



Design

2019 Sustainability Report

Contents

Introduction to the report_3

Welcome_4

2019 in figures_5

1

About us_6

- 1.1. Origins and history of the brand_7
- 1.2. The Desigual brand_9
- 1.3. Sustainability and CSR Strategy_19
- 1.4. Business model_23
- 1.5. The people who make it possible_32
- 1.6. Governing bodies_43
- 1.7. Risk management control systems_44
- 1.8. Ethics and compliance_45
- 1.9. Relationships with stakeholders_48
- 1.10. Materiality matrix_50

2

From the idea to the product_52

- 2.1. Philosophy and team_53
- 2.2. Product_55

3

Supply chain_66

- 3.1. The profile of the suppliers_67
- 3.2. Control and auditing systems_68
- 3.3. Emphasis on transparency and traceability_69

4

Environment_71

- 4.1. Commitment to the climate_73
- 4.2. Sustainable packaging and consumables_75
- 4.3. Responsible waste management_76

5

Customers and points of sale_77

- 5.1. Close to our customers_79
- 5.2. Points of sale_80

6

Annexes_83

- 6.1. Tax benefits and tables_84
- 6.2. Content required by law 11/2018 on non-financial and diversity information_90

Note on subsequent events_102

Introduction to the report

This Sustainability Report contains the most relevant information and the main indicators regarding the performance of the organisation in the 2019 tax year, with a focus on our ethical and social commitment in its broadest sense (preservation of the environment, actions in support of the local community, aspects related to human resources, respect for human rights, the fight against bribery and corruption, etc.). The purpose of this document is to provide all our stakeholders with a transparent, reliable and updated picture of our work relating to environmental, social and governance aspects.

To ensure that the points being analysed are easy to understand and appropriately contextualised, the description of the actions carried out in 2019 is framed within the plans and programmes that the company has been developing in recent years, and also includes a forecast of its goals in the short and medium term. Also noteworthy is the implementation of a Sustainability and CSR Plan for 2020-2023, which will have a comprehensive impact on all areas of the business and the company's processes.

Due to their effect on our business strategy decisions, the results from the materiality analysis have been taken into account while drafting this report;

they are explicitly covered in chapter 1.10. The guidelines on the drafting of Non-Financial Reports issued by the European Commission (2017/C 215/01) derived from Directive 2014/95/UE, and the criteria established by the Global Reporting Initiative standards (GRI) have also been considered.

Accordingly, this report is in full compliance with Royal Decree-Law 18/2017 of 24 November 2017; Law 11/2018 of 28 December 2018 which modifies the Code of Commerce; the related provisions laid out in the revised text of the Law of Public Administration Contracts approved by the Spanish Royal Legislative Decree 1/2010 of 2 July; and Law 22/2015 of 20 July on the Auditing of Accounts with regard to non-financial information and diversity.

According to the aforementioned Law 11/2018 on non-financial information and diversity, this Non-Financial Report has been submitted for verification by an independent third-party supplier of verification services.

Welcome

At **Desigual**, we are driven by change, we are curious, non-conformist, creative and restless. This is the essence of our brand, which over the years has allowed us to continue evolving in response to the challenges posed by today's world. 2019 was a turning point for us, a year when we unveiled the results of a profound self-assessment process which led us to take such pivotal steps as relaunching our brand, redefining our product and resizing and optimising our distribution network to adapt it to current consumer habits and trends.

This commitment to change also means that the design, manufacturing and distribution of our garments must be ethical and socially conscious. Which is why, in this brand-new chapter of our story, sustainability and social corporate responsibility have become integral elements that define each of the steps we take. This is a commitment that we have been building over the past few years through projects and initiatives grouped under the **Love the World** philosophy, which we have decided to accelerate in this crucial moment for our brand.

Our Sustainability and CSR Plan, which runs in line with the Sustainable Development Goals established by the United Nations with a three-year timeframe, outlines **Desigual's** commitment to social and environmental issues and defines the main goals that we have set for ourselves from 2020 onwards. These include the commitment we have already embarked on to increase the quantity of sustainable fibres in our collections (we aim to reach 50% sustainable fibres by 2023), our efforts to reinforce the traceability and transparency of our supply chain, and our commitment to completely phasing out plastic from the packaging of our products and consumables (planned for 2023).

With this Sustainability Report, which outlines these commitments and the indicators of our Non-Financial Report, we wish to share with you the steps we have taken in 2019 and those that we intend to take moving forward. It is a summary of our current and future commitment and our desire to continue evolving on a daily basis, while staying true to our roots and our essence.

Alberto Ojinaga
Managing Director, Desigual



2019 in figures

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A turnover of **589** million euros. **22,8** million euros of investment (mainly in retail, logistics and IT). **4** logistics centres (Viladecans, Gavà, USA and Hong Kong). **6** product categories: **Woman, Man, Kids, Sport, Accessories, Shoes**. **10** distribution channels. **Monobrand:** seasonal retail, outlet retail, franchises and authorised dealers. **Digital:** desigual.com, e-tailers and flash sales. **Multibrand:** wholesale, department stores and travel retail. Over **19.5** million garments sold worldwide. Present in **92** countries. Approximately **500** monobrand stores. Close to **3,700** employees worldwide. Our **main markets** are Spain, France, Germany, Italy, Japan, USA and Mexico. **14.2%** of sales through digital platforms (desigual.com, e-tailers and flash sales). **11%** sustainable fibres present in our SS20 collection and **20%** in FW20.

Chapter 1

About us

1.1. Origins and history of the brand 1.2. Marca Desigual

- 1.2.1. Our purpose
- 1.2.2. 100% Desigual principles
- 1.2.3. A new era for Desigual

1.2 The Desigual brand

- 1.2.1. Our purpose
- 1.2.2. 100% Desigual principles
- 1.2.3. A new era for Desigual

1.3. Sustainability and CSR Strategy

- 1.3.1. 2020-2023 Sustainability and CSR Plan
- 1.3.2. Alignment with Sustainable Development Goals

1.4. Business model

- 1.4.1. Renewal and optimisation of the point of sale network
- 1.4.2. Development of digitalisation
- 1.4.3. Consolidation of a model of management by geographical areas

1.5. The people who make it possible

- 1.5.1. A corporate culture that encourages growth
- 1.5.2. Cultural and generational diversity
- 1.5.3. Remuneration policy
- 1.5.4. Equality and work-life balance policies
- 1.5.5. Safety
- 1.5.6. Training and ongoing development
- 1.5.7. Internal Communications

1.6. Governing bodies

1.7. Risk management control systems

1.8. Ethics and compliance

- 1.8.1. Ethical culture
- 1.8.2. Compliance for Crime Prevention
- 1.8.3. Reporting Channel

1.9. Relationships with stakeholders

- 1.9.1. Synergies with our surroundings

1.10. Materiality matrix



1.1.

Origin and history of the brand

In 1984, Thomas Meyer created Desigual in Barcelona with a very clear premise: "To dress people, not bodies". The first Desigual garment was our iconic jacket made from scraps of second-hand jeans; it marked the beginning of our arty, patchwork and ethnic style. The Desigual essence is characterised by the singularity and unique character of our creations, which are always different and designed to authentically dress anyone who wants to be 100% themselves and express their most creative side.



The Mediterranean is what we are and what we are inspired by. This lifestyle is reflected in our designs, our stores and our communication. We believe in the idea of feeling comfortable in your own skin, loving yourself, being aware of the here and now, and feeling alive.

Spanish graphic designer, photographer, illustrator and sculptor Peret sketched our first logo, "The Humans" (a man and woman holding hands... naked). And architect Tonet Sunyer designed the first **Desigual** store in Ibiza port in 1986. Those years brought together many people who were fascinated by a free, authentic, optimistic, unapologetic and Mediterranean universe which continues to inspire the world from Barcelona more than three decades later.

In 2006, we started to grow internationally. Our first destination was Singapore, and from there we expanded across the Asian market. Later on we landed in the United States with the opening of our New York store in 2009, and in 2010 we opened our first Latin American store in Colombia.

In just three decades, **Desigual** had become one of Spain's most valued fashion firms. In 2019, in keeping with our transformative essence and the constant evolution that has always been our driving force, we decided that the time had come to relaunch our brand, our principles and the story that had once changed the rules of the game. And we did it while believing in the power of creativity as a way of life.

In this new chapter of our history, we have recaptured our original purpose and returned to our brand principles so we can respond to today's new consumption habits and trends, be more aware of the needs of the people and the environment, and provide a better experience throughout the journey with the brand. The result is a refreshed identity that fits perfectly with why, how and what we do through a redefinition of our product and audiences and a new shopping experience. All this is materialised in an omnichannel model that allows us to engage with our consumers whenever and however they want, regardless of the channel they choose to make their purchase through.

With a 36-year history, Desigual is now one of the most valued and internationally recognised Spanish fashion brands. In 2019, we relaunched our brand in response to new consumption habits and trends and to start a new era of growth and expansion.

100%
Desigual since 1984.

Journey.

1983

Thomas Meyer, the brand's founder, created a new garment: a jacket made from scraps of jeans and brass buttons with leather appliqué on the cuffs. This jacket, now known as the Iconic Jacket, embodied many of the keys of our aesthetic universe, like patchwork and handcrafting, which are traits that still characterise our work today. The jacket became the first product by Desigual, which would come into being a year later.

1984

Our Iconic Jacket became a sales hit and we needed a brand we could be known by. From an idea suggested by Isabel Teixidó, we chose "Desigual" as the brand name, which was supported by a slogan that provided its very definition: "it's not the same". Since our beginnings, we have succeeded in setting ourselves apart, and the word Desigual still successfully conveys the nature of our garments.



1986

On 20 July, we opened our first retail store in Ibiza Port. It was designed by Tonet Sunyer and the bags we gave out featured our first logo, a couple (a man and a woman) graphically synthesised and designed by Peret.

1993-1995

Desigual grew stronger and saw a significant increase in sales in the Spanish market. We began exporting, specifically to France and Portugal, and discovered the challenge of crossing borders.

1998

We launched the Desigual 1.0 website and opened a store on Triangles, Barcelona's most central shopping gallery on Plaça Catalunya.

2003

We developed an innovative strategy: the Paint Party. We decorated our stores with the creativity of our friends, collaborators and customers, who, armed with paint, brushes and rollers, expressed themselves on the walls of what would soon become a functioning store.

2006

We travelled to Singapore to set up our first retail store outside of Spain.

2005

The Barcelona City Council abolished the law prohibiting nudity on the streets. This change in the law allowed us to launch a unique initiative on 17 February 2005: Naked. This initiative proposed a game: the first one hundred people to arrive naked at our store on Barcelona's Passeig de Gràcia would emerge dressed head to toe in free Desigual clothes.

2004

We launched our first full collection for Kids.

2007

Desigual's growth began to solidify; we arrived in London with a store on Regent Street.

2010-2011

We signed up French designer Mr Christian Lacroix, who designed a line of garments for us in his signature style. In 2011, we launched our Shoes category.

2012

We moved to Barceloneta; in June we officially opened our new headquarters in Barcelona.

2009

We set foot in America with the opening of a store in New York. At this time, our garments were being sold in 500 multibrand stores across the United States.

2014

We reinforced our growth strategy by including investment group Eurazeo as a shareholder. We opened our flagship Barcelona store on Plaça Catalunya and our 500th store in Rome.

2018

We relaunched our first garment, the Iconic Jacket, and redesigned it at our Barceloneta workshop. We developed special collections with artists who contributed a large dose of creativity, like Miranda Makaroff. Thomas Meyer repurchased Eurazeo's shares and we moved forward with our transformation plan.

2017

We brought in French artist Jean-Paul Goude as an Artistic Advisor. In collaboration with him, we presented our SS17 collection at New York Fashion Week, putting on a radically different fashion show based on an urban jungle theme. We consolidated our commitment to entering Mexico, a key strategic market for Desigual.

2016

We entered a new stage in our evolution towards a business model oriented at the consumer and laid the foundations for a new Desigual that would continue to engage with the public, while always staying true to our essence.

2015

Our logistics centre in Viladecans began operating and became the perfect tool for us to develop an omnichannel strategy that brought us even closer to our customers around the world. We launched our Exotic Jeans campaign, with allowed us to expand our own jeans line. We embarked on our transformation plan for a new Desigual.

2019

We began a new chapter in Desigual's history by launching a new image that included a new logo; we updated our product by designing more urban, versatile and sustainable garments and accessories; and we introduced a new shopping experience that we started rolling out to our main stores across Asia, America and Europe. We did all this by engaging with our key brand principles to ensure that we stayed more ourselves than ever while responding to new consumption habits and trends.

Desigual.

1.2. The Desigual brand

Singularity and a set of 100% Desigual values. Today, Desigual is one of the fashion industry's most recognisable brands all over the world. The redefinition of our product and audiences, alongside a reinterpretation of our principles and purpose, have given way to a new corporate identity. In June 2019 we launched our new brand image by literally reversing our logo.



1.2.1. Our purpose

At **Desigual**, we want to build a world where everyone gets to be themselves. Our purpose is to create products and experiences that spark people's creativity and invite them to be themselves and celebrate their authenticity anywhere, anytime. We are confident that we can be the designers of our own lives and that, to grow, we must free ourselves from all limitations and dare to step out of our comfort zones.



We believe that the act of dressing is, in itself, a declaration of intent and the perfect way to tell your own story, which is why our collections encourage everybody to celebrate difference through colourful, optimistic, unique and original garments. This is the spirit that has defined us from the very beginning and made us a different, unique and singular brand... in short, it's what makes **Desigual** so atypical.

1.2.2.

100% Desigual principles

Non-conformism, attention to detail, vitality and change; corporate values that are part of our DNA and define our way of doing things, of living and of understanding **Desigual**. Alongside our brand principles (the declaration of intent through which we express our worldview), they define **Desigual's** spirit and raison d'être.

We are at the service of the artist

We don't talk about "consumers", we talk about "artists": people who use creativity to express who they are and to become a source of positive inspiration for those around them. To us, everyone, without exception, is an artist.

We are 100% Desigual

Desigual, everyone gets to be the best version of themselves, and we understand that we evolve and are not the same in every stage of our lives. We don't believe in hierarchies or strict rules. You should decide how you want to grow and in what direction, and this is why we encourage autonomy, responsibility and creativity. We go about our daily lives with passion and intensity. We like to celebrate our achievements as a team and spread positive energy.

We are always curious

Innovation is part of our DNA, which for us makes change and constant improvement a permanent state of mind. We work, discover, experiment, make mistakes and learn from them. Curiosity motivates us to keep growing and rediscovering ourselves.

We trust in our teams

We know that accepting who we are is only possible when trust and respect go both ways. Bound by a common dream, every day we work to build a culture that will empower our teams so they can develop their skills and learn from their mistakes without fear.

And all the while, we respect the environment

We seek harmony between ourselves and our surroundings. We believe this is vital, so we work every day to reduce our environmental impact by trying to give back to the planet what it has given us.



1.2.3.

A new era for Desigual

Launching the new Brand in June 2019 was a pivotal point in the history of **Desigual**. A turning point that started becoming tangible in the second half of 2019 (with the opening of new flagship stores and restylings) and will continue to progress across our international distribution network in 2020, before ultimately being completed in 2021.

The redefinition of our product was aligned with the goal of reconnecting with our consumers and reaching out to a younger audience by providing greater personalisation and a distinctive experience. This also included the establishment of an optimal distribution network that is adapted to new consumption habits through the key strategic pillars of incorporating digitalisation, transforming traditional channels and expanding in key geographies.

"The new brand identity, with a logo that flips "Desigual" backwards, aims to reconnect with our original principles and spirit while celebrating Desigual's inherent authenticity, rebelliousness, disruption and freshness."

*Guillem Gallego,
Chief Marketing Officer.*

A new logo

Our logo, written in reverse, resurrects **Desigual's** original spirit and principles in celebration of boldness and creativity. It was presented in a display of light, music and colour in front of the brand's Barcelona headquarters on the shore of the Mediterranean. And with that we became the first brand to turn its logo backwards, literally and permanently.

A renewed product

We have redirected towards more urban, versatile and combinable garments and accessories. Our collections now feature new designs, shapes and cuts, and we are using sustainable materials and new fibres to offer high-quality products. For the first time, the collections we launched in 2019 included the following changes:



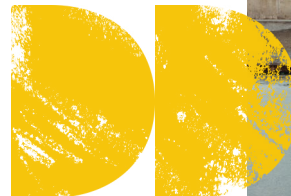
El Love

Our SS20 collection was presented in Barcelona to coincide with the launch of our new logo and brand identity. It represents an exploration of our main stylistic pillars (arty, patchwork and boho) while presenting an urban, versatile and fresh version of our essence.



La Difference

Our FW20 collection delivers timeless garments and breaks the barriers that have traditionally divided seasons in the fashion industry.





Presentation event for the new brand image and the SS20 collection, El Love. Barcelona.



Presentation event for the new brand image and the SS20 collection, El Love. Barcelona.



Presentation event for the new brand image and the SS20 collection, El Love. Barcelona.



Presentation event for the new brand image and the SS20 collection, El Love. Barcelona.



A new shopping experience

Our new brand identity is also deployed through a new shopping experience on our online channels and in our physical stores; one that is now more personalised and offers a better overall experience throughout the journey with the brand.

The layout of our stores is now characterised by expansive spaces that lend more prominence to the garments and accessories, screens that showcase 100% **Desigual** outfits, and areas where shoppers can personalise their garments and take part in workshops run by artists.

This rollout began with the restyling of one of our most iconic flagships on Portal de l'Àngel in Barcelona, and continued with the reopening of our most iconic stores in Asia, Latin America and Europe, as well as the openings of new establishments across the various geographies in which we operate.



Our iconic store in the Tokyo neighbourhood of Harajuku is one of the stores that best embodies our new Brand identity and our proposal for a shopping experience that elevates creativity to a higher level.



New spaces and formats

We are always on the lookout for new spaces and formats that will allow us to channel the artistic universe that surrounds **Desigual** and bring our history and purpose to a wider audience. So we travelled to Art Basel Miami Beach 2019, an internationally renowned art and culture event, and promoted collaborations in spaces like Sónar Barcelona 2019, where we were the official streetwear sponsor.



New partners and collaborators

We collaborate with designers, musicians, artists, brands, partners and icons of the fashion world that let us get closer to our audience and bring our purpose to life by building the universe and telling the world about it. Miranda Makaroff, María Escoté, Jordi Mollà, Okuda San Miguel, Najwa Nimri and Aleesha, as well as brands like Ecoalf and Victoria are among those who have joined us on this new adventure. New collaborators and initiatives are still to come, which we will announce over the next few months.

These collaborations led to the creation of **Desigual inBeta**, a collaboration platform made up of various artists, other brands and ourselves that is designed to allow us to step out of our comfort zones and reinvent ourselves through unfiltered and fearless perspectives without creative constraints.

Desigual x Iconic Jacket.

Desigual made its debut in the market with an iconic garment: our signature jacket made from scraps of jeans, with brass buttons and leather details on the cuffs. Today, this jacket is considered to be one of the fashion sector's first upcycled products and has been reinterpreted by artists like Okuda San Miguel and Jordi Mollà.



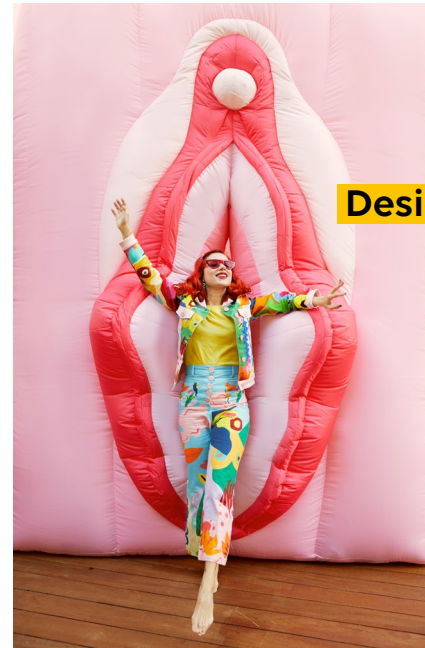
Desigual x Ecoalf.

A limited and 100% sustainable edition made from recycled raw materials that combines Desigual's characteristic trademarks with the sustainable production promoted by Ecoalf. Through this collection, made up of garments and accessories (coats, backpacks and sneakers), we support minimising the consumption of natural resources. This capsule also features the new Desigual brand image.



Desigual x Miranda Makaroff.

Other successful collaborations that exemplify the brand's transformation and the way we reach out to new audiences are the SS19 and SS20 launches of the capsules designed by Desigual and Makaroff. By joining forces and combining inspirations for creating exclusive garments, this designer spearheaded a new series of collaborations between Desigual and international artists which aim to create new prints.





Desigual at Art Basel Miami Beach 2019.



1.3.

Sustainability and CSR Strategy

At Desigual, we create in a way that is respectful of both people and the planet. We are aware that every action has a direct impact on our surroundings, which is why we want to grow in a sustainable manner and ensure that our footprint as a brand is a positive one.

1.3.1.

