conducting business in a responsible manner is a commitment enshrined in the various policy documents adopted by the Group.

Among the main policy documents is the **Corporate Code of Ethics** of the parent company Artsana, which is also binding for the PRG Group as a subsidiary. The second policy document is the Code of Conduct for suppliers of private brands of the Group, which was drawn up taking into account the UN Global Compact, as well as the OECD Due Diligence Guidance for Responsible Business Conduct and the International Labour Organisation (ILO) Guidelines. The policy documents envisage the presence of due diligence mechanisms through second- and third-party audits, which are fundamental tools for verifying the conduct of suppliers. In the documents, human rights violations are considered a zero-tolerance area. The Code of Conduct covers the human rights contained in the UN Universal Declaration of Human Rights and the fundamental rights of workers as defined by the ILO. Children and women are the categories of stakeholders that the Group gives particular attention to in the commitment. The commitments made are shared and approved by the CEO to whom the CSR function reports directly. In other words, policy commitments are approved at the most senior level of the organisation.

The policies are currently not available on websites but distributed to stakeholders in a controlled form through electronic acceptance or by signing hard copies that are subsequently digitised.

The Group is aware that negative impacts, whether actual or potential, are necessarily associated with its activities, and it endeavours to remedy these impacts. The Group's approach to remediation of negative impacts is based on the implementation of a

**mechanism to identify and address grievances.** All necessary instructions and contacts to seek advice or raise concerns about the organisation's business conduct are in a section of the Code of Conduct for private brand suppliers. The document is also translated into the local language and posted on factory notice boards with an e-mail address for reporting violations.

The Code of Conduct for private brand suppliers of the PRG Group applies to suppliers of private brand products located in non-European countries because they are considered to be at higher risk. For suppliers in the European Union, it is considered that the level of protection provided by European legislation is already adequate and effective. With regard to third-party brand suppliers, our commitment is to source from reasonably responsible and reliable suppliers.

There were **no significant instances of non-compliance** with laws and regulations during the reporting period.

Ultimately, **no case of incidents of corruption or of non-compliance with regulations and/or voluntary codes** concerning product and service information and labelling during the reporting period.

The Group is a member of and actively participates in the activities of several trade associations, the main ones being **Concommercio**, **Confindiprese** and **Assogiocattoli**. Among the national or international organisations in which PRG participates are **UNI - Ente Italiano di Normazione** and **International Accord for Health and Safety in the Textile and Garment Industry**.

## 8.1.3. Stakeholders

Stakeholders	Tools and channels for engagement and communication	Stakeholders	Tools and channels for engagement and communication
<b>Consumers &amp; Families</b>	<ul style="list-style-type: none"> <li>• Company website/e-commerce</li> <li>• Brochures and catalogues</li> <li>• Customer service and customer care</li> <li>• Email marketing, SMS</li> <li>• Chat and chatbots</li> <li>• Sustainability Report</li> <li>• Assistance at stores</li> <li>• Social media</li> <li>• Shopping experience surveys</li> <li>• Instore communication</li> <li>• Remote personal assistants from stores</li> </ul>	<b>Regulators, Authorities and Institutions</b>	<ul style="list-style-type: none"> <li>• Round tables</li> <li>• Multi stakeholders Initiatives and projects</li> <li>• Follow-up on request</li> <li>• Sustainability Report</li> </ul>
<b>Employees</b>	<ul style="list-style-type: none"> <li>• Intranet</li> <li>• Conventions and meetings</li> <li>• Trade unions</li> <li>• Conferences</li> <li>• Benefits</li> <li>• Code of Conduct</li> <li>• Training</li> <li>• Direct communication (e-mail)</li> <li>• Policies</li> <li>• Annual Report</li> <li>• Sustainability Report</li> </ul>	<b>Competitors</b>	<ul style="list-style-type: none"> <li>• Round table</li> <li>• Multi stakeholder initiatives</li> <li>• Company website</li> <li>• Sustainability Report</li> </ul>
<b>Suppliers</b>	<ul style="list-style-type: none"> <li>• Code of Conduct</li> <li>• Sustainability Report</li> <li>• Meetings</li> <li>• Company website</li> <li>• Audit E-mails and communications</li> </ul>	<b>E-commerce intermediaries</b>	<ul style="list-style-type: none"> <li>• Projects and meetings</li> <li>• Sustainability Report</li> <li>• Shopping assistance</li> </ul>
<b>Retailers, Trade &amp; Shops</b>	<ul style="list-style-type: none"> <li>• Meetings and events</li> <li>• Conventions</li> <li>• Company website</li> <li>• Brochures and catalogues</li> <li>• Training</li> <li>• Targeted communication</li> <li>• Sustainability Report</li> </ul>	<b>Media</b>	<ul style="list-style-type: none"> <li>• Post in social media</li> <li>• Advertising</li> <li>• Social media interaction</li> <li>• Projects</li> <li>• PR activities</li> <li>• Sustainability Report</li> </ul>
<b>Shareholders</b>	<ul style="list-style-type: none"> <li>• Meetings</li> <li>• ESG Questionnaire</li> <li>• Collaborations</li> <li>• Sustainability Report</li> </ul>	<b>Local communities</b>	<ul style="list-style-type: none"> <li>• Projects and events</li> <li>• Sustainability Report</li> <li>• Donations</li> <li>• PR activities</li> </ul>
		<b>Trade associations</b>	<ul style="list-style-type: none"> <li>• Round tables</li> <li>• Sustainability Report</li> <li>• Meetings and events</li> </ul>

