

100%

Designated

since

1984

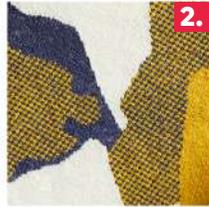
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Introduction to the report

This Sustainability Report contains the most relevant information and the main indicators of the organisation's performance for the 2020 financial year, with a focus on our ethical, social and environmental commitment in its broadest scope (aspects relating to personnel, initiatives to support local communities, respect towards human rights, the fight against bribery and corruption, the preservation of the environment, sustainable practices, etc.). This commitment is encapsulated in our Love the World philosophy and is being materialised through the projects defined in our 2020-2023 Sustainability and CSR Plan, whose comprehensive approach affects all areas of the business and all company processes.

In accordance with the exceptional nature of 2020, this year's report will detail the actions taken in response to the coronavirus pandemic and its impact on both individuals and the business. As a result, this document intends to provide all

stakeholders with a transparent, thorough and updated representation of our efforts with regard to non-financial aspects.

When writing this report, we considered the results of the materiality analysis, which influence the decisions of our business strategy and are explicitly laid out in chapter 1.10. We took into account the guidelines on non-financial reporting from the European Commission (2017/C 215/01) arising from Directive 2014/95/EU and the criteria established in the Global Reporting Initiative Standards (GRI Standards).

Presentation

2020 proved to be an exceptional year for everybody, both in our personal and family lives and in a professional context. For a company of our size and complexity – more than 2,700 employees and a presence in 107 markets – it also required extraordinary management efforts, which would have been impossible were it not for the involvement of everyone who is part of Desigual.

Luckily, we were able to confront the situation head on thanks to agile and swift decision-making that prioritised protecting the health and safety of our employees, suppliers and customers. We were also equipped with a unique asset: the joyful and optimistic nature that characterises us as a brand. By officially bringing back our historic slogan, "Life is Awesome", we wanted to share the desire to overcome this period together and convey the idea of living life to the full every minute of the day.

We still do not know the true medium- and long-term impact of the pandemic on society and, specifically, on our sector. One of the most obvious consequences was the acceleration of certain trends that had already been developing and on which we had been working intensely for the past few years.

On the one hand is our closeness to consumers through the omnichannel model, in which the digital environment is increasingly relevant. The shift in consumption habits was consolidated in 2020 due to restrictions on mobility and the closure of brick-and-mortar points of sale. We reacted by strengthening our technological resources and the logistics networks linked to desigual.com, part of a process that, as one of our main drivers of growth, will be boosted in 2021 through the international digital expansion project for our online store. However, we will never give up on face-to-face contact with our customers, so we will be opening new points of sale in new markets while rethinking our stores to ensure this closeness and differential shopping experience.

On the other hand is our awareness of the impact of our operations and our commitment to sustainable development. In 2019, we grouped together all the initiatives we had been developing under the Love the World philosophy. And in 2020, we began developing our 2020-2023 Sustainability and CSR Plan, a company-wide programme that contains specific objectives regarding everything sustainability related and our relationship with all our stakeholders. In this regard, the company's commitment to joining new organisations and initiatives that are committed to dialogue and cooperation between stakeholders in the fashion sector and industry, such as The Fashion Pact, should be highlighted.

The pages of this new Sustainability Report, which includes the indicators of our Non-Financial Information Statement, carefully detail all the actions and initiatives that we have implemented during an exceptional and complex 2020. As you will see, we have managed to combine extraordinary measures to tackle the health emergency with the continuation and reinforcement of our strategy and lines of work, which, in accordance with our purpose and essence, should lead to continuous and sustainable growth in the medium term.

