



LET'S GROW TOGETHER

SUSTAINABILITY REPORT
2023

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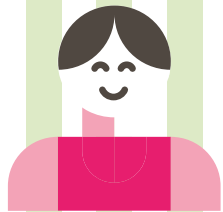


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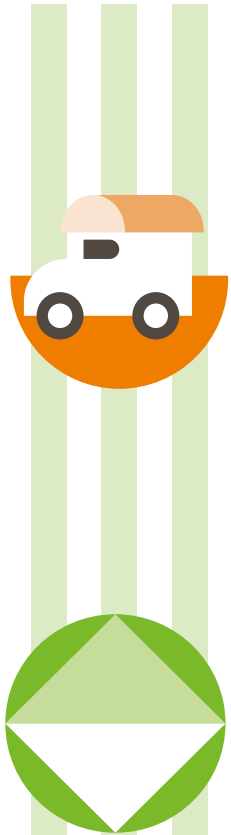
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LETTER TO STAKEHOLDERS

Dear stakeholders,
one year ago, our introductory letter to the 2022 Sustainability Report concluded as follows: “PRG Retail Group can aspire to be the first European Kids&Family Hub, not only in terms of geography, size, quality and diversity of offer, but also increasingly playing the role of actor of that proximity welfare that really allows people to be supported and grow better together”.

Today we start right from here, inviting you to read this new “Let’s grow together!” which also marks the completion of a four-year period of great importance in the process of understanding and focusing on our Group’s Sustainability objectives in the coming years.

On the occasion of the **60th anniversary of the birth of the Prénatal brand** in Italy, 2023 has led us in particular to question ourselves on how we can play an active and useful role towards the society to which we belong, affected by a disheartening birth rate and growing forms of loneliness, and above all on how to be able to make the extraordinary adventure of becoming and being parents more sustainable and serene. Because, beyond rhetoric, it is first and foremost them, even before children, who need to be born and breathe a climate of renewed trust.

Our response originates from the essence of our DNA, and a term that is distinctly associated with us: “hub,” which we interpret as the central point of a network. If PRG already represents a large retail reality dedicated to the sale of products and services for families, today the concept of hub is dressed and enriched with new meanings. It has now become synonymous with an infrastructure capable of **generating new networks of participation and sharing of values, skills, resources, services and projects, all**

aimed at promoting the growth and education of new generations of parents and children.

In this new and broader vision of the hub concept, every component of the network is a vital contributor to value creation and dissemination. Our people, the widespread presence of our stores, our customers and our partners all emerge as key players in fostering the local well-being that is crucial yet often missing in our society’s sustainable growth.

It is this spirit, which has always distinguished our solid and supportive ecosystem, that led to the inception of “**Generazione G**” last year, **a major social activism and fundraising project established to concretely support young parents in fragile conditions.**

Since its launch, Generazione G has involved all PRG’s people, including all entities and brands across Italy, as well as our customers and a host of partner companies. Just six months following its launch, the initiative had already gathered sufficient funds to assist 250 families. By 2024, the aim is to extend **support to 500 families**, providing not only material aid but also guidance and backing from a network of seasoned parents selected by Moige, the Italian Parents Movement.

Not least, in 2023, we have undertaken and passed the process of verifying and adopting new measures in favor of an inclusive work environment. These measures are targeted at overcoming the gender gap, respecting the principle of equal opportunity, and embracing the wealth of diversity. This commitment has culminated in **the achievement of the Gender Equality Certification**, in line with the UNI/PdR 125:2022 guidelines, awarded by KIWA Cermet—one of the global leading entities in the Testing, Inspections and Certifications sector.

Among the first retail companies to obtain certification, PRG Retail Group has thus become one of the most attentive Italian companies to Goal 5 of the 2030 Agenda and Mission 5 of the PNRR which emphasizes women empowerment.

Finally, in September 2023, we signed the **Code of Conduct for Responsible Companies in favour of maternity** promoted by the Ministry for the Family, Birth and Equal Opportunities. This formalized our commitment to provide equal opportunities to all employees, regardless of gender, and to ensure women in our Group can embrace motherhood without compromising their work-life balance, career aspirations, or personal achievements. Our final aim is to contribute to creating an overall more inclusive environment.

Grow with us, a claim but also an inspiration to build the future.



Amedeo Giustini
PRG Retail Group
Executive Vice President



2023 TOP SUSTAINABILITY INITIATIVES

1

GENERAZIONE G

With **Generazione G**, we want to take action to boost birth rates, supporting MOIGE with a fundraising campaign for new parents. Prénatal, together with the brands of PRG Retail Group, Toys Center, Bimbostore, and FAO Schwarz, has decided to care for families in need and commit to providing them with support to help them face the parenting journey in the best possible way.



>700,000€
reached
in 7 months thanks
to fundraising

2

CERTIFICATION FOR GENDER EQUALITY

In 2023, PRG Spa (Toys Center, Bimbostore and FAO Schwarz) and Prénatal Spa received the **Gender Equality Certification** based on the UNI/PdR 125:2022 practice from KIWA Cermet, highlighting its commitment to an inclusive work environment. PRG Retail Group is among the first Italian retail companies certified for its commitment to empowering women, aligned with Goal 5 of the 2030.



3

SUSTAINABLE PRODUCTS

The Toys product team has continued its work on offering products made with more **sustainable materials**. In particular, the Wood'N Play collection, in FSC certified wood, and the Baby Smile line, with at least 50% recycled material and GRS certified, represent the key sustainability principles that PRG is committed to.

PRG Retail Group, as a member of Better Cotton, the world's leading cotton sustainability program, sources over 50% of its cotton from Better Cotton.



>50%
Better Cotton
textiles



4

JOUET SCORE

King Jouet is committed to future generations and to supporting parents in their most responsible purchases.

To assist parents in their choices, they developed the **Jouet Score**, a unique indicator that reflects the **environmental impact** of toys.



Materials



Multi-material/
Mono-material
recyclable/
Recycled

+

Packaging



Recycled/
Reduced/
Without packaging

+

Origin



France/
Europe/
Outside Europe

5

CARBON OFFSETTING PROJECT

PRG Retail Group's primary climate mitigation approach is to reduce its absolute carbon emissions over time. Through the purchase of carbon credits, the Group can – under voluntary carbon market standards and guidance – claim it has reached **carbon neutrality** (Scope 1 and 2) to offset its residual emissions.

Three levers for Group's carbon neutrality



Energy
efficiency
initiatives



Electricity
from renewable
sources



Carbon offsetting
projects

THE GROUP



1. A PASSIONATE, OPEN-MINDED AND RESPONSIBLE GROUP

1.1 Identity, brands and market presence

“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. This goal relies on an increasingly empathetic bond 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 *kids&family European hub*, and strengthen the unique, long-lasting relationship of trust, that links PRG to 22 million families.

In a unstable geopolitical environment that decreases families’ propensity to consume, which is also weakened by the inflationary dynamics of the last two years, every consumption choice by households is thoroughly deliberated. Conscious of this situation, the Group has a responsibility to offer consumers alternatives that meets all their needs. Thanks to an **omnichannel model**, the Group can be considered a **‘marketplacer’** in the world of parents for their children’s growth and leisure needs, having made 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:



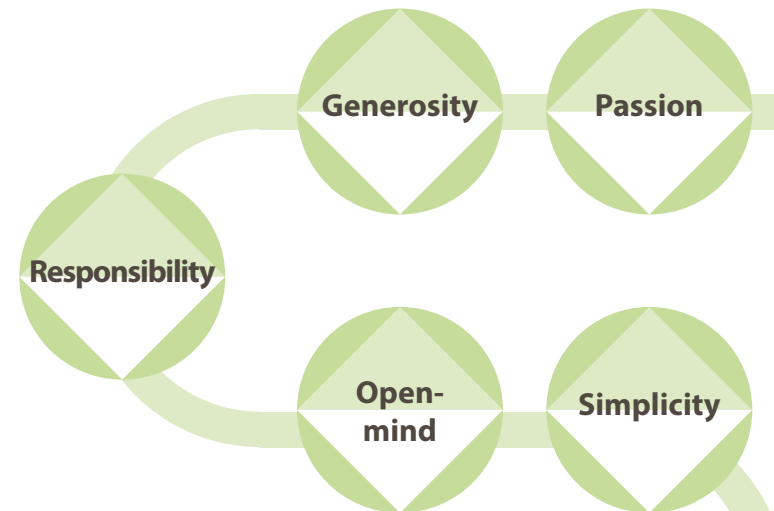
MISSION

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

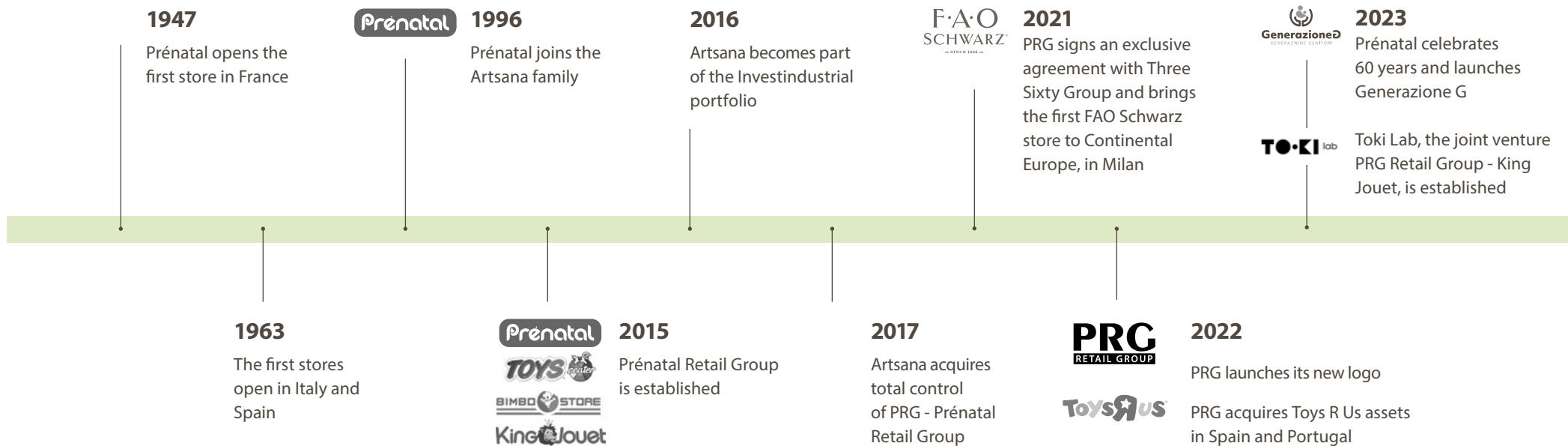


VALUES

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.



Internationalisation is a key feature for PRG which is constantly working towards connecting different cultures, countries and companies under same the values and passion.



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 **12 different operating companies**, which bring value to customer through **5 brands** across **4 countries**. Compared to previous year, at the end of 2023 the Group reduced the number of brands and the countries in which it operates due to changes in the corporate structure.



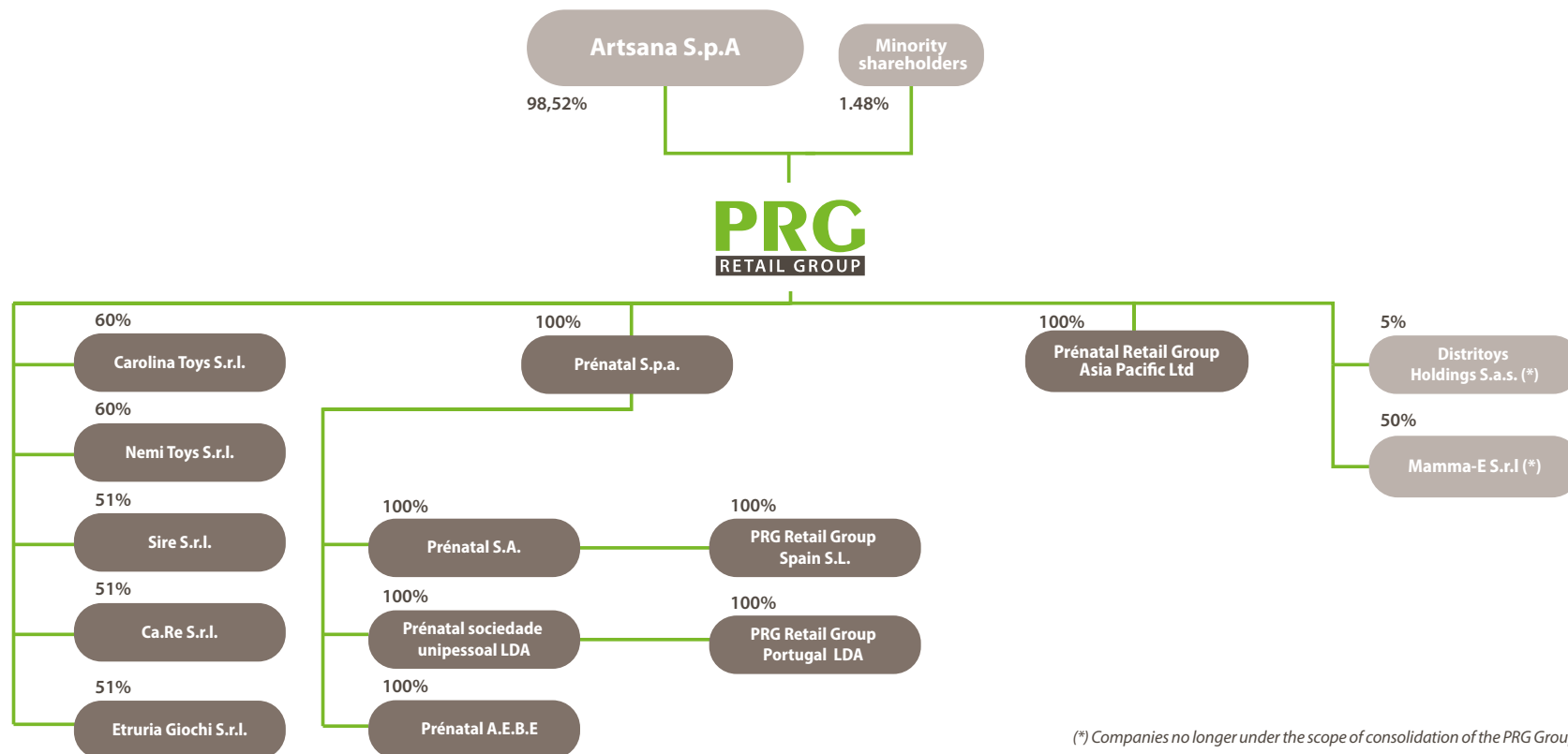
12
operating companies



5
brands



4
countries

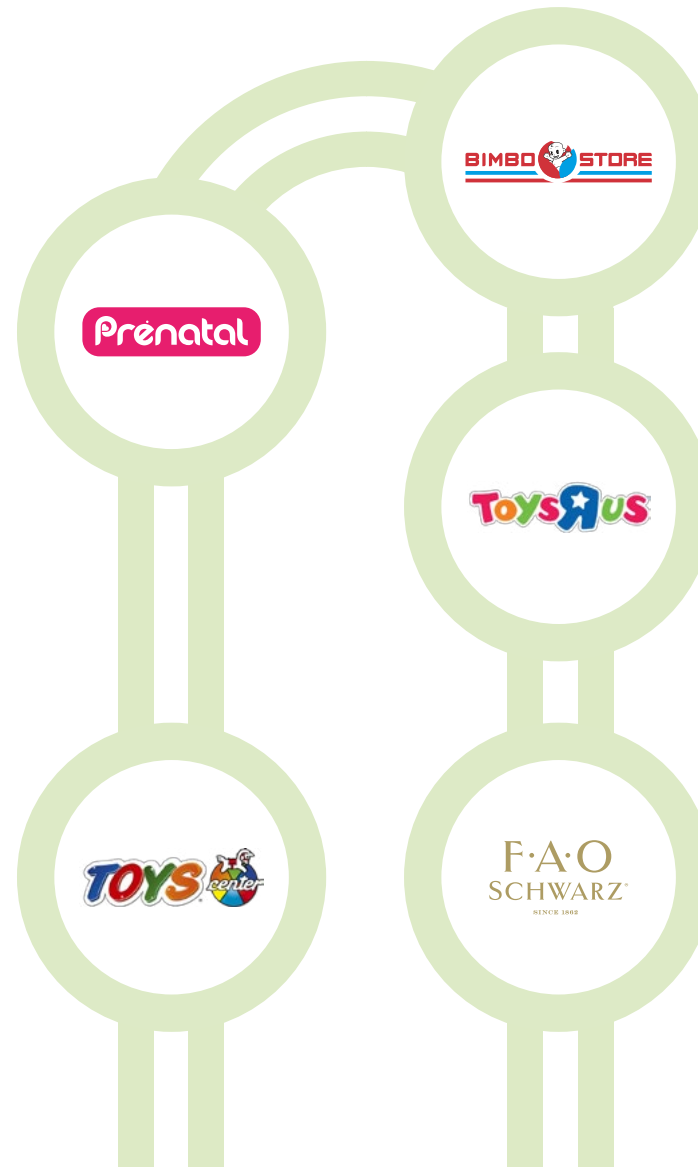


(*) Companies no longer under the scope of consolidation of the PRG Group.