## 8.2 Quantitative Annex

### GRI 2-7 Employees

Employees per employee category and gender <sup>12</sup>		2020			2021			2022		
		Woman	Man	Total	Woman	Man	Total	Woman	Man	Total
<i>Italy</i>	Permanent	1,962	586	<b>2,548</b>	1,928	587	<b>2,515</b>	1,980	608	<b>2,588</b>
	Temporary	106	42	<b>148</b>	212	76	<b>288</b>	191	77	<b>268</b>
	Full-time	1,120	536	<b>1,656</b>	1,170	568	<b>1,738</b>	1,180	576	<b>1,756</b>
	Part-time	949	92	<b>1,040</b>	970	95	<b>1,065</b>	991	109	<b>1,100</b>
	<b>Total</b>	<b>2,068</b>	<b>628</b>	<b>2,696</b>	<b>2,140</b>	<b>663</b>	<b>2,803</b>	<b>2,171</b>	<b>685</b>	<b>2,856</b>
<i>France</i>	Permanent	513	306	<b>819</b>	543	332	<b>875</b>	582	342	<b>924</b>
	Temporary	88	50	<b>138</b>	123	83	<b>206</b>	130	94	<b>224</b>
	Full-time	508	328	<b>836</b>	544	374	<b>918</b>	587	398	<b>985</b>
	Part-time	93	28	<b>121</b>	122	41	<b>163</b>	125	38	<b>163</b>
	<b>Total</b>	<b>602</b>	<b>356</b>	<b>957</b>	<b>666</b>	<b>415</b>	<b>1,081</b>	<b>712</b>	<b>436</b>	<b>1,148</b>
<i>Switzerland</i>	Permanent	33	18	<b>51</b>	61	32	<b>93</b>	66	37	<b>103</b>
	Temporary	3	4	<b>7</b>	5	3	<b>8</b>	5	3	<b>8</b>
	Full-time	23	18	<b>41</b>	44	23	<b>67</b>	43	26	<b>69</b>
	Part-time	12	4	<b>16</b>	22	12	<b>34</b>	28	14	<b>42</b>
	<b>Total</b>	<b>35</b>	<b>22</b>	<b>58</b>	<b>66</b>	<b>35</b>	<b>101</b>	<b>71</b>	<b>40</b>	<b>111</b>
<i>The Netherlands</i>	Permanent	309	32	<b>341</b>	301	29	<b>330</b>	278	28	<b>306</b>
	Temporary	309	12	<b>321</b>	329	19	<b>348</b>	306	10	<b>316</b>
	Full-time	50	35	<b>85</b>	57	36	<b>93</b>	50	30	<b>80</b>
	Part-time	568	9	<b>577</b>	573	12	<b>585</b>	534	8	<b>542</b>
	<b>Total</b>	<b>618</b>	<b>44</b>	<b>662</b>	<b>630</b>	<b>48</b>	<b>678</b>	<b>584</b>	<b>38</b>	<b>622</b>

<sup>12</sup>There are no employees who are not guaranteed a minimum or fixed number of working hours.

Employees per employee category and gender		2020			2021			2022		
		Woman	Man	Total	Woman	Man	Total	Woman	Man	Total
<b>Spain</b>	Permanent	167	14	<b>181</b>	130	12	<b>142</b>	493	140	<b>633</b>
	Temporary	14	2	<b>16</b>	10	-	<b>10</b>	256	87	<b>343</b>
	Full-time	80	14	<b>94</b>	58	10	<b>68</b>	186	101	<b>287</b>
	Part-time	101	2	<b>103</b>	82	2	<b>84</b>	563	126	<b>689</b>
	<b>Total</b>	<b>181</b>	<b>16</b>	<b>197</b>	<b>140</b>	<b>12</b>	<b>152</b>	<b>749</b>	<b>227</b>	<b>976</b>
<b>Greece</b>	Permanent	132	21	<b>153</b>	139	27	<b>166</b>	147	23	<b>170</b>
	Temporary	2	1	<b>3</b>	8	-	<b>8</b>	2	1	<b>3</b>
	Full-time	112	19	<b>131</b>	130	24	<b>154</b>	134	23	<b>157</b>
	Part-time	22	3	<b>25</b>	17	3	<b>20</b>	15	1	<b>16</b>
	<b>Total</b>	<b>134</b>	<b>22</b>	<b>156</b>	<b>147</b>	<b>27</b>	<b>174</b>	<b>149</b>	<b>24</b>	<b>173</b>
<b>Portugal</b>	Permanent	62	3	<b>65</b>	66	3	<b>69</b>	154	52	<b>206</b>
	Temporary	2	-	<b>2</b>	4	-	<b>4</b>	39	16	<b>55</b>
	Full-time	38	3	<b>41</b>	36	3	<b>39</b>	80	40	<b>120</b>
	Part-time	26	-	<b>26</b>	34	-	<b>34</b>	113	28	<b>141</b>
	<b>Total</b>	<b>64</b>	<b>3</b>	<b>67</b>	<b>70</b>	<b>3</b>	<b>73</b>	<b>193</b>	<b>68</b>	<b>261</b>
<b>China</b>	Permanent	4	3	<b>7</b>	7	2	<b>9</b>	10	4	<b>14</b>
	Temporary	-	1	<b>1</b>	-	1	<b>1</b>	-	1	<b>1</b>
	Full-time	4	4	<b>8</b>	7	3	<b>10</b>	10	5	<b>15</b>
	Part-time	-	-	<b>-</b>	-	-	<b>-</b>	-	-	<b>-</b>
	<b>Total</b>	<b>4</b>	<b>4</b>	<b>8</b>	<b>7</b>	<b>3</b>	<b>10</b>	<b>10</b>	<b>5</b>	<b>15</b>

