

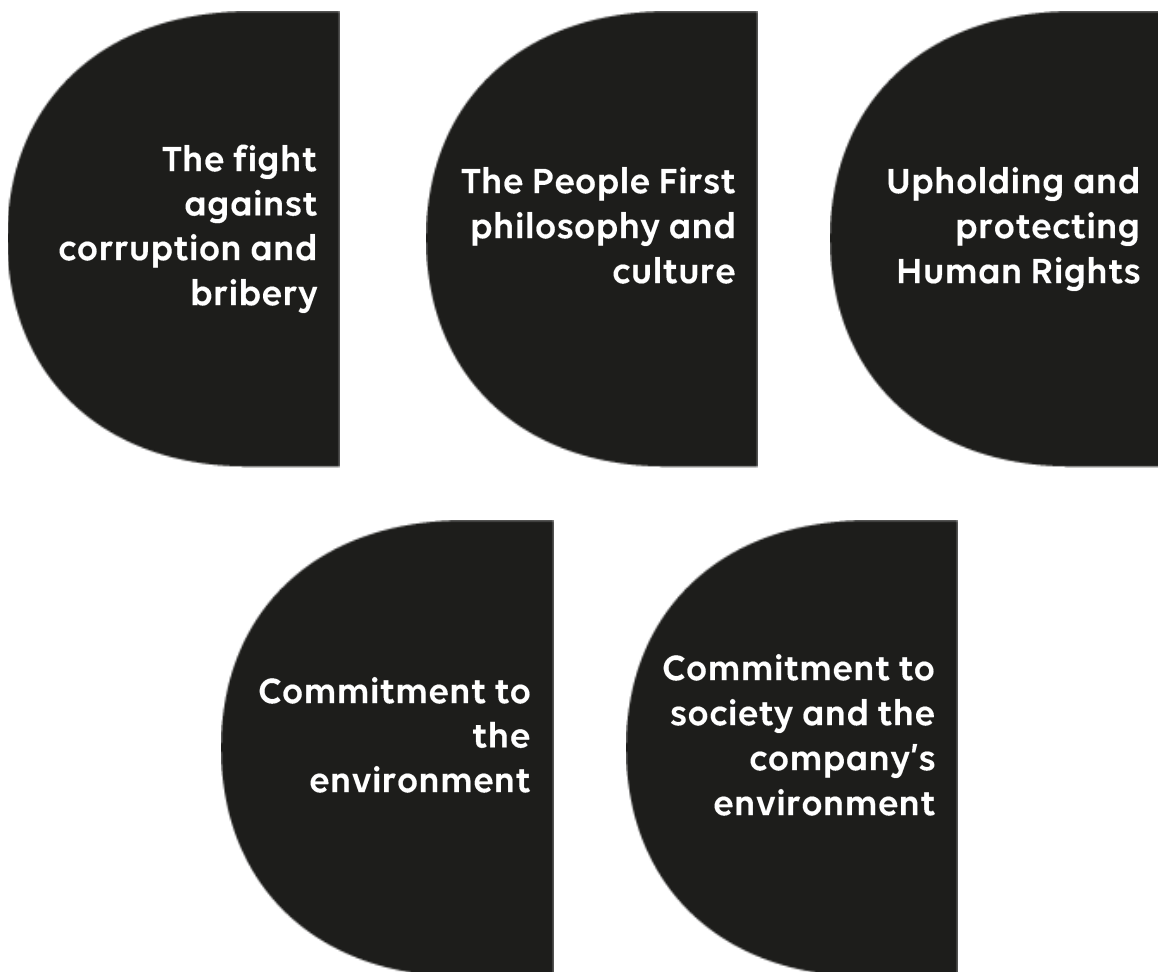
Summary Desigual Non-financial Report 2018.

As a consequence of the recent implementation of Law 11/2018 of 28 December 2018 on non-financial and diversity information, and with the aim of providing greater transparency to Desigual's main stakeholders, the company has published its report in accordance with the standards established in the guidelines for the formulation of sustainability reports from the Global Reporting Initiative (GRI Standards).

Desigual.

What is the sustainability report?

The sustainability report is a document that contains the information required to understand the evolution, results and circumstances of a company or group of companies, and the impact of their operations with regard to:



2018 Desigual non-financial report.

1. The fight against corruption and bribery.

At Desigual, we have a set of basic rules that make up our Code of Ethics, they aim to establish general behavioural guidelines applicable to Desigual and its personnel. Through said code, we promote the general principles that define the company's ethical behaviour.

At Desigual, we have defined a model of regulatory compliance for the prevention of crime with the aim of mitigating any potential criminal risks that may arise from the activities performed by Desigual and, more specifically, with regard to crimes related to corruption, fraud and bribery. To this effect, Desigual has defined a risk and control matrix that serves as the foundation of Desigual's model of regulatory compliance for crime prevention. As a result, Desigual has approved a Compliance and Criminal Prevention Manual which regulates and consolidates our organisation and criminal risk management model.