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

Founded in France in 1947, **Prénatal** arrived in Italy with its first store in Milan in 1963. Thanks to its decades of experience, the Brand has become the point of reference for mothers all around Europe. Prénatal proposes a winning formula of an assortment of the best brands in the world with regards to childcare and toys with a wide range of clothing for new mothers, babies and children. Currently, Prénatal has a retail network of 242 stores in Italy, Spain, Portugal and Greece. In 2023, Prénatal's 60th anniversary was celebrated, a very important milestone achieved by the Company.

Launched in the 1990s, over the past fifteen years **Toys Center** has developed a family-friendly format and consistently expanded its product range of toys to include childcare products and textiles in increasingly larger stores throughout Italy. Toys Center counts 138 stores and is the only retail chain in Europe specialized in the sale of toys, with an online presence through the totally renewed e-commerce service and with a share of more than 20% of its national market.

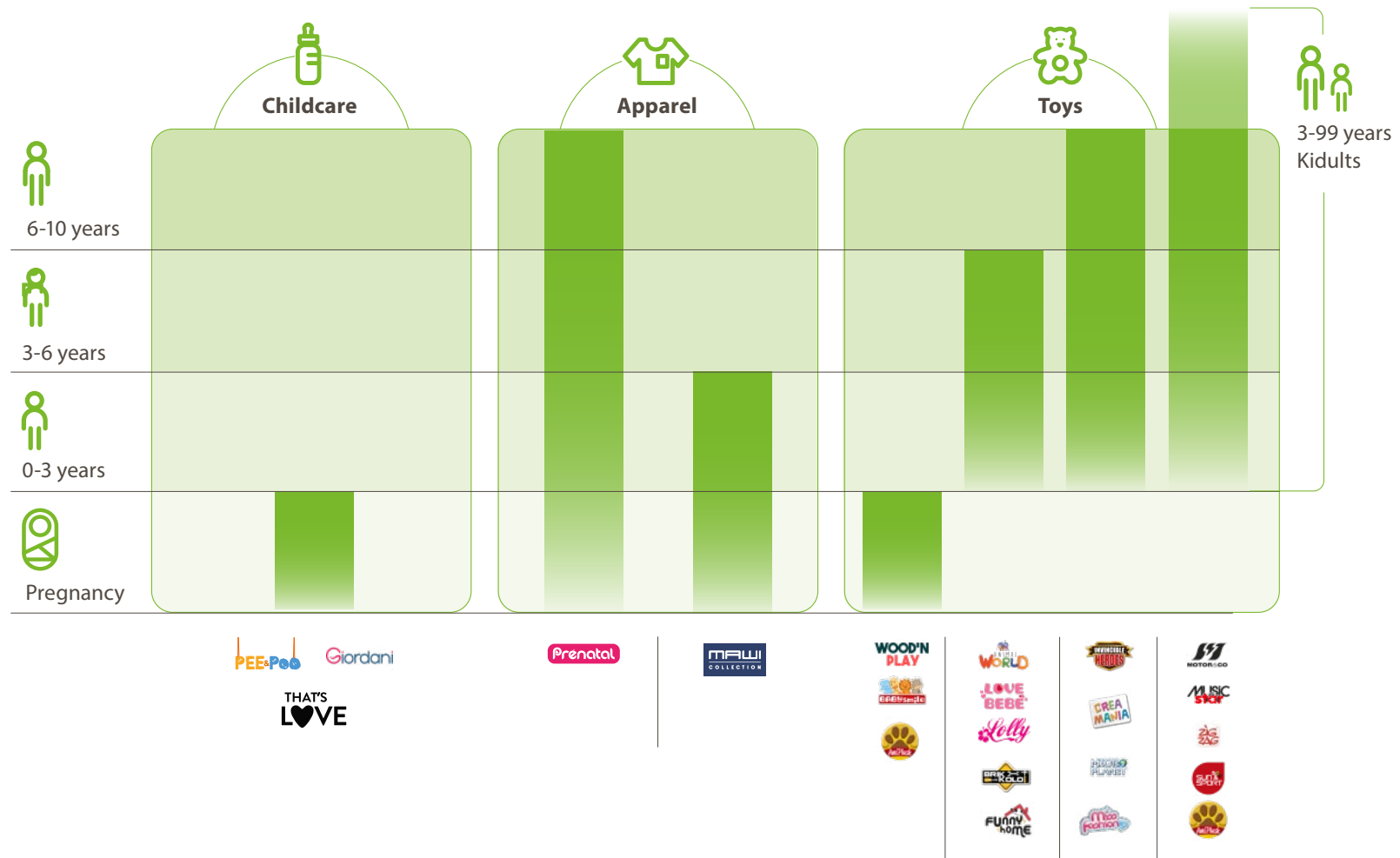


BimboStore, acquired in 2015, has now 100 stores in Italy, both directly operated and in partnership and affiliations, with an extensive product range focusing on products for babies and children up to the age of 4 with diapers, groceries, clothing and childcare.

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 July 2022, PRG acquired Toys R Us Iberia, taking over its assets and brand license, through its subsidiaries in the Iberian Peninsula. In 2023, stores are 47, of which 36 in Spain and 11 in Portugal.

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 m² retail outlet containing 25 themed areas. A new opening in Paris is planned for 2024.

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, Apparel and Childcare which buy third party products and develop and procure own label products.



The PRG Group targets an audience extending from pregnancy up to about 10 years of age.

The Toys world is divided into 8 main sub-products, from dolls to building sets, and the Apparel and Childcare worlds from diapers to baby and children's clothes, trying to cover all parents' needs.

The aim is to provide a single interface with suppliers and manage the customer relationship with the **brands** Prénatal, Bimbostore, Toys Center, Fao Schwarz and Toys R Us reflecting a peculiar value position.

The company not only fosters children's growth with **educational toys** and **childcare** but also exhibits a deep commitment to environmental stewardship, prioritizing sustainable materials such as responsibly sourced wood for its playthings. In its nurturing approach, it offers childcare products that provide safety and comfort. When it comes to **apparel**, it pledges to use better cotton that's conscientiously harvested, reducing environmental impact and dressing children and mothers in eco-friendly fashion suitable for every event.

This mindful approach underscores the company's dedication to sustainability across all its product lines.



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 528 stores, both directly managed and in affiliation, are located in Italy, Spain, Portugal and Greece. In addition, the Group is present even outside of Europe with some stores run as franchises.

The majority (76%) 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 Toys R Us. The Group's **headquarters** are based in Cogliate, Monza e Brianza province.

In the **Iberian Peninsula** there are a total of 88 points of sale, 22 in **Portugal** and 66 in **Spain**, divided between the Prénatal brand and the Toys R Us brand.

There is a further significant presence **Greece**, mostly under the Prénatal brand.



528
stores



€765.4
Million revenues
in 2023

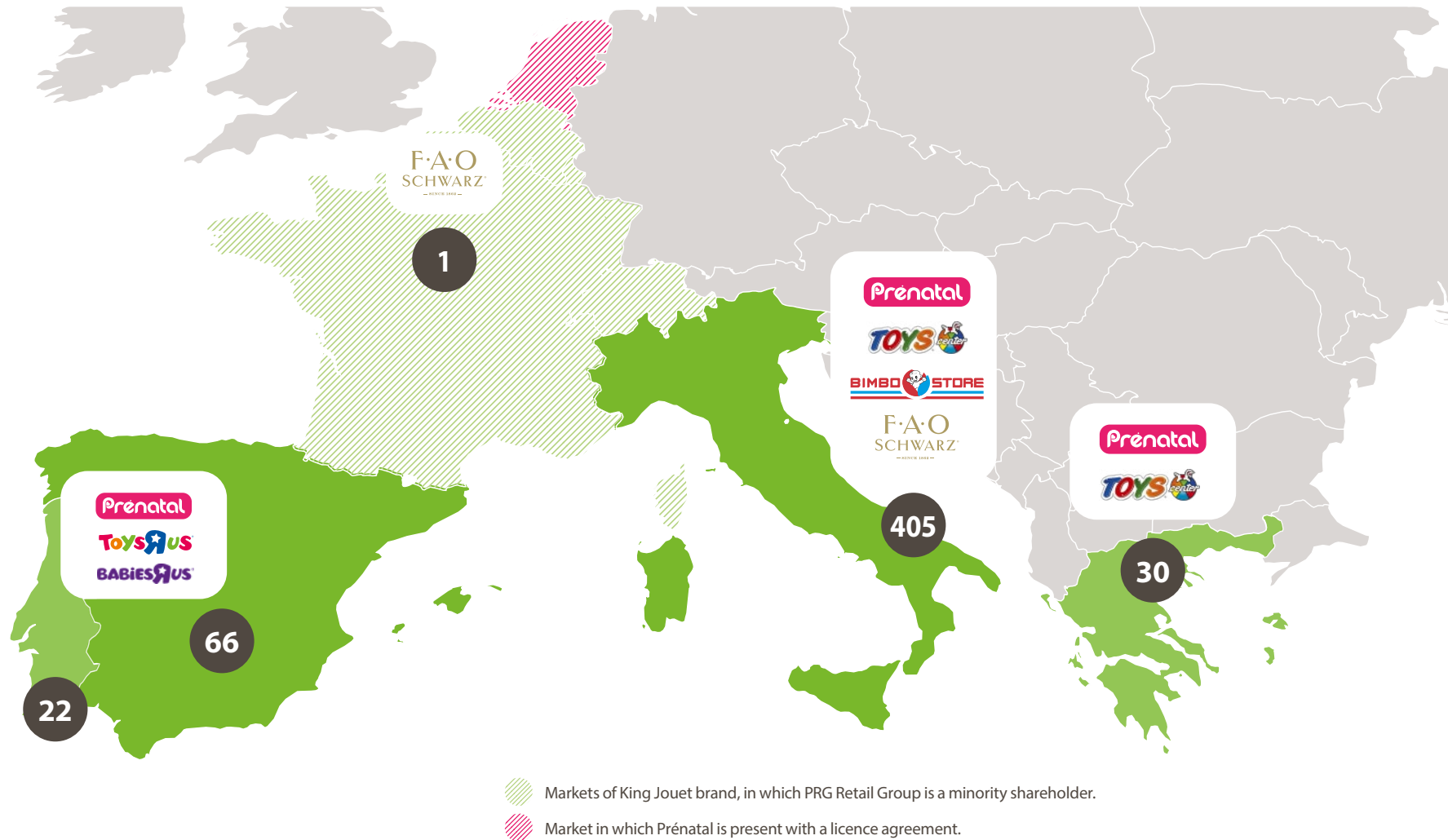
In terms of revenues, the Group generated over **765.4 million Euros in 2023**, the majority of which (91.4%) directly from points of sale, while a minority comes from e-commerce (5.2%), wholesales (3.4%) and other.

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

PRG Revenues – Regional distribution						
Country	Italy	France	Spain	Greece	Portugal	Other
Revenues generated	80.2%	3.2%	9.6%	2.2%	4.8%	0.1%

PRG Revenues – Product mix					
Product	Toys	Textiles	Hard goods	Baby care and nappies	Other
Revenues generated	48.1%	17.2%	18.7%	11.6%	4.4%

Points of Sale



1.2 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.

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 fourth consolidated Sustainability Report drawn up in accordance with the "GRI Sustainability Reporting Standards", the most 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 3 pillars around which the strategy will be built:

"Valuing our people", the positive impact of PRG's activities on its customers and local communities and the attention paid to its employees;

"Safe and sustainable products", focused on products, in terms of design, use of raw materials, quality control, packaging and end-of-life management, and the identification of reduction activities for GHG emissions, in order to achieve carbon neutrality;

"Responsible supply chain management and sustainable sourcing", 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.

1.2.1 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

PRG Business Units are regularly involved 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**. Above all, the Group is committed to achieving gender equality and creating an inclusive environment.



SHAREHOLDER

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



CONSUMERS AND FAMILIES

PRG has always been committed to fully understanding the needs and desires of families by maintaining a constant dialogue with them. In 2023 on occasion of its 60th anniversary, Prénatal decided to strengthen its role towards future generations, with a commitment to address the problem of plummeting natality rates. With "Generazione G" "*Generation G*" project, PRG adopted a series of measures (detailed in the following chapter) to counter that fact that fewer and fewer babies are born because "no more parents are born". In other words, the Group made a commitment to contribute to the livelihood of struggling families, beginning with the parents.



COMPETITORS

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

1.2.2 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.



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

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

Business

Business Integrity and Anti-corruption	Negative impacts on the economic system due to episodes of corruption
Customer privacy	Impacts on employees and customers due to loss of sensitive data
Digitalization and Technological progress	Digitization of internal and external processes, technological advancement of products and services
Customer satisfaction and Loyalty	Positive impact on customer satisfaction and loyalty through the selling of high quality and durable products

People

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

Human Rights, Child Labour and Forced or Compulsory Labour	Violations of human rights and child labour regulations
Sustainability Education for employees and customers	Spreading of sustainable behaviour among employees and consumers
Employment and Labour / Management Relations	Creation of jobs
Skills development	Skills development of employees due to targeted and dedicated training plans

VALUING OUR PEOPLE



2. VALUING OUR PEOPLE

All initiatives related 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 provides 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 and a great incentive to develop a strong and healthy Group's structure.

2.1 Our positive impact on customers and local communities

In line with its value proposition, which focuses on the issues of childhood and family, PRG has long supported initiatives and organizations that aim to improve the conditions of children and families in disadvantaged situations in the territories in which it operates.

2.1.1 The education of our customer base

A recent report by OECD shows that the global fertility rate dropped from 3.3 children per woman in 1960 to just 1.5 children per woman in 2022, on average across OECD countries. The total fertility rate fell markedly beneath the "replacement level" of 2.1 children per woman, which is necessary to maintain a stable population without considering migration. In 2022, Italy and Spain recorded a low fertility rate of 1.2 children per woman. The OECD emphasizes the potential for diminishing workforces to give rise to aging populations, which could exert considerable social and economic strain on governments. This situation may notably compel an increase in spending on pensions and healthcare services.¹

Prénatal, with the other brands of PRG in Italy (Toys Center, Bimbostore and FAO Schwarz) has decided to intensify its commitment to the new generations and has actively decided to contribute to the fight to reverse the trend of increasingly low birth rates. Based on the assumption that that "no more parents are born", Prénatal recognizes the socio-economic and cultural challenges parents and families face by launching the new "Generation G" initiative.

¹ OECD, Society at a Glance 2024 – OECD Social indicators, 2024, available at <https://www.oecd-ilibrary.org/sites/918d8db3-en/index.html?itemId=/content/publication/918d8db3-en>.



The program leverages the collaboration with Moige (Movimento Italiano Genitori - *Italian Parents Movement*) and facilitates the creation of a supportive network of “parents for parents”. Experienced parents will make their time and experience available to assist families in situations of fragility (economic, social, cultural, psychological), without a support network.

The Moige protocol provides initial assistance to 250 families, with over 180,000 hours of support, through various activities:

- offering physical assistance in managing child care to enable the parent to fully attend to their child’s needs, including household duties and health-related matters;
- being available to support a vulnerable parent by offering guidance and advice;
- providing concrete assistance with practical tasks and everyday chores, such as grocery shopping and buying medications;



250
families assisted through
the Moige protocol



>180,000
hours of support through
various activities

■ offering counseling for support and aid, and if needed, remote assistance with service management, including completing forms, navigating bureaucratic processes, and scheduling medical appointments.

To ensure the quality, effectiveness and governance of the Generation G intervention, Moige is in charge of:

- identifying parents who are experts in the network and train them on the techniques for managing the parent-child relationship;
- the knowledge of the types of difficulties that fragile parents may encounter and on the strategies to manage them;
- coordination to intervene on specific cases, in order to ensure maximum safety in the relationship with parents and children.

The Group's network of about 400 points of sale in Italy and e-commerce made available for fundraising, together with the activation of the Eppela crowdfunding platform and the donation of the Group and other partner companies, has made it possible to reach over 700,000 € in the first seven months, useful resources to promote the project of support for one year of fragile beneficiary families with the presence of experienced parents.

These exceptional numbers generated by the fundraising confirm, both on the part of customers and private companies, the desire to contribute to the problem of the declining birth rate and the desire to see our country reborn and regenerate. Given the great success of the project in 2023 and early 2024, the goal is to help 500 families by the end of the year. It is important to emphasize that 80% of these funds came from fundraising promoted in the Group's points of sale plus direct contributions from the Group and other partner companies.