2020-2023 Sustainability and CSR Plan

In the new **Desigual** era which began in 2019, sustainability and corporate social responsibility have become integral elements that influence every single step we take. They make up a way of thinking, acting and interacting with the world where each project and decision helps to promote a fashion manufacturing model that is more respectful of people and the planet.

Love the World is the philosophy that encompasses the actions performed by **Desigual** in line with our social and environmental commitment. A commitment that we have been materialising for years through various projects and initiatives and

are now accelerating with our 2020-2023 Sustainability and CSR Plan. This plan outlines various actions through 6 work areas: product, suppliers, the environment, human resources, customers and community.

Love the World is, in short, a declaration of intent (supported by tangible actions) that allows us to set challenges and goals for the future in terms of our social and environmental performance.



Product

For us, each garment poses a challenge which we can use to add value to the item itself. This also means paying attention to the conditions under which it is designed, manufactured and distributed to minimise the impact on the environment. This is why we have incorporated sustainable criteria in the entire life cycle of our products (from choosing the raw materials to manufacturing processes and logistics), increased the percentage of sustainable fibres with each collection we have launched, and continued to perfect the product with regard to quality.

In 2019, some of our product capsules were 100% sustainable, like the one we created with Ecoalf, or they included multiple items made from 100% organic fibres, like the one designed by Miranda Makaroff. Our SS20 collection incorporates 11% sustainable fibres, a figure that will reach 20% in the FW20 collection and continue to increase over the coming years. For this purpose, all our product teams will be trained on circular design in 2020.



Suppliers

Knowing where and how our garments are manufactured is a priority for **Desigual**, so we are implementing practices that will allow us to improve the transparency and traceability of our supply chain. We have also established processes to homologate our suppliers and factories, along with corrective action plans and on-site training sessions and programmes to guarantee the ongoing improvement of performance at the factories.



Customers

We are evolving in response to the social and environmental concerns of our customers by promoting responsible practices on a company-wide basis and involving customers in our commitment.



Community

We are committed to building a close and respectful relationships with the communities where we operate, with the aim of creating shared value and achieving common goals in a way that is beneficial for all. For this reason, we will be extending our commitment to social actions by developing strategic lines focused mainly on women, young people, children and local communities, including actions related to employability and education.



Environment

With the aim of reducing the environmental impact of our operations, both during the manufacturing process and throughout the logistics chain and the life cycle of the product itself, our Sustainability and CSR Plan sets out three main points:

- 1. Climate commitment**, driven by the reduction of our carbon footprint and an energy efficiency strategy.
- 2. Sustainable packaging and consumables** through our short- and medium-term Zero Plastic commitment which will completely phase out plastic from our packaging.
- 3. Reducing our waste** and improving the way it is managed.



Employees

Our way of understanding human relations focuses on placing individuals at the centre of every decision. Just as we guarantee a diverse, cooperative and discrimination-free working environment based on principles like respect and equality, we are also committed to promoting all tools necessary for professional development and the achievement of our business goals with sustainability as a central factor. We enable our employees to participate actively in our initiatives and projects while performing their everyday tasks in ways that are respectful to the environment.

"If you define a global sustainability strategy and establish a set of goals for each team within the company, all efforts push in the same direction and sustainability ultimately becomes part of our everyday actions."

*Clara Delmuns,
Product Director.*



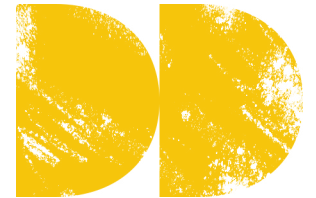
1.3.2.

Alignment with Sustainable Development Goals

Since their approval by the United Nations (UN) in September 2015, the Sustainable Development Goals (SDG) have become an established global standard for assessing the commitment of public organisations and private companies to the protection of people, the planet and prosperity.

This is why **Desigual** has integrated and assessed SDG in its growth strategy and its 2020-2023 Sustainability and CSR Plan, in complete awareness of the importance of advancing towards a more sustainable and responsible manufacturing model and acting in alignment with the benchmark standards for sustainability.

Our Sustainability and CSR Plan expresses our desire to continue improving compliance with all the SDGs and identifies those goals which currently have a more direct link with the actions carried out by the company:





We promote a healthy lifestyle among our employees and the local community while guaranteeing that our garments are free from harmful substances.

Employees: we run the We Love Health programme, which includes a sports club managed by the staff themselves, a gym in our Viladecans logistics centre, and physiotherapy and physical exercise monitoring services. We also offer a medical advice service and our canteen provides healthy meals and options for special dietary needs.

Local community: we donated an outdoor gym to Barceloneta Beach (Barcelona) and renewed our sponsorship agreement with Barcelona's Reial Club Marítim.

Product: We apply our quality control systems at all the manufacturing centres to ensure that our items are free from harmful substances and meet the requirements set out in our quality policy.



We develop ongoing training programmes for our employees to promote the personal and professional growth of all our teams. We also contribute to training and creating employment for collectives that are at risk of social exclusion from our local community.

Internal training: 3,669 employees received 15,210 hours of training in 2019.

Social action: with Fundació Èxit we developed a training programme for young people at risk of employment exclusion, and we also collaborated with the Barceloneta Residents Association on actions to provide employability guidance.



In compliance with our Code of ethics, we promote initiatives and tools aimed at preventing all forms of discrimination or inequality, both in our own workplaces and throughout our supply chain.

Our own workplaces: we launched our Non-Sexist Communication Guidelines (for internal use) and created the (Des)iguales Team work group.

Supply chain: our Code of conduct for suppliers obligates our suppliers and their sub-contractors to not tolerate any kind of discrimination in the workplace and to actively combat it. Compliance with this issue is analysed periodically through audits.



At our workplaces and throughout our supply chain, we apply efficiency measures for water consumption and the treatment or wastewater prior to discharge.

Saving water: we regularly assess the efficiency measures we apply in our workplaces (dry toilets, water treatment and recirculation of grey water) according to the criteria established by our environmental management system.

Wastewater: we make sure that any wastewater generated by our manufacturing processes is treated before being discharged into the environment, in compliance with the applicable local regulations and our own internal standards.



We contribute to the reduction of emissions related to energy consumption by purchasing power from renewable sources in some of the main countries in which we operate. We also participate in initiatives for the use of sustainable energy sources and optimise the way in which our workplaces and points of sale are powered.

Energy from renewable sources: we use energy from renewable sources in Spain (headquarters, logistics centres and points of sale), France, Portugal, Switzerland, Singapore, Belgium, Canada and Sweden.

Certifications: our logistics centre in Viladecans has been awarded the LEED certification system's GOLD level; two of our most important flagship stores in Barcelona (Plaza Cataluña and Nova Bocana) have received the highest level LEED certification (PLATINUM), and several of our stores in France have been awarded the BREAAAM certification.



We offer the best working conditions at our workplaces and points of sale, both in terms of remuneration and the quality of the working environment, and we also guarantee the principle of a fair salary for the employees of our suppliers and sub-contractors in accordance with the principles set out in our Code of conduct for suppliers.

Remuneration policy: we use a system based on criteria and guidelines that determine optimal remuneration for each role based on a balance between efficiency, internal equity and market competitiveness.

Supply chain: our Code of conduct for Suppliers applies the principles of fair salary and adequate remuneration to guarantee a decent life for employees and their families. Compliance with this issue is analysed periodically through audits.



We guarantee a diverse and cooperative working environment based on respect and equality that is free from discrimination of any kind. This principle is also applied to our relationships with our clients and consumers.

Diverse environment: as a company, we are made up of close to 3,700 employees with 100 different nationalities, we are based in more than 15 countries and we speak more than 30 languages.



We contribute to reducing waste generation through the recycling and repurposing of materials used at our logistics centres and the development of awareness campaigns aimed at our employees.

Logistics centres: we focus on reusing the cardboard boxes we receive and ship every year. In 2019, we reused more than 33% of the boxes received from our suppliers. The boxes we purchase contain almost 85% recycled materials.

Employees: in 2019 we phased out single-use cups at our workplaces and carried out an internal awareness campaign to promote the correct separation of waste and prevent its unnecessary generation.



We develop specific measures to reduce emissions and, consequently, the carbon footprint of our operations. We promote actions and awareness campaigns among our employees and customers.

Carbon footprint reduction: we work to be more efficient and sustainable in our consumption of resources and operations through measures like integrating more sustainable materials into our collections, packaging and consumables; improving our waste management; and developing projects to reduce our importation via air transit.

Actions and campaigns: we carry out awareness and educational campaigns with our employees to ensure that a culture of sustainability and efficient consumption of resources permeates the entire organisation.



We are contributing to the reduction of pollution in seas and oceans by progressively phasing out plastic from all our processes and packaging.

Packaging: the bags we give our customers are made from paper that is certified according to the FSC and PEFC standards. Moreover, the percentage of plastic that we use in our packaging is very limited and we are working to phase it out completely.



We are working to ensure the conservation and sustainable use of life on land by gradually introducing sustainable raw materials in our garments and using paper from sustainably managed forests.

Product: we are gradually introducing sustainable fibres into our collections.

Consumables: we use sustainably sourced paper (FSC, PEFC and recycled) for our consumables.



We work to fight all kinds of corruption, bribery and other unethical practices through the development and dissemination of our Compliance Programme among all our employees and the application of its principles to the entire supply chain (suppliers and sub-contractors).



We are active members of both global and local organisations that work to develop innovation and technological advancement, reduce the environmental impact of the fashion industry and contribute to a supply chain that is more sustainable in every sense.

Refer to the list and definition of the roles of the associations with which we collaborate in the section on our stakeholder and product relationships.



1.4. Business model

In 2019, Desigual created more than 19.5 million garments with a commercial presence in 92 markets across all five continents. The main countries in which we operate are Spain, France, Germany, Italy, Japan, USA and Mexico. Our ability to engage with audiences from countries with such diverse cultures and habits relies on a local vs. global balance, with regard to adjusting to needs and demands, and on an omnichannel model that we deploy through 10 distribution channels.

Our decision to work through an omnichannel model is a response to our commitment to always staying close to our consumers, whenever and wherever they need us and regardless of the channel they choose. Hand in hand with the profound transformation that the retail sector is undergoing around the world, this model is constantly evolving and seeking the most innovative and effective solutions with which to respond to new consumption habits and trends while providing the best shopping experience through every channel.

This ability to adapt requires in-depth knowledge of the trends of the market and the opportunities offered by each channel, as well as an infrastructure and logistics network that is able to optimise the process. In this regard, in 2019 we have consolidated the strategy developed over recent years, thereby evolving the concept of omnichannel based on the following points of action:

- **Renewal and optimisation of the point of sale network**, with a presence in strategic locations and the incorporation of innovative solutions to guarantee a unique shopping experience.
- **Development of digitalisation**, a process that is reaching every stage of the product's life cycle, from design and manufacturing to distribution, as well as the experience delivered on our online sales channels and in our physical stores.
- **Consolidation of a model of management by geographical areas**, with the aim of responding to the needs of each of our key markets in a quicker and more local manner.

The development of our own omnichannel model, with decentralised geographical management, allows us to further integrate the physical and virtual sides of our business in order to serve our customers more quickly, wherever in the world they may be.

Monobrand
Retail Season, Retail Outlet, Franchises, Desigual Authorized Dealers.

Multibrand
Department Stores, Wholesale (include Shoes y Sports), Travel Retail.

Digital
Desigual.com, e-tailers, flash sales.

Distribution channels



1.4.1.

Renewal and optimisation of the point of sale network



The launch and implementation of the new corporate image across our distribution network –including digital supports and physical stores – has further propelled a renovation process that was already included in the transformation plan that the company embarked upon in 2015. The optimisation of our network of stores in response to the changing shopping habits of consumers and new synergies with other digital channels have been joined by a new shopping experience that reflects the brand's purpose and principles.

For this reason, in the second half of 2019, several stores in international markets have gradually been adopting the new corporate identity through restylings or new openings.

In this sense, the opening in late June of the new flagship in Barcelona's Portal de l'Àngel is noteworthy, since aside from integrating the new corporate image, it works according to a "disruptive customer journey" concept that allows us to offer a distinctive experience around the product, which is closer to that of a showroom than a conventional store.

The new store stands out thanks to a refreshed look and feel that fits the new image, large open spaces, and the increased prominence of garments and accessories –showcasing 100% **Desigual** outfits – with much higher quality displays. Moreover, it contains a space where customers are given the opportunity to customise their clothes and take part in workshops led by artists.

Later on, the implementation of the brand image and the development of a new shopping experience would reach our new stores that had been opened in Terminal 1 of Barcelona Airport and other strategic markets like Japan, Mexico, Guatemala, Colombia and Peru. In Japan, most notable are the restyling of the Tokyo-Harajuku store, which occupies four storeys with space for art exhibitions and garment customisation workshops, and the opening of a new store in Nagoya, the nation's fourth most important city. In the Latin American market, the openings in Mexico (Town Square Metepec, Veracruz Andamar and Monterrey) stand out, along with those in Guatemala (Miraflores), Peru (Lima) and Colombia (Medellín).



The Desigual store at Barcelona Airport (T1).

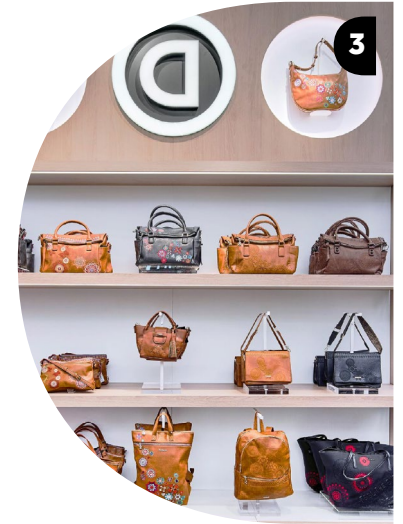
Our stores, the place to experience Desigual.

A new proposal that invites consumers to enjoy a distinct experience that centres on the product, with large spaces and more prominence given to garments and accessories.



Various new features that invite you to enjoy a new shopping experience.

1. Open-plan spaces.
2. Total looks 100% by **Desigual**.
3. More prominence given to accessories XXL fitting rooms.
4. Probadores XXL.
5. A space devoted to customising garments and workshops led by artists.
6. Omnichannelling, in figures.

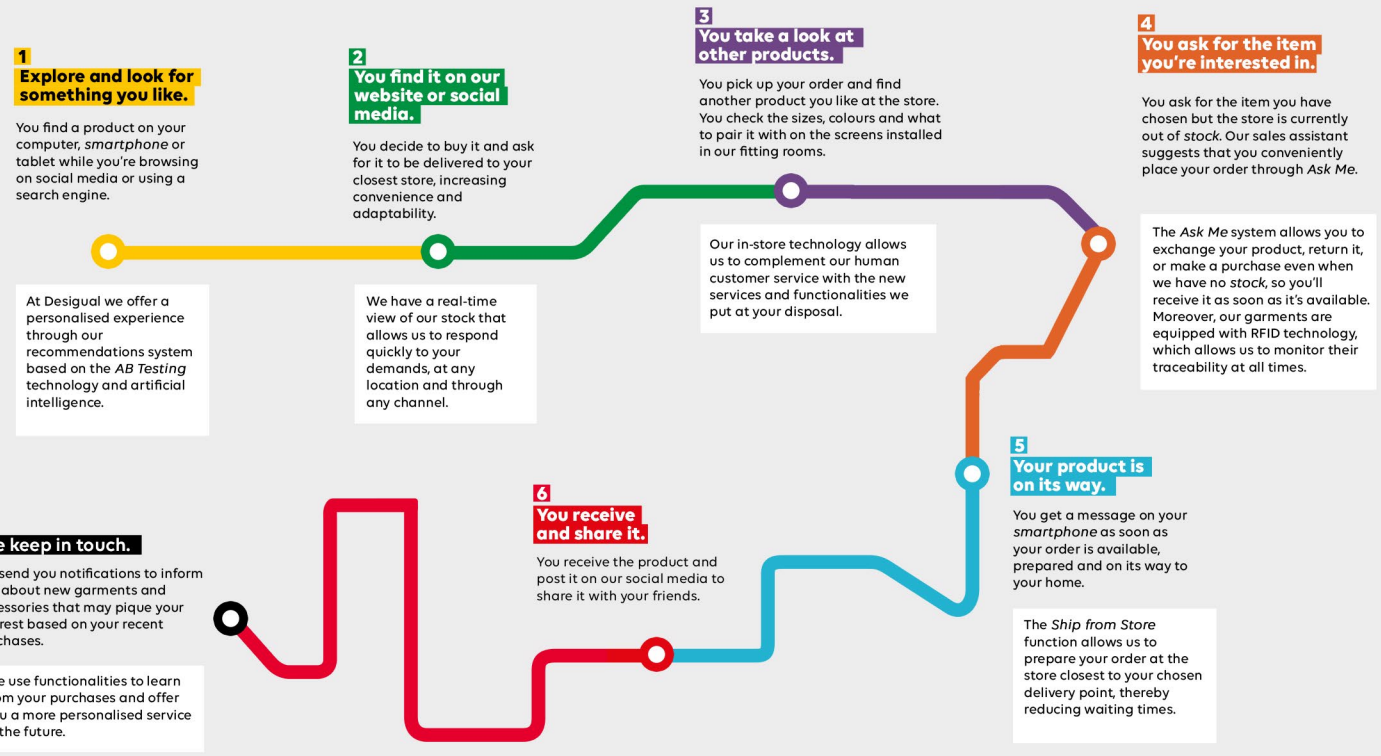


As part of the development of synergies between the physical channel and the digital environment, our points of sale also offer new services and functions. This way, the stores can serve as a collection and return point for purchases made online. In some stores we also provide the Ship from Store option, which allows the order to be prepared at the store closest to the customer's chosen delivery point thereby minimising waiting times. We also have our Ask Me system, which allows a purchase to be made at a store even when no stock is available or the reference belongs to a category that the point of sale does not carry. Customers can then get it delivered to their address or pick it up from the store.

"The main developments we are implementing focus on the shopping experience, both through systems for speeding up internal operations and stock management and through analysing how certain technologies like artificial intelligence, biometrics, 3D, virtual reality and big data can be applied to customer service, for example, to serve as virtual personal shoppers or size advisors."

Daniel Muñoz,
Operations Director.

At Desigual, we deliver a distinct, personalised and 100% immersive shopping experience that can be accessed through all our channels and follows multiple paths...



Featuring a new brand image

- 14.1% of our sales are made through online channels.
- 70% are made through mobile devices.
- We have increased our conversion rate through smartphones by 23%.

Which resources are supporting this experience?

- Artificial intelligence
- 3D biometrics
- Virtual reality
- Big data
- Personal shopper functionalities

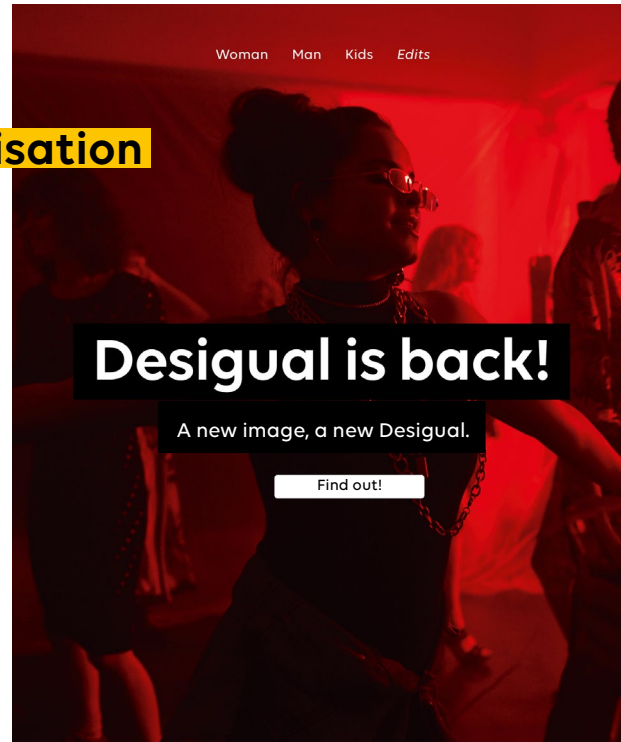
1.4.2.

Development of digitalisation

Strengthening our digitalisation through the development of online channels as shopping platforms where we can deliver our brand experience is one of the key pillars of our growth strategy. These channels also serve as spaces that allow us to acquire more knowledge of consumption habits, technological integration and any changes in the preferences of consumers, in keeping with our original aim of offering personalised experiences and a range of product that has been tailored to the channel and the customer. With this in mind, over the past three years (2015-2018) we have invested more than 60 million euros in logistics, IT and distribution network processes. In 2019, this investment was increased by 22.8 million euros.

Item traceability

Digitalisation is permeating every stage of our product life cycle, from design and manufacturing to distribution, where it is streamlining processes and making the experience more valuable for our customers. In 2019, we began implementing new projects that will continue to be rolled out throughout 2020, such as RFID technology, which allows us to trace our stock from its origin and obtain a real-time overview of the stock available across all our platforms, which further streamlines our processes and in turn has a direct impact on customer satisfaction.