Employees per employee category and gender		2020			2021			2022		
		Woman	Man	Total	Woman	Man	Total	Woman	Man	Total
<b>Belgium</b>	Permanent	-	-	-	105	112	<b>217</b>	112	118	<b>230</b>
	Temporary	-	-	-	23	25	<b>48</b>	42	34	<b>76</b>
	Full-time	-	-	-	80	123	<b>203</b>	84	129	<b>213</b>
	Part-time	-	-	-	48	14	<b>62</b>	70	23	<b>93</b>
	<b>Total</b>	-	-	-	<b>128</b>	<b>137</b>	<b>265*</b>	<b>154</b>	<b>152</b>	<b>306</b>
<b>PRG Group</b>	Permanent	3,182	983	<b>4,165</b>	3,175	1,024	<b>4,199</b>	3,822	1,352	<b>5,174</b>
	Temporary	524	115	<b>636</b>	691	182	<b>873</b>	971	323	<b>1,294</b>
	Full-time	1,935	963	<b>2,892</b>	2,046	1,041	<b>3,087</b>	2,354	1,328	<b>3,682</b>
	Part-time	1,771	138	<b>1,909</b>	1,820	165	<b>1,985</b>	2,439	347	<b>2,786</b>
	<b>Total</b>	<b>3,706</b>	<b>1,101</b>	<b>4,801</b>	<b>3,866</b>	<b>1,206</b>	<b>5,072*</b>	<b>4,793</b>	<b>1,675</b>	<b>6,468</b>

\* It should be noted that the employees of the subsidiaries located in Belgium, New LTB S.r.l., New MTB S.r.l., New MTF S.a.s., Maxi Toys Luxembourg S.a.s., have been consolidated into the Group as of 2022, and consequently are not considered in the count of total employees in 2021.

## GRI 2-8 Workers who are not employees

Non-employee workers	Unit	2020	2021	2022
<b>Total</b>	n	182	263	370

## GRI 401-1 New employee hires and employee turnover

Hirings					Terminations				
	Unit	2020	2021	2022		Unit	2020	2021	2022
<b>By gender</b>									
<b>Women</b>	n	833	1,171	1,558	<b>Women</b>	n	912	985	1,308
<b>Men</b>	n	273	383	542	<b>Men</b>	n	291	298	427
<b>By age group</b>									
<b>Less than 30</b>	n	681	972	1,379	<b>Less than 30</b>	n	692	676	1,020
<b>From 30 to 50</b>	n	391	530	642	<b>From 30 to 50</b>	n	421	484	624
<b>More than 50</b>	n	34	52	79	<b>More than 50</b>	n	90	123	91
<b>By region</b>									
<b>China</b>	n	1	6	8	<b>China</b>	n	1	4	3
<b>France</b>	n	234	328	210	<b>France</b>	n	197	183	143
<b>Greece</b>	n	65	98	111	<b>Greece</b>	n	43	80	112
<b>Italy</b>	n	367	674	598	<b>Italy</b>	n	455	567	546
<b>Portugal</b>	n	15	32	306	<b>Portugal</b>	n	31	26	314
<b>Spain</b>	n	99	44	388	<b>Spain</b>	n	92	89	136
<b>Netherlands</b>	n	325	350	341	<b>Netherlands</b>	n	384	334	397
<b>Belgium</b>	n	0	0	76	<b>Belgium</b>	n	0	0	32
<b>Switzerland</b>	n	0	22	62	<b>Switzerland</b>	n	0	0	52
<b>Total</b>	<b>n</b>	<b>1,106</b>	<b>1,554</b>	<b>2,100</b>	<b>Total</b>	<b>n</b>	<b>1,203</b>	<b>1,283</b>	<b>1,735</b>