>700,000€
reached in 7 months
thanks to fundraising



Goal 500
helped
families

"Italy is facing an unprecedented demographic crisis, with significant repercussions on our society, the economy and the country's future prospects. On the occasion of Prénatal's sixtieth anniversary, we have therefore decided to take an active role that can generate awareness on this issue, with an immediate impact and tangible benefits on families throughout Italy, with a proximity welfare approach. To achieve this goal, I believe it is essential to create a system between institutions and businesses, which is why I am pleased to have launched the project in the presence of the Ministry for Family, Natality and Equal Opportunities, in collaboration with MOIGE and the partner companies that have decided to support Generation G with the ambitious aim of generating socio-cultural change."

Alberto Rivolta
CEO

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 is deeply committed to early-age education as a means to nurture the “change-makers” of the future.

Over the years Toys Center has implemented several initiatives with the goal of educating kids about a variety of subjects, including food waste, plant care, and food seasonality. These projects have tackled the concept of sustainability in a captivating and interactive manner, providing children with actionable steps to integrate sustainable practices into their daily routines. Below are the key campaigns from 2023:



#UNCARNEVALEDANONCREDERE (A CARNIVAL YOU CAN'T BELIEVE)

Toys Center took the **celebration of Carnival to heart**, marking the occasion with a fresh television commercial and a vibrant new catalog, crafted within the Safari Park Lago Maggiore.

This catalogue is a treasure trove of Carnival essentials, catering to the whims of both grown-ups and youngsters. It's packed with an array of costumes, masks, adornments, and amusing trinkets from the Fancy World and Miss Fashion collections, ensuring a delightful dress-up experience for all.



#BENTORNATIASCUOLA (WELCOME BACK TO SCHOOL)

One of the most anticipated times for children at school is **playtime**, whether it's in the morning or afternoon. The highlight is snack time, a perfect opportunity to refuel and regain concentration.

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 delicious recipes that can help parents and children to eat **healthy and balanced** meals, while also trying to reduce waste.

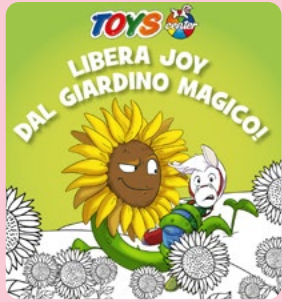
Recently, the **BENTO BOX** has been winning over more and more enthusiasts. The term "bento" (弁当) refers to a portable meal served in a box, which can be prepared at home or purchased in stores and restaurants. "**Joy's lunch box**" has been introduced, an eco-friendly and fully recyclable lunch box, as it is produced using sustainable and renewable resources such as residues from sugar cane processing.



#CITRUSPERUNHALLOWEEN- MOSTRUOSAMENTEDELIZIOSE SANO (CITRUS FOR HALLOWEEN - MONSTROUSLY DELICIOUS AND HEALTHY)

FAO Schwarz, in partnership with **Citrus l'Orto Italiano**, a company that aims to promote greater awareness in nutrition, has put on a truly unique **Halloween** celebration. During the holiday weekend, the famous toy store became a magical and delightfully scary environment for children and families to enjoy.

Participants had the opportunity to meet **the Citrus mascot**, participating in an interactive game designed for the little ones. To further enrich the experience, guests received a pumpkin provided by Citrus l'Orto Italiano and a booklet full of useful information. The event was also attended by **nutritionist Francesca Cherubino**, who informed participants about pumpkins nutritional benefits and provided delicious recipes that help reduce food waste.



#COLTIVIAMOAVVENTURE (CULTIVATING ADVENTURES)

Toys Center has kicked off an environmentally-focused campaign called **#COLTIVIAMOAVVENTURE**, a project designed to encourage children to engage in plant cultivation. The aim is to introduce children to the fascinating process by which a simple seed is transformed into a fruit, thus illustrating the cycle of life.

As part of this initiative, the children are given the mission to help Joy, the brand's mascot pony, break free from an enchanted garden where he is trapped. To achieve this, they must plant new plant species to restore the ones that have been tainted by a careless witch. By solving puzzles, participants have the chance to win exciting prizes, ranging from packets with tomato and sunflower seeds, complete with growing instructions, to a packet with parsley seeds and a special "magic bean" seed, which promises to reveal an enchanted surprise on its leaves.



During 2023, two other significant initiatives were launched to promote inclusivity and the value of cultural traditions globally.

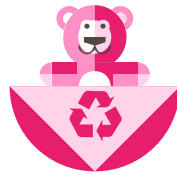
The first initiative, introduced by Toys Center, is the publication of the **2023 Christmas Catalogue**, which offers an exploration of the Christmas customs of 12 nations. These traditions are narrated by the children themselves, those whom Toys Center has had the opportunity to meet and interview through a large project focused on interculturality, which aspires to overcome divisions and disparities. The second initiative is "**#ricettedalmondo**", a collection of traditional recipes from various international cultures all enclosed in one volume.

An initiative specifically designed to provide full support to families is **Mommpedia**, 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.

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 recycled content (e.g. recycled plastic)



Toys with sustainable packaging



Toys designed to educate children on sustainability related topic



In addition to the aforementioned initiatives that help to develop a greater awareness of sustainability issues among children and their parents, it is important to emphasise that families and their satisfaction have always been the core of PRG strategy and business approach with the aim of establishing long lasting relationships during the children's growth.

2.1.2 The customer journey experience for PRG customers

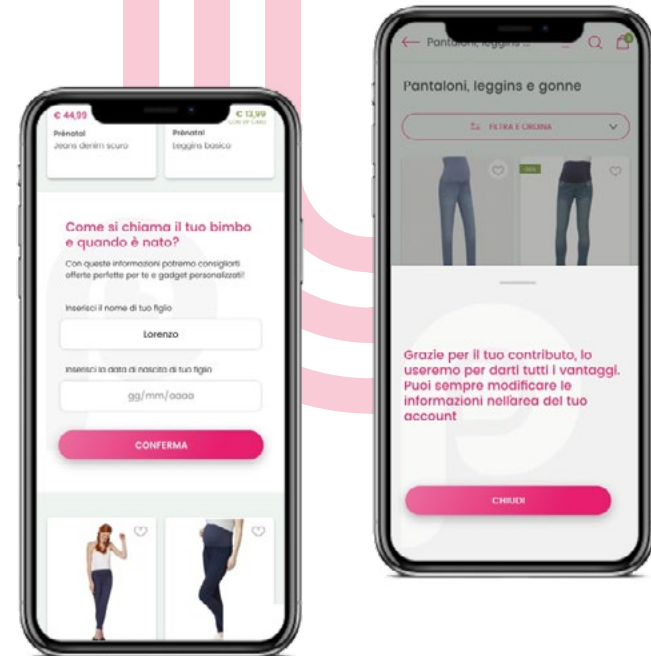
Since 2020, the Group carried on the development of the kids & parents hub model with the aim of becoming a significant market player in the world of parents for their children's growth and leisure needs.

The path towards this goal consists of a series of interconnected initiatives, all aimed at providing the Group's customers with a **pleasant and fulfilling customer journey experience**.

A key element of the customer experience, 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**.

The **Prénatal App** has been completely overhauled to meet our customers' requests, such as making it easy to purchase, login and create an account, navigation between different product categories intuitive and immediate, and the possibility of integrating it with certain initiatives (e.g. Vip Card and Prénatal Card). The overall goal is to provide an **exciting user experience**, all designed to meet the needs of a young audience with new and ever-changing needs. This app is therefore a primary touchpoint, offering a novel

communication style through reels for images and video content, distinguishing itself from the conventional mobile site. The experience integrated **emotional connection, entertainment, and shopping** in a seamless manner, catering to the preferences of a dynamic, younger demographic. Beyond entertainment, the app introduced specific functions and customer-centric features, such as a **dyslexia-friendly font**, to enhance accessibility and personalization.



FOCUS ON PRG AND PHYGITAL TRANSFORMATION



22 Million
visitors



460,200
customers
7 %
omnichannel sales



38 Million
unique web users

305 Million
page viewers

2 Million
web orders

The App described is probably the most obvious result of the process of enhancing the omnichannel strategy conducted in recent years. PRG began a phygital transformation, i.e. the fusion of 'physical' and 'digital' by making substantial investments in digital innovation over recent years, focusing specifically on four key areas:



**User
Experience**



Logistics



**Extra
service**



**Customer
service**

USER EXPERIENCE

PRG has revolutionized the user experience for its e-commerce platforms, with Prénatal, Toys Center, and Bimbostore websites undergoing a complete overhaul. The redesign focuses on creating a user-friendly, efficient, and enjoyable browsing experience, tailored to meet the modern customer's preferences, who predominantly uses smartphones for access. PRG's goal is to facilitate and support consumers in making informed purchasing decisions, thereby minimizing dissatisfaction and potential waste.

EXTRA SERVICES

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 by providing 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'. Additionally, the 'personal shopper' support has been implemented, allowing customers to reserve 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. Another initiative in this sense is the 'locker' deliveries, available for textile products, to reduce waiting in line. Finally, PRG is introducing the option that allows customers to make returns directly in-store.

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.

CUSTOMER SERVICE

Another primary touchpoint for clients is the dedicated **customer service**, available around the clock, offering support via phone and online channels. Customer service is responsible for providing assistance and support by answering customers' questions and solving problems, handling complaints, providing detailed information on products or services, guiding customers through the purchasing process, collecting feedback for continuous improvement, assisting in the handling of orders and explaining the company's return and refund policies. The Group has adapted to consumer needs and evolving purchasing behaviors by establishing two new service centers dedicated to handling all order-related inquiries, with PRG staff attending to customer requests. Additionally, Toys Center and Bimbostore have improved their shipment notification system to encourage customers to pick up their parcels promptly. This enhancement has led to fewer refunds, excess stock, and returns to the warehouse, as well as a significant decrease in couriers' unnecessary trips. The positive impact of these updates is evidenced by a reduction in open customer service tickets and external accolades, including improved ratings on Trustpilot, a prominent consumer review platform. The role of customer service is therefore crucial to gauge client's satisfaction and appreciation, and is instrumental in defining the shopping experience index, a key metric that PRG monitors to assess the level of customer satisfaction. Moreover, surveys are conducted post-purchase, both in physical stores and on the company's website, to gather valuable feedback.

An 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.

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 e-mail address (privacy@prenatalretailgroup.com). During the reporting period, PRG did not receive any substantiated complaints concerning breaches of customer privacy and losses of customer data.

The issue of data protection is also very important for **PRG Retail Group Spain**. In fact, the "Data Protection Policy" has been developed to inform stakeholders on how the company manages the collection, use, disclosure, transfer and any other processing of information that can be associated with a person. The policy details the possible types of personal information that may be collected and processed, how it is obtained, the purposes of data handling, to whom the data may be disclosed, or security measures used, and information on the handling of any data on the individual's family members and dependents.



FOCUS ON HAPPY BOX PROJECT

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

**Abele
Labor**
CONSORZIO SOCIALE

R J
4 5
SOCIAL
INNOVATION

It is a “box” packed of essential products for mother and newborn (diapers, lotions, and oils) (see <https://happybox.prenatal.com/>).

Prénatal discovered a means to offer the initiative a higher purpose in 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 agreement². 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.



143,000
requests



134,000
packed boxes



130,00
boxes collected
by client



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 labour integration of underprivileged people, among whom also include local individuals with disabilities). In 2023, about 143,000 requests were received. The project has allowed us to intercept 320,000 new mothers, corresponding to about 40% of the population of the pregnant women (equal to 392,590 new mothers per year, AGI 2022 data*).

* Source: AGI – The annual % incidence of box requests is calculated on the births recorded in 2022 (nr 392,590)

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

2.1.3 Uplifting our communities

PRG Retail Group Charitable initiatives

The Group aims to spread positive value and community support through various projects. Among these, the activation of a fundraising campaign held at Toys Center and Bimbostore shops represent one of the Group's key initiatives.



I BAMBINI DELLE FATE
per l'inclusione sociale

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 campaign that began in October 2022 and ended in January 2023, almost € 300,000 was raised. With **Bambini delle Fate**, Toys Center and Bimbostore have been involved in fundraising for two projects.



BANCA DEL TEMPO SOCIALE

Banca del tempo sociale

The first, **Banca sociale del tempo**, embraces schools. A project created to create opportunities for students and children with autism to meet and share in a structure organized and supported by professionals in the sector. In 2023, the activities continued, supported by the collection concluded in January 2023.




PizzAut
NUTRIAMO L'INCLUSIONE

PizzAut

Part of the fundraiser then goes to PizzAut for the opening of the new pizzeria in Monza, in addition to the one already inaugurated in 2022. The association was created to offer a concrete opportunity for work, training and dignity to young people with autism spectrum disorders. In particular, the funds made available by Toys Center and Bimbostore will be used for the acoustic comfort of the restaurant, a fundamental element for the well-being of autistic people.

In support of the new opening, part of the proceeds obtained from the editorial initiative **"Che avventura l'inclusione"** *"What an adventure inclusion"* created by Toys Center in collaboration with PizzAut will also support the new restaurant. The project consists of a 16-page booklet that, through a comic book, explores the theme of autism and conveys the message that there is no perfect formula for inclusion, but that everyone's love and commitment are the essential ingredients. In addition, the booklet includes three pizza recipes, accompanied by video tutorials, including one specifically for the Toy Center (#PizzAvventura), to encourage people to cook their favorite pizza at home. The project is enriched by Pizza-Memoria, a game designed to stimulate cognitive abilities, with a video by a psychotherapist describing how it works.

“The response of our customers and the commitment of our store teams are a source of great pride for us. Their contribution is an important part of our support for a project that we believe is in full harmony with the mission of Toys Center and Bimbostore. The synergy born with Bambini delle Fate and PizzAut goes beyond the simple economic contribution. With them we are discovering an important reality and in our own small way we hope to be able to be the spokesperson for their cause which can only be ours as a company specializing in the world of children and teenagers.”

Luca Maglio,
Sales Director Toys Center and Bimbostore



Progetto Arca

The **earthquake in Turkey** has deeply affected the hearts and minds of the people of PRG Retail Group. The images and stories of pain and devastation due to the earthquake have generated shared feelings of compassion for the victims and displaced people, but they have also aroused the impulse to provide concrete and supportive help to those who suffer. PRG has decided to do its part to alleviate their suffering donating products, in collaboration with the NGO Progetto Arca.

In the past year, the PRG Group has continued its philanthropic efforts by contributing donations amounting to roughly 40,000 euros.

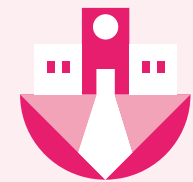
Out of this sum, around 10,000 euros were allocated to charitable organizations including the **Italian Red Cross**, **Save the Children** and the **Milano Fiera Foundation**. The remaining sum of about 30,000 euros was donated by Carolina Toys in support of fundraising for the Hematology and Oncology departments of **the Andrea Tortora Hospital** in Pagani (SA). This initiative was carried out with the contribution of Locanda Almayer and took place in the Toys Center stores located in Giugliano, Naples, Nocera, Pompeii, Salerno and Secondigliano.



40,000€
donated by
the Group



10,000€
allocated to
charitable
organizations



30,000€
donated to the
Andrea Tortora
Hospital by
Carolina Toys

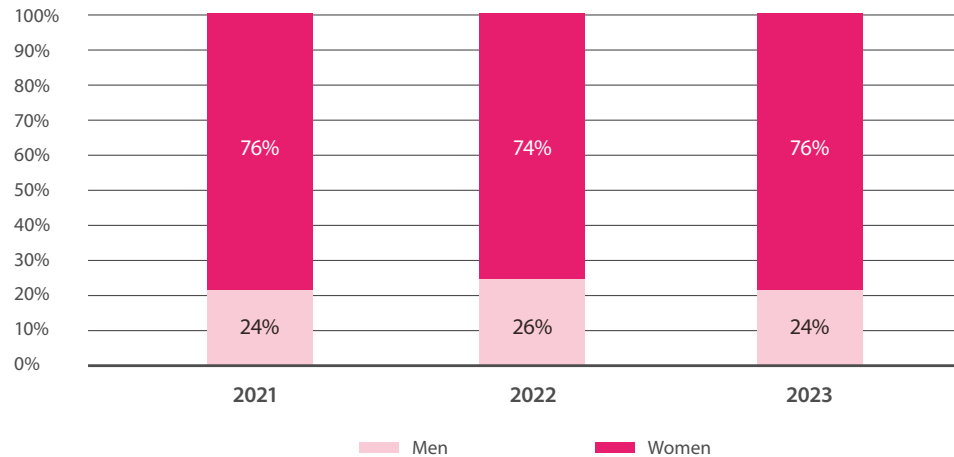
2.2 Our employees

2.2.1 Diversity and inclusion



In terms of gender distribution, PRG proudly declares that a considerable majority of its employees are female (3.174 vs. 981 men in 2023), 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 (2023)



PRG Retail Group focuses on an inclusive work environment, aimed at overcoming the gender gap, respectful of equal opportunities and richer from the point of view of diversity.