Alberto Ojinaga
Managing Director, Desigual



2020 in figures

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€360M in turnover. **€18M** invested in retail, logistics and IT. **4** logistics centres: two in Barcelona (Viladecans and Gavà), one in the US and one in Hong Kong. **6** product categories: **Woman, Man, Kids, Sport, Accessories and Shoes**. **10** distribution channels. **Monobrand**: retail seasonal, retail outlet, franchises and authorised dealers. **Digital**: desigual.com, e-tailers and flash sales. **Multibrand**: wholesale, department stores and travel retail. Operating in **107** countries. **428** monobrand stores. More than **2,700** employees worldwide. Our **main markets** are Spain, France, Germany, Italy, Japan, the United States and Mexico. **28%** of sales through digital platforms (desigual.com, e-tailers and flash sales). **30%** sustainable fibres in our SS21 collection **46%** sustainable products and **100%** in the case of the denim family in our FW21 collection.

Chapter 1

About us

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1.1. Our story

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



We are children of the Mediterranean. And this lifestyle is reflected in everything we do, including our culture, our designs and our communication. We believe in innovation as the driving force of difference, and we embrace colour, prints and patchwork as the core elements of our creations. We create to excite and we endorse the notion of feeling free and comfortable in your own skin, wherever you come from, and of being aware that we have a life that is worth living to the full. This is why our motto is "Life is Awesome".

Spanish graphic designer, photographer, illustrator and sculptor Peret doodled 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 were a melting pot for many who became fascinated with a free, authentic, optimistic, unapologetic and Mediterranean universe which, from Barcelona, continues to inspire the world more than three decades later. In 2006, we began our international expansion. Our first destination was Singapore, and from there we expanded into the Asian market. We would later arrive in the United States, where we opened a New York store in 2009. And in 2010, we opened our first store in Latin America, Colombia to be exact.



In barely three decades, **Desigual** has become one of the most valuable Spanish fashion brands. In 2019, staying true to our transformative essence, which is constantly evolving and driving us, we decided the time had come to relaunch our brand, our principles and the story that had once been a game changer. And we did so with a belief in the power of creativity as a way of life.



In this new chapter of our story, we restored our purpose and principles as a brand to cater for new consumption habits and trends, gain greater knowledge about people's needs and the environment, and provide a better experience throughout the journey with the brand. The results? A renewed identity that suits the what, how and why of what we do; a redefined product and target audiences; and a new shopping experience, all of which is materialised through an omnichannel model that allows us to connect with our consumers whenever and however they need us, regardless of the channel they use to shop with us.

After 37 years of history, Desigual is now one of the most valuable and recognised Spanish brands. We are known for our vitality and creativity, the core values of our DNA. In a year as challenging as 2020, we reclaimed Love the World as a sustainable business philosophy and officially brought back our motto "Life is Awesome" to convey and continue spreading happiness and optimism. This was a year when, despite the circumstances, we continued to grow and took our first steps into India and South Africa, while also preparing to disembark in more than 100 markets through the evolution of our e-commerce platform, desigual.com.





In 1984, life allowed me to create Desigual, a wonderful company filled with wonderful people. We've hit rock bottom together a few times —as many times as we've managed to bounce back. And each time we've learnt something valuable and beautiful.

Today, life wants us to face a new challenge, an unexpected and devastating one. A global pandemic. You, COVID-19. But you're also allowing us to learn something.

We've learnt a few things from you, like how even in the worst of times, life always gives you opportunities and moments of inspiration. Yes, thanks to you, we've remembered who we are, what our fundamental values should be, and something that we sometimes forget: what matters and what doesn't.

We're also learning to be more humane. Because of you we've lost so much, so very much, but paradoxically, inversely proportional to all of those losses, we've gained value as people. Yes, you've given us our humanity back. Today we're more human than yesterday. We've reconnected with ourselves, with others and with the environment. You've once again enriched us with the essential.

We've also learnt a lesson of humility. You, a miniscule opponent, has made us rethink "what" we're here for, "why" and "how" we should carry on. And you've shown us (in the harshest way possible) that things had to change. Now, from home, we have enough time to reflect on all these things and think about what we can give back to the world as individuals.

Today, thanks to you, we're united, we're stronger and more certain about what our future should look like. Because yes, we've also learnt that, after all this, life won't be the same. But we're sure it will go back to being *chula*. Of that, I have no doubt.

Thomas Meyer

Founder and President of Desigual

1.2.