Hirings					Terminations				
	Unit	2020	2021	2022		Unit	2020	2021	2022
<b>By gender</b>									
<b>Women</b>	%	17%	23%	24%	<b>Women</b>	%	19%	19%	20%
<b>Men</b>	%	6%	8%	8%	<b>Men</b>	%	6%	6%	7%
<b>By age group</b>									
<b>Less than 30</b>	%	14%	19%	21%	<b>Less than 30</b>	%	14%	13%	16%
<b>From 30 to 50</b>	%	8%	10%	10%	<b>From 30 to 50</b>	%	9%	10%	10%
<b>More than 50</b>	%	1%	1%	1%	<b>More than 50</b>	%	2%	2%	1%
<b>By region</b>									
<b>China</b>	%	0%	0%	0%	<b>China</b>	%	0%	0%	0%
<b>France</b>	%	5%	6%	3%	<b>France</b>	%	4%	4%	2%
<b>Greece</b>	%	1%	2%	2%	<b>Greece</b>	%	1%	2%	2%
<b>Italy</b>	%	8%	13%	9%	<b>Italy</b>	%	9%	11%	8%
<b>Portugal</b>	%	0%	1%	5%	<b>Portugal</b>	%	1%	1%	5%
<b>Spain</b>	%	2%	1%	6%	<b>Spain</b>	%	2%	2%	2%
<b>Netherlands</b>	%	7%	7%	5%	<b>Netherlands</b>	%	8%	7%	6%
<b>Belgium</b>	%	0%	0%	1%	<b>Belgium</b>	%	0%	0%	0%
<b>Switzerland</b>	%	0%	0%	1%	<b>Switzerland</b>	%	0%	0%	1%
<b>Total</b>	%	<b>23%</b>	<b>31%</b>	<b>32%</b>	<b>Total</b>	%	<b>25%</b>	<b>25%</b>	<b>27%</b>



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

Average training hours by gender and employee category	Unit	2020	2021	2022
Men	h/employee	5.2	5.3	7.3
Women	h/employee	7.5	6.9	7.2
Executives	h/employee	7.2	13.6	10.6
Managers	h/employee	7.4	11.9	7.2
White collars	h/employee	7.7	6.1	8.3
Blue collars	h/employee	5.4	5.9	4.7

## Water consumption

Water consumption	Unit	2020	2021	2022
Total water consumption for domestic use in offices and shops	m <sup>3</sup>	114,336*	118,967*	131,821**

\* Data for 2020 and 2021 refer to PRG Spa, Prénatal Spa, Ca.re Srl, Sire Srl, Carolina Toys Srl, Prénatal Moeder en kind BV, Prénatal LDA.

\*\*Data for 2022 refer to PRG Retail Group S.p.A., Prénatal S.p.A., Prénatal S.A., PRG Retail Group Spain S.L., Prénatal sociedade unipessoal LDA, PRG Retail Group Portugal LDA, Prénatal A.E.B.E., Prénatal Moeder en kind BV, King Jouet S.a.s., New LTB S.r.l., New MTB S.r.l., New MTF S.a.s., Maxi Toys Luxembourg S.a.s. and Sire S.r.l.

## Waste production

Waste production	Unit	2020*		2021*		2022**	
Total waste generated	Metric tons	3,793.4	100%	3,839.9	100%	4,764.3	100%
Of which sent to recycling/reuse	Metric tons	2,979.9	78.6%	3,011.8	78.4%	3,913.6	82.1%
Of which sent to landfill	Metric tons	813.5	21.4%	828.1	21.6%	850.7	17.9%

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

\*\*Waste produced in Stores, offices and Warehouses. Data refer to PRG Retail Group S.p.A., Prénatal S.p.A., PRG Retail Group Spain S.L., PRG Retail Group Portugal LDA, Prénatal A.E.B.E., Prénatal Moeder en kind BV, King Jouet S.a.s., New LTB S.r.l., New MTB S.r.l., New MTF S.a.s. and Maxi Toys Luxembourg S.a.s.. All waste generated refers to packaging (e.g., Cardboards and pallets).

## 8.3 Note on methodology

The third PRG Sustainability Report covers calendar year 2022 and the related key performance indicators are presented for the entire 2020-2022 period, except where explicitly stated.

The document, which will be published annually, has been prepared in accordance with the **GRI Standards 2021**. This report is not subject to external assurance.

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

- Prénatal S.p.A.
- Prénatal S.A.
- PRG Retail Group Spain S.L.
- Prénatal sociedade unipessoal LDA
- PRG Retail Group Portugal LDA
- Prénatal A.E.B.E.
- Prénatal Moeder en kind BV
- King Jouet S.a.s.
- King Jouet Suisse S.a.
- New LTB S.r.l.
- New MTB S.r.l.
- New MTF S.a.s.
- Maxi Toys Luxembourg 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.

For social data, New MTF S.a.s. and Maxi Toys Luxembourg S.a.s. have not been included.