As a demonstration of the importance of these issues, PRG, over the last year, has obtained the Certification for Gender Equality according to the UNI/PdR 125:2022 practice by KIWA Cermet, one of the world’s leading bodies in the Testing, Inspections and Certifications sector.

The Certification for Gender Equality is a standard developed by the **Italian National Unification Body (UNI)** in collaboration with **Valore D**, an association of companies in Italy that promotes diversity, talent, and female leadership. The standard provides guidelines for organizations to implement gender equality and to measure and certify their progress in this area.

Among the actions envisaged by the Certification, the Group adopted a gender equality policy signed by top management, and a Gender Equality Committee has been set up to offer advice and assistance to people who experience harassment, mobbing or discrimination.

Its tasks include collecting complaints, informing about rights, assessing cases, proposing solutions and liaising with those responsible for safety at work. Finally, the Committee draws up a **strategic plan** with measurable objectives for each area of interest. This plan is shared by the Management and updated periodically. The plan involves the areas of recruitment, career management, pay equity, parenting and caregiving, and work-life balance.

Among the first retail companies to obtain certification, PRG Retail Group becomes one of the Italian companies most attentive to Goal 5 of the 2030 Agenda and Mission 5 of the PNRR which emphasizes the empowerment of women and girls. Obtaining UNI/PdR 125:2022 certification enhances Prénatal's commitment to developing and supporting the creation of an inclusive working environment that protects the value of its people, while also enabling the Group to increase its competitiveness on the market.

"We are proud of this certification because it reflects our corporate culture and policy and commitment to the adoption of concrete measures that promote inclusion, certain that drawing on the A wealth of different skills and professionalism that come together in the realization of the same objectives make the company stronger as well as fairer."

Amedeo Giustini
PRG Retail Group
Executive Vice President

2.2.2 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.

In fact, a comparison between the HR representatives of the companies revealed common difficulties in recruiting professional figures, such as: Store Manager, Area Manager and Network Figures. To overcome this problem, PRG, together with other organizations, has launched the **Confimprese Academy, 1st higher technical Institute Retail in Italy**.

This important initiative is part of the broader effort promoted by Confimprese to develop innovative business models focused on sustainability in the retail sector. Confimprese member companies, including the PRG Group, are committed to adopting increasingly sustainable practices, in a true revolution in the retail world. This change is the subject of the **Confimprese Manifesto for Sustainability in Retail³**, which consists of **ten key points**:

1. People working with member companies are ambassadors of Confimprese's responsible commitment;
2. Creating safe, healthy and inclusive work environment;
3. Working with our partners to have sustainable supply chains;
4. Investing in the development of more efficient logistics;
5. Seeking solutions to minimise packaging;
6. Take measures to reduce the impact of retail outlets on the environment and climate;
7. Offering goods and services in line with megatrends;
8. Listening to and protecting our customers;
9. Collaborating with the local community in which we operate;
10. Creating value through collaboration with the third sector.

3. For more information, please visit https://www.confimprese.it/wp-content/uploads/2023/04/Manifesto-Confimprese-per-la-Sostenibilita%CC%80_2024.pdf

The Confimprese Academy project aims to create a qualified and professionalizing course of study that prepares young women and men to work in the Retail sector. At the end of the course of study, the students are ready to become apprentices in the various realities part of the network.



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 2023. 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.

Generation
ITALY

INTESA  SANPAOLO



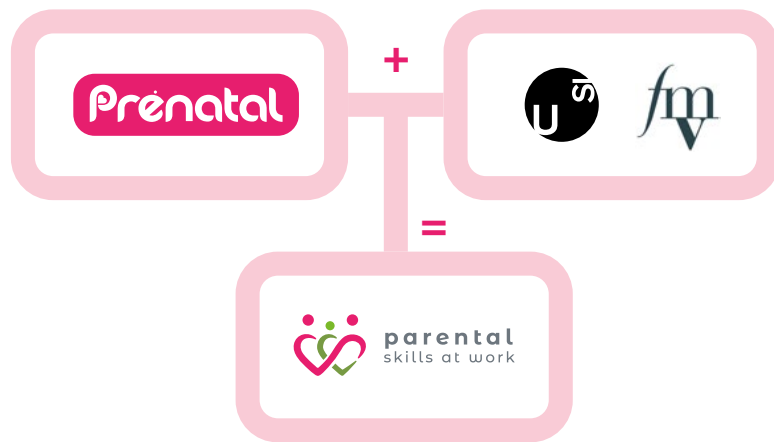
Among the courses provided: a first session dedicated to the **soft skills** required by the retail (*Proactivity and personal responsibility, Customer orientation, Communication and listening effectiveness, Personal growth orientation*), a **second session** dedicated to the **client** (*Understanding 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.

2.2.3 Close to our families

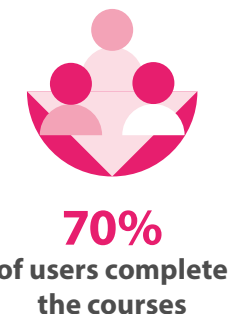
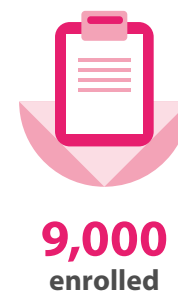
In order to improve its employees' life-work balance, PRG has established a welfare platform in recent years, which comprises many advantages such as sanitary services and wellbeing solutions. This platform is aimed at guaranteeing the continued well-being of talent within the organization; it is a flexible, 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 2023, 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, as an essential passage for completing the training course and obtaining the final certificate of participation.



FOCUS ON PRG RETAIL GROUP SPAIN, WORK LIFE BALANCE POLICY

PRG Retail Group Spain, has always been mindful to promote work-life balance. This is evident in several company-specific measures that have been negotiated and agreed with the workers' legal representatives. In this regard, some of the most important initiatives are:

With one month's notice, people in the process of **international adoption can take leave of up to 4 months with the right to maintain their employment.** This leave can be requested a maximum of 2 times, each of which is in different years;

On justification, **paid leave will be granted for** the necessary time to workers undergoing **assisted procreation treatment**;

Paid leave of up to two days is guaranteed for the procedures necessary in the **adoption processes**;

Flexible working hours to reconcile work and family life;

The father, during the 8 weeks immediately following the use of paternity leave, **can negotiate the distribution of the weekly working time**;

Priority will be given to geographical mobility with the aim of addressing the situations of parents related to the child's visitation regime in the case of separated parents whose guardianship and custody fall exclusively on one parent;

Unpaid or recoverable leave is in place, at the worker's choice for the necessary time, with children under the age of 15 or with their dependants, to take care of situations that require their presence (medical, school, ...).



In 2023, PRG signed the Code of Conduct for Responsible Companies in favour of maternity promoted by the Italian Ministry for Family, Birth and Equal Opportunities

To date, PRG Retail Group already provides for workers with children and for future mothers measures aimed at promoting a balanced management of work and private life and childcare, as well as Parental Skills at Work, a training course to enhance the experience of parenthood in one's professional role. With the signing of the Ministry's Code, PRG Retail Group, with all its brands, marks a further important turning point in its responsible growth path and is among the first retailers to sign the Code.

“The era we are living through and the increasingly alarming signs of a demographic decline due to the difficulty for women to manage motherhood, personal needs and path serenely require an increasingly strong commitment of solidarity, effectiveness and joint commitment between institutions and Enterprises. Adherence to the Code of Conduct of Responsible Companies in favour of Maternity promoted by the Ministry for Family, Birth and Equal Opportunities, of which we share aims and values, underlines and formalizes PRG Retail Group's assumption of responsibility in the towards its business community. We are aware of the role we can play in this a crucial challenge that cannot be underestimated, postponed or neglected by anyone.”

Amedeo Giustini
PRG Retail Group
Executive Vice President



SAFE AND SUSTAINABLE PRODUCTS



3. SAFE AND SUSTAINABLE PRODUCTS

3.1 Products' sustainability

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, is currently pursuing an ambitious path of gradually rethinking materials, processes, packaging and end of life of private label products.

To give a clear and comprehensive overview of what 'Safe and sustainable products' means to PRG, the section has been divided into four parts, referring to the different dimensions affecting PRG products: the first of these focuses 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.

The topic of 'Safe and Sustainable products' can be introduced by giving an overview of the major certifications obtained by the Group, which demonstrate its commitment to environmental sustainability and the attention paid to its products.

The main ones are:



Better Cotton is the world's leading sustainability initiative for cotton.



The **GRS** is an international, voluntary, full product standard that sets requirements for third-party certification of recycled content, chain of custody, social and environmental practices and chemical restrictions.



OEKO-TEX® STANDARD 100 is a label for textiles tested for harmful substances. It sets the benchmark for textile safety, from yarn to finished product. Every item bearing the STANDARD 100 label is certified as having passed safety tests for the presence of harmful substances.



The Forest Stewardship Council (FSC) certification is an international certification system for forests and forest products that aims to promote environmentally appropriate, socially beneficial, and economically viable management of the world's forests.

3.1.1 Safe products

PRG's commitment to product safety is exemplified by its rigorous standards and certifications.



In this respect, PRG has recently elevated its commitment to environmental and product health and safety stewardship by obtaining the **Global Recycled Standard (GRS)** certification in 2023. This prestigious certification underscores PRG's dedication to sustainable practices by verifying the recycled content of products, ensuring responsible social, environmental, and chemical practices in production. The GRS certification is specifically designed to meet strict criteria, including the **traceability of materials, the use of recycled inputs, and the adherence to stringent environmental and social standards throughout the supply chain**. PRG is focused on expanding its range of GRS-certified products, emphasizing the company's drive towards a circular economy and reducing the ecological footprint of its offerings.

In addition to the GRS certification, PRG has been compliant with the **STANDARD 100 by OEKO-TEX®** since 2021. This certification, particularly the Class I designation for items intended for newborns and young children up to the age of 3, is part of PRG's Prenatal brand's initiative to ensure that **textiles are free from harmful substances**.



Every team responsible for PRG's private label products and procurement is dedicated to progressively enhancing the sustainability of their raw materials by selecting options that have a reduced social and environmental footprint. During the production of these materials, there are several factors to consider, including water and energy consumption, chemical usage, and greenhouse gas (GHG) emissions, all within extensive supply chains where it is crucial to protect workers' rights and uphold health and safety standards. The subsequent sub-sections provide an in-depth look at the current sustainability initiatives undertaken by the various Business Units.

Toys

Toys are a pillar of 'Safe and suitable products'. In 2023 the Toys product team has continued its work on offering products made with more sustainable materials. In particular, the Wood'N Play collection, the Baby Smile line, and AmiPlush represent the key sustainability principles that PRG is committed to.

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.

As a testament to PRG's commitment, FSC certification has also been extended to packaging in the Wood'N Play line -and other products where possible-, with the aim of converting all paper and paper-derived packaging into FSC-certified materials.

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 Wood'N Play collection is designed to stimulate young children on several dimensions, such as musicality, manual dexterity, movement and hand-eye coordination. Furthermore, the toys ignite children's imagination and creativity, curiosity and the pleasure of discovery.

The Wood'N play collection includes educational, role play and construction games.

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 2023 together with STANDARD 100 by OEKO-TEX® certified products, FSC certified Wood'N Play line represents 10% of the Group's private label portfolio.

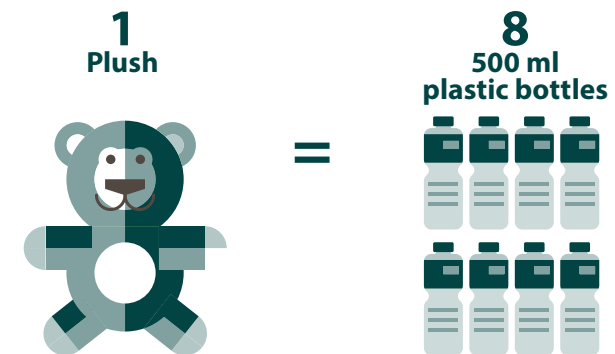
Another line of toys that represents PRG approach to sustainability is '**Baby Smile**' Soft Toys. In detail, this line has been developed with a gender neutral approach, both in the development of the characters and in the choice of colors.

The products, containing at least 50% recycled material and GRS certified, have been made with different fabrics, which stimulate the child's curiosity and allow him to convey different sensations to the touch. Each character is characterised by its own colour and texture combination. The packaging of the line has been designed and created to be eco-friendly through the use of FSC-certified paper and without plastic fasteners.

The Amiplush line also joins the lines of GRS-certified products. The particularity of the **AmiPlush** line lies in the fact that the products are generated from recycled plastic bottles. 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 fibers 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.



Textile

Beginning in 2021, the Prénatal product team has concentrated its efforts on identifying substitutes for traditional synthetic fibers, which are known for their significant energy consumption and greenhouse gas emissions during the manufacturing process.



Cotton is currently a very important resource for PRG, in fact between 70% and 80% of our production is linked to cotton. Since 2021 PRG has put in place an internal system to calculate and monitor the amount of cotton purchased and has been engaging with its textile suppliers. In February 2022, PRG Group became a member of **Better Cotton**, the world's leading cotton sustainability program managed by a prominent global non-profit organization. PRG is committed to sourcing 70% of our cotton as Better Cotton by 2024. Presently, PRG sources >50% of our cotton as Better Cotton.



>50%
Better Cotton
textiles

Did you know?

Better Cotton's mission is to help cotton communities survive and thrive, while protecting and restoring the environment. Through its implementing partners, Better Cotton trains farmers to use water efficiently, care for soil health and natural habitats, reduce use of the most harmful chemicals and respect workers' rights and wellbeing. In 2019-2020, Better Cotton licensed over 2.4 million farmers from 23 countries on five continents. Recognizing cotton as a key material in terms of volume, PRG partners with Better Cotton to improve cotton farming globally. Better Cotton is sourced via a chain of custody model called mass balance. This means that Better Cotton is not physically traceable to end products, however, Better Cotton Farmers benefit from the demand for Better Cotton in equivalent volumes to those we 'source.'

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, the Group recently launched a survey of textile suppliers and in particular of those operating wet processes to understand their commitment to environmental protection. The survey investigated the topic of the Group's suppliers' adherence to **the Zero Discharge of Hazardous Chemicals Programme (ZDHC)**, an initiative that 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, endangering the environment and those who live and work nearby.

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 23 and spring-summer 24, 25% of the jackets and waistcoats were manufactured with post-consumer recycled polyester.



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



3.1.2 Packaging

Another aspect of “Safe and sustainable products” is packaging. The comprehensive strategy for creating eco-friendly products must also consider the packaging aspect. This is addressed in the ‘Guidelines for Better Packaging’ established in 2021, which focus on the conscientious handling of packaging materials.

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 packaging plays a significant role, any enhancements can have a substantial effect. In the last years, the Toys product team has focused on repackaging efforts and selecting materials that are less harmful to the environment. Where feasible, there has been a push to cut down on plastic usage and to favor the use of paper and cardboard. These efforts have led to an increasing number of packages being made from non-plasticized paper and cardboard, with **nearly half (48%)** sourced from certified sustainable or recycled materials. The use of plastic in packaging has been minimized, leading to a 25% of the plastic used deriving from recycled materials. Additionally, the product team is exploring creative approaches to packaging, such as designs where the product itself becomes the packaging, where the packaging is integrated into the play experience, or the packaging is designed for reuse.

In its commitment to more sustainable packaging solutions, PRG, through its Bimbostore and Toys Center brands, has taken the initiative to launch a project that aims to spread a message of **environmental change**, focusing on education and the involvement of children. This generation, already inclined to respect the environment through their daily actions, represents the fulcrum of a bold and vigorous movement against the climate problem. In a world where many companies are entering the sustainability stage with products and services, PRG stands out for its duty of responsibility, communicating to the world its deep interest in social and environmental issues.

PRG's idea was to create a line of eco-sustainable shopping bags, giving life to a communication path that enhances a second social asset of great importance, art.