Invisible technology at the store

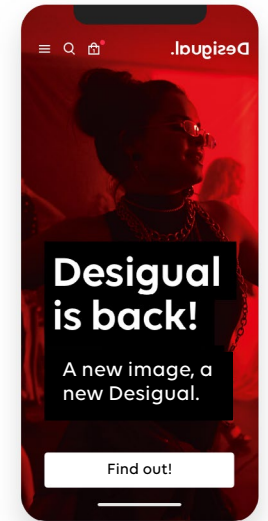
To us, technology acts as a facilitating tool throughout the entire process of interaction with a customer. It enables us to respond to their specific needs and demands and provide them with added value as a brand which, in conjunction with our in-person interactions and customer service, allows us to deliver a complete shopping experience. To this end, we have a plan for technological development that is primarily focused on addressing three aspects: strengthening the **omnichannel experience** by promoting the coexistence of all channels

and their synergies with one another; working with a **global stock** that allows us to respond to customer demands in a quicker and more efficient way; and implementing the **Ask Me service**, which allows us to carry out multiple transactions, from exchanges or returns to making a sale in the event that there is no stock available at the store or the item belongs to a category that the point of sale does not carry.

Commitment to online sales channels

In late 2019, we launched our new online store at desigual.com, which focuses on personalisation, scalability and location. Available in 21 markets and 9 languages, it integrates AB Testing systems (ongoing testing to facilitate learning) and recommendation systems based on artificial intelligence. Moreover, desigual.com allows us to acquire the product more quickly by locating the customer's items, not just at the warehouse but also at nearby stores, and enabling them to make payments using their country's specific payment methods. Other relevant new features include showcasing the product in a more realistic and relatable way, as well as the integration of brand experiences, like streaming events.

In 2019, 14.2% of our sales came from online channels (desigual.com, e-tailers and flash sales) and traffic through mobile devices now represents 71% of the total visits to the website. Our five-year goal is to have 60% of sales come through the digital channel or geographies outside of Western Europe.



The new desigual.com store reflects the essence of the brand and showcases the new content we are offering to our consumers. It's our number-one store as well as an international shop front that's open 24/7 where customers can experience and find any of our products. Half of our online sales and almost three quarters of our website traffic come through mobile devices.

1.4.3.

Consolidation of a model of management by geographical areas



To adequately address the distinctive features of fashion consumption in each of our key markets, we have opted for a strategy based on geographical location, which began to be implemented in 2018 and has been consolidated in 2019. This strategy defines local actions that are aligned with the profile of the consumer and their shopping habits in each market, which largely depend on local cultural and sociological factors. It also allows us to better adapt to the trends and consumption habits of each generation. Paying close attention to local markets also makes it easier to identify any new consumption trends and good practices, which can be applied synergistically to other markets to contribute to the growth of the business.

This model of management by geographical areas requires a strong logistical structure that meets the three-pronged objective of quickness, adaptability and efficiency. Our network is centralised in the two **Desigual** logistics platforms located in the province of Barcelona (Gavà and Viladecans), and supported in the rest of the geographies by logistics centres in the United States (New Jersey) and Hong Kong. In 2020, we will add a new logistics centre in Japan, in line with our desire to continue focusing on quickness and efficiency in our Asian markets.

The Viladecans logistics centre, opened in 2015, is the company's largest logistical nerve centre. It features an advanced technological system and a high level of automation, which allow us to work with a single global stock and thereby streamline all processes. This centre has received the LEED (Leadership in Energy and Environment Design) Gold Certification, in accordance with the sustainable building criteria established by the certification awarded by the US Green Building Council. In turn, Gavà is focused on the multibrand business and reverse logistics.



Desigual in the world

Barcelona (Headquarters).
4 logistics centres:
two in Barcelona, in Viladecans and Gavà;
one in New Jersey and
one in Hong Kong.
Around 500 monobrand
stores. Operating in 92
countries. Our main
flagships: Barcelona
(Portal de l'Àngel); Madrid
(Preciados); Milan (Via
Dante); Paris (Opera);
Tokyo (Harajuku); New
York (Herald Square).



1.5.

The people who make it possible

Desigual's team is made up of close to 3,700 employees with 100 different nationalities who are spread across 15 countries and speak more than 30 languages. They all share a common corporate culture based on the principles that define the Desigual DNA: authenticity, non-conformism, diversity, equality and the freedom to be yourself.



1.5.1. A corporate culture that encourages growth

Talent management is fundamental to the successful development of the new strategic growth phase that **Desigual** is currently in. Defining new objectives requires adapting certain work processes and the full involvement of all teams, as well as a commitment from the company to making every resource available to them to facilitate reaching these new goals. This is why we have worked on evolving our human resources management model – led by the **Desigual** People Department – to build a strong system capable of supporting the strategic growth of **Desigual**.

Since 2019, the “*People First*” concept, which placed individuals at the core of every decision made by the organisation and focused on implementing policies that increased the happiness of employees and their commitment to the company, has been transitioning into a new follow-up strategy. Under the motto “*People First, Fun & Profit*”, this strategy aims to make **Desigual** a place where people can grow both personally and professionally. It focuses on:

- **Efficiency:** developing a more efficient model for the company to contribute to its transformation.
- **Talent:** identifying, developing and retaining the talent that will ensure the success and future of **Desigual**.
- **Culture:** building a strong organisational culture capable of withstanding the strategic growth of **Desigual**.

This way, the company is taking steps towards making a cultural change that focuses on the development of skills oriented towards cooperation, co-responsibility and commitment. The actions required for its implementation were planned in 2019, they will be implemented over the course of 2020 and primarily aimed at strengthening the concepts of leadership, engagement, customer centricity and *People First*.

“The new strategic goals of the company and the promotion of our values is what defines the evolution of our talent management policy and corporate culture, which are oriented towards encouraging the personal and professional growth of our teams according to the principles of cooperation, co-responsibility and commitment”.

Carlos Cendrós,
Chief People Officer.



100% Desigual corporate values

As a company, our purpose is to “design products and experiences that spark creativity” because we want to live in “a world where everyone gets to be themselves”. This translates into our corporate values (diligence, vitality, non-conformism and change) and actions.

- We understand **diligence** as looking after our people, paying close attention to detail and living by the “made with love” motto.
- **Vitality** is doing things well, investing passion in everything we do and celebrating our successes. “Fun & Profit” is synonymous with a good work atmosphere and enjoying what we do.
- **Non-conformism** is the value that best describes our DNA. We question everything, we push things further, we turn things around and we encourage creative freedom.
- We experiment, test, constantly learn and accept mistakes as part of the working process. **Change** is what drives us, and we put this into practice through our “Test & Learn” approach.

1.5.2.

Cultural and generational diversity

Desigual's work philosophy and corporate values require a diverse and cooperative environment where every professional can carry out their duties with freedom and creativity. Being respectful of different sensibilities – whether they are linked to nationality, age or gender – is a unique value that facilitates the exchange of ideas and the advancement of the company.

The profile of our employees responds to this principle of diversity. At the end of 2019, Desigual's staff was made up of 81% women and 19% men, with almost no variation compared to 2018 (80% women and 20% men). These figures firmly establish Desigual an example of the integration of women in the workplace.

With regard to age, the structure is balanced, combining the flexibility and adaptability of the younger professionals (millennials and generation Z) with the expertise and knowledge of the more veteran professionals (baby boomers and generation X). In 2019, the natural ageing of our workforce has led to a slight increase in the number that fall within the 30-50 age group, which represents 57% of the overall staff, compared to 54% in 2018. In turn, the percentage of employees below 30 sits at 38% (compared to 42% in 2018), and the group of employees over 50 has increased to 5% (compared to 4% the previous year).

Desigual closed 2019 with a workforce made up of 3,654 professionals, representing an 8% decrease when compared to the figures from the end of the previous year. This reduction is due to the company's restructuring towards a leaner and more horizontal structure, with a smaller and more profitable pool of stores.

Table 3

Percentage of employees by professional category and age group

	< 30 years old		30 to 50 years old		> 50 years old	
Directors	-	0,0%	12	0,6%	5	2,9%
Managers	1	0,1%	81	3,9%	5	2,9%
Staff	74	5,3%	545	26,1%	36	21,1%
Stores	1.305	93,8%	1.377	65,8%	119	69,6%
Logistics	11	0,8%	77	3,7%	6	3,5%
Total	1.391	100%	2.964	100%	690	100%

Table 1

Total number and distribution of employees by sex, age and professional category

Group	Female	Male	Total
Directors	5	12	17
30 to 50 years old	5	7	12
> 50 years old	-	5	5
Managers	46	41	87
< 30 years old	-	1	1
30 to 50 years old	42	39	81
> 50 years old	4	1	5
Staff	447	208	655
< 30 years old	50	24	74
30 to 50 years old	378	167	545
> 50 years old	19	17	36
Stores	2.419	382	2.801
< 30 years old	1.100	205	1.305
30 to 50 years old	1.204	173	1.377
> 50 years old	115	4	119
Logistics	47	47	94
< 30 years old	5	6	11
30 to 50 years old	39	38	77
> 50 years old	3	3	6
Total	2.964	690	3.654

Table 2

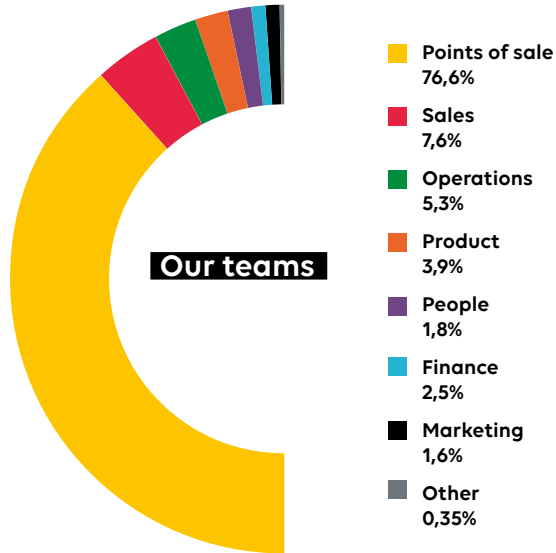
Percentage of employees by professional category and sex

	Female		Male	
Directors	5	0,2%	12	1,7%
Managers	46	1,6%	41	5,9%
Staff	447	15,1%	208	30,1%
Stores	2.419	81,6%	382	55,4%
Logistics	47	1,6%	47	6,8%
Total	2.964	100%	690	100%

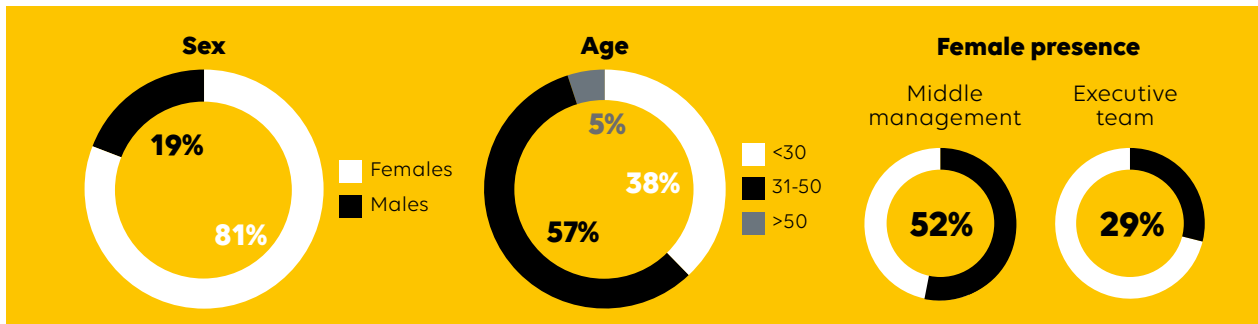
The people who make it possible

3654.100.
30.33,5.
15210.

3.654 employees. **100** nationalities.
Communicating in more than **30**
languages. Average age of **33,5**.
15.210 hours of training.



Shared values
Care. Vitality.
Non-conformism.
Change.



1.5.3.

Remuneration policy

Our remuneration policy is based on a set of criteria and guidelines that determines the optimal compensation for each role by seeking a balance between efficiency, internal equity and market competitiveness. This remuneration policy is based on the Total Compensation Package, which is objective and competitive and allows segmentations to be established according to various criteria (merits, talent and criticalness of the roles) to ensure adequate internal equity and consistency with the goals of the company. In this regard, the remuneration policy also integrates a variable compensation system adjusted to each collective, which aims to encourage the achievement of objectives.

The average remuneration for 2019 shows an overall increase in all categories when compared to the figures from 2018. The collective that registered the largest increase in average salary was that of the store staff, with an average growth of 8% for the female collective and 12% for the male collective.

With regard to average remuneration by age, the collective that registered the most significant increase was the youngest (below 30), with an average salary increase of 11%. This behaviour responds to the recruitment policies of hiring recent graduates and the company's overall compensation policy. It is also a consequence of the salary increase seen for the stores collective, as the average age of the staff is lower than that of other collectives within **Desigual**.

In accordance with the company's policy on equality and respect for diversity, remuneration policies and salary updating processes are based solely on the achievements, degree of responsibility and talent of each employee, in order to avoid any discrimination due to sex, culture, religion, sexual orientation, age, etc. The pay gap at **Desigual** in 2019 was 1.17% in favour of the female collective, a figure that is closer to 0% when compared to the 2.5% pay gap in favour of women that was recorded in 2018.

Table 4
Pay gap

	Pay gap
TOTAL	1,17%

Table 5
Average remuneration by sex and professional category

Category	Average pay for females	Average pay for males
Directors and managers	75.877	99.246
Staff	36.335	40.985
Stores	20.916	22.167
Logistics	18.061	20.284

Table 6
Average remuneration by age

Age range	Average pay
	2019
< 30 years old	20.120
30 to 50 years old	29.268
> 50 years old	32.434

1.5.4.

Equality and work-life balance policies



The **Desigual** Code of ethics specifically outlines the company's commitment to equal opportunities and non-discrimination, among other essential aspects which guarantee that all employees act in a responsible manner with regard to our stakeholders. Alongside compliance with the framework for action, which has a worldwide scope, we promote initiatives and tools aimed at avoiding all kinds of discrimination or situations of inequality, which is a commitment that applies to all our fields of action.

A good example of this is the launch of the Non-Sexist Communication Guideline, which is intended for internal use and reminds us that diversity, respect and tolerance are part of the foundational values of the company. This guideline offers practical advice for drafting documents and announcements using inclusive language. Pursuing the original goal of preventing any situations of inequality or discrimination within the company, in 2019 we also created the (Des)Iguales Team work group, who meet periodically to discuss, propose and contribute in a free, diverse, inclusive, egalitarian and, above all, non-sexist manner.

With regard to work-life balance, the flexibility of working hours for office-based employees has been extended by half an hour. The starting time can range from 7:30 to 9:30 from Monday to Friday, with the finish time ranging from 16:45 to 18:45 from Monday to Thursday. Fridays are half-days throughout the year.

Lastly, the actions carried out during Women's Week are worth mentioning: yoga and Pilates masterclasses oriented towards women, talks delivered by women who hold prominent positions within their professional fields (journalist Marita Alonso and film industry professional Laura Pedro, who gave a talk on feminism based on their experiences; or graphic artists Lyona and Amaia Arrazola), as well as the modification of our logo across all digital channels, the installation of purple decals at our physical stores and the voluntary initiative of dressing in purple on International Women's Day (8 March) and the dissemination of this action on digital channels and social media.

At **Desigual**, we promote a work culture where we facilitate cooperation, creativity and the exchange of knowledge. This is reflected in our spaces, especially at our headquarters, where we have an open-plan design with no offices and plenty of common areas to carry out informal meetings and discussions.

To promote a healthy work-life balance, the working hours at the office are flexible and we also have measures that facilitate disconnection from work, for example, the lights are turned off at 19:00. Special authorisation must be requested

to work beyond 21:00, and working beyond our typical hours is considered exceptional. Teams who provide support for faraway geographies have specific schedules to allow for the coverage of these locations.

When an employee is absent due to holiday, maternity or paternity leave, they activate an automatic reply on Outlook to inform anyone who contacts them that they are out of the office and who or which team is taking care of their duties during this period. This way, their disconnection from work is facilitated and ensured.

Moreover, as part of our commitment to promoting healthy habits and lifestyles, the sports activities organised at our headquarters through our Sports Club are now also offered at our logistics centre located in Viladecans, where we opened an in-house gym alongside physiotherapy and physical exercise monitoring services.

Over the course of 2020, we will deploy several actions featured in the strategic plan for the People Department, whose main goal is to make **Desigual** a place where individuals can grow personally and professionally through three basic pillars: efficiency, talent and culture.

In this sense, we have developed a Culture Plan comprised of three main pillars (cooperation, co-responsibility and commitment) and four strategic axes (leadership, engagement, customer centricity and the *People First* philosophy), which will drive various projects and initiatives focused on ensuring that **Desigual** continues to be an excellent place to work.

Another focus will be the employee journey. The most significant moments of an employee's journey within **Desigual** will be defined, and we will implement actions which, in line with the brand and the purpose and values of the company, will allow us to deliver an excellent experience to the people that make up our teams by promoting their happiness and personal and professional development.

All of this will be consistent with our 2020-2023 Sustainability and CSR Plan, which applies to every project and decision made at **Desigual**, and involves every single person who is part of our staff.



1.5.5. Safety

Desigual has a Safety Team that is mainly focused on preventing workplace-related risks and protecting the health and safety of our employees, both at the headquarters and in our logistics centres and points of sale. In 2019, the work of this team has been focused on improving their work procedures with the aim of becoming more efficient. This will be done through a programme that will unfold over the course of the next few years.

In this regard, the organisational restructuring carried out in 2019 with the aim of unifying the prevention and safety roles at points of sale is worth mentioning. We have created the POS Manager position, which means that a single person will be put in charge to facilitate a broader view of the needs and priorities of the department. This way, the point of sale division is aligned with the organisational structure of the rest of the departments within the company. With regard to the points of sale, also noteworthy is the establishment of new Workplace Health and Safety Committees in stores in Barcelona, the Basque Country and Seville.

Also noteworthy in 2019 was the development of new activities and facilities to promote physical exercise and a healthy lifestyle. This is a goal that

involves both the employees and the immediate surroundings of our workplaces. For example, we have donated an outdoor gym to Barceloneta Beach that is open to all. Internally, we have developed the We Love Health programme, which includes initiatives like a sports club managed by the employees themselves (more than 400 participants), as well as the launch of the Sports Club in Viladecans with the opening of an in-house gym and physiotherapy and physical exercise monitoring services. We Love Health also includes an internal service providing medical advice through periodic check-ups, and actions at our canteen to promote healthy eating, with options being provided for employees with intolerances or specific dietary needs.

The policy to improve efficiency and introduce new services will continue into 2020, with initiatives like the implementation of a physiotherapy service in the logistics area and training on ergonomics at the headquarters, which are actions carried out in conjunction with the People Department to reduce absenteeism in the logistics departments.



Table 7

Accident rate

Headquarters and logistics centres	Gender	Spain
Workplace accidents	Males	10
	Females	33
	TOTAL	43
Number of fatal accidents	Males	0
	Females	0
	TOTAL	0
Workdays missed due to workplace accidents (days)	Males	224
	Females	315
	TOTAL	539

At our headquarters and logistics centres, our accident rate (1.22%) is below the accident rate for the sector.

Table 8

Workplace accidents at Desigual-owned stores in Spain and other countries

Stores	Females	Males	Total
Spain	33	10	43
Italy	5	1	6
France	15	1	16
Germany	9	2	11
The Netherlands	0	0	0
Poland	0	0	0
Portugal	1	0	1
Switzerland	3	0	3
USA	1	0	1
UK	1	0	1

At our stores in Spain, our accident rate (1.22%) is below the accident rate for the sector.



1.5.6.

Training and ongoing development

Any changes linked to the company's new growth stage also make it necessary to broaden the ongoing training programme so that it covers a larger number of employees. We have also extended the number of hours devoted to topics like branding, which is linked to the launch of a new identity; product, which is linked to the redefinition of our collections; and human rights, as part of the development of our ethical and diversity culture and the new Sustainability and CSR Plan.

In 2019, a total number of 3,669 employees took part in our training programmes and received a total of 15,210 hours of training.

With regard to developing training tools, aside from our face-to-face sessions, we have implemented new gamification technologies to provide training through a mobile app. This initiative that has been widely welcomed by employees: 74% of those who were invited to join a training programme through the app accessed it in 2019; of this 74%, 89% completed the training. These technologies allow us to provide training worldwide, across all the geographical areas in which we operate, and to reach the teams from all our stores and channels.

With regard to the content provided by **Desigual**, which is always focused on providing our teams with better tools so that they can continue to grow both personally and professionally, worth noting are the group training sessions for store-based teams on product, leadership and customer experience, as well as those aimed at our headquarters-based teams on project management and negotiation, among other topics.

On an individual level, we also support our professionals by helping them to pursue training that will bring strategic value to the company and promote the development of our teams.

As part of our development process, at **Desigual** we make sure that every individual who is a part of our teams receives regular feedback in conversations with their managers so they can continue to grow within the company. These conversations are based on our Be Extraordinary programme, which sets expectations and goals and is built upon our values and our competencies model. In 2019, 98% of our employees took part in this programme.