### 8.3.1. 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:

- **Accuracy:** the level of detail of the contents reported in the document is adequate for understanding and assessing the Group sustainability impact in the reporting period.
- **Balance:** the contents of this document report in a balanced way PRG's impacts, both negative and positive, 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 2020-2022 three-year period and are presented with comments relating to their impacts in order to allow comparison and comparability of the Group's impact over time.
- **Completeness:** the material issues discussed in the report are covered in their entirety and represent the most relevant environmental, social and economic impacts of the Group's activities, thus allowing for a complete assessment of PRG performance in the reporting year.
- **Sustainability context:** the impacts resulting from the company's activities are fully described in the disclosure.
- **Timeliness:** the sustainability disclosure takes into consideration events occurring after 31 December 2022 that may be significant for the assessment of the Group sustainability performance by stakeholders.
- **Verifiability:** the information contained in the disclosure is supported by elaborations on the decision-making processes of sustainability reporting, as well as complemented by descriptions of the assumptions and calculations supported by evidence and clarifications of possible uncertain points, all with the aim of making the information verifiable for the stakeholder concerned.

## 8.3.2. Material topics

The contents of this document reflect the results of the materiality analysis, as required by GRI Standards 2021 and described in the Chapter *"Let's grow together"*.

Material topics identified, which represent all the main organization's significant economic, environmental and social impacts, including human rights, are covered within the report chapters.

For each material issue, PRG has mapped the links between the GRI topic-specific Standard.

PRG Material Topic	GRI Material Topic
Logistics Management and Energy and Transport efficiency, and fight against Climate Change	GRI 302: Energy 2016 GRI 305: Emissions 2016
Sustainable Supply Chain Management	GRI 308: Supplier environmental assessment 2016 GRI 414: Supplier social assessment 2016
Sustainable Design for product and packaging, and Circular Economy	GRI 301: Materials 2016
Customer Health and Safety	GRI 416: Customer Health and Safety 2016
Occupational Health and Safety	GRI 403: Occupational Health and Safety 2018
Marketing and Labeling	GRI 417: Marketing and Labeling 2016 GRI 408: Child Labor 2016
Human Rights, Child Labor and Forced or Compulsory Labor	GRI 409: Forced or Compulsory Labor 2016
Sustainability Education for employees and customers	Non GRI topic
Employment and Labor / Management Relations	GRI 401: Employment 2016 GRI 402: Labor/Management Relations 2016
Skills development	GRI 404: Training and Education 2016
Business Integrity and Anti-corruption	GRI 205: Anti-corruption 2016

PRG Material Topic	GRI Material Topic
Customer privacy	GRI 418: Customer privacy 2016
Digitalization and Technological progress	Non GRI topic
Customer satisfaction and Loyalty	Non GRI topic

Compared to previous year, the definition of the topics resulting from the analysis of the impacts generated by PRG implied on the one hand a reduction in the number of topics, in parallel with the addition of some new topics that became material this year. The definition of the topics is now divided according to the three components indicated by GRI: Environment, People, and Business.

With respect to the first section:

- "Energy efficiency and the fight against climate change" and "Logistics management and transport efficiency" topics were now merged in "Logistics Management and Energy and Transport efficiency, and fight against Climate Change";
- "Packaging", "Sustainable raw materials", "Product life cycle", "Sustainable design and circular economy" were replaced by "Sustainable Design for product and packaging, and Circular Economy" which encompasses the topics of circular economy, packaging, and all PRG's commitments and consequent impacts on the environment of the product offered;
- "Chemical management" is not a material topic anymore;
- "Customer privacy" is now identified as a material topic;
- The previous topic "Sustainable stores" is now part of the already present "Sustainability Education for employees and customers" given the closely related goals and strategies of this positive impact;
- "Innovation, research and development" was extended to the company's internal processes considering PRG's strategy of improving the working environment by reducing its negative impacts through the use of technology and digital tools. This topic is now: "Digitalization and Technological progress".

### 8.3.3. 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 in Full-Time Equivalent (FTE).

For environmental data, whenever not available, the Group adopted a conservative approach in the assumptions made, resulting in the adoption of the worst environmental performance of PRG and its related companies. Specifically, greenhouse gas emissions calculations have been carried out based on principles included in the GHG Protocol Corporate Accounting and Reporting Standard and determined as follows. As for energy consumption, and therefore the related emissions, data covers the whole Group, with the unique exception of Ca.Re. S.r.l. and Etruria Giochi S.r.l., which are excluded from the scope of reporting due to the unavailability of data.

Any restatement of information will be reported in the Sustainability Report.