This is how the "Teelent Art" contest was born, which transforms the "Eco Shopper" product into a real communication project. The key concept behind the contest is '**Make it a better place**'. With this claim the **Toys Center** and **Bimbostore** brands wanted to launch an art project linked to a strong theme: love, respect, care, save our planet! A positive message that would be printed on 9 green-themed shopping bags to embrace this cause and raise awareness so that everyone will commit to a greener world to leave to our children. Each shopper, distributed in over 150 Bimbostore and Toys Center shops will have a themed illustration and the name of the artist who did it. This initiative allows PRG to operate on two levels of social responsibility: **supporting the environment through product sustainability and supporting emerging art and artists.**



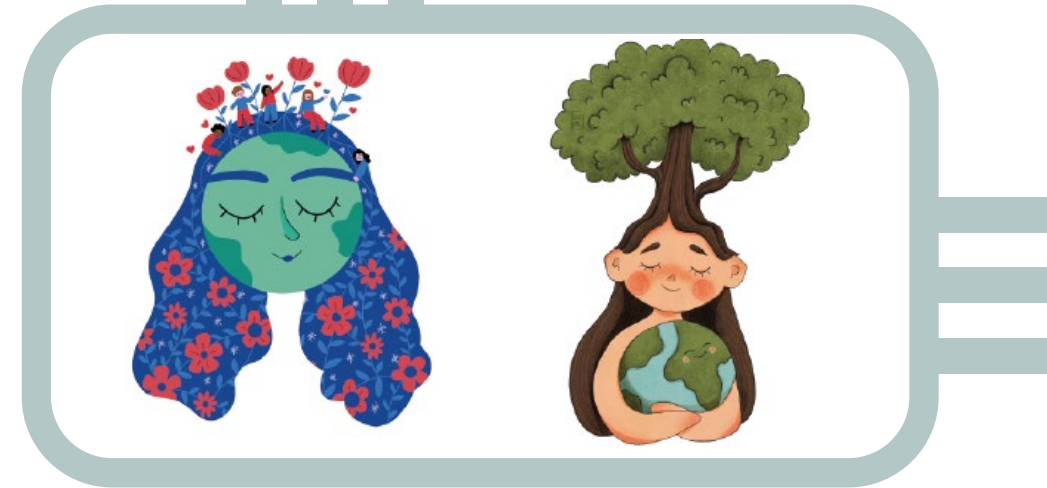
1,100,000
impressions



250
projects from
25 different
countries



20
finalists
3
final winners



The contest was a great success, reaching **1.1 million impressions** and attracting the attention of **1,720 interested parties**, with the presentation of **250 projects** from **25 different countries**. From the large pool of applications, **20 finalists** were selected.

To increase involvement and participation, the group organized a virtual exhibition in which store managers made an initial skimming of the works.

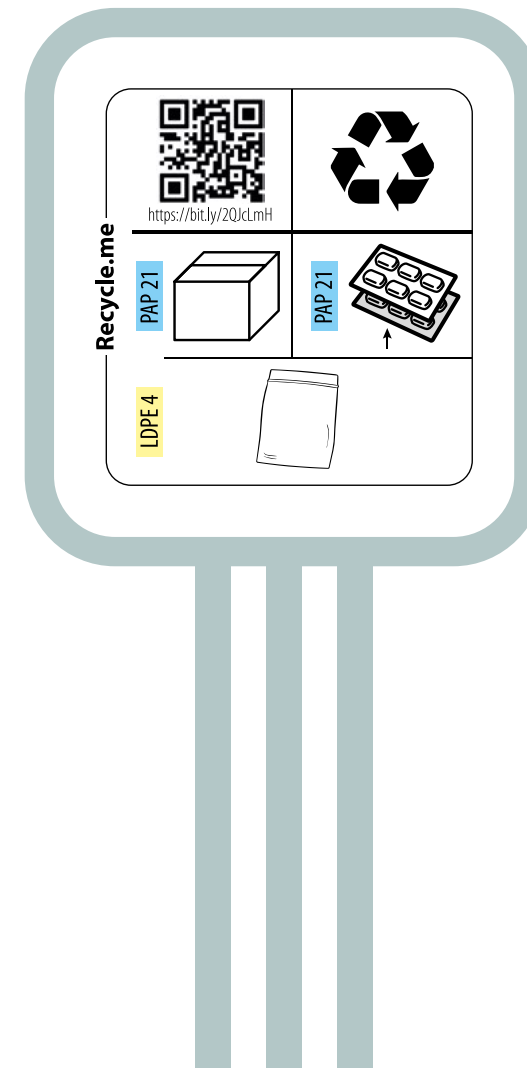
Afterwards, customers were given the opportunity to vote, thus determining the **3 artists** who would have the opportunity to see their works printed on the green shopping bags. Finally, part of the proceeds from the shopping bags was donated to support **Treedom**, a gesture that further amplifies the Group's message of concrete and transparent environmental commitment, all accompanied by innovative and exciting storytelling.

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.

The last aspect that needs to be addressed is the project related to the **environmental labelling**. Already in 2021 PRG changed all packaging labels in order to be compliant with the new labelling regulations for packaging, which came 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 logos (e.g. Triman, Green Dot), as well as some general tips for responsible handling of packaging material.

Since January 2023, with the implementation of Decree 2022-748 AGEC (anti-waste law for a circular economy) in France, verified environmental labeling has become a critical requirement for major apparel brands. Responding to this mandate, PRG has proactively expanded its sustainability efforts in 2023 by adopting the French eco-label for its range of toys, sporting goods, and protective equipment.



This initiative not only aligns with the new regulations but also reinforces PRG's commitment to transparency and environmental responsibility, providing customers with clear, eco-friendly purchasing options. In this context, here are the main labels:



Label for personal protective equipment



Label for textile

quefairedemesdechets.fr



Label for toys

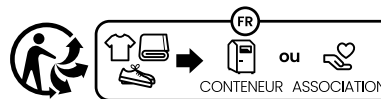


Label for textile

quefairedemesdechets.fr



Label for packaging



Label for textile

quefairedemesdechets.fr

quefairedemesdechets.fr



Label for electronic products



Label for textile

quefairedemesdechets.fr



Label for sport equipment



Label for textile

quefairedemesdechets.fr

quefairedemesdechets.fr

FOCUS ON KING JOUET'S SUSTAINABILITY INITIATIVES

Jouet score

The King Jouet brand is committed to future generations and to supporting parents in their most responsible purchases.

On the basis of this guiding principle, King Jouet provides consumers with the information they need in their choices and participates in the ecological transition of the toy world, promoting responsible supplier approaches and supporting transparency. For this reason, the **Jouet Score indicator** has been developed.

Jouet Score is an indicator specific to King Jouet, representing part of the environmental impact of toys. It gives them a score between 1 and 5, from the least eco-responsible design to the most eco-responsible.



Materials



Multi-material/
Mono-material
recyclable/
Recycled

+

Packaging



Recycled/
Reduced/
Without packaging

+

Origin



France/
Europe/
Outside Europe

The indicator is based on 3 criteria: **materials used, place of manufacture and packaging.**

Firstly, toys are scored based on **the sustainability of their materials**. Here, toys made of at least 95% FSC-certified wood/paper/cardboard or partly from recycled materials receive the highest score. They are followed by toys composed of more than 95% metal, wood, polypropylene (PP), polyethylene (PE), or a PP-PE mix, and then by toys made of over 50% recyclable materials. Toys made from materials that do not meet any of the above criteria receive no points.

Secondly, products are awarded points based on their manufacturing location. Toys manufactured domestically receive the highest possible score, followed by toys with a significant part of the production process taking place in a European country. Lastly, toys produced outside of Europe receive the lowest score. This information is based on data provided by suppliers.

Toys are also awarded points based on the sustainability of their packaging. The scoring rewards products without packaging or with functional packaging (such as a barrel holding blocks), as well as packaging made of over 95% recycled materials. Intermediate points are given to packaging with at least 50% recycled content or reduced by at least 10% in weight, followed by packaging with less than 50% recycled materials but with some design efforts towards sustainability, or reduced by less than 10% in weight. Packaging that is neither recycled nor reduced receives 0 points.

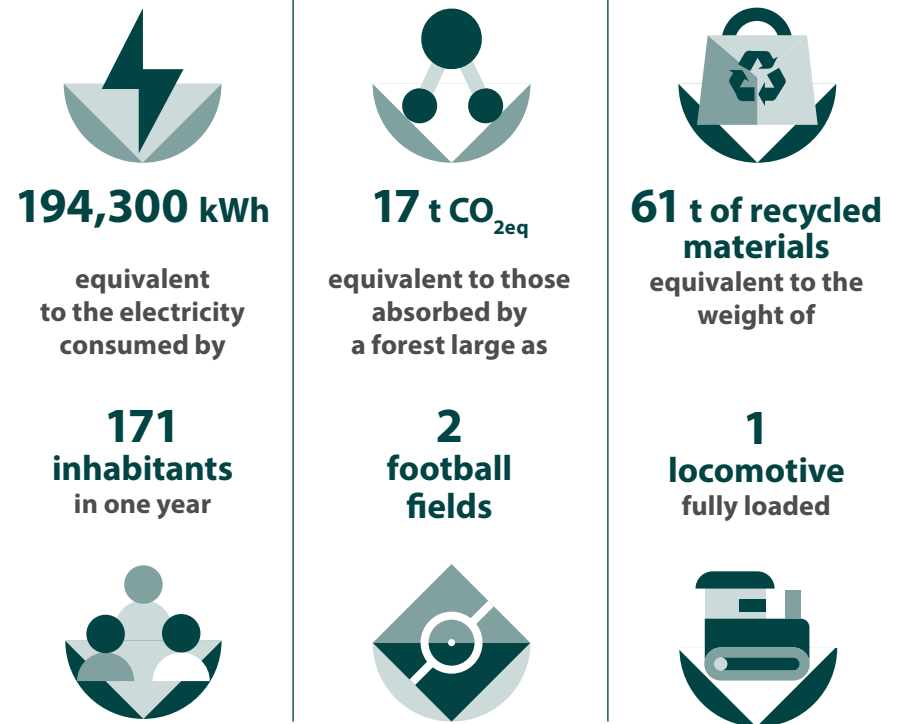
To identify eco-designed toys in stores, families can look for the Jouet Score cards. This information is available on all toys that have scored above 3/5. Eventually, customers will be able to find this note on all toys in stores and on the king-jouet.com website.

3.1.3 Product end of life

The “Safe and sustainable” 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 great importance given that most of the products and materials do not have a second life but end up in landfills, incinerators or, even worst, are thrown in the environment.


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.

The environmental benefits of proper treatment of Household WEEE



In 2023, this collaboration made possible to responsibly manage as much as 67,66 kg of WEEE waste, as well as 5,445 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.

The environmental benefits of proper treatment of portable Waste Batteries



11,116 kWh
equivalent to the electricity consumed by

10 inhabitants
in one year




4 t CO_{2eq}
equivalent to those absorbed by a forest large as

7 basketball courts




4 t of recycled materials
equivalent to the weight of

1 Michelangelo's David statue



Did you know?

In 2023, Prenatal took a significant step in its sustainability journey by introducing mannequins crafted from recycled materials across its retail locations. The creation of 850 such mannequins prevented the release of approximately 3 tons of CO₂, showcasing Prénatal's dedication to reducing its carbon footprint.

A substantial portion of the CO₂ savings, over 40%, was achieved by repurposing waste hangers previously utilized by the company. These mannequins were thoughtfully designed with environmental considerations at the forefront: they are not only free of paint but also composed of 60% recycled content and are entirely recyclable after their lifecycle. This initiative in 2023 is a testament to Prénatal's commitment to sustainable business operations and the ongoing enhancement of its environmental strategies.

FOCUS ON KING JOUET'S SUSTAINABILITY INITIATIVES

King'Okaz: Revolutionizing Toy Retail with Sustainable Second-Hand Solutions

Since 2022 King Jouet has responded to a significant market shift with the launch of *King'Okaz*, a store concept that capitalized on the second-hand toy market's impressive turnover of 150 million euros and volume of 12 million in France. With 91% of French consumers having purchased a second-hand item, 80% of which were online, and 54% having bought a second-hand toy, the initiative aimed to meet the evident consumer demand without cannibalizing sales from the recent transformation of Maxi Toys France stores.



King'Okaz introduced a meticulous process for purchasing and selling pre-owned toys, **ensuring quality through systematic testing, cleaning, and reconditioning**, while excluding certain items to maintain high standards. The toys were sold at **50% of their new price**, with a one-year warranty, and represented 20% of the store's assortment, or 50% in the Mâcon location. The concept featured simplified pricing, strategic promotions, and leveraged surrounding stores for initial stock collection. Despite the absence of an online King'Okaz service, the in-store experience and commitment to sustainability positioned King Jouet as a forward-thinking leader in the toy retail industry.

3.2 Our contribution to the fight against climate change

Strategy for cutting GHG emissions

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.

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

Three levers for Group's carbon neutrality



Energy efficiency initiatives



Electricity from renewable sources



Carbon offsetting projects

PRG'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.

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 was installed on the roof of some shops and operated throughout 2023.

From 2020 on the Group decided to purchase carbon credits in order to offset its overall GHG Scope 1 and Scope 2 (-23,878 tons of CO_{2eq} for the reporting year 2023) on the activities falling within the reporting perimeter. In fact, as a complement to PRG Group's initiatives to manage and reduce its absolute greenhouse gas ("GHG") emissions, the Company has since 2020 purchased carbon credits to neutralise ("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 removal of one ton of CO_{2e}, 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 project⁴, 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 project⁵, 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 487 jobs for indigenous and local communities.

Data related to Guatemalan Conservation Coast Project



30
threatened species protected
 including the Baird’s tapir and West Indian manatee



54,157
hectares of threatened forest protected
 in the Mesoamerican Biological Corridor



487
jobs for indigenous and local communities

4. 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.

5. 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_{2e}.

FOCUS ON NEW SUSTAINABLE MADRID HEADQUARTERS

During 2023, PRG Retail Group Spain started the process of moving its headquarters. Until then, the operations had taken place in a suburban building in Madrid, which was inefficient from an energy point of view.

The new inauguration marks the transition to a more central and prestigious location, as well as ensuring a significant improvement in energy efficiency, reaching Class A/B standards. The transfer process began in October 2023.

In addition to the relocation of the headquarters, PRG Retail Group Spain has embarked on another significant evolution with the relocation of its warehouse. The previous depot, which covered an area of approximately 19,000 m², had significant logistical inefficiencies. The new structure, designed with an optimization of vertical space, in addition to having brought advantages in terms of energy management of the building, has shown a considerable reduction in logistics costs (housing or delivery). The completion of the warehouse relocation is expected by 2024.



SUPPORTING A RESPONSIBLE VALUE CHAIN



4. SUPPORTING A RESPONSIBLE VALUE CHAIN

PRG's ambition is to grow together with its suppliers, evolving in the journey of sustainability and forging strong partnerships to manage procurement in an increasingly responsible manner⁶.

The Group is well aware that the path initiated some time ago towards sustainability, responsibility, and ethics is complex. Despite that, it is a journey shared by all supply chain stakeholders, who are united in their commitment to these fundamental principles.

4.1 Supplier code of conduct

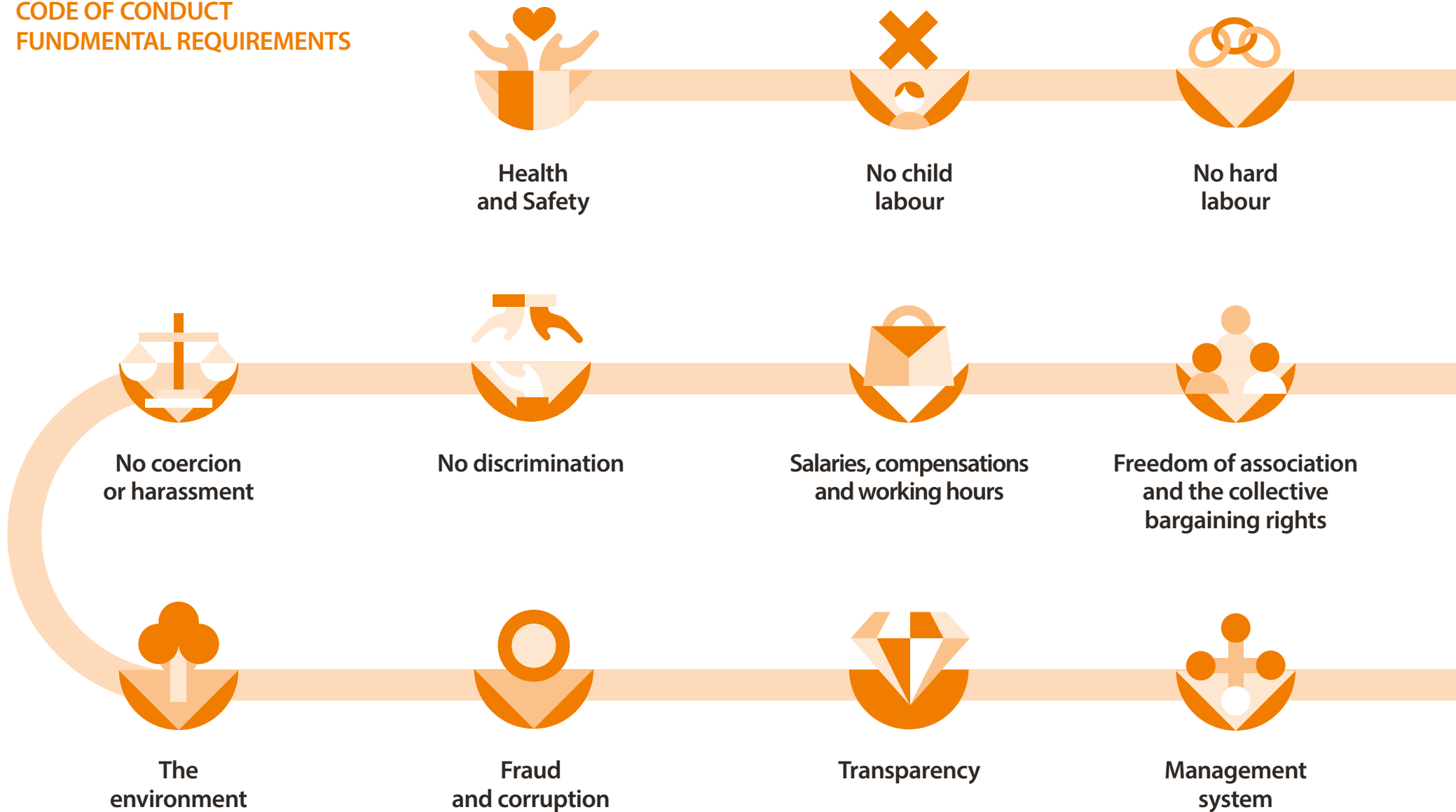
Over 300 partners are involved in the supply of PRG's private label products, most of whom are based in the Far East (China, India, and Bangladesh), Europe, Central Asia, and the Near East (Pakistan and Turkey).