Love the World

At Desigual, we are aware of the impact of our actions on the environment, and we strive to contribute to sustainable and respectful growth while maximising the positive returns of our operations. All the actions we carry out in accordance with our social and environmental commitment are encapsulated by our Love the World philosophy, which articulates the free, authentic, inclusive and diverse spirit that identifies us as a responsible and conscious brand.



In 2020, we took a step forward in the implementation of this philosophy by launching and rolling out our 2020-2023 Sustainability and CSR Strategic Plan. This plan materialises the brand's commitment in these areas through a series of specific goals for the next three years. Over the course of 2020, we accelerated and strengthened this plan by engaging in conversation and collaboration, among other things, with our stakeholders and the operators in our supply chain.

1.2.1

A comprehensive philosophy

For 37 years, since the early days of the brand, **Desigual's** social and environmental commitment has been inherent to our way of thinking and doing. This commitment has been the common goal of actions and projects that have led to us being perceived as a relatable brand, one that is aware of the world around it and the stories that unfold within it. This is what we convey through our way of understanding fashion – we dress people, not bodies – and through the relationships we build with our customers and various stakeholders.

With the intention of maximising the positive impact of our operations and appropriately adjusting to the real needs of our surroundings at any moment, we have grouped all our social and environmental actions under the Love the World philosophy. A philosophy that defines the way

we interact with the planet and the environment and which goes hand in hand with the United Nations Sustainable Development Goals (SDG). This is a mission statement – supported by tangible actions – that defines our goals for the future as a company as we commit to a sustainable fashion production model that is respectful towards people and the environment.

Through the Love the World philosophy, Desigual allows its commitment to sustainability to reverberate across the entire business model in a comprehensive manner and with the goal of having a positive impact on all the stakeholders that are associated with us.

Love the World

A collection totally committed to the planet

As a token of our comprehensive commitment to sustainability, in early 2021 we launched the Love the World collection, which will now be included in all seasons. The first part of this collection is an upcycled capsule comprised of garments made from second-hand jeans, which pays tribute to the iconic jacket that presented our brand to the world back in 1984. It is no coincidence that this collection shares a name with Desigual's sustainability philosophy: upcycling symbolises our commitment to a production model for sustainable fashion that is respectful towards people and the planet, and its launch in 2021 aims to convey a philosophy for life that has become more essential than ever after such an uncertain 2020.



Love the World





1.2.2. 2020-2023 Sustainability and CSR Strategic Plan

Committing to new production and consumption models in the fashion world, those that will succeed in minimising its ecological impact while maximising a positive return for the environment, has become an essential characteristic for any brand in the sector over recent years. What had previously been seen as optional and a differential attribute for certain companies, has now become an essential and unavoidable strategy for securing the continuity of the sector, given the urgency of reducing environmental impacts and responding to the increasing awareness of consumers.

To guarantee a genuine impact, this strategy must take into account every stage of the value chain, from the sourcing of raw materials to production, logistics and distribution systems, as well as operations in the network of stores and at the end of the life cycle of the product. **Desigual's** 2020-2023 Sustainability and CSR Strategic Plan has been developed according to this holistic perspective by establishing initiatives and specific goals in six major areas:

As part of its main objectives, **Desigual** expects to include **50% sustainable fibres in its collections by 2023; to make a 25% reduction in its carbon footprint by 2025 before becoming a carbon neutral company by 2050; and to phase out single-use plastic from its product packaging in 2021.**



Product:

Circular design culture

We have extended the integration of sustainability criteria to the entire life cycle of the product:

- **Idea and design:** training the entire team on circular design and implementing new 3D design tools to minimise the environmental footprint of prototyping processes.
- **Garment composition:** a gradual increase in the percentage of sustainable fibres in our regular collections and launches of 100% sustainable special collections.
- **Manufacturing and logistics processes:** responsible management of waste and permanent control of stocks to minimise losses.