#### CONVERSION FACTORS USED

Fuel density (Diesel conversion from litres to tons)	UK Department of Environment, Food & Rural Affairs (DEFRA), Conversion factors - Full set, 2020, 2021 and 2022
Net Calorific Value (Natural gas and diesel)	UK Department of Environment, Food & Rural Affairs (DEFRA), Conversion factors - Full set, 2020, 2021 and 2022

## DIRECT (SCOPE 1) GHG EMISSIONS

SOURCE	ACTIVITY DATA	EMISSION FACTOR	GWP
Diesel, Natural gas for heating and	Fuel consumption	Ministero dell'Ambiente e della Tutela del Territorio e del Mare (MATTM), Table of national standard parameters, 2019, 2020, 2021	Only CO <sub>2</sub> emissions were considered
Companies' car fleet	Fuel consumption	UK Department of Environment, Food & Rural Affairs (DEFRA), Conversion factors - Full set, 2020, 2021 and 2022	Only CO <sub>2</sub> emissions were considered
Leakages from air-conditioning systems of refrigerant gases	Leakage	-	Global Warming Potentials (GWPs) are taken from both DEFRA, Conversion factors database (2020, 2021 and 2022)

## INDIRECT ENERGY (SCOPE 2) GHG EMISSIONS

SOURCE	ACTIVITY DATA	EMISSION FACTOR	GWP
Electricity purchased from national grid – location-based method	Electricity consumption	Terna, Confronti Internazionali, 2019 (Total gross production)	Only CO <sub>2</sub> emissions were considered
Electricity purchased from national grid – market-based method	Electricity consumption	For European countries: AIB - European Residual Mixes, 2020 and 2021. For China: Terna, Confronti Internazionali, 2019 (Total gross production)	Only CO <sub>2</sub> emissions were considered
District-Heating Purchased	Heat consumption	UK Department of Environment, Food & Rural Affairs (DEFRA), Conversion factors - Full set, 2020, 2021 and 2022)	CO <sub>2</sub> equivalent

## OTHER INDIRECT (SCOPE 3) GHG EMISSIONS

SOURCE	ACTIVITY DATA	EMISSION FACTOR	GWP
Upstream transportation and distribution (Cat. 4) and Downstream transportation and distribution (Cat. 9)	Distance/ Distance per weight transported	UK Department of Environment, Food & Rural Affairs (DEFRA), Conversion factors - Full set, 2020, 2021 and 2022	Only CO <sub>2</sub> 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, 2020, 2021 and 2022	Only CO <sub>2</sub> emissions were considered
Employee commuting (Cat. 7)	Distance per commuter	UK Department of Environment, Food & Rural Affairs (DEFRA), Conversion factors - Full set, 2020, 2021 and 2022	Only CO <sub>2</sub> emissions were considered

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

- Category 4 Upstream transportation and distribution and category 9 Downstream transportation and distribution and category emissions data refer to private label products in relation to Prénatal Retail Group S.p.A., Prénatal S.p.A., Prénatal S.A., Prénatal societade unipessoal LDA and Prénatal A.E.B.E., while Prénatal Moeder & kind BV, King Jouet S.a.s., King Jouet Suisse S.a., PRG Retail Group Spain S.L., PRG Retail Group Portugal LDA, New LTB S.r.l., New MTB S.r.l., New MTF S.a.s., Maxi Toys Luxembourg 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. are not included.
- Category 6 Business travels data refer to the entire Group.
- Category 7 Employee Commuting emissions data refer to employees of PRG Retail Group S.p.A., Prénatal S.p.A., Prénatal S.A., Prénatal A.E.B.E., Prénatal Moeder & Kind BV, King Jouet S.a.s., 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., while PRG Retail Group Spain S.L., Prénatal societade unipessoal LDA, PRG Retail Group Portugal LDA, King Jouet Suisse S.a., New LTB S.r.l., New MTB S.r.l., New MTF S.a.s., Maxi Toys Luxembourg S.a.s. and Prénatal Retail Group Asia Pacific are not included.

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

# 8.4. Content Index

Statement of use	PRG has submitted a report in accordance with the GRI Standards for the period 01.01.2022-31.12.2022.
Title of GRI 1 used	GRI 1 – Foundation 2021
GRI Sector Standard(s) that apply to the organization's sector(s)	N/A

GRI Standard	Disclosure	Location	Omission		
			Requirement(s) omitted	Reason	Explanation
<b>General Disclosures</b>					
GRI 2 – General disclosures 2021	2-1 Organizational details	1.1. Identity and brands			
	2-2 Entities included in the organization's sustainability reporting	1.1. Identity and brands 8.3. Note on methodology			
	2-3 Reporting period, frequency and contact point	8.3. Note on methodology			
	2-4 Restatements of information	8.3.3. Reporting process and methodology			
	2-5 External assurance	8.3. Note on methodology			
	2-6 Activities, value chain and other business relationships	1.2. Market presence			
	2-7 Employees	6.1. Our employees 8.2. Quantitative Annex			
	2-8 Workers who are not employees	6.1. Our employees 8.2. Quantitative Annex			
	2-9 Governance structure and composition	8.1.1. Our governance			
	2-10 Nomination and selection of the highest governance body	8.1.1. Our governance			
	2-11 Chair of the highest governance body	8.1.1. Our governance			