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.

PRG began to 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.

⁶ All information, data and figures in this chapter are related exclusively to Prénatal Retail Group S.p.A. and Prénatal S.p.A. except where expressly indicated.

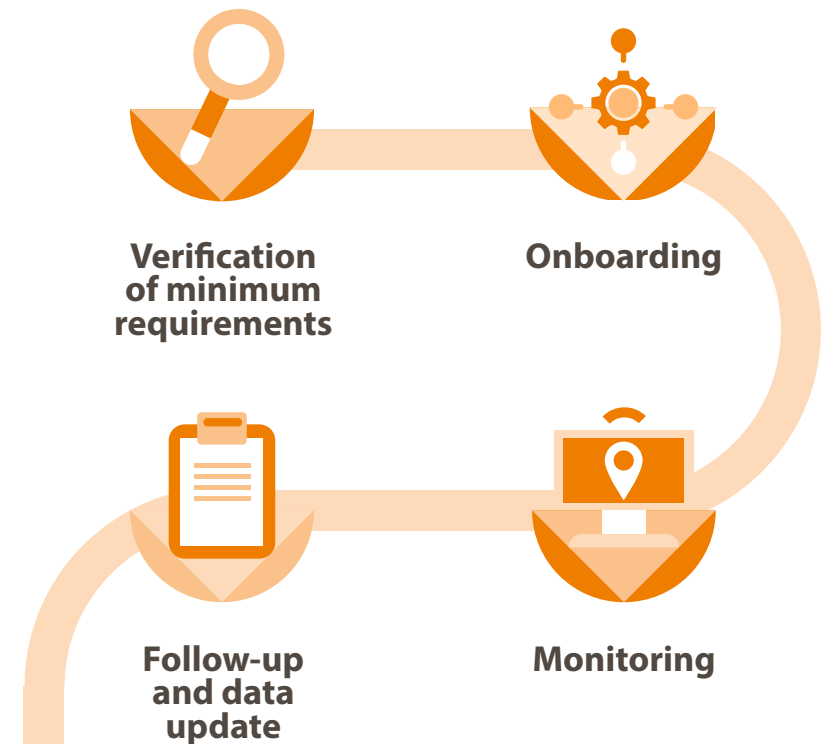
CODE OF CONDUCT FUNDAMENTAL REQUIREMENTS



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 respectively 160 million children and 28 million adults globally⁷. In keeping with the preceding process, PRG's supply chain management is divided into the following four connected steps:



7. International Labour Organization (ILO), *Child Labour – Executive summary - Global estimates 2020, trends and the road forward*, 10 June 2021, available at <https://www.ilo.org/publications/major-publications/child-labour-global-estimates-2020-trends-and-road-forward>, and International Labour Organization (ILO), Walk Free, International Organization for Migration (IOM), *Global Estimates of Modern Slavery - Forced Labour and Forced Marriage – Executive Summary*, 12 September 2022, available at <https://www.ilo.org/publications/major-publications/global-estimates-modern-slavery-forced-labour-and-forced-marriage>



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®, GRS, 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 2023, PRG renewed its commitment to join forces with 190 fashion companies worldwide, united in creating a safe and healthy working environment within textile factories in Bangladesh. This bold initiative, the International Accord for Health and Safety in the Textile and Garment Industry was formerly known as the Accord on Fire and Building Safety in Bangladesh.



Since September 2021, this accord represents a ground-breaking 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 scope of this agreement aims to extend beyond its borders. Ambitious feasibility studies are presently underway, exploring the possibility of implementing this ground-breaking scheme in other countries.

PRG has 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, PRG and the Council work to carry out meticulous technical inspections and extensive training initiatives.



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 loyal 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 is a non-negotiable condition, both in Bangladesh and beyond.

As a demonstration of its commitment to monitoring its suppliers, PRG has integrated a technical document of a physico-chemical nature entitled “Product safety and quality requirements” into the contracts governing relations with them.

This document was updated in 2021 to comply with the most stringent legislative updates, such as EU REACH (Registration, Evaluation, Authorisation and Restriction of Chemicals), and the highest industry standards. The handbook sets out specific technical criteria that must be met for each product category, including toys, textiles, durable goods and baby products, ensuring compliance with current regulations and imposing even stricter requirements for textiles.

To ensure adherence to these standards, PRG has implemented a verification process that includes a series of performance, chemical and mechanical tests, conducted regularly both internally and by specialized third parties. In the reporting year, tests carried out for hard goods, toys and textiles amounted to 17,749. These controls are based on a risk analysis that takes into account the different product categories.

These tests are complemented by inspections, which in the reporting year 2023 reached the remarkable number of 9,898.



Hard Goods



Toys



Textile

	Hard Goods	Toys	Textile
Number of Inspections	481	4,263	4,961
Number of Test	51	7,800	9,898

PRG pays great attention to the reports received from consumers and proactively collaborates with the authorities in charge of market surveillance to promptly investigate any batches of products that present suspicions of non-compliance, proceeding with their withdrawal from the market if necessary. In fact, if a product does not reach the expected quality levels, PRG may decide to preemptively remove it from sale, even if it does not explicitly violate any laws. During the period under review, PRG proceeded to remove one item, specifically an electric scooter. However, this action was not classified as a formal recall of the product and there were no major incidents among consumers related to that product. As a result, there have been no situations of non-compliance with regulations or voluntary guidelines affecting the health and safety of the products offered.

FOCUS ON PRG RETAIL GROUP SPAIN: VALUE CHAIN APPROACH

To maintain the high level of activity and quality, PRG Retail Group Spain collaborates with a vast network of suppliers who know the organization and are able to respond to the commitments they have made.

The company's ambition is to look for strategic suppliers who are able to constantly increase the quality of their work and who have the necessary flexibility to deal with the changes required by the market.

The company manages relationships with most of its suppliers in a centralized and automated manner, which makes it an efficient management where quality processes are guaranteed. In addition, this facilitates the creation of a relationship based on ethical behavior and mutual trust. The supplier selection policy is based on the quality, price, variety and distribution of its products and services and compliance with ethical principles, within the limits established by PRG Retail Group Spain's independence rules.

In this regard, the company promotes compliance by suppliers with the applicable regulations on Safety, Health and the Environment. In fact, the framework agreement defined by the Group is used as a general rule in the formalization of contracts with suppliers and contains a clause with which the supplier expressly undertakes to comply with all applicable environmental legislation in relation to the activities whose execution derives from the conclusion of the contract.




There are certain rules of conduct, detailed below, which are included in PRG Retail Group Spain's Code of Conduct and which guide its way of acting in relation to suppliers, producers, manufacturers and/or subcontracted. The main rules are:

Treat your employees with respect and dignity. No employee may be subjected to physical, sexual, psychological, or verbal abuse or harassment;

Recognize and respect the legal rights of free association, unionization and collective bargaining, with the express commitment not to interfere, penalize or limit the legitimate initiatives of its workers;

Comply with local, national or international laws, not tolerating any form of corruption, bribery or extortion.

5. APPENDIX

5.1 Governance

5.1.1 Governance, Policies, compliance, and associations

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 2023. 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).

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 **Confcommercio**, **Confimprese** 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**.

FOCUS ON PRG RETAIL GROUP SPAIN: CODE OF CONDUCT

One of PRG Retail Group Spain's guiding principles is the ethical conduct of business, and therefore aims to carry out a "commercial activity with integrity".

To achieve this goal, the Code of Conduct was created, a document that outlines the basic standards of legal and ethical behavior and requires that every employee meets the rules and is attentive to his or her behavior. The principles underlying the aforementioned code of ethics are:

Compliance with laws, rules, and regulations: the company conducts its business in Spain and Portugal, so it is subject to a large number of different laws, rules, and regulations. In the event that the laws, rules, and regulations of a particular jurisdiction are stricter than the provisions of the Code, the employee must comply at all times with all applicable laws, rules, and regulations, in addition to the provisions of this Code. If the individual is in a situation of potential conflict, he or she should consult with the mediator(s) to find out how to resolve the potential dispute;

Compliance with Company Policies and Procedures: the worker is required to comply with all company policies and standard operating procedures that apply to the user while performing their work. In the event of a conflict between the Company's policies and procedures and the provisions of this Code, the provisions of this Code shall prevail.

In addition, the code of ethics sets out the "Basic Standards of Ethical and Legal Behavior", which provide a detailed description of the actions to be taken in response to certain circumstances, such as conflicts of interest, harassment and discrimination or anti-trust laws, to name a few examples, and "compliance procedures", such as the whistleblowing process.

5.1.2 Stakeholders

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

5.2 Environment

5.2.1 GHG Inventory 2023

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 2023 and carried out the calculation of Category 3 'Fuel- and Energy-Related Activities Not Included in Scope 1 or Scope 2'. This category encompasses the emissions associated with the production of fuels and energy purchased and consumed by a company that are not covered in Scope 1 (direct emissions from owned or controlled sources) or Scope 2 (indirect emissions from the generation of purchased energy). It includes the extraction, production, and transportation of fuels and energy, as well as emissions from the generation of purchased electricity, heat, steam, or cooling that do not physically occur at the reporting company's facility. Moreover, the Group 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.

The total **energy** consumed by PRG in 2023 amounted to 217,783 GJ, with a net decrease compared to 2022. The decrease in the number compared to 2022 is due to the exit of Prénatal Moeder en kind from the perimeter of the Prénatal Group in December 2023 and the exit of the subsidiaries King Jouet S.a.s., King Jouet Suisse S.a., New MTB S.r.l., New LTB S.r.l., New MTF S.a.s., Maxi Toys Luxembourg S.a.s, which left the Group's perimeter in November 2023. Moreover data 2023 do not include Etruria Giochi (Italy), and Nemi srl (Italy).

ENERGY CONSUMPTION (GJ)	2021	2022	2023
Energy consumption for buildings	253,112	308,813	213,141
of which from electricity	203,691	250,840	178,274
of which from natural gas	43,427	52,056	28,305
of which from diesel	2,121	1,901	2,439
of which from district heating	3,873	4,018	4,123
Energy consumption for car fleet	16,498	14,567	4,642
Total energy consumption	269,610	323,382	217,783



The main energy source is **electricity** drawn from the national grid for lighting and cooling systems, which accounted, in 2023, for 82% of the total energy consumption.

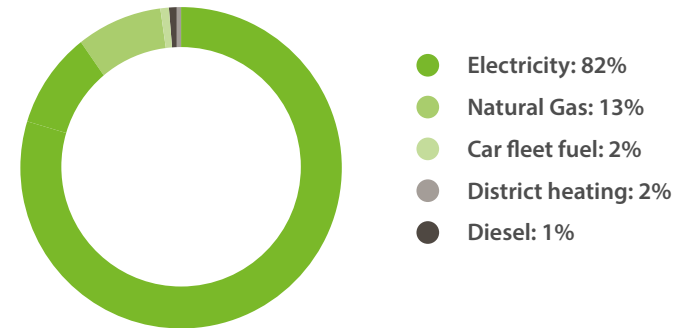


Another relevant source (13%) is **natural gas**, used in many points of sales and offices for boilers and heating systems. For the same use, a limited number of stores also use diesel, which accounted for 1% of total consumption. A further 2% is represented by energy consumed by district heating systems in use in many Italian stores and locations.



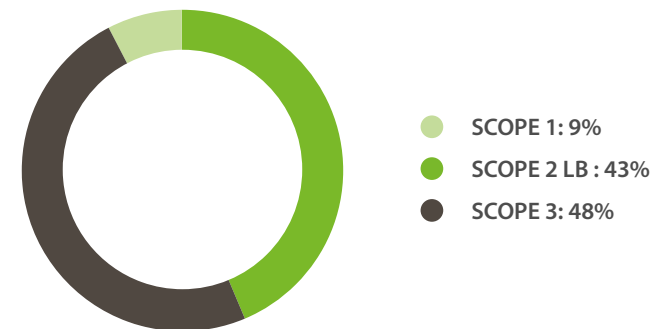
Lastly, a further 3% is represented by the consumption of **fuel** (for both diesel and gasoline vehicles) used to power the company's car fleet, which remained stable compared to the previous year. In this regard, the Group is moving towards the gradual introduction of so-called full-hybrid models in the car fleet, as in the case of PRG Spa, in order to contain emissions.

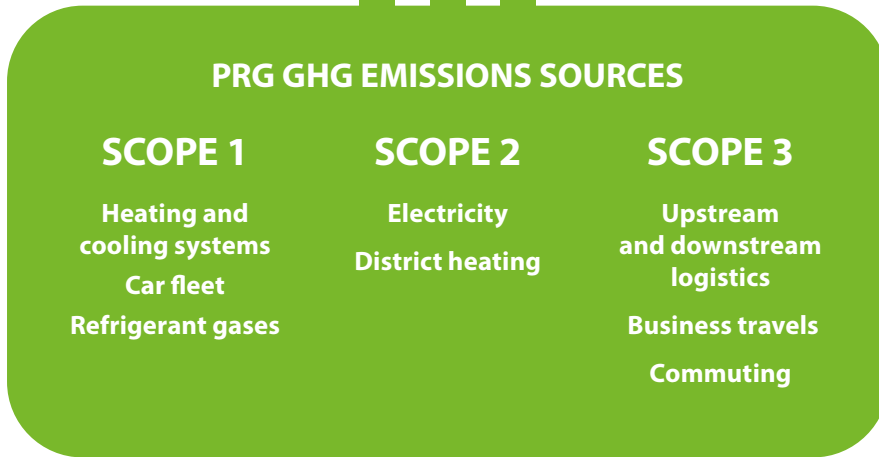
Energy consumption by source in 2023



In 2023, out of the total of 28,856 tons of CO_{2eq} of emissions calculated according to the location-based method, a larger share (48%) was generated outside the Group's boundaries, by emissions from home-work commute and by upstream and downstream logistics; emissions associated with the extraction, production, and transportation of fuels and energy and, to a lesser extent, by business travels (*Scope 3*). A significant share (43%) came from electricity consumption in stores, offices and premises (*Scope 2 Location Based*). Lastly, 9% 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 2023





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, in order 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). As already mentioned, since 2023 PRG began calculating Category 3 of Scope 3: Fuel-and Energy-Related Activities Not Included in Scope 1 or Scope 2.

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

ENERGY CONSUMPTION (GJ)	2021	2022	2023
Scope 1	4,353	3,626	2,503
Scope 2 Location Based	14,799	17,511	12,368
Scope 2 Market Based	5,918	23,967	21,375
Scope 3 – Category 3			4,913
Scope 3 – Category 4	5,995	6,275	4,554
Scope 3 – Category 6	75	167	311
Scope 3 – Category 7 ⁸	6,343	6,581	3,943
Scope 3 – Category 9	247	352	264
Total S1 + S2 LB + S3	31,812	34,512	28,855
Total S1 + S2 MB + S3	22,931	40,968	37,863

Comparing the current reporting year and the previous one, the total emissions for 2023 are significantly lower due to the major change in the reporting perimeter.

8. 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 tCO₂e, has been recalculated to make it comparable to the figure published in this document.

5.2.2 Water consumption

Water consumption	Unit	2021	2022	2023
Total water consumption for domestic use in offices and shops	m ³	118,967*	131,821**	131,373***

* Data for 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 in 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.

*** Data for 2023 refer to the entire group with the exception of the companies that have left the perimeter, such as: Prénatal Moeder en kind and the exit and subsidiaries King Jouet S.a.s., King Jouet Suisse S.a., New MTB S.r.l., New LTB S.r.l., New MTF S.a.s., Maxi Toys Luxembourg S.a.s. Data 2023 do not include Etruria Giochi (Italy), and Nemi srl (Italy).

5.2.3 Waste production

Waste production	Unit	2021*	2022**	2023***
Total waste generated	Metric tons	3,839.9	4,764.3	2,111
<i>Of which sent to recycling/reuse</i>	Metric tons	3,011.8	3,913.6	1,938
<i>Of which sent to landfill</i>	Metric tons	828.1	850.7	171.6

* 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 in 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).