These programmes also help us to prepare the teams and ensure that any vacancies within **Desigual** will be filled, as far as possible, by internal employees who are promoted and keep growing with us. As an example, in 2019, more than half of the vacancies that opened at our headquarters were filled by internal employees (54%).

Table 9
Hours of training by category and sex

Professional category	Males		Females	
	Participants	Hours	Participants	Hours
Management	106	2.067	134	1.990
Staff	127	1.866	322	2.623
Stores	411	1.012	2.546	5.431
Logistics	14	167	9	54
Total	658	5.112	3.011	10.098

Please refer to the Annexe to see other tables related to employees.





1.5.7. Internal Communications

To consolidate the level of involvement promoted by the People Department's new human resources management policy, we have developed processes, tools and channels for internal communication aimed at employees so they internalise and adopt **Desigual's** values and culture, while we also keeping them informed of the strategic goals of the company and the actions that are being taken to reach them.



The value of this role was reinforced in 2019 due to a need to communicate the relevance of the new brand identity and the product-redefinition programme to the employees, since their role as brand ambassadors is essential to ensuring that this information is passed on to our various stakeholders.

Launching the new brand identity

internally: developing a specific communication plan, starting with employees attending the Brand Event in June, both in person and via streaming. The internal campaign included the dissemination of content on the intranet, with information about the event and the creation of a specific space to download corporate materials featuring the new branding.

Dissemination of new collections and marketing campaigns through internal competitions:

we organised a series of competitions to coincide with special days or events aimed at unveiling new collections or marketing campaigns. The role of employees as brand ambassadors on their social media accounts was also emphasised. Some of the most noteworthy actions included "We Celebrate Love", organised for Valentine's Day, and "Colour is You", to mark the occasion of the launch of the SS19 collection. Other actions included the competitions organised to celebrate Sant Jordi (Book Day) and Black Friday, and "Operación **Desigual**" (our own talent show) for the Christmas party.

Communication plan for programmes aimed at people,

such as the dissemination of the employee advantages plan, our performance review system and the We Love Health programme, through which we promote a healthy lifestyle.

Talks Series: every two months, the Management Team deliver informative talks to office-based employees, Barcelona store managers and employees at the logistics centres, which are then shared via video with the rest of the staff. Three talks were given in 2019 (in May, October and December).

Open Day: an open-house day for our employees' families and friends, with visits to the office and actions to disseminate the company's values. 1,069 people took part in the event and 24 employees participated as volunteers.

"Chollo Days" at headquarters: special days when products are sold at a discounted prices that are exclusive to employees and their friends and families. In 2019, we organised two of these events, each of which lasted three days (in June and December). In total, 2,000 people attended. This was the first year that the Chollo Days event was also organised at the Viladecans logistics centre, which was attended by 114 people, including employees and their relatives.

Informative sessions on Social Media Best Practices and the Spokespeople Policy,

which focused on establishing good practices for sharing content, interacting on social media and contributing to the brand's reputation. These are included in the Ambassadors programme, which encourages employees to become ambassadors of the brand and the company on their social media accounts.

Weekly newsletters for the points of sale,

with content about operations, product, branding, people and business that is relevant to the point of sale. In 2019, 484 newsletters were sent out, and 188 articles were published on the corporate intranet (compared to 233 in 2018) to disseminate relevant content on the business, brand, people and product. 54 videos were posted on our internal video channel, most of which were produced in-house.



Happy Device

The Happy Device is a weekly survey that employees answer anonymously at our headquarters so we can learn about their level of satisfaction within the company and their knowledge of personal or corporate topics of interest.

Noteworthy positive responses include those relating to topics like creativity, energy, happiness, the pride of belonging, ways of working, authenticity/diversity, commitment to the brand's project and respect for the environment.

In 2019, 46 questions were asked and 10,100 replies were received.

1.6.

Governing bodies

The Board of Directors is the highest governing body at Desigual. It is responsible for defining the mission and values of the group as well as the corporate strategy.

99% of **Desigual's** shares are owned by the company La Vida Es Chula, S. L. U., which chairs the Board of Directors and is represented by Thomas Meyer.

The Board of Directors is **Desigual's** highest governing body. It is responsible for defining the mission and values of the group as well as the corporate strategy.

The Board of Directors is made up of 3 members.

The members of the Board of Directors received a total of 900,000 euros in 2019. The average remuneration was 300,000 euros. To calculate this figure, we have taken into account the total number of members that were part of the Board during the year, regardless of how many months they were in the position.

The Chief Corporate Officer leads the Steering Committee, which is in charge of implementing and developing the strategy defined by the Board of Directors. The Steering Committee is made up of 17 members, 5 of whom are women which represents 29% of the Committee. The average remuneration of the Steering Committee for 2019 was 163,174 euros.



1.7.

Risk management control systems

The current context of market transformation in an international economy whose evolution is uncertain entails an increase in situations that may put the company at risk. Identifying and assessing risks is a key strategic priority that falls to the Board of Directors.



The Board of Directors constantly assesses different types of risks that may affect **Desigual**. To do so, it relies on all necessary auditing and control methods and processes, both internal and external. Depending on their nature, risks are classified as follows:

1. **Market risks:** these are the risks caused by external factors, which mainly emerge from changes in the economic, political or demographic contexts of the countries in which we operate.
2. **Reputational risks:** principally related to any risks that may damage the image of the brand.
3. **Operational risks:** these are directly linked to the creation, production or distribution process of our products. They range from interruptions to our supply chain to disasters that may affect our logistics operators or any potential breaches of environmental or human rights regulations.
4. **Financial risks:** these are primarily related to potential cash flow risks, insolvency on the part of our debtors or significant fluctuations in the exchange rates of the currencies we use.
5. **Personnel risks:** the attraction and retention of talent and aspects related to the health and safety of our employees.
6. **Technological risks:** these involve the proper functioning of our technological infrastructures and the security of the data stored on our systems.
7. **Regulatory risks:** compliance with all legal, fiscal or intellectual property regulations as well as anything related to fighting corruption and bribery.

The Board periodically reviews the risk map, making assessments on the probability and impact of each of the identified risks and defining specific action plans for each one.

1.8.

Ethics and compliance

The rollout in 2019 of training on ethics and compliance that involved all Desigual employees has concentrated all our efforts on promoting a culture of compliance to prevent risks for the company. The actions carried out in 2019 also include the definition of a more thorough signature protocol and the update of the protocol on conflicts of interest and policies on data protection and cybersecurity in accordance with current regulations.

1.8.1. Ethical culture

With the aim of preventing and avoiding any behaviours contrary to the values and ethics of **Desigual**, we have established a solid ethical culture by implementing various measures and corporate procedures.

At **Desigual**, we work according to a set of basic rules that is contained in our Code of ethics and Code of conduct for suppliers, the purpose of which is to establish guidelines for general conduct that are applicable to **Desigual** and all our human resources, as well as our collaborators. Through said codes we promote the general principles that make up **Desigual's** ethical behaviours.

Our Code of ethics defines the ethical criteria and responsible guidelines for action that direct and inspire us in the performance of our operations, as key elements of our corporate culture and the main pillars on which we build our relationships with our stakeholders. The Code of ethics is inspired by the following general principles:

- All our activities must be guided by integrity, ethics and responsibility.
- **Desigual** and its collaborators must act in accordance with the general principles established in the Code of ethics and in compliance with current regulations.
- All individuals interacting with **Desigual** must be treated fairly and decently, in full compliance with human rights.
- All of **Desigual's** actions must be carried out in a way that respects the environment while promoting the protection of biodiversity and the sustainable management of natural resources.

In turn, the Code of conduct for suppliers defines the minimum standards for ethical and conscious behaviour that must be observed by our suppliers, which allow **Desigual** to build inspiring and reliable relationships with said suppliers. Respect for and observance of human, social and employment rights are the essence of this Code of conduct for suppliers, which stems from and complements the Code of ethics, and is therefore based on **Desigual's** values, culture and way of acting.

Said codes, which are available on **Desigual's** intranet and website, are put at the disposal of all employees and sent to our collaborators, attached to all contracts for reference purposes. In turn, **Desigual's** collaborators must inform their employees, collaborators and sub-contractors about said codes, and make sure they are always kept updated about compliance with them.

These codes make up the basic regulations and main axes that we have used as a reference to define and design our Compliance for Crime Prevention model, which takes into account, among other things, the principles of due diligence and criminal responsibility that apply to all legal persons.

Likewise, and with the aim of ensuring the effective functioning of the Ethical Committee, which is responsible for guaranteeing compliance with and the dissemination of the Code of ethics, a set of internal regulations applicable to said Committee has been defined, which includes, among other measures, an annual calendar for periodic meetings.

1.8.2. Compliance for Crime Prevention

At **Desigual**, we have defined a Compliance for Crime Prevention model aimed at mitigating any potential criminal risks that may arise from the everyday operations of **Desigual** and, more specifically, regarding crimes related to corruption, fraud and bribery. For this purpose, **Desigual** has defined an array of risks and controls that serve as the foundation of its Compliance for Crime Prevention model. As a result, we have approved a Compliance and Criminal Prevention Manual which regulates and consolidates **Desigual's** organisational and criminal risk management model (which is referred to as the **Compliance Programme**).

Desigual's organisational structure, which is responsible for implementing and monitoring the Compliance Programme, is based on three lines of defence consisting of:

1. Party responsible for business areas and Internal Committees (internal monitoring)
2. Compliance Office (coordination)
3. Board of Directors and Auditing Committee (approval and supervision)

The actions carried out in the 2019 fiscal year to monitor and follow up on the Compliance Programme included:

- Monitoring compliance with controls associated with the risk map defined by **Desigual**.
- Monitoring changes related to processes, risks and controls.
- Proposing improvements or, when applicable, creating new controls to reinforce our coverage of risk.

In accordance with the above, in 2019 we carried out a self-assessment process on the compliance of the controlling bodies with the prevention controls included in the risk map. These self-assessments were submitted to the Compliance Office by the controlling bodies for the drafting of the 2019 Compliance Report.

Furthermore, the Compliance Programme is completed with the inclusion of action plans that are monitored on a yearly basis at the time of the drafting of the Compliance Report, and which contain proposals for improving **Desigual's** control environment and the Compliance Programme itself (the **Action Plan**). The actions and measures included in the Action Plan are prioritised depending on how critical they are.

More specifically, regarding crimes related to corruption, fraud and bribery, in 2019 we executed the following actions from the Action Plan:

1. Training the entire organisation on crime prevention (Criminal Compliance Training).
2. Training on the responsibilities of proxy representatives and the signing of authorisations in accordance with the new Procedure on Signatures and Power Structures involving Management and other parties.
3. Updating the Procedure on Conflicts of Interest.
4. Training on protecting industrial and intellectual property rights in the event of breaches of third-party rights on the part of **Desigual**, in accordance with the new Legal Protocol on Protecting Industrial and Intellectual Property Rights applied to those business areas that are affected by this.
5. Updating the Cybersecurity Policy and the Policy on Data Protection for suppliers, in accordance with the newly applicable regulations.
6. Approving a Sustainability and CSR Plan for 2020-2023.
7. Updating the Equality Plan (in progress).
8. Updating the Policy on Employee Travel and Expenses.



The policies, protocols and internal documents listed above have been provided to all affected **Desigual** employees, and those with a companywide scope have been made available through the company's intranet. In order to guarantee that they are appropriately disseminated and promoted, we have launched a project to compile and update said policies, protocols and documents, and a design feature is being added to the intranet, which will be used to publish the documents and announce any specific training on them.

Desigual continues to carry out other action plans that involve different initiatives related to ethics and integrity, which we expect to develop and complete in the short and medium term.

In 2019, we have strengthened the tools and processes included in the Compliance Programme that are aimed at promoting and consolidating the ethical culture of the company from within to prevent and mitigate any potential risks which we may be exposed to. The Compliance Programme is focused on emphasising the need for all departments to integrate this vision and culture into their everyday tasks.

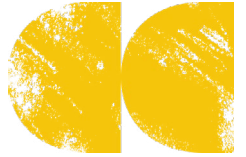


1.8.3. Reporting Channel

With the objective of enabling both employees and collaborators to report any information they may have regarding irregularities or breaches of the Code of ethics or the regulations, **Desigual** has set up a Reporting Channel that is managed by the Ethical Committee under the coordination of the Compliance Office.

Desigual's reporting channel guarantees maximum confidentiality at all times with regard to the information obtained through the complaint, in particular, and among other aspects, regarding the identity of the complainant. Therefore, it is strictly prohibited to take any measures against a complainant in response to a complaint filed in good faith that could be considered as retaliation or negative.

All complaints are subject to investigation and, depending on the nature of the complaint, will be dealt with by the Ethical Committee or the corresponding internal body, in line with **Desigual's** reporting protocol.



1.9.

Relationships with stakeholders

In 2019, Desigual continued to expand on the social commitment actions initiated in previous years which develop those aspects that we believe allow us to provide greater value to our customers through projects related to “awakening creativity”, one of our purposes as a brand. All actions must respond to this purpose and remain in alignment with the values of the company.

Our array of social action initiatives is focused on young people, children, women and the local community, with a view to promoting social and cultural actions as well as actions aimed at the advancement of employability and education. Among the longest running actions in this field, our collaborations with **Fundació Èxit** and the **Barceloneta Residents Association** are notable.

Youth and employability:

- **Training programme for young people at risk of employment exclusion in collaboration with Fundació Èxit:** this was our sixth consecutive year running this programme, which involves three Dual Training High Schools from the province of Barcelona that offer a programme in sales (IES Joan Brossa de Barcelona, IES Provençana de L’Hospitalet and IES Torre Roja de Viladecans). The participants received theoretical training at the high schools and practical training at our stores in Barcelona. In 2019, the training was aimed at students of mid-level vocational training course in sales from socially and economically challenged backgrounds. They were offered resources to complete their studies and, by accompanying them throughout the duration of their training, we helped them to gain access to an employment contract.
- The lifespan and scope of this project was extended by offering 5 placements at stores in Madrid in collaboration with Fundació Èxit and La Caixa’s Incorpora programme. Thanks to this, 5 young people at risk of employment exclusion were able to receive a few weeks of training and experience at our stores in Madrid.
- In addition, **Desigual** developed another project of a similar nature with Fundació Èxit and the Catalonia Employment Office (SOC) at **Desigual’s** logistics centre in Viladecans. A group of 10 young people at risk of social exclusion aged 17 to 22 completed a course that combined specific training with practical work as operators at the Viladecans logistics platform. Unlike the Dual Training initiative, where students completed their internships at selected stores in Barcelona, the goal of this plan was to guide and encourage these young people to resume their studies.
- **Collaboration with the Barceloneta Residents Association to provide advice on employability:** we carried out follow-up actions to provide guidance on training and job hunting through talks and workshops with professionals from **Desigual**. Specifically, we developed a project to guide young people at risk of social exclusion, whom we encouraged to apply for internal vacancies or temporary positions in support of actions like our “Chollo Day”.

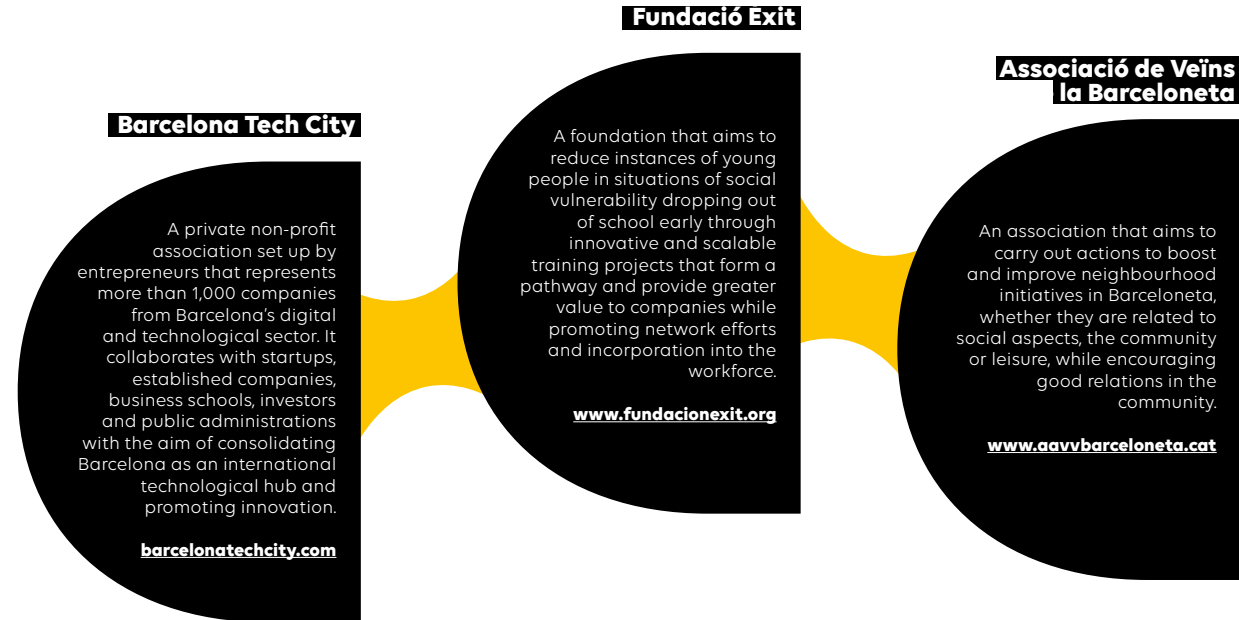
Our professionals also take part in talks and collaborate in projects with various universities by focusing on employer branding and talent attraction.

In 2019 we also collaborated on social and cultural initiatives with:

- **The Barceloneta Residents Association**, by donating **Desigual** products at their local festivities.
- **Catalan Rett Syndrome Association**, by donating **Desigual** products for their community dinner.
- **The Barcelona Reial Club Marítim**, by sponsoring the second row boat (4x for sea), which joins our sponsorship of the Yola boat which began in 2016.
- **Port Vell**, by sponsoring their Christmas Market, held at Portal de la Pau Square.
- **Fundación La Vinya/Roure**, by donating the gifts we receive from our suppliers.
- **Fundación Niños Invisibles** by purchasing bookmarks for Sant Jordi.

1.9.1. Synergies with our surroundings

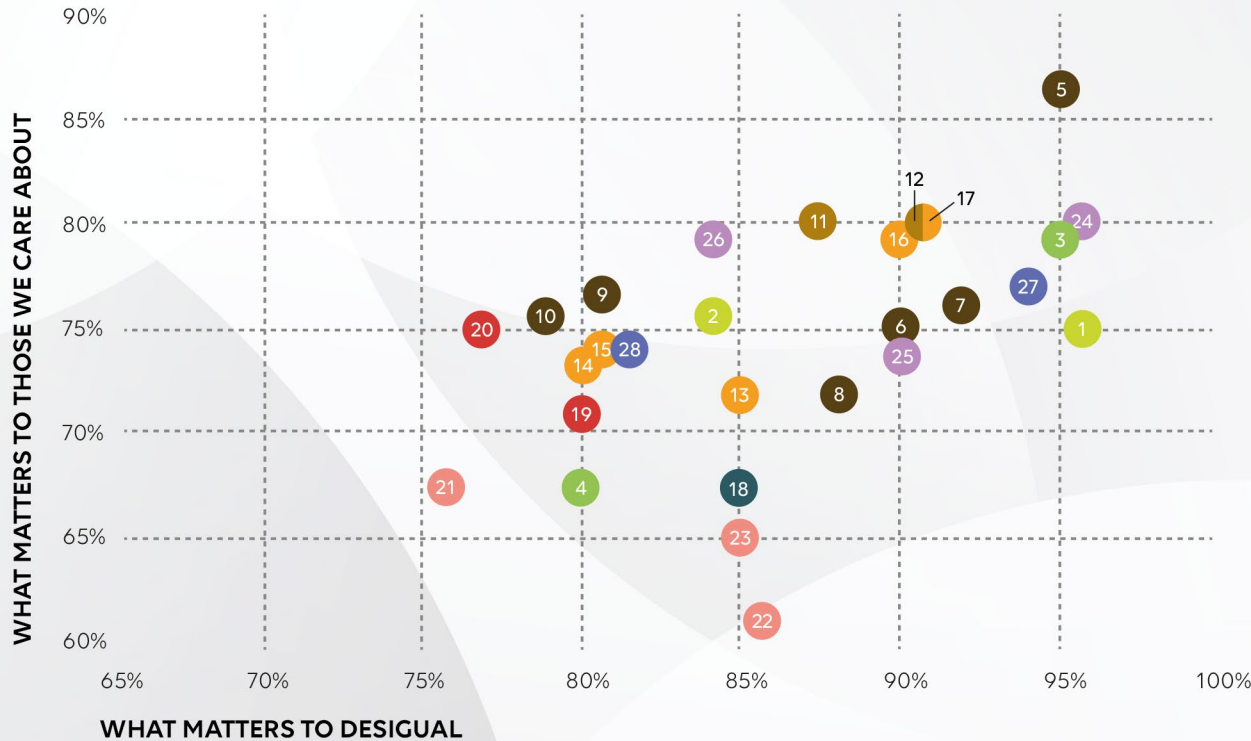
As part of our everyday operations, we deal with a broad array of associations and collectives from both the fashion industry and other sectors. Our corporate strategy and decision-making process take into account the interests and expectations of all our stakeholders that arise from our commitments to them. In accordance with the nature of **Desigual's** activity and our strategic priorities, we have identified the following stakeholders:



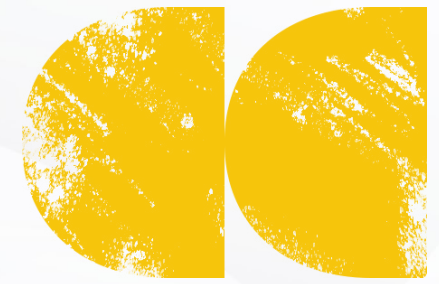
As part of the commitments adopted by the company regarding its community and surroundings, in 2020 **Desigual** will present various projects that provide continuity to the relationships already established with various entities and collectives, as well as other new initiatives that will aim to continue to make a positive impact on our immediate surroundings.