With the aim of allowing both employees and collaborators to lodge complaints regarding any irregularity or breach of our Code of Ethics and internal regulations that they may become aware of, we have set up a communication channel through an email address created solely for this purpose. This reporting channel – which is confidential – is managed by the Ethics Committee.

2. The People First philosophy and culture.

We put people at the centre of all our decisions. The People First philosophy is focused on improving the lives of employees to ensure our staff are motivated and happy. It is based on:

- Fun & Profit. Working to a high level of demand while enjoying what we do.
- Change or Test & Learn. We promote flexibility, ongoing learning and experimentation in a fast-paced and highly trusting environment, while understanding mistakes as part of the process.
- Non-conformism or Express Yourself & Creative Freedom. We encourage our employees to better themselves, supporting them as they grow independently and responsibly. Desigual is not just encouragement, it's also diversity, a youthful spirit and a creative force.
- Caring for others. We cultivate empathy among colleagues as one of the keys to the growth of the company.

- We have a role known as the People Business Partner. Employees, managers, and directors establish and maintain a close and familiar partnership-like relationship with this individual to facilitate the management of human resources.

As part of this philosophy, we develop initiatives that promote the unity of the team and respond to our commitment to the environment, health and, especially, happiness.

To promote creativity and synergy across the work teams, there are no fixed workplaces at our offices on Barceloneta Beach. We also have areas that are equipped for the needs of every employee at all times: common areas designed to promote interaction, large work tables and isolated corners for concentration.

We are also committed to ongoing training, and in 2018 we provided more than 24,000 hours of training on relevant topics such as customer experience, product and soft skills. We are also big believers in internal talent and we offer new opportunities for growth through our internal vacancies and opportunities portal, "Selfie".

We have a set of policies that promote equality and work-life balance for all our employees. Our policies are dynamic and adapted to the new needs and demands of both society and our employees.

3. Upholding and protecting Human Rights

Desigual has a corporate policy that applies to all its employees and collaborators. We have a Code of Conduct for suppliers – which establishes our social, employment and environmental requirements – aligned with the recommendations and fundamental agreements of the International Labour Organisation (ILO), the UN Declaration of Human Rights, and the Convention to Eliminate all Forms of Discrimination Against Women, among others.

We have a Supplier Book, which must be signed and complied with and contains the set of processes and procedures that our suppliers must be aware of and follow in order to manufacture our garments. We carry out monitoring and auditing processes on our supply chain through the Compliance Programme to ensure that our suppliers observe all human rights and international labour regulations and to improve the traceability of our production.

Furthermore, we are involved with initiatives and organisations that promote sustainability in the textile industry like Textile Exchange, an organisation from the sector that helps its member businesses to introduce sustainability into their products and work according to the standards established for sustainable fibres; and Amfori, a global business association that promotes the improvement of human prosperity, the responsible use of natural resources and the promotion of open worldwide trade among its members.

4. Commitment to the environment

At Desigual, it is our responsibility to control and reduce the environmental impact caused by our operations. For this purpose, we conduct a number of initiatives and develop projects with a far-reaching effect on our organisation.

- We purchase energy from renewable sources in Spain, France and Germany, for a combined total of 23.3 GWh. Thanks to the renewable origin of this power, we have prevented the emission of 8,210 tCO₂eq in these three countries combined.
- Our main logistics centre in Viladecans holds the GOLD level LEED certification, two of our most important flagship stores in Barcelona have the PLATINUM level LEED certification, and several of our stores in France have been awarded BREAAAM certification.
- Since 2011, Desigual has calculated its carbon footprint based on the 3 scopes of ISO 14065 and strived to reduce it by using more sustainable materials, reducing energy consumption and increasing recycling at our stores and buildings, among other projects.
- During 2018, we determined which materials need to be replaced most urgently, and we have already taken steps to ensure that many of these fibres are sustainable. In 2019, we will increase the use of environmentally friendly materials like organic cotton, recycled polyester and sustainable artificial fibres like Modal®.
- The use of water is highly efficient at the offices, where we have dry toilets, a water treatment system and a grey water recirculation system. The water system has treated

4,141 litres of water, and 663 litres of grey water were recirculated over the course of 2018.


- In our Home Offices, we have a 24,000 m² space that was built and equipped in accordance with sustainability and smart management criteria.

5. Commitment to society and the company's environment

Our priority is responding to the needs of our stakeholders – defined in our social action matrix as young people, women and local communities – in terms of aspects in which we can generate value, such as employability, training and what we call “authentic projects”, which are always linked to creativity.

In 2018, we developed actions with Fundació Èxit and the Neighbourhood Association of Barceloneta that focused on young people, employability and the local community:

- For 5 years, Desigual has been conducting – alongside Fundació Èxit and three high schools from Barcelona – dual vocational training courses in commerce, a training programme aimed at young people at risk of exclusion from the professional world.
- As part of our relationship with the community, like the one we have with the Neighbourhood Association of Barceloneta (the area that is home to our headquarters), we collaborate with the detection of social needs in our immediate surroundings and by contributing the time our employees devote to training, organising workshops, etc.



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