*** The decrease in the number compared to 2022 is due to the exit of Prénatal Moeder en kind from the perimeter of the Prénatal Group in December 2023 and the exit of the subsidiaries King Jouet S.a.s., King Jouet Suisse S.a., New MTB S.r.l., New LTB S.r.l., New MTF S.a.s., Maxi Toys Luxembourg S.a.s., which left the Group's perimeter in November 2023. Data 2023 do not include Etruria Giochi (Italy), and Nemi srl (Italy).

5.3 Social

5.3.1 Our employees

The total number of employees at PRG Group at the end of 2023 was 4,155; this represents a decrease of **27.5%** from 2021 and **34.7%** from 2020.

The decrease in the number compared to 2022 is due to the exit of Prénatal Moeder en kind from the perimeter of the Prénatal Group in December 2023 and the exit of the subsidiaries King Jouet S.a.s., King Jouet Suisse S.a., New MTB S.r.l., New LTB S.r.l., New MTF S.a.s., Maxi Toys Luxembourg S.a.s, which left the Group's perimeter in November 2023.

The Group's workforce is distributed across 5 different countries and is employed either directly by PRG Spa or by its several subsidiary businesses. In 2023, the Group's Italian businesses employed around 67% of the total workforce, while the remaining 30% was split between Greece, Spain, Portugal, and China.

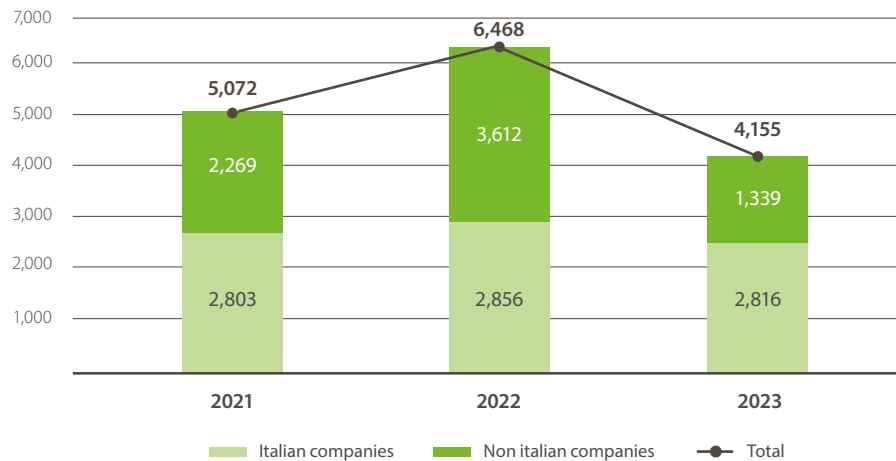
These figures give an idea of the Group's **international outreach**, while **maintaining solid foundations in Italy**.

Employees by region (2023)



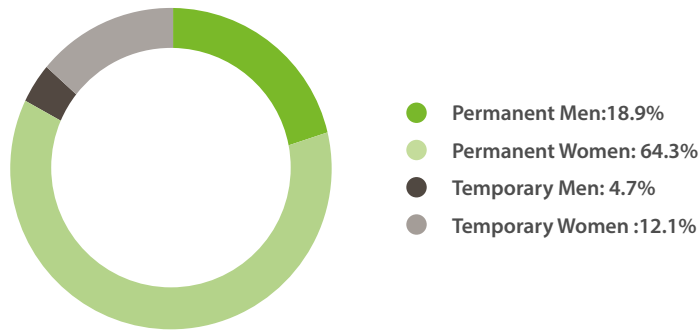
To the total number of employees, a considerable fraction of interns, agency workers, warehouse workers and office personnel must be added (93, 3, 190 and 8 respectively).

Group Employees



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 labour that typically arises at certain times of the year, such as Easter and Christmas. **83%** of PRG employees had permanent contracts at the end of 2023.

Employees per type of contract (2023)



In terms of employment type, the majority of employees are **full-time** (53%), but part-time is seen as an important lever for meeting employees' private and family needs, and thus ensuring a healthy work-life balance: 47% of the workforce has a **part-time contract**, and almost all of them are women (over 85%). All employees of the PRG Group indicated their gender. No other genders were reported.

Employees per type of employment (2023)



According to National legislations, the relationship with employees may include **collective bargaining agreements**, which cover, on the whole, **95%** of Group's workforce. PRG Spa, Prénatal Spa, and their Italian subsidiaries, for instance, have 100% coverage, as do Prénatal SA (Spain), Prénatal LDA (Portugal), and Toys R Us Iberia.

Furthermore, for PRG Spa and Prénatal Spa, since 2022 employees enjoy a number of benefits from a framework agreement, 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 in force since 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.

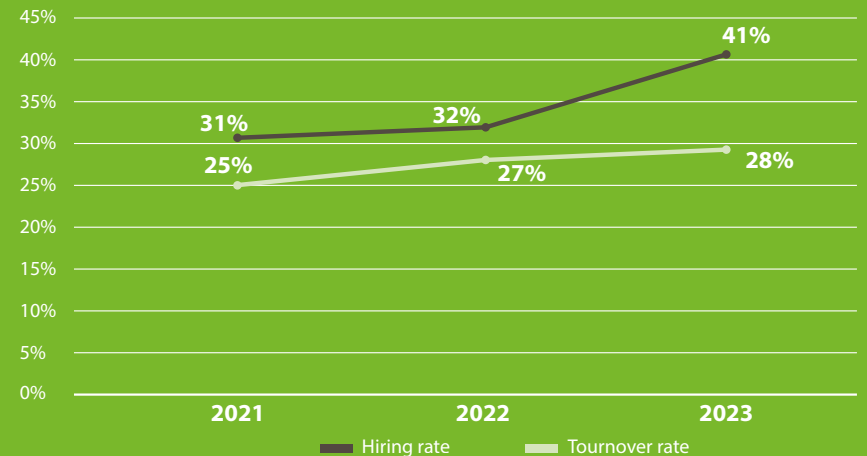
Some of the collective agreements in force for each company, for instance those covering Italian companies, introduce the **obligation to notify employees** of any **significant changes in labour issues**, even if without necessarily indicating a minimum notice period.

Hiring and turnover rates vary significantly depending on general trends and shop sales volumes. Despite the period of high uncertainty, PRG Retail Group hiring has increased compared to previous years, **41%** in 2023, **32%** in 2022, **31%** in 2021⁹.

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.

⁹ 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.

Hiring and Turnover rates among permanent employees in PRG Retail Group

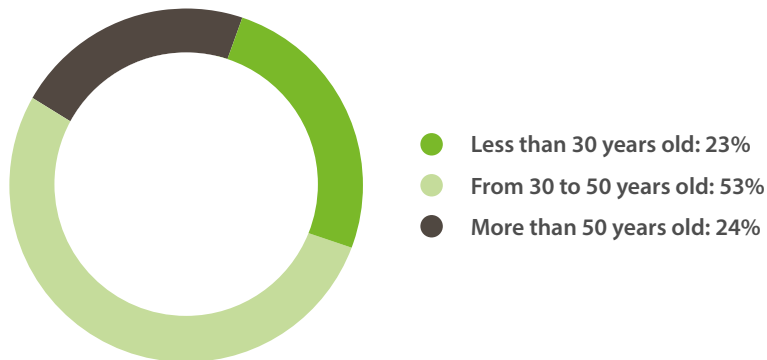


5.3.2 Diversity and inclusion

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.

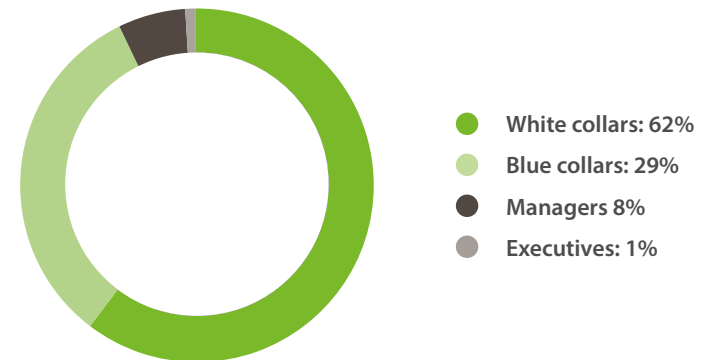
The majority of employees are in the **30-50 age group** (53%), although there has been a slight increase since 2022 (52%). The under-30 age group remained unchanged (29% in 2022 as well as in 2021). The 50-plus age group increased significantly (19% in 2022, 15% in 2021).

Employees by age group (2023)



Concerning the categories of employees, **91%** are **blue collar** and **white-collar workers** (1,193 and 2,596 respectively), with responsibilities in local shops, the first ones mainly as salespersons and shop assistants, the second ones mainly as shop managers. The remaining 8% are **managers** (331) and **executives** (35), of whom 57% and 20% respectively are women. As far as blue collar and white-collar workers are concerned, women represent the majority of employees (75% and 80% respectively).

Employees by category (2023)



GRI 2-7 Employees

Employees per employee category and gender ¹⁰		2021			2022			2023		
		Women	Men	Total	Women	Men	Total	Women	Men	Total
Italy	Permanent	1,928	587	2,515	1,980	608	2,588	1,961	583	2,544
	Temporary	212	76	288	191	77	268	197	75	272
	Full-time	1,170	568	1,738	1,180	576	1,756	1,120	551	1,671
	Part-time	970	95	1,065	991	109	1,100	1,038	107	1,145
	Total	2,140	663	2,803	2,171	685	2,856	2,158	658	2,816
France	Permanent	543	332	875	582	342	924	-	-	-
	Temporary	123	83	206	130	94	224	-	-	-
	Full-time	544	374	918	587	398	985	-	-	-
	Part-time	122	41	163	125	38	163	-	-	-
	Total	666	415	1,081	712	436	1,148	-	-	-
Switzerland	Permanent	61	32	93	66	37	103	-	-	-
	Temporary	5	3	8	5	3	8	-	-	-
	Full-time	44	23	67	43	26	69	-	-	-
	Part-time	22	12	34	28	14	42	-	-	-
	Total	66	35	101	71	40	111	-	-	-
The Netherlands	Permanent	301	29	330	278	28	306	-	-	-
	Temporary	329	19	348	306	10	316	-	-	-
	Full-time	57	36	93	50	30	80	-	-	-
	Part-time	573	12	585	534	8	542	-	-	-
	Total	630	48	678	584	38	622	-	-	-

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

Employees per employee category and gender		2021			2022			2023		
		Women	Men	Total	Women	Men	Total	Women	Men	Total
Spain	Permanent	130	12	142	493	140	633	439	127	566
	Temporary	10	-	10	256	87	343	243	97	340
	Full-time	58	10	68	186	101	287	171	96	267
	Part-time	82	2	84	563	126	689	505	134	639
	Total	140	12	152	749	227	976	682	224	906
Greece	Permanent	139	27	166	147	23	170	135	25	160
	Temporary	8	-	8	2	1	3	2	0	2
	Full-time	130	24	154	134	23	157	129	25	154
	Part-time	17	3	20	15	1	16	8	0	8
	Total	147	27	174	149	24	173	137	25	162
Portugal	Permanent	66	3	69	154	52	206	125	44	169
	Temporary	4	-	4	39	16	55	62	25	87
	Full-time	36	3	39	80	40	120	86	35	121
	Part-time	34	-	34	113	28	141	101	34	135
	Total	70	3	73	193	68	261	187	69	256
China	Permanent	7	2	9	10	4	14	10	5	15
	Temporary	-	1	1	-	1	1	0	0	0
	Full-time	7	3	10	10	5	15	10	5	15
	Part-time	-	-	-	-	-	-	0	0	0
	Total	7	3	10	10	5	15	10	5	15

Employees per employee category and gender		2021			2022			2023		
		Women	Men	Total	Women	Men	Total	Women	Men	Total
Belgium	Permanent	105	112	217	112	118	230	-	-	-
	Temporary	23	25	48	42	34	76	-	-	-
	Full-time	80	123	203	84	129	213	-	-	-
	Part-time	48	14	62	70	23	93	-	-	-
	Total	128	137	265*	154	152	306	-	-	-
PRG Group	Permanent	3,175	1,024	4,199	3,822	1,352	5,174	2,670	784	3,454
	Temporary	691	182	873	971	323	1,294	504	197	701
	Full-time	2,046	1,041	3,087	2,354	1,328	3,682	1,516	712	2,228
	Part-time	1,820	165	1,985	2,439	347	2,786	1,652	275	1,927
	Total	3,866	1,206	5,072*	4,793	1,675	6,468	3,174	981	4,155

GRI 2-8 Workers who are not employees

Non-employee workers	Unit	2021	2022	2023
Total	n	263	370	294

GRI 401-1 New employee hires and employee turnover

Hirings					Terminations				
	Unit	2021	2022	2023		Unit	2021	2022	2023
By gender									
Women	n	1,171	1,558	1,166	Women	n	985	1,308	769
Men	n	383	542	531	Men	n	298	427	406
By age group									
Less than 30	n	972	1,379	1,050	Less than 30	n	676	1,020	642
From 30 to 50	n	530	642	554	From 30 to 50	n	484	624	417
More than 50	n	52	79	93	More than 50	n	123	91	116
By region									
China	n	6	8	2	China	n	4	3	2
France	n	328	210	-	France	n	183	143	-
Greece	n	98	111	91	Greece	n	80	112	102
Italy	n	674	598	763	Italy	n	567	546	602
Portugal	n	32	306	368	Portugal	n	26	314	331
Spain	n	44	388	473	Spain	n	89	136	138
Netherlands	n	350	341	-	Netherlands	n	334	397	-
Belgium	n	0	76	-	Belgium	n	0	32	-
Switzerland	n	22	62	-	Switzerland	n	0	52	-
Total	n	1,554	2,100	1,697	Total	n	1,283	1,735	1,175

Hirings					Terminations				
	Unit	2021	2022	2023		Unit	2021	2023	2023
By gender									
Women	%	23%	24%	28%	Women	%	19%	20%	19%
Men	%	8%	8%	13%	Men	%	6%	7%	10%
By age group									
Less than 30	%	19%	21%	26%	Less than 30	%	13%	16%	15%
From 30 to 50	%	10%	10%	13%	From 30 to 50	%	10%	10%	10%
More than 50	%	1%	1%	2%	More than 50	%	2%	1%	3%
By region									
China	%	0%	0%	0%	China	%	0%	0%	0%
France	%	6%	3%	-	France	%	4%	2%	-
Greece	%	2%	2%	2%	Greece	%	2%	2%	2%
Italy	%	13%	9%	18%	Italy	%	11%	8%	14%
Portugal	%	1%	5%	9%	Portugal	%	1%	5%	8%
Spain	%	1%	6%	11%	Spain	%	2%	2%	3%
Netherlands	%	7%	5%	-	Netherlands	%	7%	6%	-
Belgium	%	0%	1%	-	Belgium	%	0%	0%	-
Switzerland	%	0%	1%	-	Switzerland	%	0%	1%	-
Total	%	31%	32%	41%	Total	%	25%	27%	28%

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

Average training hours by gender and employee category	Unit	2021	2022	2023
Men	h/employee	5.3	7.3	10,2
Women	h/employee	6.9	7.2	8,8
Executives	h/employee	13.6	10.6	4,2
Managers	h/employee	11.9	7.2	8,7
White collars	h/employee	6.1	8.3	7,3
Blue collars	h/employee	5.9	4.7	10,2

During 2023, the headquarters benefited from 1,432 hours of training, focused on the use of work tools such as PowerPoint and Excel (320 hours), on understanding the 231 Model adopted by the company (307 hours) and on language learning (804 hours). The training

also covered the network with 5,826 hours of training provided focused on understanding the 231 Model adopted by the company (202 hours), DL 81/safety (4,824 hours) and the ITS Retail Academy (800 hours), a new project in which PRG will take part.

5.3.3 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 and 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 51, plus 2 accident to a non-employee. Compared to the previous years, 2023 showed a decrease in the number of injuries for employees, due to the effort in the management of the health and safety procedures and due to the changes in the perimeter.

Work-related injuries - Employees	2021	2022	2023
Number of recordable work-related injuries	53	134	53
of which high-consequence work-related injuries	0	0	0
Hours worked	6,587,520	8,009,938	6,166,924
Rate of recordable work-related injuries	8.0	16.7	8.6
Rate of high-consequence work-related injuries	0.2	0.0	0.0

Amongst other workers who are not employees (257,322 hours worked in 2021, 204,103 in 2022 and 213,761 in 2023), two injuries were recorded in 2023 (1 in 2022 and 0 in 2021). As a result, the rate of recordable work-related injuries in 2023 stands at 9.4. Furthermore, no fatalities among employees and not employees were recorded over the three-year period¹¹.

11. 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.

5.4 Note on methodology

PRG Group has reported in accordance with the GRI Standards for the period from 1 January to 31 December 2023. The fourth PRG Sustainability Report presents the key performance indicators for the entire 2021-2023 period, except where explicitly stated.

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 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.

5.4.1 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 2021-2023 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.