1.10. Materiality matrix

In order to identify the material aspects that affect Designal, we have linked our goals, interests and concerns as a company with the goals and expectations of our stakeholders. This has provided us with a list of topics that have a direct or indirect impact on our ability to generate economic, social and environmental value.



- **People**
 - 1. People First culture
 - 2. Extraordinary Employee Journey
- **Consumers**
 - 3. Customer Experience
 - 4. Protection of customer data
- **Product**
 - 5. Sustainable product
 - 6. Training teams on sustainable design
 - 7. Product quality, health and safety
 - 8. Product labelling
 - 9. Materials policy
 - 10. Management of chemicals in the supply chain
- **Supply chain**
 - 11. Traceability of the supply chain
 - 12. Respect for human rights in the supply chain
- **Circularity and efficient use of resources**
 - 13. Prevention and resource management. Circularity
 - 14. Environmental management, power and water consumption
 - 15. Sustainable use of resources
 - 16. Phasing out plastic
 - 17. Climate change
- **Fiscal transparency**
 - 18. Fiscal and tax compliance
- **Social action**
 - 19. Relationships with our stakeholders
 - 20. Commitment to the community
- **Brand**
 - 24. Generation of value for our consumers
 - 25. Image and reputation
 - 26. Transparency policy
- **Corporate governance**
 - 21. Corporate governing bodies
 - 22. Risk management and control systems
 - 23. Corruption and bribery
- **Business**
 - 27. Value generation
 - 28. Technological innovation



Our Non-Financial Report has been drafted according to the GRI Standards, which constitute the best practices at a global level for public notification of the economic, environmental and social impact of an organisation. To this end, we have used four key stages to determine our material aspects and their fulfilment:

- **Identification:** we analysed the information obtained from various sources (benchmarks of the sector, sectorial macro trends and our business model).
- **Prioritisation:** the information obtained has been classified in a list of topics and prioritised according to the interests of our stakeholders and the benchmarks and trends of the sector. In parallel to this, we interviewed certain members of the Steering Committee with the aim of prioritising the points that are relevant to the strategy and goals of the company. These points were then analysed to identify whether they were relevant at an internal or external level and on which of the company's areas of action they have an impact, as well as our ability to manage and control them.
- **Validation:** the Steering Committee reviews the matrix to validate both the points and their materiality.
- **Review:** this step will be performed as part of the next reporting cycle.

Chapter 2

From the idea to the product

2.1. Philosophy and team

2.2. Product

- 2.2.1. New collections and collaborations with creative talent
- 2.2.2. Sustainable product
- 2.2.3. Quality
- 2.2.4. Strategic partnerships in the Product Department
- 2.2.5. Labelling



2.1.

Philosophy and team

At Desigual, we want to make unique, high-quality garments that will encourage people to celebrate their authenticity while we convey the brand's signature universe of details through an ethically conscious creation and production process.

Our challenge is to turn an idea into a collection that connects with people, to design products and experiences that encourage them to celebrate their authenticity and awaken their creativity, based on a commitment to creating a unique, different, sustainable and high-quality product.



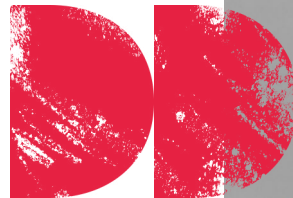
Desigual is working with love

To make this possible, all our products are inspired by the "**Made with love**" concept. We pay close attention to every detail, from selecting the materials, prints and colours to our manufacturing techniques. Our world-class design hub located in Barcelona is where we create our prototypes and produce fabric and dressmaking samples. We also have a section in our workshop where we allow ourselves to get carried away with creativity through painting and colouring techniques, which is one of our distinguishing features.



Desigual is believing in creativity

Nuestro proceso creativo único aún
Our unique creative process retains our handmade roots. Our process includes a stage where our designers work without computers, sketching by hand with just their inspiration as a guide. This allows them to connect with the brand's roots while boosting flexibility and experimentation.



The 6 steps of our creation process



Creative direction

The process begins before each kick-off with a meeting where Thomas Meyer, founder and CEO of **Desigual**, launches a concept or word at the team, an idea that could come from any source of inspiration, be it a book, an art exhibition or a place he has recently visited. This establishes the starting point where the team can begin creating and shaping the collection for the coming season.



Computer off

Each collection begins by reviving the origins of **Desigual**, when we sketched the shapes and prints by hand. We may have grown since then, but we still retain our handmade origins. For a month and a half, the design team work without computers, relying only on their inspiration and the ideas from the creative direction.



Arty inspiration

With these keys, the designers look for sources of inspiration by reading magazines, analysing trends, visiting exhibitions, travelling, researching before shaping their proposal for the collection so it can be put onto paper. Throughout this whole process, they experiment with various techniques, like painting or collage.



Kick off

All proposals are discussed. The final outcome is digitalised and that is when the development of the collections begins.



Expertise tables

Each design is made by the designers and graphic designers who work on the various aspects of the collection as part of a team that includes experts on fabrics, quality, product and dressmaking.



Supervisión

Right up until the last stitch of each line, every garment and every part of the collection is developed under the supervision of the creative director.



Desigual is creating consciously

We are shaping a creative process that is ethically conscious and aims to complement our commitment as a brand to a sustainable way of manufacturing fashion. We want to offer safe, high-quality products that are respectful to the environment.





2.2.

Product

In 2019, we redefined our product so we could continue to evolve in response to the new demands and shopping habits of our customers. To this end, we are now offering more urban, versatile and combinable garments and accessories that are also more sustainable, and we are invested in the challenge of building a model for fashion production that is more respectful to both the environment and people.

This process has allowed us to revive the spirit and values that have historically characterised **Desigual** and update them to today's codes. Our collections now feature new designs, shapes and patterns, we use sustainable fibres and we have taken a step forward with regard to quality, which is a commitment we continue to work on which will be extended to every stage of the product's life cycle over the next few years.

Our El Love (SS20) and La Difference (FW20) collections materialise the redefinition of our product with new designs, shapes and patterns, as well as the use of sustainable materials and new fibres that allow us to take a step forward in terms of quality.

2.2.1. New collections and collaborations with creative talent

The redefinition of our product becomes tangible through our collections, notable among them are El Love (SS20) and La Difference (FW20), and the collaborations we have established through our Desigual inBeta platform, which allows us to collaborate with designers and artists that take us closer to our audience by bringing our purpose to life.



Miranda Makaroff

A capsule collection presented at Art Basel Miami Beach 2019 and created by observing and experimenting with nature, sex, women and freedom. The collection turns the artist's passions and fantasies into clothes (for her and him) made from 100% sustainable fabrics.

"My goal is to spread positive energy and fun, because I think these things have taken a back seat in the fashion industry. We have become somewhat enslaved by trends and I believe that it's important to experience fashion from the perspective of freedom, creativity and playfulness".

Miranda Makaroff.



Sónar Barcelona 2019

As part of **Desigual** inBeta, in 2019 we developed various activities for the world's top electronic and experimental music festival, Sónar Barcelona, as its official streetwear partner. Among them were the official bag of the festival: an XXL bum bag specifically designed for festivals, with anti-theft fastening, adjustable straps and room for a 13-inch laptop.

We also put together a selection of garments for music festivals from our SS19 collection and supported artist Aleesha, with whom we filmed a music clip to launch the song "Myself Again". Aleesha performed this song at Sónar by Day and sported a total look by **Desigual**.



Monsieur Christian Lacroix and Najwa Nimri

A capsule collection created hand in hand with renowned designer Monsieur Christian Lacroix in his eighth year collaborating with **Desigual**. A long-standing creative relationship that has materialised once again through a collection characterised by endless baroque influences with hints of pop, romanticism and unrestrained colours that perfectly represent the Lacroix style. The French designer's work acquired a whole new dimension when actress and singer Najwa Nimri chose her favourite garments from the FW19 collection, a selection that included pieces from the capsule created by the designer.



Desigual Iconic Jackets: Okuda San Miguel y Jordi Mollà

In 2019, multifaceted artist Okuda San Miguel and painter and actor Jordi Mollà presented their respective reinterpretations of the Iconic Jacket, the first ever piece launched by **Desigual**. Mollà's four reinterpreted versions (*Una bomba de amor*, *Imagination is not a Sin*, *Chica Picasso* and *You love me, you don't love me*) were presented through the **Desigual** inBeta platform in Ibiza with a pop-up store located just 300 metres away from the world's first **Desigual** store, which opened in 1986. In turn, artist Okuda San Miguel's two reinterpreted versions of the Iconic Jacket (*El Jardín de las Delicias* and *La Calavera*) were presented as part of our collaboration with elrow.art.





Designat at Sónar Barcelona 2019.

2.2.2.

Sustainable product

For us, each garment is a challenge that we want to enrich with added value, and this also requires attention to the conditions under which they are designed, produced and distributed so the impact on the environment can be minimised.

This is why our 2020-2023 Sustainability and CSR Plan has made product one of its corner stones by integrating sustainability criteria that run through every stage of its life cycle. From choosing raw materials to manufacturing and logistics processes.

This commitment is materialised in the design, production and distribution stages through which our products pass.

Design stage

We are working to consolidate a culture based on circular design that will allow us to integrate sustainability criteria from the very moment our products are conceived. This is why we will be training our Product teams on circular design in 2020.

Choosing raw materials

Our commitment to the environment and our surroundings starts with the choice of the raw materials we use to make our collections. This is why sustainable fibres are being gradually



introduced into our collections and we are working to improve the traceability of said fibres. The brand's Sustainability and CSR Plan includes the incorporation of 50% sustainable fibres by 2023 and the use of 100% sustainable cotton by 2025.

The percentages of fibres that we use to manufacture our apparel are as follows: 42% synthetic fibres, 31% natural fibres and 27% artificial fibres.

To increase the sustainability of our garments, when it comes to synthetic fibres, we are choosing to use recycled polyester and other recycled fibres; in terms of natural fibres, we are choosing organic cotton, and in 2020 we will introduce BCI cotton; regarding artificial fibres, we are using Tencel™ Lyocell, cupro and sustainable viscose, among others.

Our SS20 collection is made from 11% sustainable fibres, a percentage that has been increased to 20% for our FW20 collection. The brand's Sustainability and CSR Plan includes the incorporation of 50% sustainable fibres by 2023.

Production processes

We are committed to minimising the impact of our production processes on the environment through controlling water and power consumption and managing chemicals in a conscious way.

Alongside this, the collections and capsules designed by our collaborating artists are also moving in this direction, and in some cases making sustainability their main value proposition. Among the most noteworthy examples are our collaboration with Miranda Makaroff, a collection made with 100% sustainable fabrics, and the capsule designed with Ecoalf, which includes garments made from 100% recycled materials.

This commitment is also materialised through the company's participation in worldwide initiatives to develop a more sustainable model for the fashion industry. **Desigual** has been a member of the **Textile Exchange** since 2012, a sectorial organisation that helps its members to introduce sustainability into their products and work according to the standards established for sustainable fibres.

Furthermore, **Desigual** will become a member of other internationally recognised initiatives over the course of 2020. These will include the **Better**

Cotton Initiative (BCI), whose work aims to guarantee that the world's cotton production is more sustainable for farmers and the environment, and the **Sustainable Apparel Coalition (SAC)**, a partnership between the apparel, footwear and manufacturing industries to ensure sustainable production. The SAC also created the Higg Index, a set of standardised tools that allows every participant in the industry to measure the impact of the value chain.

Lastly, and because we are fully aware of the importance of aspects like the origins of raw materials and the ways in which they are processed and distributed, we have reinforced our **Materials Policy** to continue to guarantee compliance with responsible production standards for the use of raw materials of animal and vegetable origin through specific declarations and certificates. This policy is based on international regulations and aims to safeguard biodiversity and the wellbeing of animals while ensuring that we are acting responsibly towards the environment.



Made from waste: a 100% sustainable collection in collaboration with Ecoalf

ECOALF

As a brand, Ecoalf specialises in developing sustainable fabrics obtained from recycling materials like plastic bottles recovered from the ocean floor, cotton, used tyres, abandoned fishing nets, wool, etc. Since its creation, it has demonstrated the viability of using recycled materials to manufacture garments that match the quality, design and technical properties of the best non-recycled products. From this vision, which fits perfectly with the goals of our Sustainability and CSR Plan, comes the development of the first collaborative capsule collection between **Desigual** and Ecoalf. This collection has been made from recycled waste and raw materials to minimise the consumption of natural resources.

"Partnerships between the companies that make up the fashion industry are key to maintaining progress towards a model that will allow for sustainable fashion production. Accompanying Desigual as they seek to unite their unique designs and creativity with sustainability and a commitment to the environment is challenging and satisfying at the same time".

Javier Goyeneche,
CEO and founder of Ecoalf.



2.2.3. Quality

The quality of our garments and production processes is one of the strongest commitments Desigual makes to its customers, and one that the company tackles through constant improvement.



The complexity of our business forces us to stay constantly updated and attentive to new creative initiatives and any changes in our sector or surroundings, and to define our action plans with the highest degree of precision so that they will add value to the brand. Moreover, **Desigual's** management of quality is subject to three challenging and distinguishing factors:

- **Traceability of our raw materials:** in line with our sustainability strategy and in order to ensure the traceability and quality of the materials we use to manufacture our collections, we have created the Raw Material department. The aim of this department is to supervise and ensure that both our selected suppliers and the materials being used meet our requirements.
- **The technical complexity of our product:** our items are unique and different. We are constantly innovating with regard to fabrics, patterns and finishes. We integrate multiple handmade processes, which provide added value to each garment. This is why each design is a challenge to dressmakers, manufacturers and the professionals in charge of planning manufacturing processes. Close attention must be paid to the technical features of new products and materials, and a detailed matrix of risks for each one must be developed in order to prevent them.
- **Quality assurance:** to guarantee that our quality standards for manufacturing processes are met, we have implemented a technical approval device called Technical Audit, which is part of our policy for approving authorised suppliers. This evaluation allows us to check whether the management and quality assurance are correct, in other words, whether the management and execution of the quality systems are adequate as per our standards.

In order to develop, implement and control these three axes, the various departments of the company

work together closely and maintain personalised relationships with our suppliers and manufacturers. The Quality Department leads the strategy and is responsible for guaranteeing that our commitments towards the product are met through a system involving four teams (Quality Expertise, Dressmaking, Health & Safety and Quality Control), which guarantee quality from the development stages right through to the sale of the garments at the stores.

The Quality Expertise and Dressmaking teams work hand in hand with the Purchases and Design teams to guarantee compliance with quality standards from the early stages of the value chain. In turn, Health & Safety supports the development of the product by ensuring that all fabrics meet our physical requirements, while controlling the production process to ensure they are free from any harmful substances. The Quality Control coordination team organise the start-up processes and FPIs (Final Production Inspection) in the manufacturing countries so that our quality advisors can guarantee that our standards and requirements are being met right from the start of the production chain. Lastly, our quality control technicians based at our logistics centre in Viladecans carry out one last control when the goods are delivered to us. This is the last step of a thorough quality assurance process which aims to ensure high standards for our customers.

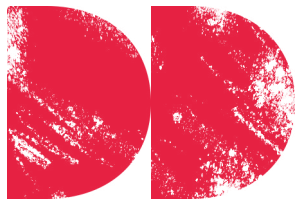
To ensure this process is totally effective, we have developed an internal analysis system called PQS (Product Quality Satisfaction) that assesses the satisfaction of our customers through a questionnaire that they complete two months after purchasing a product from us.

This indicator is extremely helpful for determining the opinion of our customers and enabling the analysis and implementation of any necessary improvements to the next collection. The increasingly positive results with regard to customer satisfaction are a testament to our constant improvements.

Among the main innovations for 2019 in the quality management process, the **metal detection** process that has been applied to all categories and the introduction of chemical assessments in the supply chain are highlights. In compliance with current regulations, metal detection is the stage of the metal control process during production that is carried out before packaging the product into cardboard boxes. If traces of metal in excess of the permitted limits are detected, the product must be taken to a specialised inspection area where the piece will be found and removed. If it cannot be identified, the garment will be destroyed.

Moreover, in 2019 **Desigual** defined a **new strategy for chemical assessments** that will allow us to detect, prevent and remove the presence of any prohibited chemicals, or any that are restricted by law, in our products. This is in combination with the set of mechanisms and procedures that **Desigual** works by in this regard. This new step will allow us to introduce improvements regarding the controls that have been carried out thus far. At the same time, this process will allow for greater speed with regard to the approval of garments, because once production starts, the materials that make up the garments will have already been approved at audited factories during the development process.

The complexity of our garments and our commitment to the traceability of the raw materials affect the management of quality in the value chain. Both factors force us to keep our expertise permanently updated so we can act according to the highest quality standards.



Testing process: compliance with local regulations

The testing requirements established by our quality management system summarise the regulations in the main markets where we operate: European Commission (REACH), the government of the USA (CPSIA) and the government of China (GB), as well as other country-specific regulations (Germany, Japan, Norway, Finland, etc.).

The sets of requirements are divided into product categories (apparel, accessories and footwear), and within each category we carry out the applicable testing for each collection: adults, children, handbags, belts, etc.

At the beginning of each campaign, the testing team submits the updated set of requirements to the suppliers, as well as any potential changes to the procedures that will be carried out.

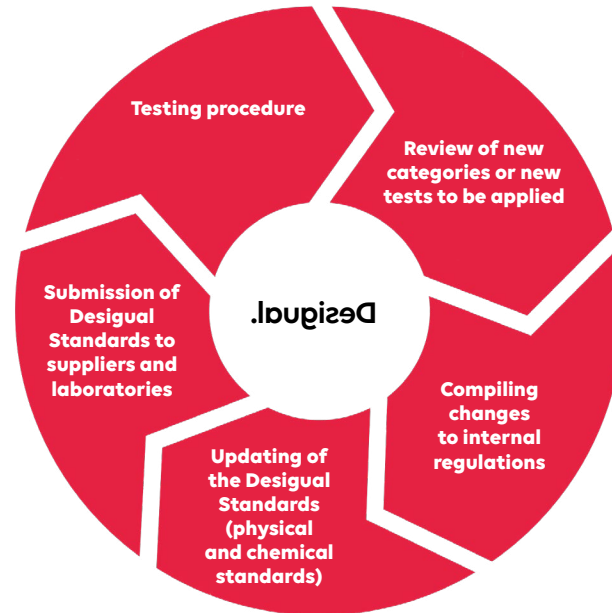
The results of the tests carried out by the laboratories are reported on the dQual platform.

In addition, at the beginning of each campaign and during the sampling process, to **analyse risks** we carry out checks on all the items that make up the collections. These checks look at any potential chemical, quality and safety risks, taking into account the type of item, the production process and the types of techniques and products used in these processes. Moreover, we specifically focus on reviewing children's garments by paying attention to small and sharp components, strings and laces and any other materials that may pose additional risks. This information is then shared with our suppliers so they can identify any potential risks themselves and solve them in advance.

We carry out final internal controls at the end of the season after receiving the garments from the collection at our warehouse. This allows us to assess the proper functioning of all processes and the accuracy of the results obtained from the controls carried out by our suppliers.

The final results are shared with the suppliers at the beginning of the next season. **Desigual** classifies its suppliers in three clusters as part of an agreed quality model. The testing procedures depend on the cluster to which each supplier belongs.

These KPIs are obtained from the dQual platform.



2.2.4. Strategic partnerships in the Product Department

We establish key synergies and partnerships between the Product department and international benchmark entities and collectives. Our decision-making process takes into account the interests and expectations of our stakeholders, as well as the standards defined by these organisations and the commitments we have undertaken with them.

Sustainable Apparel Coalition (SAC)

An international textile industry organisation which aims to promote sustainable manufacturing.