GRI Standard	Disclosure	Location	Omission		
			Requirement(s) omitted	Reason	Explanation
GRI 2 – General disclosures 2021	<b>2-12 Role of the highest governance body in overseeing the</b>	8.1.1. Our governance			
	<b>2-13 Delegation of responsibility for managing impacts</b>	8.1.1. Our governance			
	<b>2-14 Role of the highest governance body in sustainability reporting</b>	8.1.1. Our governance			
	<b>2-15 Conflicts of interest</b>	8.1.1. Our governance			
	<b>2-16 Communication of critical concerns</b>	8.1.1. Our governance			
	<b>2-17 Collective knowledge of the highest governance body</b>	8.1.1. Our governance			
	<b>2-18 Evaluation of the performance of the highest governance body</b>	8.1.1. Our governance			
	<b>2-19 Remuneration policies</b>	8.1.1. Our governance			
	<b>2-20 Process to determine remuneration</b>	8.1.1. Our governance			
	<b>2-21 Annual total compensation ratio</b>	Omission	2-21	Confidentiality constraints	PRG considers the information required to cover the indicator as confidential and therefore did not proceed with publication for this reporting year. Furthermore, unlike companies subject to mandatory non-financial reporting by current legislation, PRG is not requested by law to report this information in other instruments.
<b>2-22 Statement on sustainable development strategy</b>	Letter from the CEO				

GRI Standard	Disclosure	Location	Omission		
			Requirement(s) omitted	Reason	Explanation
GRI 2 – General disclosures 2021	<b>2-23 Policy commitments</b>	8.1.2. Policies, compliance and associations			
	<b>2-24 Embedding policy commitments</b>	8.1.2. Policies, compliance and associations			
	<b>2-25 Processes to remediate negative impacts</b>	8.1.2. Policies, compliance and associations			
	<b>2-26 Mechanisms for seeking advice and raising concerns</b>	8.1.2. Policies, compliance and associations			
	<b>2-27 Compliance with laws and regulations</b>	8.1.2. Policies, compliance and associations			
	<b>2-28 Membership associations</b>	8.1.2. Policies, compliance and associations			
	<b>2-29 Approach to stakeholder engagement</b>	2.1. Stakeholders 2.2. Material topics 8.1.3. Stakeholders			
	<b>2-30 Collective bargaining agreements</b>	6.1. Our employees			
<b>Material topics</b>					
GRI 2 – General disclosures 2021	<b>3-1 Process to determine material topics</b>	2.2. Material topics			
	<b>3-2 List of material topics</b>	2.2. Material topics			
<b>Anti-corruption</b>					
GRI 3 – Material topics 2021	<b>3-3 Management of material topics</b>	2.2. Material topics 8.1.2. Policies, compliance and associations			
GRI 205: Anti-corruption 2016	<b>205-3 Confirmed incidents of corruption and actions taken</b>	8.1.2. Policies, compliance and associations			
<b>Materials</b>					
GRI 3 – Material topics 2021	<b>3-3 Management of material topics</b>	2.2. Material topics 3.4. Product end of life			
GRI 301: Materials 2016	<b>301-3 Reclaimed products and their packaging materials</b>	3.4. Product end of life			



GRI Standard	Disclosure	Location	Omission		
			Requirement(s) omitted	Reason	Explanation
<b>Energy</b>					
GRI 3 – Material topics 2021	<b>3-3 Management of material topics</b>	2.2. Material topics 5.1. GHG Inventory 2022			
GRI 302: Energy 2016	<b>302-1 Energy consumption within the organization</b>	5.1. GHG Inventory 2022			
<b>Emissions</b>					
GRI 3 – Material topics 2021	<b>3-3 Management of material topics</b>	2.2. Material topics 5.1. GHG Inventory 2022			
	<b>305-1 Direct (Scope 1) GHG emissions</b>	5.1. GHG Inventory 2022			
GRI 305: Emissions 2016	<b>305-2 Energy indirect (Scope 2) GHG emissions</b>	5.1. GHG Inventory 2022			
	<b>305-3 Other indirect (Scope 3) GHG emissions</b>	5.1. GHG Inventory 2022			
<b>Supplier Environmental Assessment</b>					
GRI 3 – Material topics 2021	<b>3-3 Management of material topics</b>	2.2. Material topics 4.1. Code of Conduct for suppliers			
GRI 308: Supplier Environmental Assessment 2016	<b>308-1 New suppliers that were screened using environmental criteria</b>	4.1. Code of Conduct for suppliers			
<b>Employment</b>					
GRI 3 – Material topics 2021	<b>3-3 Management of material topics</b>	2.2. Material topics 6.1. Our employees			
GRI 401: Employment 2016	<b>401-1 New employee hires and employee turnover</b>	6.1. Our employees 8.2. Quantitative Annex			
<b>Labor/Management Relations</b>					
GRI 3 – Material topics 2021	<b>3-3 Management of material topics</b>	2.2. Material topics 6.1. Our employees			
GRI 402: Labor/Management Relations 2016	<b>402-1 Minimum notice periods regarding operational changes</b>	6.1. Our employees			