5.4.2 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 Labour 2016
Human Rights, Child Labour and Forced or Compulsory Labour	GRI 409: Forced or Compulsory Labour 2016
Sustainability Education for employees and customers	Non GRI topic
	GRI 401: Employment 2016
Employment and Labour / Management Relations	GRI 402: Labour/Management Relations 2016
	GRI 404: Training and Education 2016
Skills development	GRI 404: Training and Education 2016
Business Integrity and Anti-corruption	GRI 205: Anti-corruption 2016
Customer privacy	GRI 418: Customer privacy 2016
Digitalization and Technological progress	Non GRI topic
Customer satisfaction and Loyalty	Non GRI topic

5.4.3 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 Ne.Mi. Toys 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 liters to tons)	UK Department of Environment, Food & Rural Affairs (DEFRA), Conversion factors - Full set, 2021, 2022 and 2023
Net Calorific Value (Natural gas and diesel)	UK Department of Environment, Food & Rural Affairs (DEFRA), Conversion factors - Full set, 2021, 2022 and 2023

DIRECT (SCOPE 1) GHG EMISSIONS

SOURCE	ACTIVITY DATA	EMISSION FACTOR	GWP
Diesel, Natural gas for heating and other purpose	Fuel consumption	Ministero dell'Ambiente e della Tutela del Territorio e del Mare (MATTM), Table of national standard parameters, 2019, 2020, 2021	Only CO ₂ emissions were considered
Companies' car fleet	Fuel consumption	UK Department of Environment, Food & Rural Affairs (DEFRA), Conversion factors - Full set, 2021, 2022 and 2023	CO ₂ equivalent
Leakages from air-conditioning systems of refrigerant gases	Leakage	-	Global Warming Potentials (GWPs) are taken from both DEFRA, Conversion factors database (2021, 2022 and 2023)

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) / IEA Emissions Factors 2022	Only CO ₂ emissions were considered
Electricity purchased from national grid – market-based method	Electricity consumption /-	For European countries: ALB - European Residual Mixes, 2020 and 2021. For China: Terna, Confronti Internazionali, 2019 (Total gross production) / IEA Emissions Factors 2022	Only CO ₂ 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 ₂ equivalent

OTHER INDIRECT (SCOPE 3) GHG EMISSIONS

SOURCE	ACTIVITY DATA	EMISSION FACTOR	GWP
Fuel- and Energy Related Activities Not Included in Scope 1 or Scope 2 (Cat. 3)	Distance / Electricity Consumption / Fuel Consumption	UK Department of Environment, Food & Rural Affairs (DEFRA), Conversion factors - Full set, 2021 and 2023	CO ₂ equivalent
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, 2021, 2022 and 2023	CO ₂ equivalent
Business travels by air, train and car (Cat. 6)	Distance per passenger	UK Department of Environment, Food & Rural Affairs (DEFRA), Conversion factors - Full set, 2021, 2022 and 2023	CO ₂ equivalent
Employee commuting (Cat. 7)	Distance per commuter	UK Department of Environment, Food & Rural Affairs (DEFRA), Conversion factors - Full set, 2021, 2022 and 2023	CO ₂ equivalent

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

- Category 3 Fuel- and Energy Related Activities Not Included in Scope 1 or Scope 2 data refer to the the perimeter previously mentioned for the Environmental Data of the Group.
- 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 sociedade unipessoal LDA and Prénatal A.E.B.E., while PRG Retail Group Spain S.L., PRG Retail Group Portugal LDA, 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 perimeter previously mentioned for the Environmental Data of the Group.

Category 7 Employee Commuting emissions data refer to the entire Group while Prénatal Retail Group Asia Pacific Ltd is not included.

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

5.5 Content Index

Statement of use	PRG has submitted a report in accordance with the GRI Standards for the period 01.01.2023-31.12.2023.
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
General Disclosures					
GRI 2 – General disclosures 2021	2-1 Organizational details	1.1	Identity, brands and market presence		
	2-2 Entities included in the organization's sustainability reporting	1.1 5.4	Identity, brands and market presence Note on methodology		
	2-3 Reporting period, frequency and contact point	5.4	Note on methodology		
	2-4 Restatements of information	5.4	Note on methodology		
	2-5 External assurance	5.4	Note on methodology		
	2-6 Activities, value chain and other business relationships	1.1 4.1	Identity, brands and market presence Code of conduct for suppliers		
	2-7 Employees	5.3.1	Our employees		
	2-8 Workers who are not employees	5.3.1	Our employees		
	2-9 Governance structure and composition	5.1.1	Governance, Policies, compliance, and associations		
	2-10 Nomination and selection of the highest governance body	5.1.1	Governance, Policies, compliance, and associations		
	2-11 Chair of the highest governance body	5.1.1	Governance, Policies, compliance, and associations		

GRI Standard	Disclosure	Location	Omission		
			Requirement(s) omitted	Reason	Explanation
General Disclosures					
GRI 2 – General disclosures 2021	2-12 Role of the highest governance body in overseeing the	5.1.1	Governance, Policies, compliance, and associations		
	2-13 Delegation of responsibility for managing impacts	5.1.1	Governance, Policies, compliance, and associations		
	2-14 Role of the highest governance body in sustainability reporting	5.1.1	Governance, Policies, compliance, and associations		
	2-15 Conflicts of interest	5.1.1	Governance, Policies, compliance, and associations		
	2-16 Communication of critical concerns	5.1.1	Governance, Policies, compliance, and associations		
	2-17 Collective knowledge of the highest governance body	5.1.1	Governance, Policies, compliance, and associations		
	2-18 Evaluation of the performance of the highest governance body	5.1.1	Governance, Policies, compliance, and associations		
	2-19 Remuneration policies	5.1.1	Governance, Policies, compliance, and associations		
	2-20 Process to determine remuneration	5.1.1	Governance, Policies, compliance, and associations		
	2-21 Annual total compensation ratio		Omission	2-21	Confidentiality constraints
2-22 Statement on sustainable development strategy		Letter from the CEO			

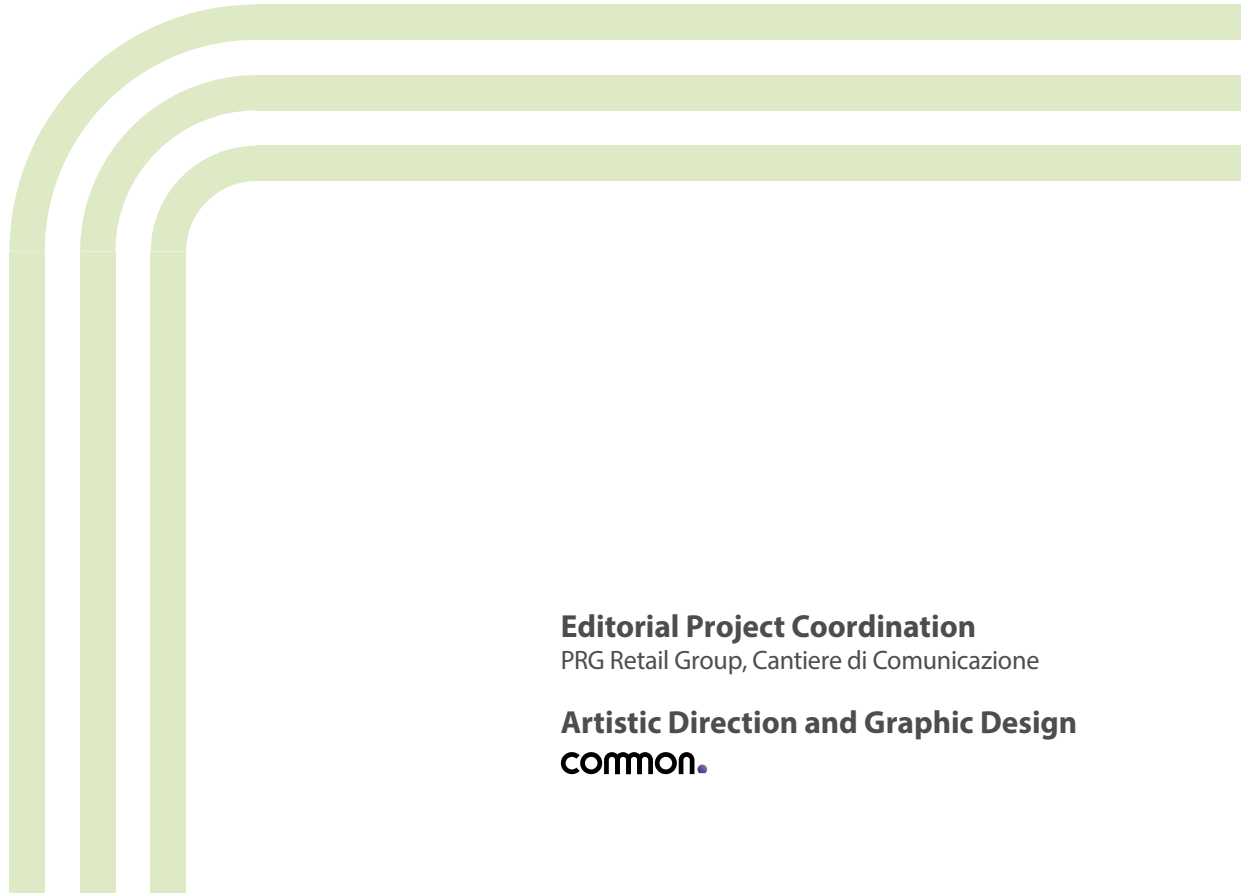
GRI Standard	Disclosure	Location	Omission		
			Requirement(s) omitted	Reason	Explanation
General Disclosures					
GRI 2 – General disclosures 2021	2-23 Policy commitments	5.1.1	Governance, Policies, compliance, and associations		
	2-24 Embedding policy commitments	5.1.1	Governance, Policies, compliance, and associations		
	2-25 Processes to remediate negative impacts	5.1.1	Governance, Policies, compliance, and associations		
	2-26 Mechanisms for seeking advice and raising concerns	5.1.1	Governance, Policies, compliance, and associations		
	2-27 Compliance with laws and regulations	5.1.1	Governance, Policies, compliance, and associations		
	2-28 Membership associations	5.1.1	Governance, Policies, compliance, and associations		
	2-29 Approach to stakeholder engagement	1.2.1 5.1.2	Stakeholders Stakeholders		
	2-30 Collective bargaining agreements	5.3.1	Our employees		
Material topics					
GRI 3 – Material topics 2021	3-1 Process to determine material topics	1.2.2	Material topics		
	3-2 List of material topics	1.2.2	Material topics		
Anti-corruption					
GRI 3 – Material topics 2021	3-3 Management of material topics	1.2.2 5.1.1	Material topics Governance, Policies, compliance, and associations		
GRI 205: Anti-corruption 2016	205-3 Confirmed incidents of corruption and actions taken	5.1.1	Governance, Policies, compliance, and associations		
Materials					
GRI 3 – Material topics 2021	3-3 Management of material topics	1.2.2 3.1	Material topics Products' sustainability		
GRI 301: Materials 2016	301-3 Reclaimed products and their packaging materials	3.1	Products' sustainability		

GRI Standard	Disclosure	Location	Omission		
			Requirement(s) omitted	Reason	Explanation
Energy					
GRI 3 – Material topics 2021	3-3 Management of material topics	1.2.2 5.2.1	1.2.2 Material topics 5.2.1 GHG Inventory 2023		
GRI 302: Energy 2016	302-1 Energy consumption within the organization	5.2.1	5.2.1 GHG Inventory 2023		
Emissions					
GRI 3 – Material topics 2021	3-3 Management of material topics	1.2.2 5.2.1	Material topics GHG Inventory 2023		
	305-1 Direct (Scope 1) GHG emissions	5.2.1	GHG Inventory 2023		
GRI 3 – Material topics 2021	305-2 Energy indirect (Scope 2) GHG emissions	5.2.1	GHG Inventory 2023		
	305-3 Other indirect (Scope 3) GHG emissions	5.2.1	GHG Inventory 2023		
Supplier Environmental Assessment					
GRI 3 – Material topics 2021	3-3 Management of material topics	1.2.2 4.1	Material topics Code of conduct for suppliers		
GRI 308: Supplier Environmental Assessment 2016	308-1 New suppliers that were screened using environmental criteria	4.1	Code of conduct for suppliers		
Employment					
GRI 3 – Material topics 2021	3-3 Management of material topics	1.2.2 5.3.1	Material topics Our employees		
	GRI 401: Employment 2016	401-1 New employee hires and employee turnover	5.3.1	Our employees	
Labour/Management Relations					
GRI 3 – Material topics 2021	401-1 New employee hires and employee turnover	3-3 1.2.2 5.3.1	Management of material topics Material topics Our employees		
GRI 402: Labour/Management Relations 2016	402-1 Minimum notice periods regarding operational changes	5.3.1	Our employees		

GRI Standard	Disclosure	Location	Omission		
			Requirement(s) omitted	Reason	Explanation
Occupational Health and Safety					
GRI 3 – Material topics 2021	3-3 Management of material topics	1.2.2 5.3.3	Material topics Health and safety		
	403-1 Occupational health and safety management system	5.3.3	Health and safety		
	403-2 Hazard identification, risk assessment, and incident investigation	5.3.3	Health and safety		
	403-3 Occupational health services	5.3.3	Health and safety		
GRI 403: Occupational Health and Safety 2018	403-4 Worker participation, consultation, and communication on occupational health and safety	5.3.3	Health and safety		
	403-5 Worker training on occupational health and safety	5.3.3	Health and safety		
	403-6 Promotion of worker health	5.3.3	Health and safety		
	403-7 Prevention and mitigation of occupational health and safety impacts directly linked by business relationships	5.3.3	Health and safety		
	403-9 Work-related injuries	5.3.3	Health and safety		
Training and Education					
GRI 3 – Material topics 2021	3-3 Management of material topics	1.2.2 5.3.1	Material topics Our employees		
GRI 404: Training and Education 2016	404-1 Average hours of training per year per employee	5.3.1	Our employees		
Child Labour					
GRI 3 – Material topics 2021	3-3 Management of material topics	1.2.2 4.2	Material topics Supplier qualification and monitoring procedure		
GRI 408: Child Labour 2016	408-1 Operations and suppliers at significant risk for incidents of child labour	4.2	Supplier qualification and monitoring procedure		

GRI Standard	Disclosure	Location	Requirement(s) omitted	Omission	
				Reason	Explanation
Forced or Compulsory Labour					
GRI 3 – Material topics 2021	3-3 Management of material topics	1.2.2 4.2	Material topics Supplier qualification and monitoring procedure		
GRI 409: Forced or Compulsory Labour 2016	409-1 Operations and suppliers at significant risk for incidents of forced or compulsory labour	4.2	Supplier qualification and monitoring procedure		
Supplier Social Assessment					
GRI 3 – Material topics 2021	3-3 Management of material topics	1.2.2 4.1	Material topics Code of conduct for suppliers		
GRI 414: Supplier Social Assessment 2016	414-1 New suppliers that were screened using social criteria	4.1	Code of conduct for suppliers		
Customer Health and Safety					
GRI 3 – Material topics 2021	3-3 Management of material topics	1.2.2 3.1.1	Material topics Safe products		
GRI 416: Customer Health and Safety 2016	416-2 Incidents of non-compliance concerning the health and safety impacts of products and services	3.1.1	Safe products		
Marketing and Labeling					
GRI 3 – Material topics 2021	3-3 Management of material topics	1.2.2 5.2	Material topics Environment		
GRI 417: Marketing and Labeling 2016	417-2 Incidents of non-compliance concerning product and service information and labeling	5.2	Environment		
Customer Privacy					
GRI 3 – Material topics 2021	3-3 Management of material topics	1.2.2 2.1.1	Material topics The education of our customer base		
GRI 418: Customer Privacy 2016	418-1 Substantiated complaints concerning breaches of customer privacy and losses of customer data	2.1.1	The education of our customer base		

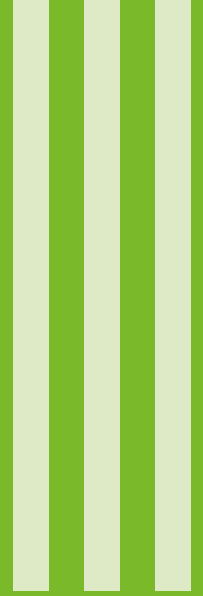
GRI Standard	Disclosure	Location	Omission		
			Requirement(s) omitted	Reason	Explanation
Sustainability Education for employees and customers					
GRI 3 – Material topics 2021	3-3 Management of material topics	1.2.2 2.1.1	Material topics The education of our customer base		
Digitalization and Technological progress					
GRI 3 – Material topics 2021	3-3 Management of material topics	1.2.2 2.1.1	Material topics The education of our customer base		
Customer satisfaction and Loyalty					
GRI 3 – Material topics 2021	3-3 Management of material topics	1.2.2 2.1.1	Material topics The education of our customer base		



Editorial Project Coordination

PRG Retail Group, Cantiere di Comunicazione

Artistic Direction and Graphic Design
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