For **Desigual**, joining this organisation represents another step towards fulfilling our social and environmental commitments. It will also allow us to move forward with our implementation of good practices throughout our supply chain and to assess progress with regard to sustainability.

www.apparelcoalition.org

Better Cotton Initiative (BCI)

BCI is the world's largest cotton sustainability programme. It works to improve and ensure the future of cotton production around the world by improving conditions for workers and reducing the impact on the environment. It is made up of 1800 members who are involved with the various stages of the cotton supply chain.

www.bettercotton.org

Amfori

A world-leading business association promoting open and sustainable trade that is made up of more than 2,400 retailers, importers, brands and associations in more than 40 countries. Its mission is to enable its members to operate as successful and sustainable companies, helping them to monitor and improve the social and environmental performance of their supply chains.

www.amfori.org

Textile Exchange

A global non-profit organisation that works with all parties involved in the supply chain of textile products to minimise and even reverse the negative effect that this industry has on water, soil, animals and human populations.

The more than 400 members represent the main brands, retailers and suppliers from the global textile industry.

www.textileexchange.org/

Asociación Española de la Calidad (AEC)

A privately owned non-profit entity whose aim is to promote quality as a driving force for competitiveness and sustainability among professionals and companies in Spain, integrating every management area and the stakeholders within organisations. It is made up of more than 1,000 companies and 3,500 professionals.

www.aec.es

Asociación Española de Normalización, UNE

The entity legally responsible for developing technical standards in Spain. Desigual is part of the CTN 40/GT 8 group for the "Safety of children's clothes", which works with other procurement centres to assess, create and modify standards related to this issue.

www.une.org



2.2.5. Labelling

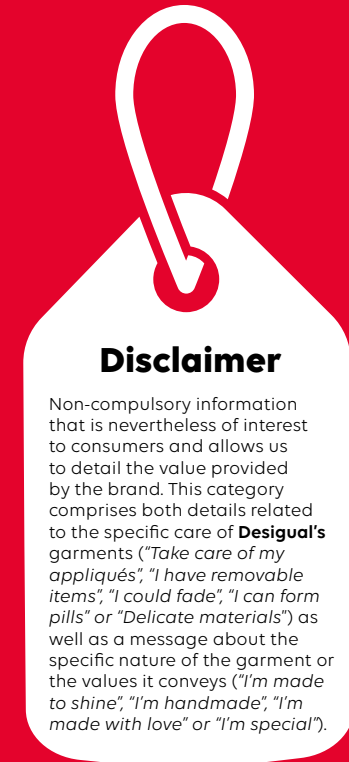
As the main informative element for consumers and in compliance with the applicable regulations in each market, we also have our own process for managing the labelling of our products. This system integrates all the regulations related to the labelling of products, which mainly depend on the category and the target market. It also allows us to perform online management of the direct orders placed with our labelling suppliers.

The labelling of products is divided into two typologies:



Care label

Includes information about the company and the supply chain (tax, production and importation details) and information on the components or care requirements of the garment. The inclusion of this information on all labels is compulsory, as established by a regulation that also indicates the exact location of labels for each product category.



Disclaimer

Non-compulsory information that is nevertheless of interest to consumers and allows us to detail the value provided by the brand. This category comprises both details related to the specific care of **Desigual's** garments (*"Take care of my appliqués"*, *"I have removable items"*, *"I could fade"*, *"I can form pills"* or *"Delicate materials"*) as well as a message about the specific nature of the garment or the values it conveys (*"I'm made to shine"*, *"I'm handmade"*, *"I'm made with love"* or *"I'm special"*).

Chapter 3

Supply chain

- 3.1. The profile of the suppliers
- 3.2. Control and auditing systems
- 3.3. Emphasis on transparency and traceability



3.1.

The profile of the suppliers

The characteristics and complexities of our products and distribution model require that we work with a wide array of specialised suppliers.

Their work is key to ensuring the sustainability of the supply chain, so we develop tools and processes to ensure they comply with Desigual's standards for the quality and safety of the product, the protection of the environment and their commitment to guaranteeing the labour rights and, in a broader sense, the human rights in general of their employees.



The "made with love" philosophy, which defines the creation of our collections, covers the entire supply chain with the aim of ensuring maximum quality for all processes. To this end, and in accordance with our corporate principles of promoting the personal and professional growth of our employees and collaborators, we work with a network of authorised and specialised suppliers who share our values and commitment to human rights.

In 2019, we advanced this objective by positioning our suppliers as one of the pillars of our 2020-2023 Sustainability and CSR Plan, which includes our goal of guaranteeing the traceability and transparency of the supply chain. The consolidation of auditing processes for these suppliers and the incorporation of new standards, both internal and those established by international benchmark entities, allow direct control over product quality and, more specifically, over the provision of the fair working conditions that we demand from every party involved in the manufacturing process of our products.

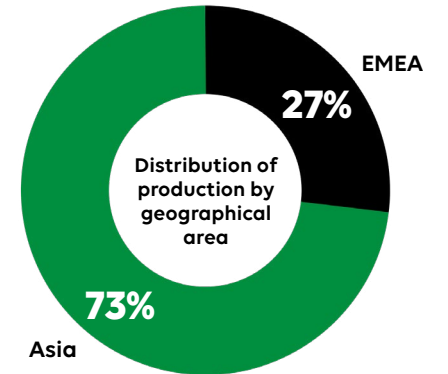
This collaboration system is especially important in a company like **Desigual**, where the complexity of the product (handmade techniques, combination of materials, launch of limited collections, collection schedules, etc.) requires a very specialised network of suppliers, from suppliers that produce complete garments to specialists in specific processes (printing, painting, embroidery, etc.), or suppliers of accessories (buttons, zips, etc.). Our production is mainly located in Asia (73%) and EMEA (27%).

114

Active suppliers

18.849.052

Items manufactured in 2019



We continue to advance our commitment to the geographical diversification of the locations of our production centres with a gradual concentration in the EMEA region. Carrying out production close to the main European markets responds to our goal of improving the speed of our supply chain, while also helping to reduce the impact on the environment.



3.2.

Control and auditing systems

In accordance with the particularities of the Company (values and principles) and the importance of adjusting our model to the supply chain, the authorisation and monitoring of suppliers is carried out through our own system, which is based on compliance with the standards established in a number of documents and processes.

The general terms that rule our relationships with our suppliers are contained in the **Supplier Book**, which compiles the processes and procedures that our suppliers must be aware of and follow in order to manufacture our garments. This document also sets out the requirements we demand in terms of social and environmental compliance. It is compulsory for all our suppliers to sign and comply with this document.

Additionally, the **Code of conduct for suppliers** provides the main framework for building a relationship with our suppliers. This document stems from our Code of ethics and allows our suppliers to familiarise themselves with and apply **Desigual's** values and culture. It lays out aspects related to three main factors: human rights and compliance with the law, employee rights and employment standards (the prohibition of child and forced labour, non-discrimination, contractual agreements, schedules, salaries, freedom to bargain, safety and hygiene, etc.); the environment (permits and licences, management of waste and chemicals, emissions, etc.); and quality and safety. All direct suppliers, as well as their subcontractors and stakeholders, must comply with and apply the Code of conduct for suppliers.

Commitments set out in our Code of conduct for suppliers

A. The conduct and employment rules contained in the Code

A1. Human rights and compliance with the law

A2. Employee rights and the terms of their employment agreements

Prohibition of child labour

Non-discrimination

Prohibition of forced labour

Prohibition of disciplinary measures

Contractual agreements

Schedules

Salary

Freedom of association and collective bargaining

Health, safety and hygiene in the workplace

A3. Relationship with the environment and product quality and safety

Permits and licences

Waste

Chemical products

Grey water

Emissions

Packaging

Quality and safety of the product

B. Implementation and compliance with the Code

Subcontracting

Internal management of the code for suppliers

Audits

Non-compliance

Publicity

Queries and complaints

All new suppliers joining our supply chain – in the 2019 tax year, we initiated business relationships with 23 – are authorised according to the criteria set out in the Code of conduct for suppliers. Compliance with this code by our existing suppliers is guaranteed through an **auditing system**, which is a device designed as a control method but also as an opportunity for discussion and approachability so any points that need improving can be analysed together and progress can be measured. The Product, CSR & Sustainability and Sourcing teams pay regular visits to our suppliers to gain first-hand knowledge of their operations in their respective fields. We also have local teams based in the markets where our production is greatest, which allows us to monitor the factories more regularly.

At present, it is compulsory for all suppliers (new and existing) to undergo social audits.

We carry out audits at our suppliers' factories through an independent third party, which allows us to ensure impartiality and objective results.

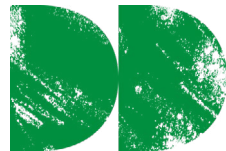
In 2019, we audited 63% of our production in high-risk countries according to the BSCI (which we added this year after **Desigual** joined the Amfori association) and SA8000 international standards.

In addition, we also use our own control tools and processes to verify the social performance of the rest of the factories that manufacture our items.

Alongside this control of our supply chain, we perform environmental audits at our suppliers' factories through an independent third party – in particular, we focus on those factories that carry out wet processes – to verify that the set of environmental requirements we have defined are being complied with and to obtain constant feedback regarding the degree to which our Code of Conduct is being complied with, which will allow us to act swiftly in the event of a breach.

We are aware of how important it is to manage and attempt to reduce and remove any chemicals that are harmful to the environment from our supply chain. To fulfil this goal, we have begun training our suppliers on this matter.

The last element of our relationship with our suppliers, which is based on collaboration and continuous improvement, is the development of **corrective action plans**, through which we support our suppliers and correct any minor non-conformities identified in the audits. In the event that a major breach of the company's standards is detected, the business relationship with the relevant supplier will be terminated immediately.



3.3.

Emphasis on transparency and traceability

Alongside our management and auditing system and every other device aimed at ensuring the transparency and traceability of our supply chain, we carry out new actions that have been developed in 2019 to emphasise these processes. This is a goal that has guided **Desigual's** relationships with its suppliers from the beginning and which is elevated to the status of strategic pillar in the company's 2020-2023 Sustainability and CSR Plan.

In 2019, notable among the measures developed for this purpose are our membership of Amfori and our proactive participation, for the first time, in the Fashion Transparency Index by providing new data on transparency.

Amfori is a group of companies focused on open and sustainable trade. One of their main actions is the development and implementation of the BSCI standard for improving the social performance of supply chains with regard to aspects like fair remuneration of employees and the absence of child labour. Amfori's size – it comprises more than 2,400 companies – allows it to exchange best practices and develop more efficient measures.

The Fashion Transparency Index is an analysis of the level of transparency of the world's main fashion industry brands, promoted by the Fashion Revolution movement. This index mainly looks at the volume and quality of the information that brands make public about the suppliers, policies and practices involved in their supply chain, and their social and environmental impact.

Regarding this point, in 2019 we collaborated with various NGOs and independent initiatives that work to promote supply chain transparency and guarantee fair employment conditions and practices that are sustainable in terms of social and environmental aspects. For example, we have published a list of our suppliers of materials like viscose in response to enquiries from the Changing Markets Foundation and the Clean Clothes Campaign. We have also responded to queries specifically related to employment conditions at our workplaces from Human Rights Watch and the Clean Clothes Campaign.

Our commitment to promoting a supply chain that is more transparent, sustainable and respectful of social and labour rights is one of the main pillars of our operations.

This is why, from 2020 onwards, **Desigual** is planning to further its commitment through various projects, agreements and actions that involve our supply chain.

This commitment is materialised through our determination to integrate transparency and traceability as a comprehensive integral element of our relationships with our suppliers. To this end, we are relying on Trustpparency, in other words, in our global supply strategy we are committed to improving the penalty system for transparency and traceability while building partnerships with our suppliers that will allow us to join forces and establish synergies in the future.

To make this possible, in 2019 we implemented tools to monitor the production capacity of each supplier in order to guarantee the traceability of our supply chain. In addition, in 2020 we will publish a list of manufacturing factories.

Moreover, we want to continue to reinforce the abilities and competencies of our network of suppliers, reduce turnover and establish a stable network. To this end, we have created our own scorecard, which we send out once a season so we can obtain information that allows us to work together on the points that need to be improved.

Lastly, we have signed collaboration agreements in different areas with the aim of maintaining a closer relationship with our network under a framework of long-term trust and stability.

Chapter 4

Environment

- 4.1. Commitment to the climate
- 4.2. Sustainable packaging and consumables
- 4.3. Responsible waste management





Environment

At Desigual, we are aware of the impact of our operations on the environment, which is why the company works according to a strategy built around our explicit commitment to integrating and applying a set of sustainable development criteria throughout our supply chain that will guarantee efficient management of natural resources and adequate protection of the environment. In 2019, we emphasised this policy based on new lines of action and the goals established in our 2020-2023 Sustainability and CSR Plan.

As a brand, **Desigual** has always been driven by change, which is an approach and way of working that permeates everything we do. This outlook has also allowed us to continue to move forward in a way that is consistent with our commitment to reducing the impact of our operations on the environment.

This commitment, which applies to the entirety of our value chain – from our production processes to our logistics chain and the life cycle of the product – is explicitly outlined in our benchmark frameworks for action, principally our Code of ethics, which applies to the activity of every member of our team, and the Code of conduct for suppliers, in which we detail the environmental best practices we expect from our network of suppliers.

Over the course of the past few years, **Desigual** has gradually implemented certain measures that have allowed us to progress towards materialising this commitment. Today, we have our own environmental management system at our Barcelona headquarters and the logistics platforms in Gavà and Viladecans, which allows us to analyse, monitor and develop projects to reduce the environmental impact of these workplaces.

Reducing the impact of our operations on the environment is one of the main points of our 2020-2023 Sustainability and CSR Plan, through which we are continuing to accelerate our long-standing commitment to the environment through a new strategy made up of three main lines of action that pursue specific goals:

- 1. Commitment to the climate**, by reducing our carbon footprint and developing an energy efficient strategy.
- 2. Sustainable packaging and consumables**, with a specific commitment to completely phasing out plastic from our packaging.
- 3. Reducing the generation of waste and managing it in a sustainable way.**

Our 2020-2023 Sustainability Plan furthers our environmental strategy from the perspective of working to reduce the environmental impact of the company's operations throughout its value chain, and relies on the cross-disciplinary involvement of every department.

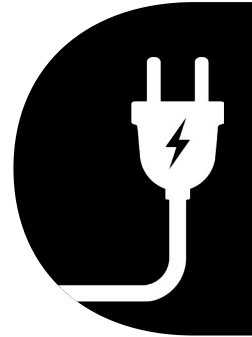
4.1. Commitment to the climate

The "Commitment to the Climate" line of action in our 2020-2023 Sustainability and CSR Plan includes the specific goal of reducing emissions and, consequently, the footprint of our operations. This commitment is nothing new: we have been measuring the three scopes of our footprint since 2011 according to the ISO 14065 standard. Our Plan aims to reduce them over the course of the next three years through an all-encompassing strategy of increased efficiency and sustainability in our consumption of resources and our operations.

Among the specific measures to develop, we aim to incorporate more sustainable materials in our collections as well as our packaging and normal consumables, and to improve our waste management at stores and corporate branches. Additionally, we carry out awareness and training campaigns with our employees to ensure the culture of sustainability and efficient management of resources reaches the entire organisation. As usual, in 2019 we made our footprint results available to the entire organisation and reminded our employees how they can contribute to minimising their impact (by reducing power consumption, managing waste, etc.).

In 2019, **Desigual's** Scope 1 direct emissions amounted to 494 tonnes of CO2eq, while Scope 2 indirect emissions amounted to 6,724 tonnes of CO2eq. Scope 3 indirect emissions totalled 86,136 CO2eq. The overall emissions of our 2019 carbon footprint totalled 93,355 CO2eq.

Furthermore, in the mid-term we will validate our carbon footprint emissions targets in collaboration with Science Based Targets, a joint initiative from CPD, the UN Global Compact, the World Resource Institute (WRI) and the WWF. Science Based Targets identifies and promotes innovative approaches to defining corporate targets for the reduction of greenhouse gases.



Energy consumption

Desigual's efforts to reduce emissions directly linked to our **energy consumption** translate into purchasing energy from renewable sources in the countries in which we operate as well as initiatives to optimise the running of our offices. On the one hand, we use energy from renewable sources in Spain (in the headquarters, logistics centres and points of sale), France, Portugal, Switzerland, Singapore, Belgium, Canada and Sweden, which amounts to a total of 26.8 GWh, 13% more than in the previous year. Thanks to the renewable source of this power, we have cut our emissions by 5,876 tonnes of CO2eq in the countries listed above.

With regard to the offices and points of sale, our logistics centre in Viladecans has been awarded a GOLD LEED certification. As for our points of sale, two of our most important flagship stores in Barcelona have been awarded the maximum PLATINUM LEED certification, and several stores in France have been awarded the BREAAAM certification (LEED and BREAAAM are the two most prestigious certifications for sustainable buildings in the world, and both are voluntary).

As a practice that is already fully integrated into the company, we apply sustainability criteria to our points of sale by choosing the most efficient materials and energy equipment (installing LED lights, equipment with Energy Star labelling, etc.) as we carry out refurbishing and maintenance actions. In line with this, in 2020 our plans include integrating sustainable building criteria to the openings of all points of sale with our New Store Concept.

Table 10

Energy consumption

Country	kWh	Country	kWh
Spain	21,204,000	United States	592,169
Italy	4,360,183	The Netherlands	515,000
France	3,368,603	Canada	194,214
Germany	4,400,000	Sweden	199,292
Portugal	624,201	Switzerland	394,241
Belgium	418,720	Singapore	403,973
Japan	789,880	United Kingdom	113,643
Austria	452,924		



Water consumption

In addition to the aforementioned measures, we systematically apply efficiency measures to **water consumption** in our workplaces, which are assessed periodically through the criteria established by our corporate environmental management system. Our offices are equipped with dry toilets, water treatment and grey water recycling systems, which in 2019 enabled us to treat 1,109 m³ of water that was reused as grey water, an increase of 40% compared to 2018. At our logistics centre in Viladecans, we also use water-consumption efficiency systems. Moreover, the plants that surround the Viladecans centre are native to the area, which meets our goal of ensuring they are fully suited to the weather conditions of the region, which means they will not need to be looked after with artificial watering systems.

Our environmental management system allows us to monitor our consumption levels on a monthly basis so we can compare them to the previous year and assess the efficacy of the measures we adopt.

In 2019, the overall consumption of water at **Desigual's** offices and points of sale amounted to 84,086 m³.

Furthermore, in our production operations, which comprise the processes that consume the largest amount of water, we work on specific schemes with our suppliers to guarantee that this resource is efficiently used through the implementation of the best techniques available.



Environmental management system

A device that is essential to the monitoring and reduction of our carbon footprint is our **environmental management system**, which has been certified with the UNE – EN ISO 14001 international standard. In 2019, we obtained official certifications for the Viladecans logistics platform, which has now joined two other centres that had already been certified: the logistics platform in Gavà and our headquarters.

Our environmental management system allows us to monitor energy consumption at our offices and logistics centres to enable the optimisation of the running of our buildings and minimise any inefficiencies. It also allows us to monitor all relevant indicators so we can measure our environmental impact, detect risks and set improvement targets. Each of our certified centres has its own Environmental Committee, who meet periodically to assess the performance of the indicators established in the environmental management system.

4.2.

Sustainable packaging and consumables

Our commitment to shifting towards an increasingly sustainable usage of materials permeates the entire value chain, from a gradual increase of the percentage of sustainable fibres used in the collections – explained in the section on product – to the materials that reach the customer and our various communication supports.

The main challenge in this regard is to gradually phase out plastic, a material heavily used in retail in industries like fashion. At present, most of our packaging is already sustainable, both in our physical points of sale and our e-commerce shipments, for which our packaging is made from 100% recycled cardboard. Moreover, the paper bags we give out at our stores and the paper used to make catalogues and magazines and at the offices is also certified by the FSC and PEFC standards, which guarantee that it comes from sustainably grown forests.

In line with this, another action that **Desigual** expects to implement from 2020 onwards is gradually replacing the plastic hangers used at the points of sale with hangers made from 100% recycled polypropylene. This also allows for the possibility of implementing a recovery cycle to recycle this material into new hangers.

We are taking steps to completely phase out plastic from our packaging by 2021. The Sustainability Plan lays out some new ways of furthering this goal by gradually replacing plastic with materials from sustainable sources.

With regard to the consumption of the raw materials that we consume in our operations, excluding manufacturing processes, 95% of the raw materials used at Desigual come from renewable sources (paper and cardboard) and are 100% recyclable. The cardboard we use is at least 85% recycled, and the paper is either recycled or FSC or PEFC certified.



4.3.

Responsible waste management

The reduction and responsible management of waste is the third strategic line of action established by **Desigual's** 2020-2023 Sustainability Plan with regard to the environment. This way, we can strengthen one of the policies that we developed at our workplaces through the application of our own environmental management system.

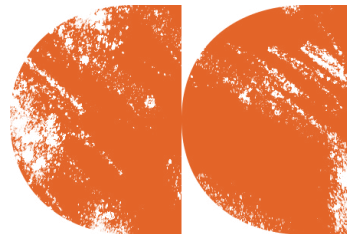
At our logistics centres, we focus on reusing the cardboard boxes we receive and ship every year with the aim of reducing the environmental impact this consumable generates, while also minimising waste and any unnecessary production of this material. In 2019, we reused 33% of the boxes received from our suppliers, which is a 13% increase over 2018. Additionally, the boxes we purchase are made from at least 85% recycled materials, which significantly reduces the carbon footprint, and every box that cannot be reused is recycled. Regarding other waste generated by our logistics operations, we recover 100% of our wood, paper and plastic.