GRI Standard	Disclosure	Location	Omission		
			Requirement(s) omitted	Reason	Explanation
<b>Occupational Health and Safety</b>					
GRI 3 – Material topics 2021	<b>3-3 Management of material topics</b>	2.2. Material topics 6.1. Our employees			
	<b>403-1 Occupational health and safety management system</b>	6.5. Health and safety			
	<b>403-2 Hazard identification, risk assessment, and incident investigation</b>	6.5. Health and safety			
	<b>403-4 Worker participation, consultation, and communication on occupational health and safety</b>	6.5. Health and safety			
GRI 403: Labor/ Management Relations 2018	<b>403-5 Worker training on occupational health and safety</b>	6.5. Health and safety			
	<b>403-6 Promotion of worker health</b>	6.5. Health and safety			
	<b>403-7 Prevention and mitigation of occupational health and safety impacts directly linked by business relationships</b>	6.5. Health and safety			
	<b>403-9 Work-related injuries</b>	6.5. Health and safety			
<b>Training and Education</b>					
GRI 3 – Material topics 2021	<b>3-3 Management of material topics</b>	2.2. Material topics 6.4. Talent development			
GRI 404: Training and Education 2016	<b>404-1 Average hours of training per year per employee</b>	6.4. Talent development 8.2. Quantitative Annex			
<b>Child Labour</b>					
GRI 3 – Material topics 2021	<b>3-3 Management of material topics</b>	2.2. Material topics 4.1. Code of Conduct for suppliers			
GRI 408: Child Labor 2016	<b>408-1 Operations and suppliers at significant risk for incidents of child labor</b>	4.1. Code of Conduct for suppliers			

GRI Standard	Disclosure	Location	Omission		
			Requirement(s) omitted	Reason	Explanation
<b>Forced or Compulsory Labor</b>					
GRI 3 – Material topics 2021	<b>3-3 Management of material topics</b>	2.2. Material topics 4.1. Code of Conduct for suppliers			
GRI 409: Forced or Compulsory Labor 2016	<b>409-1 Operations and suppliers at significant risk for incidents of forced or compulsory labor</b>	4.1. Code of Conduct for suppliers			
<b>Supplier Social Assessment</b>					
GRI 3 – Material topics 2021	<b>3-3 Management of material topics</b>	2.2. Material topics 4.1. Code of Conduct for suppliers			
GRI 414: Supplier Social Assessment 2016	<b>414-1 New suppliers that were screened using social criteria</b>	4.1. Code of Conduct for suppliers			
<b>Customer Health and Safety</b>					
GRI 3 – Material topics 2021	<b>3-3 Management of material topics</b>	2.2. Material topics 3.1. Safe products			
GRI 416: Customer Health and Safety 2016	<b>416-2 Incidents of non-compliance concerning the health and safety impacts of products and services</b>	3.1. Safe products			
<b>Marketing and Labeling</b>					
GRI 3 – Material topics 2021	<b>3-3 Management of material topics</b>	2.2. Material topics 8.1.2. Policies, compliance and associations			
GRI 417: Marketing and Labeling 2016	<b>417-2 Incidents of non-compliance concerning product and service information and labeling</b>	8.1.2. Policies, compliance and associations			

GRI Standard	Disclosure	Location	Omission		
			Requirement(s) omitted	Reason	Explanation
<b>Customer Privacy</b>					
GRI 3 – Material topics 2021	<b>3-3 Management of material topics</b>	2.2. Material topics 7.1. Our customers			
GRI 418: Customer Privacy 2016	<b>418-1 Substantiated complaints concerning breaches of customer privacy and losses of customer data</b>	7.1. Our customers			
<b>Sustainability Education for employees and customers</b>					
GRI 3 – Material topics 2021	<b>3-3 Management of material topics</b>	2.2. Material topics 7.1. Our customers			
<b>Digitalization and Technological progress</b>					
GRI 3 – Material topics 2021	<b>3-3 Management of material topics</b>	2.2. Material topics 7.1. Our customers			
<b>Customer satisfaction and Loyalty</b>					
GRI 3 – Material topics 2021	<b>3-3 Management of material topics</b>	2.2. Material topics 7.1. Our customers			



**Editorial Project Coordination**

PRG Retail Group, Cantiere di Comunicazione

**Artistic Direction and Graphic Design**

**common.**

**Strategic Support**

**common.**

**Illustrations by**

Carlos Arrojo

The logo features the letters 'PRG' in a large, bold, green sans-serif font. Below this, the words 'RETAIL GROUP' are written in a smaller, white, sans-serif font, centered within a dark grey rectangular bar. Underneath the bar, the phrase 'GROW WITH US' is written in a green, sans-serif font. The background is a light green color with two large, semi-circular decorative elements on the left and right sides, each filled with horizontal green lines of varying density.

**PRG**

**RETAIL GROUP**

**GROW WITH US**

**[prenatalretailgroup.com](http://prenatalretailgroup.com)**