Another practical measure implemented in 2019 to reduce waste was the complete phasing out of single-use cups at our workplaces, with each employee being given a cup to replace them. As well as raising awareness of this aspect among our employees, this initiative has allowed us to

reduce the generation of this type of plastic waste to zero. In addition to this, on World Recycling Day, we launched an internal awareness campaign to refresh good practices and provide tips on how to contribute to the correct separation of waste and the prevention of unnecessary waste generation.

Our 2020-2023 Sustainability Plan includes the gradual implementation of a zero-waste approach and the development of circular use projects. We also expect to launch new awareness campaigns aimed at employees and department managers.

At present, we are already recovering 80% of the 1,638 tonnes of waste generated at our buildings in Spain and our stores in Catalonia. Moreover, we have reduced our waste generation by 20% compared to 2018.



Chapter 5

Customers and points of sale

5.1. Close to our customers

5.2. Points of sale



Customers and points of sale

This new chapter in our story derives from Desigual's desire to get closer to our consumers by providing unique and exceptional products while responding to the needs and demands of our customers. To do this, we need to be fully aware of their concerns so we can provide experiences that are distinct, and, above all, increasingly personalised throughout their journey with the brand.



At **Desigual**, our target audience has always been composed of consumers who are looking for different and high-quality products, as well as colourful, optimistic and unique garments that celebrate the authenticity and personality of everyone who wears them. We believe that dressing is a declaration of intent and fashion is an ideal means of expression through which every individual can tell their own story.

By launching our new brand identity, we have evolved and moved closer to our usual consumer profile by reengaging with them in a renewed way and exploring new formulas that bring **Desigual** to new generations and reach out to new audiences.



5.1. Close to our customers

As a consequence of our ambition to continue evolving in response to the needs and demands of our customers, we constantly analyse the platforms, channels and points of contact that **Desigual** offers its consumers while implementing new solutions that allow us to continue moving forward with providing a complete shopping experience.

Permanently connected with our customers

Desigual's Customer Service centre in Barcelona addresses the queries and complaints from every market in the world which arrive through three different channels: phone calls, e-mails and chat (accessible from the [desigual.com](https://www.desigual.com) website). This service is provided by professionals who assist customers in nine languages (Spanish, Catalan, English, French, Italian, German, Dutch, Portuguese and Japanese).

In 2019 we were contacted approximately 240,000 times, a figure that is 17% lower than in 2018. 70% of cases were resolved in the first interaction, and more than 85% were answered in less than 48 hours,

maintaining the same levels as the previous year. The satisfaction level of our customers was 5.2 out of 7, which is 0.2 points below the 2018 score.

Over the past year, we have implemented various initiatives focused on optimising and simplifying the processes of the Customer Service Department to improve our responses to the demands that are brought to our attention in terms of time and quality.

We have created multidisciplinary teams made up of professionals from various departments to detect opportunities for improvement and research new payment systems and new forms of interaction. We have also developed a new monitoring project to detect technical issues early and thereby ensure minimal impact on the customer.

We want to continue to listen to our customers through every Customer Service tool, learn from our mistakes and apply any corrective measures necessary to guarantee an optimal brand experience. In 2019 we have implemented significant improvements that will be carried over into 2020.

Development of data protection as a comprehensive function

Desigual is fully devoted to protecting the data of our customers and developing anti-fraud procedures and systems. The approval of the General Data Protection Regulation (GDPR) in 2018 made this concern more apparent and led us to work to further involve all our departments in this regard. For this purpose, the creation of company-wide committees and a training programme is expected for 2020.

In 2019, the number of issues and requests to exercise data protection rights decreased compared to 2018, when we recorded an increase due to social concerns regarding the enforcement of GDPR. In parallel to this, the number of actions of a preventive nature carried out by the privacy department have increased.



We acknowledge customer loyalty

Desigual Magic is the loyalty scheme through which we offer exclusive advantages to all registered users. Customers who sign up to this programme accumulate points with every purchase, which they can then redeem as direct discounts on their next purchase at either our physical stores or Desigual.com.

Desigual Magic establishes three levels of users (Turquoise, Emerald and Diamond), depending on their annual purchases. Each level provides exclusive advantages (higher purchase value, exclusive gifts, etc.). Moreover, all registered users can access private sales at special events (Black Friday, sale periods, Sixties, etc.), the option to return items without the receipt and obtain direct discounts on their first purchase (10%) or on their birthday (25%)¹.

This programme will continue to offer new benefits in 2020, such as the creation of a Youth Club with additional advantages for those under 30.

¹ This 10% discount is applied to purchases over €100 of garments from new collections, both in physical stores and online. The 25% discount is also applied to purchases of items from new collections.



5.2.

Points of sale

Each of our stores is an expression of our spirit and identity as a brand, and they are the space where we focus on our experience with the customer. The rollout of our new brand identity was also materialised through a review of our points of sale and the application of major new features to the layout of our spaces and the services and technological innovations we provide.

Our commitment to providing a distinct experience, closer to that of a showroom than a conventional store, translates into more spacious stores, 100% **Desigual** outfits and increased prominence of the garments and accessories, as well as the creation of workshop areas aimed at boosting creativity.

We are also exploring the role of new technologies in delivering personalised and distinct shopping experiences that go hand in hand with human interactions and customer service, which are characteristic traits of **Desigual**.

We consolidate our in-store technology through...

- **Omnichanneling:** we want to get closer to our consumers through a model that allows us to respond to them whenever and wherever they need us. This is why our stores serve as a pick-up and return point for purchases made online.
- **Global stock:** we are working to achieve a real-time view of our stock and to be able to respond to the demands of our customers more quickly, by offering our product in the right place at the right time.
- **Ask Me:** a service that allows customers to make a purchase when there is no stock available at the store or the item belongs to a category which the point of sale does not carry. The customer can choose to get it delivered to their address or the store.
- **Ship from store:** this system allows us to prepare an order at the store that is closest to the delivery point chosen by the customer, thereby minimising waiting times.
- **RFID: Desigual** has begun implementing RFID to enable closer monitoring of everything that goes on at the stores. This radio frequency identification technology allows us to manage our stock very accurately in real time. In 2019, it was installed in 21 establishments, and in 2020 it will be installed in the remaining seasonal stores.

In addition to this, we are working to implement new tools like virtual assistants, 3D avatars and new functionalities related to Big Data with the aim of moving towards a more personalised shopping experience.





In June of 2019, the rollout of this new shopping experience was presented at our iconic store on Portal de l'Àngel in Barcelona. It then continued to be rolled out to the rest of our geographies, from Europe and Asia to Latin America and the United States, as part of a process that will continue into 2020.

Lastly, our commitment to promoting a responsible model for the consumption of fashion through the production of more sustainable garments – by increasing the percentage of sustainable fibres in our collections or launching 100% sustainable capsules – is also apparent at the point of sale, with new information supports that emphasise this goal while, at the same time, helping to raise awareness among our customers.

Sustainability at our points of sale

In 2019, we developed several actions to reinforce the presence of sustainability at our points of sale and further our commitment to promoting more responsible production and consumption of fashion.

- **Informative supports:** our stores feature informative supports that explain our 100% sustainable product capsules. In 2019, the most significant example of this was the collection we launched in collaboration with the Ecoalf brand. Moreover, the magazine that we issue twice yearly to present **Desigual's** collections provides detailed information about the sustainability of the garments, highlighting them so our customers can choose them over other items if they wish to do so.
- **Labelling:** our labels include information to help customers identify sustainable garments, alongside the other typical standard information. More specifically, our labels allow us to classify our garments according to three types of fabric: organic, eco-friendly and recycled. The labels themselves are made from recycled paper.
- **Paper bags and product packaging:** the bags we give out to customers are made from paper certified in accordance with the FSC and PEFC standards, in line with our commitment to the environment. The percentage of plastic we use in our packaging is very limited and we are working to phase it out completely.
- **Training at our stores:** the teams of professionals working at our points of sale have also been specifically trained on sustainable materials and garments so they can answer any questions that our customers may have about this subject.

Annexes

6.1. Tax benefits and tables

6.2. Content required by law 11/2018
on non-financial and diversity information



6.1. Tax benefits and tables

Table 1
Profit by country

Country	Euros
Germany	286,033
Austria	182,962
Belgium	39,427
Canada	101,605
Denmark	(18,875)
Spain	20,273,367
France	549,050
The Netherlands	120,689
Hong kong	711,125

Country	Euros
Italy	1,844,351
Japan	198,426
Poland	135,412
Portugal	200,768
Singapore	(37,977)
Sweden	(1,145,983)
Switzerland	4,779,247
UK	(1,318,403)
USA	24,067

Table 1.1
Tax paid by country

Country	Euros
Germany	363,368
Austria	25,637
Belgium	174,544
Canada	64,158
Denmark	3,349
Spain	3,840,309
France	184,624
The Netherlands	288,946
Hong kong	0

Country	Euros
Italy	264,193
Japan	294,161
Poland	35,675
Portugal	64,052
Singapore	79,774
Sweden	15,285
Switzerland	361,505
UK	12,386
USA	3,114

Table 2

Total number and distribution of employees by sex, age and country

Austria	Female	Male	Total
Manager	1	-	1
30 to 50 years old	1	-	1
Staff	1	1	2
30 to 50 years old	1	-	1
> 50 years old	-	1	1
Store	93	5	98
< 30 years old	43	1	44
30 to 50 years old	47	3	50
> 50 years old	3	1	4
Total	95	6	101

Belgium	Female	Male	Total
Store	62	8	70
< 30 years old	24	5	29
30 to 50 years old	33	3	36
> 50 years old	5	-	5
Total	62	8	70

Canada	Female	Male	Total
Store	32	3	35
< 30 years old	17	-	17
30 to 50 years old	9	1	10
> 50 years old	6	2	8
Total	32	3	35

Switzerland	Female	Male	Total
Staff	-	2	2
30 to 50 years old	-	2	2
Staff	53	4	57
< 30 years old	13	1	14
30 to 50 years old	38	3	41
> 50 years old	2	-	2
Total	53	6	59

Germany	Female	Male	Total
Manager	1	-	1
30 to 50 years old	1	-	1
Staff	12	2	14
< 30 years old	2	1	3
30 to 50 years old	10	1	11
Store	316	58	374
< 30 years old	121	31	152
30 to 50 years old	150	26	176
> 50 years old	45	1	46
Total	329	60	389

Spain	Female	Male	Total
Directors	5	11	16
30 to 50 years old	5	6	11
> 50 years old	-	5	5
Manager	40	39	79
< 30 years old	-	1	1
30 to 50 years old	36	37	73
> 50 years old	4	1	5
Staff	399	169	568
< 30 years old	45	19	64
30 to 50 years old	337	135	472
> 50 years old	17	15	32
Store	728	131	859
< 30 years old	354	79	433
30 to 50 years old	379	52	422
> 50 years old	4	-	4
Logistics	47	47	94
< 30 years old	5	6	11
30 to 50 years old	39	38	77
> 50 years old	3	3	6
Total	1.219	397	1.616

France	Female	Male	Total
Manager	2	1	3
30 to 50 years old	2	1	3
Staff	15	7	22
< 30 years old	1	2	3
30 to 50 years old	13	5	18
> 50 years old	1	-	1
Store	266	48	314
< 30 years old	143	25	168
30 to 50 years old	109	23	132
> 50 years old	14	-	14
Total	283	56	339

UK	Female	Male	Total
Store	17	2	19
< 30 years old	12	2	14
30 to 50 years old	5	-	5
Total	17	2	19

Hong Kong	Female	Male	Total
Staff	1	2	3
30 to 50 years old	1	2	3
Total	32	3	35

Italy	Female	Male	Total
Manager	-	1	1
30 to 50 years old	-	1	1
Staff	6	9	15
< 30 years old	-	2	2
30 to 50 years old	6	6	12
> 50 years old	-	1	1
Store	518	37	555
< 30 years old	224	25	168
30 to 50 years old	285	23	132
> 50 years old	9	-	14
Total	524	47	571

Japan	Female	Male	Total
Manager	1	-	1
30 to 50 years old	1	-	1
Staff	8	13	21
< 30 years old	1	-	1
30 to 50 years old	6	12	18
> 50 years old	1	1	2
Store	93	30	123
< 30 years old	28	9	37
30 to 50 years old	56	21	77
> 50 years old	9	-	9
Total	102	43	145

The Netherlands	Female	Male	Total
Store	29	4	33
< 30 years old	11	2	13
30 to 50 years old	14	2	16
> 50 years old	4	-	4
Total	29	4	33

Poland	Female	Male	Total
Store	33	-	33
< 30 years old	24	-	24
30 to 50 years old	9	-	9
Total	33	-	33

Portugal	Female	Male	Total
Store	42	17	59
< 30 years old	19	10	29
30 to 50 years old	23	7	30
Total	42	17	59

Sweden	Female	Male	Total
Store	22	2	24
< 30 years old	10	1	11
30 to 50 years old	12	1	13
Total	22	2	24

Singapore	Female	Male	Total
Staff	1	1	2
30 to 50 years old	1	1	2
Store	38	6	44
< 30 years old	18	5	23
30 to 50 years old	14	1	15
> 50 years old	6	-	6
Total	39	7	46

USA	Female	Male	Total
Manager	1	1	2
30 to 50 years old	1	1	2
Staff	4	2	6
< 30 years old	1	-	1
30 to 50 years old	3	2	5
Store	77	27	104
< 30 years old	39	16	55
30 to 50 years old	30	11	41
> 50 years old	8	-	8
Total	82	30	112

Group	Female	Male	Total
Directors	5	12	17
30 to 50 years old	5	7	12
> 50 years old	-	5	5
Manager	46	41	87
< 30 years old	-	1	1
30 to 50 years old	42	39	81
> 50 years old	4	1	5
Staff	447	208	655
< 30 years old	50	24	74
30 to 50 years old	378	167	545
> 50 years old	19	17	36
Store	2.419	382	2.801
< 30 years old	1.100	205	1.305
30 to 50 years old	1.204	173	1.377
> 50 years old	115	4	119
Logistics	47	47	94
< 30 years old	5	6	11
30 to 50 years old	39	38	77
> 50 years old	3	3	6
Total	2.964	690	1.616

Table 3

Total number and distribution of employment contract types

Type of contract	Employees
Permanent Full Time	1,638
Permanent Part Time	913
Temporary Full Time	170
Temporary Part Time	933
Total	3,654

Table 4

Total number and distribution of working hours by sex

Type of working	Female	Male	Total
Full Time	1,320	488	1,808
Part Time	1,644	202	1,846
Total	3,654	690	3,654

Table 5

Number of dismissals by gender, age and professional category

Prof. category/gender	Female	Male	Total
Directors and management	3	5	8
30 to 50 years old	2	3	5
> 50 years old	1	2	3
Staff	37	15	52
< 30 years old	2	3	5
30 to 50 years old	33	11	44
> 50 years old	2	1	3
Store	157	34	191
< 30 years old	77	15	92
30 to 50 years old	72	19	91
> 50 years old	8	-	8
Logistics	-	2	2
30 to 50 years old	-	2	2
Total	197	56	256

Table 6

Employees with disabilities

Professional category/ Gender	Total employees	Disabled employees	% Disabled employees
Directors	17	-	0.0%
Managers	87	1	1.1%
Staff	655	3	0.5%
Store	2,801	24	0.9%
Logistics	94	-	0.0%
Total overall	3,654	28	0.8%

Table 7

Number of hours of absence by gender

	Female	Male
Non-occupational illness	256,105.56	40,555.11
Occupational illness	10,563.27	2,402.20
Maternity/paternity	207,712.35	9,188.29
Others	26,163.63	3,422.41
Total	500,545	55,568

6.2. Content required by law 11/2018 on non-financial and diversity information

Content required by Law 11/2018 on non-financial and diversity information	Standard	Reference chapter	Comments
BUSINESS MODEL			
Description of the group's business model	GRI 102-2	Chapter 1. About us	
	GRI 102-4	Chapter 1. About us	
	GRI 102-6	Chapter 1. About us	
	GRI 102-2	Chapter 1. About us	
	GRI 102-15	Chapter 1. About us	
INFORMATION ON ENVIRONMENTAL ASPECTS			
Policies	GRI 103-2	Chapter 4. Environment	
			Policies applied by the group, including the due diligence procedures applied to the identification, assessment, prevention and mitigation of significant risks and impacts, and for verification and control, in addition to the measures adopted

Content required by Law 11/2018 on non-financial and diversity information	Standard	Reference chapter	Comments
INFORMATION ON ENVIRONMENTAL ASPECTS			
Main risks	GRI 102-11	Chapter 1.7. Management and risk control systems	
	GRI 102-15	Chapter 1.7. Management and risk control systems	
	GRI 102-30	Chapter 1.7. Management and risk control systems	
	GRI 201-2		The Company is analysing the potential consequences of climate change that could affect us. In 2020, we will start to devise policies and procedures that will help us to identify the potential effects.
			The main risks related to matters linked to the group's activities, including, whenever relevant and proportionate, any trading relationships, products or services that may have negative effects on said fields and how the group manages said risks, explaining the procedures used to detect and assess them in accordance with national, European or benchmark international frameworks for each aspect. Must include information on the impacts detected, through an itemised list, specifically the main risks in the short, medium and long term.
General	GRI 102-30	Chapter 1.7. Management and risk control systems	
	GRI 102-29	Chapter 1.10. Materiality matrix	
	GRI 102-31	Chapter 4. Environment	We continue to take the SWOT analysis into account, as no substantial changes have affected our operations in the year of this report.

Content required by Law 11/2018 on non-financial and diversity information		Standard	Reference chapter	Comments
INFORMATION ON ENVIRONMENTAL ASPECTS				
General	Environmental certification or assessment procedures	GRI 102-11	Chapter 1.7. Management and risk control systems and Chapter 4. Environment	
		GRI 102-29	Chapter 1.7. Management and risk control systems and Chapter 4. Environment	
		GRI 102-30	Chapter 1.7. Management and risk control systems and Chapter 4. Environment	
	Resources devoted to environmental risk prevention	GRI 102-29	Chapter 1.7. Management and risk control systems	
	Application of the principle or precaution	GRI 102-11	Chapter 1.7. Management and risk control systems	
Provisions and guarantees for environmental risks	GRI 307-1	Chapter 4. Environment	Regarding emissions, thanks to our controls, in 2019 we have not detected any abnormal values outside those permitted by the current law.	

Content required by Law 11/2018 on non-financial and diversity information		Standard	Reference chapter	Comments
INFORMATION ON ENVIRONMENTAL ASPECTS				
Pollution	Measures to prevent, reduce or fix the carbon emissions that have a severe effect on the environment, taking into account any form of atmospheric pollution specific to an activity, including noise and light pollution	GRI 103-2	Chapter 4. Environment	
		GRI 302-4 (parcial)	Chapter 4. Environment	
		GRI 302-5 (parcial)	Chapter 4. Environment	
		GRI 302-5 (parcial)	Chapter 4. Environment	
Circular economy and waste prevention and management	Measures for preventing, recycling, reusing, other forms of recovery and elimination of waste. Actions to combat food wastage	GRI 103-2	Chapter 4. Environment	
Sustainable uses of resources	Water consumption and supply in accordance with local limitations	GRI 301-3	Chapter 4. Environment	Desigual only consumes water provided by the supplying company. This year, we changed the methodology for calculating our water consumption and estimated the consumption at all our points of sale according to their m2. This allows us to obtain a number close to our actual consumption.
		GRI 303-3	Chapter 4. Environment	

Content required by Law 11/2018 on non-financial and diversity information	Standard	Reference chapter	Comments	
INFORMATION ON ENVIRONMENTAL ASPECTS				
Sustainable uses of resources	Consumption of raw materials and the measures taken to improve the efficiency of their use	GRI 103-2	Chapter 4. Environment	
		GRI 302-1 (partial)	Chapter 4. Environment	
		GRI 302-2 (partial)	Chapter 4. Environment	
		GRI 302-3 (partial)	Chapter 4. Environment	
	Power: direct and indirect consumption; measures adopted to improve energy efficiency; use of renewable energies	GRI 103-2	Chapter 4. Environment	
		GRI 103-1	Chapter 4. Environment	
		GRI 103-3		10,410,373.97 kWh (Estimated consumption of franchisee stores)
		GRI 103-1		kWh/m ² :280.84
		GRI 302-4 (partial)	Chapter 4. Environment	
		GRI 302-5 (partial)	Chapter 4. Environment	

Content required by Law 11/2018 on non-financial and diversity information	Standard	Reference chapter	Comments	
INFORMATION ON ENVIRONMENTAL ASPECTS				
Climate change	Emission of greenhouse gases	GRI 305-1	Chapter 4. Environment	
		GRI 305-2	Chapter 4. Environment	
		GRI 305-3	Chapter 4. Environment	In our calculations of the 2019 footprint, we have changed scope 3 and emissions arising from production processes have been excluded due to a probable inaccuracy of the data.
		GRI 305-4		Kg CO ₂ /item sold: 4.77
	Measures taken to adapt to the consequences of climate change	GRI 102-15	Chapter 1.7. Management and risk control systems and Chapter 4. Environment	
		GRI 103-2		
		GRI 201-2		The company is currently analysing the potential consequences of climate change that may affect it. In 2020, it will start formulating policies and procedures to help mitigate the potential effects.
		GRI 305-5 (partial)	Chapter 1.7. Management and risk control systems and Chapter 4. Environment	

Content required by Law 11/2018 on non-financial and diversity information		Standard	Reference chapter	Comments
INFORMATION ON ENVIRONMENTAL ASPECTS				
Climate change	Voluntarily established reduction goals for the medium and long term aimed at reducing greenhouse gas emissions, and the means implemented for such purposes	GRI 103-2	Chapter 4. Environment	
Protection of biodiversity	Measures taken to adapt to the consequences of climate change	GRI 103-2		This aspect is not significant for Desigual. However, in our policy on materials we establish the ones that we do not use in our collections, including those obtained from protected or endangered species
		GRI 304-3		This aspect is not significant for Desigual
	Impacts caused by activities or operations in protected areas	GRI 304-1		This aspect is not significant for Desigual
		GRI 304-2		This aspect is not significant for Desigual
		GRI 304-4	Chapter 2. From the idea to the product	This aspect is not significant for Desigual. However, in our policy on materials we establish the ones that we do not use in our collections, including those obtained from protected or endangered species

Content required by Law 11/2018 on non-financial and diversity information		Standard	Reference chapter	Comments
INFORMATION ON SOCIAL MATTERS RELATED TO PERSONNEL				
Policies	Policies applied by the group, including the due diligence procedures applied for the identification, assessment, prevention and mitigation of significant risks and impacts, and for verification and control, in addition to the measures adopted	GRI 103-2	Chapter 1.5. The people who make it possible	
		GRI 102-35	Chapter 1.5. The people who make it possible	
Main risks	The main risks related to matters linked to the group's activities, including, whenever relevant and proportionate, any trading relationships, products or services that may have negative effects on said fields and how the group manages said risks, explaining the procedures used to detect and assess them in accordance with national, European or benchmark international frameworks for each aspect. Must include information on the impacts detected, through an itemised list, specifically the main risks in the short, medium and long term	GRI 102-15	Chapter 1.7. Management and risk control systems	
		GRI 102-30	Chapter 1.7. Management and risk control systems	

Content required by Law 11/2018 on non-financial and diversity information		Standard	Reference chapter	Comments
INFORMATION ON SOCIAL MATTERS RELATED TO PERSONNEL				
Employment	Total number and distribution of employees by sex, gender, country and professional category	GRI 102-7	Chapter 1.5. The people who make it possible	
		GRI 102-8	Chapter 1.5. The people who make it possible	
		GRI 405-1 (partial)	Chapter 1.5. The people who make it possible	
	Total number and distribution of employment contract types	GRI 102-8	Table 3. Annexes	
	Annual average of permanent, temporary and part-time contracts by gender, age and professional level	GRI 102-8	Table 4. Annexes	
	Number of dismissals by gender, age and professional level	GRI 401-1 (partial)	Table 5. Annexes	
	Average remunerations and their evolution broken down into gender, age and professional category or an exact value	GRI 405-2	Chapter 1.5. The people who make it possible	The total amount paid to employees was 95,833,430 in 2019 and 103,789,668 in 2018. This information can be found in our Annual Accounts.
	Pay gap	GRI 405-2	Chapter 1.5. The people who make it possible	

Content required by Law 11/2018 on non-financial and diversity information		Standard	Reference chapter	Comments
INFORMATION ON SOCIAL MATTERS RELATED TO PERSONNEL				
Employment	Remuneration of exact positions or average remuneration of the company	GRI 202-1	Chapter 1.5. The people who make it possible	With regards to the minimum established salary, we take as a reference the fixed salary established by the agreement from the province of Barcelona for the collective of 2nd-level sales assistants. The ratio of fixed salaries compared to salaries by collective agreement is 1.01. On top of this salary, Desigual pays commissions on sales.
	The average remuneration for directors and executives, including variable pay, meals, compensations, the payments to long-term pension schemes and any other payment, broken down by gender	GRI 102-35	Chapter 1.6. Governance bodies	
		GRI 102-36	Chapter 1.5. The people who make it possible	
		GRI 201-3	Chapter 1.5. The people who make it possible	This aspect does not apply to the organisation.
	Employees with disabilities	GRI 405-1 (partial)	Table 6. Annexes	
	Organisation of work	Organisation of working hours	GRI 102-8	Chapter 1.5. The people who make it possible
Qualitative				
	Number of absenteeism hours	GRI 403-2 (partial)	Table 7. Annexes	

Content required by Law 11/2018 on non-financial and diversity information		Standard	Reference chapter	Comments
INFORMATION ON SOCIAL MATTERS RELATED TO PERSONNEL				
Organisation of work	Measures aimed at ensuring work-life balance and promoting the co-responsibility of both parents.	GRI 103-2	Chapter 1.5. The people who make it possible	
	Health and safety conditions in the workplace	GRI 103-2	Chapter 1.5. The people who make it possible	
Health and safety	Accidents at the workplace (frequency and severity) broken down by gender	GRI 403-2 (parcial)		Frequency ratio: Males: 10.65 Females: 11.90 Severity ratio*: Males: 0.48 Females: 0.41
				*The scope of this calculation applies only to headquaters and logistics, as figures related to hours not worked due to accidents for the rest of the countries and points of sale have not been possible to trace. The organisation is working to include this information in subsequent reports
	Occupational illnesses (frequency and severity) broken down by gender	GRI 403-3	Chapter 1.5. The people who make it possible	Given Desigual's activity, there are no recorded instances of occupational illnesses during the period relevant to this report

Content required by Law 11/2018 on non-financial and diversity information		Standard	Reference chapter	Comments
INFORMATION ON SOCIAL MATTERS RELATED TO PERSONNEL				
Social relations	Organisation of social dialogue, including the procedures aimed at informing, consulting with and negotiating with employees	GRI 102-43	Chapter 1.5. The people who make it possible	
		GRI 402-1		We have a closure policy that defines deadlines for informing those employees who will be affected by the closures of points of sale. In general, it is expected that the notice period will coincide with the one established by the current law of each country, but in all cases, the one-month notice period is honoured
		403-1	Chapter 1.5. The people who make it possible	Committees are present in Belgium, France and Germany.
	Percentage of employees covered by a collective agreement by country	GRI 102-41		% OF EMPLOYEES WITH COLLECTIVE AGREEMENTS PER COUNTRY: 100%: Spain, Portugal, Italy, Austria, Sweden, Denmark, France, Belgium, Netherlands, 25.88%: Switzerland 0%: Germany, UK, SG, JP, HK, CA, Poland Some countries do not have collective agreements, in which case we apply our internal policies and adapt them to each country.
		403-1	Chapter 1.5. The people who make it possible	Committees are present in Belgium, France and Germany.
	Assessment of collective agreements, especially in relation to health and safety at the workplace	403-4	Chapter 1.5. The people who make it possible	

Content required by Law 11/2018 on non-financial and diversity information		Standard	Reference chapter	Comments
INFORMATION ON SOCIAL MATTERS RELATED TO PERSONNEL				
Training	Policies implemented in the field of training	GRI 103-2	Chapter 1.5. The people who make it possible	
		GRI 404-2	Chapter 1.5. The people who make it possible	
	Total number of training hours by professional category	GRI 404-1	Chapter 1.5. The people who make it possible	
Accessibility	Universal accessibility for people with disabilities	GRI 103-2		Desigual facilitates universal accessibility for people with disabilities. For instance: accessible pathways at the offices, signage for accessible entrances to the building, and accessible hygiene services, among others
Equality	Measures adopted to promote equal treatment and opportunities for men and women	GRI 103-2	Capítulo 1.5. The people who make it possible	
	Equality plans	GRI 103-2	Capítulo 1.5. The people who make it possible	
	Measures adopted to promote employment	GRI 103-2	Capítulo 1.5. The people who make it possible	
GRI 404-2		Capítulo 1.5. The people who make it possible		

Content required by Law 11/2018 on non-financial and diversity information		Standard	Reference chapter	Comments
INFORMATION ON SOCIAL MATTERS RELATED TO PERSONNEL				
Equality	Protocols against sexual and gender-related harassment	GRI 103-2	Chapter 1.5. The people who make it possible	
	Integration and universal accessibility for people with disabilities	GRI 103-2		Desigual facilitates universal accessibility for people with disabilities. For instance: accessible pathways at the offices, signage for accessible entrances to the building, and accessible hygiene services, among others
	Policy against all forms of discrimination and, if applicable, policy on diversity management	GRI 103-2		
GRI 406-1		Chapter 1.5. The people who make it possible	No discrimination cases have been recorded during the period relevant to this report	
INFORMATION ON RESPECT FOR HUMAN RIGHTS				
Policies	Policies applied by the group, including the due diligence procedures applied for the identification, assessment, prevention and mitigation of significant risks and impacts, and for verification and control, in addition to the measures adopted	GRI 103-2	Chapter 3. Supply chain	
		GRI 410-1		The subcontracted security company will train its staff on human rights
		GRI 412-2 (parcial)	Chapter 1.5. The people who make it possible	

Content required by Law 11/2018 on non-financial and diversity information		Standard	Reference chapter	Comments
INFORMATION ON RESPECT FOR HUMAN RIGHTS				
Main risks	The main risks related to matters linked to the group's activities, including, whenever relevant and proportionate, any trading relationships, products or services that may have negative effects on said fields and how the group manages said risks, explaining the procedures used to detect and assess them in accordance with national, European or benchmark international frameworks for each aspect. Must include information on the impacts detected, through an itemised list, specifically the main risks in the short, medium and long term	GRI 102-15	Chapter 1.7. Management and risk control systems	
		GRI 102-30	Chapter 1.7. Management and risk control systems	
Human Rights	Application of due diligence procedures related to human rights	GRI 103-2	Chapter 3. Supply chain	
		GRI 414-2	Chapter 3. Supply chain	

Content required by Law 11/2018 on non-financial and diversity information		Standard	Reference chapter	Comments
INFORMATION ON RESPECT FOR HUMAN RIGHTS				
Human rights	Prevention of risks of breaches of human rights and, if applicable, measures to mitigate, handle and repair any potential abuses committed	GRI 103-2	Chapter 3. Supply chain	
		GRI 412-1	Chapter 3. Supply chain	
		GRI 410-1		The subcontracted security company will train its staff on human rights
	Complaints related to breaches of human rights	GRI 102-17	Chapter 5. Corruption and bribery	
		GRI 103-2	Chapter 5. Corruption and bribery	
		GRI 411-1		This aspect is not significant for Desigual
		GRI 419-1		Desigual has not identified any breaches in the laws and/or regulations related to social and economic matters

Content required by Law 11/2018 on non-financial and diversity information	Standard	Reference chapter	Comments
INFORMATION ON RESPECT FOR HUMAN RIGHTS			
Human rights	GRI 103-2	Chapter 3. Supply chain	Desigual has a Code of Conduct that contains the provisions and fundamental agreements from the ILO, among other international regulations. We also have a Compliance programme to ensure that all our suppliers comply with our Code of Conduct
INFORMATION RELATED TO THE FIGHT AGAINST CORRUPTION AND BRIBERY			
Policies	GRI 103-2	Chapter 1.8. Ethics and compliance	
	GRI 205-2 (parcial)	Chapter 1.8. Ethics and compliance	

Content required by Law 11/2018 on non-financial and diversity information	Standard	Reference chapter	Comments
INFORMATION RELATED TO THE FIGHT AGAINST CORRUPTION AND BRIBERY			
Main risks	GRI 102-15	Chapter 1.8. Ethics and compliance	
	GRI 102-30	Chapter 1.8. Ethics and compliance	
	GRI 205-1		Given the nature of Desigual's operations and since no significant operations related to corruption are carried out, the company has not needed to assess any risks related to corruption regarding any of its operations
Corruption and bribery	GRI 103-2	Chapter 1.8. Ethics and compliance	
	GRI 103-2		Aspect not significant to Desigual, since it is not a mandatory subject
	GRI 103-2	Chapter 1.9. Relationships with stakeholders	

Content required by Law 11/2018 on non-financial and diversity information		Standard	Reference chapter	Comments
INFORMATION RELATED TO THE FIGHT AGAINST CORRUPTION AND BRIBERY				
Corruption and bribery	Contributions to foundations and non-profit organisations	GRI 201-1	Measures adopted to prevent corruption and bribery	Not reported as they are not significant
		GRI 203-2	Measures to combat money laundering	
		GRI 415-1		Desigual does not make any contributions to parties or political representatives, as established in its Code of Ethics
INFORMATION ON THE COMPANY				
Policies	Policies applied by the group, including the due diligence procedures applied for the identification, assessment, prevention and mitigation of significant risks and impacts, and for verification and control, in addition to the measures adopted	GRI 103-2	Chapter 1.7. Management and risk control systems	
Main risks	The main risks related to matters linked to the group's activities, including, whenever relevant and proportionate, any trading relationships, products or services that may have negative effects on said fields and how the group manages said risks, explaining the procedures used to detect and assess them in accordance with national, European or benchmark international frameworks for each aspect. Must include information on the impacts detected, through an itemised list, specifically the main risks in the short, medium and long term.	GRI 102-15	Chapter 1.7. Management and risk control systems	
		GRI 102-30	Chapter 1.9. Relationships with stakeholders	

Content required by Law 11/2018 on non-financial and diversity information		Standard	Reference chapter	Comments
INFORMATION ON THE COMPANY				
Commitments of the company to sustainable development	Impact of the company's operations on employment and local development	GRI 203-1	Chapter 1.7. Management and risk control systems	This is not a significant aspect for Desigual as it does not invest in infrastructures or funded services
		GRI 203-2	Chapter 1.9. Relationships with stakeholders	
		GRI 204-1		National: 26% Intra-community: 4% International: 70%
		GRI 413-1	Chapter 1.9. Relationships with stakeholders	
	GRI 413-2	Chapter 1.9. Relationships with stakeholders	Operations with significant negative effects on local communities have not been identified	
	Impact of the company's activity on local populations and territories	GRI 203-1	Chapter 1.9. Relationships with stakeholders	This is not a significant aspect for Desigual as it does not invest in infrastructures or funded services
		GRI 203-2	Chapter 1.9. Relationships with stakeholders	
		GRI 413-1	Chapter 1.9. Relationships with stakeholders	
GRI 413-2		Chapter 1.9. Relationships with stakeholders	Operations with significant negative effects on local communities have not been identified	

Content required by Law 11/2018 on non-financial and diversity information		Standard	Reference chapter	Comments
INFORMATION ON THE COMPANY				
Commitments of the company to sustainable development	Relationships with actors from the local communities, and the types of dialogue used with them	GRI 102-43	Chapter 19. Relationships with stakeholders	
		GRI 413-1	Chapter 19. Relationships with stakeholders	
	Association or sponsorship actions	GRI 102-13	Chapter 2. From the idea to the product Chapter 3. Supply chain	Membership of Textile Exchange and Amfori
		GRI 203-1	Chapter 2. From the idea to the product Chapter 3. Supply chain	This is not a material significant aspect for Designal as it does not invest in infrastructures or funded services
	GRI 201-1	Chapter 2. From the idea to the product Chapter 3. Supply chain	Not reported as they are not significant	
Subcontracting and suppliers	Inclusion of social, gender equality and environmental aspects in the purchasing policy	GRI 103-2	Chapter 3. Supply chain	

Content required by Law 11/2018 on non-financial and diversity information		Standard	Reference chapter	Comments
INFORMATION ON THE COMPANY				
Subcontracting and suppliers	In the relationships with suppliers and subcontractors, consideration of their social and environmental responsibilities	GRI 414-1	Chapter 3. Supply chain	
		GRI 414-2 (parcial)	Chapter 3. Supply chain	
	Monitoring systems and audits and their results	GRI 308-1	Chapter 3. Supply chain	
		GRI 308-2 (parcial)	Chapter 3. Supply chain	
		GRI 414-2 (parcial)	Chapter 3. Supply chain	

Content required by Law 11/2018 on non-financial and diversity information		Standard	Reference chapter	Comments
INFORMATION ON THE COMPANY				
Consumers	Measures to guarantee the health and safety of consumers	GRI 103-2	Chapter 2. From the idea to the product	
		GRI 416-1	Chapter 2. From the idea to the product	
		GRI 416-2	Chapter 2. From the idea to the product	Breaches related to impacts on health and safety have not occurred
		GRI 417-1	Chapter 2. From the idea to the product	
	Complaint systems, complaints received and their resolution	GRI 102-17	Chapter 5. Customers and point of sale	
		GRI 103-2	Chapter 5. Customers and point of sale	
GRI 418-1		Chapter 5. Customers and point of sale	No complaints have been received	
Fiscal information	Profit obtained by country	GRI 201-1	Table 1. Annexes	
	Taxes paid on profit obtained	GRI 201-1	Table 1. Annexes	
	Public funding received	GRI 201-4		Not relevant considering the total

Note on subsequent events

The emergence of COVID-19 in China in January 2020 and its recent spread across many countries led the World Health Organization to classify this viral outbreak as a pandemic on 11 March.

Taking into account the complexity of the markets due to their globalised nature and the current lack of an effective medical treatment with which to combat the virus, the consequences for the operations carried out by Abasic Group and its Dependant Companies (hereinafter referred to as “the Group”) are uncertain and will be largely dependent on the evolution and scope of the pandemic over the course of the next few months, and on the ability to react and adapt of all affected economic agents.

Therefore, at the date of the drafting this Non-Financial Report, it is premature to provide any detailed assessments or quantifications of any potential social or environmental impact on the Group caused by COVID-19, due to the uncertainty surrounding its consequences in the short, medium and long term.

However, the Group's administrators and management have carried out a preliminary assessment of the current circumstances based on the best available data, which may be incomplete due to the considerations mentioned above. Among the results of this assessment, the following issues related to non-financial information are worth noting:

- **Continuation of the operations and business model:** the recent events (lockdowns, mobility reduction, etc.) have led to a temporary interruption of sales because

various countries in which the Group operates were forced to close their stores to the public. Moreover, some countries also banned the shipment of online orders. However, despite the factories in China initially closing, production is currently underway and the production chain is free from interruptions. From the perspective of both sales and production, the Group has established working groups and specific procedures aimed at monitoring and managing the evolution of their operations at all times in order to minimise the impact on their operations.

- **Environmental matters:** at this early stage, the impact on the environment is expected to be low; in fact, decreased activity may lead to an improvement of environmental indicators.
- **Issues related to health and safety:** from the moment when the emergence of the virus in China was made public, we activated our emergency monitoring protocol and began gathering as much data as possible from reliable sources like the WHO, the governments of each affected country and partnering companies specialising in health and safety. The first measure we adopted was to restrict trips to affected regions and, faced with the spread of the illness, we devised our own strategy based on reducing mobility at the local and international levels, keeping all employees updated and trained while prioritising hygienic measures in workplaces, including the disinfection of the most sensitive areas. We set up a Crisis

Committee made up of in-house experts (supported by external experts) and the Directors of the departments that were directly affected so decisions could be made in an efficient and coordinated manner. We are currently still working according to the same strategy to guarantee that those roles that cannot be carried out remotely are still being fulfilled, such as those of designers, dressmakers and quality officers, or those involved with our logistics warehouses.

- **Issues related to the supply chain in terms of health and safety:** we have instructed our suppliers and other employees involved in our supply chain to follow the instructions of their governments and respect any measures adopted in order to stop the spread of the virus. If carrying out on-site audits is not possible at the factories where our items are manufactured, we will increase our virtual monitoring of the factories in order to ensure that the working conditions required by our Code of Conduct are being respected.
- **Issues related to personnel:** on 19 March, we registered for the furlough scheme (ERTE, in Spanish) with the relevant Spanish Employment Authorities due to force majeure, requesting the temporary suspension of the personnel at our points of sale and the logistics centres owned by the Group's Spanish companies. The state of alert declared by the Spanish government on 14 March demanded the closure of all shops and retail establishments. This exceptional regulation, together

with the healthcare emergency, prevent the performance of the Group's typical operations, as a matter of public health and by legal imperative, and justify the decision to adopt the measures demanded by the circumstances. The impact of the furlough scheme varies depending on the company and ranges from 63% to 100% of employees (for those companies that only hire employees who are based at points of sale). The Group will subsidise the salaries of employees affected by these measures up to 90% and €2,000 (gross) a month. Additionally, on the date on which this Non-Financial Report is being drafted, similar actions are being taken in the rest of the countries where the Group has legal representation and in which its typical operations cannot be performed, in accordance with the situation and the employment regulations applicable in each country.

Lastly, it is worth mentioning that the Group's administrators and management are constantly monitoring the progress of this situation with the aim of successfully addressing any potential impact, financial or otherwise, that may be caused.

Designal.