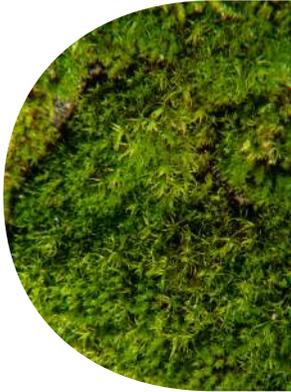


Suppliers:

The transparency and traceability of the supply chain

We have implemented best practices and auditing systems for suppliers to improve the transparency and traceability of our supply chain:

- **Consolidation of a stable portfolio of suppliers** adjusted to the actual circumstances of the market that will allow more trusting relationships to be built.
- **Third-party auditing at the supplier factories**, followed by continuous improvement actions.
- **Implementation of the Higg Index assessment tool**, developed by the Sustainable Apparel Coalition.
- **Transparency in the publication of the list of Tier 1 suppliers** (manufacturing factories) and a commitment to publishing the Tier 2 list in 2021.



Environment:

Reducing the environmental impact of our operations

Our new Strategic Plan accelerates the commitment we have made to reducing the impact of our operations on the environment through three main lines of action:

- **Climate commitment:** energy efficiency strategy and the reduction of the carbon footprint, with the specific goals of reducing our carbon footprint by 25% in 2025 and becoming a carbon neutral company by 2050.
- **Sustainable packaging and consumables,** with a commitment to phasing out single-use plastic from our product packaging in 2021 and developing our own strategy for sustainable purchases.
- **Reduction of waste generation** and improving its management through a repurposing and recycling policy, combined with awareness campaigns aimed at employees.



Employees:

Towards a safe, diverse and sustainable working environment

We place people at the centre of every decision, with the goal of ensuring a safe, diverse and sustainable working environment:

- **Developing policies** based on respecting equality and control systems to prevent any kind of discrimination.
- **Designing training programmes** and other tools for professional development and fulfilling the commitments made by the business, with sustainability as an overarching goal.
- **Launching awareness** and training campaigns aimed at employees to ensure that a culture based on sustainability and efficient consumption of resources is spread to everyone in the company.



Customers:

Guaranteeing the best shopping experience

We are evolving to respond to our customers' social and environmental demands, as well as involving them in our commitment to sustainable growth:

- **Developing new shopping channels and systems** to continually improve the quality of our service, even under exceptional circumstances.
- **Designing tools to assess the quality** of the service through Customer Service.
- **Paying close attention to environmental and healthcare demands,** by promoting responsible practices at every level of the company.



Community:

Creating shared value

We strive to maintain a close and respectful relationship with the communities in which we operate, with the goal of creating shared value:

- **Developing strategic lines** focused primarily on women, young people, children and local communities; including employability and educational actions.

Strategic Alliances

INNOVATION



PRODUCT



SUPPLIERS



ENVIRONMENT



A swift response to the impact of COVID-19

Desigual's operations were affected by the impact of the coronavirus pandemic in 2020, which conditioned the company's usual operations and most of the projects it had planned for that year. From the moment the first cases arose in China, a key country for the company given the large amount of suppliers based there, Desigual devised a plan to monitor how the situation was progressing and how it had affected the supply chain. Later on, following the arrival of the virus in Europe and faced with the strict measures adopted by several countries, a comprehensive emergency plan was put in place based on two priorities:

- **Guaranteeing the health and safety of employees, suppliers and customers around the world.**
- **Continuing, as far as possible, with the business processes that would allow us to be ready to go back to business as usual as efficiently as possible.**

These two goals were materialised through the application of a series of measures aimed at our stakeholders, which were also adapted to the pace at which the pandemic was spreading and affecting each country. The main actions carried out, in accordance with the legal measures in each market, were:



Employees

- **Protection of health:** putting in place measures to prevent infection during the gradual return to in-person activities for all collectives, carrying out tests and advertising workplace safety recommendations through our usual internal communication channels.
- **Preservation of jobs:** by putting in place an ERTE scheme (or other furlough measures, depending on the country) for those employees who could not carry out their jobs as they normally would, with the goal of protecting their jobs and salaries.
- **Remote work:** extending remote work to office-based employees with administrative duties or those who carry out key roles for the continuity of the business.
- **Transparent communication:** transparency policy with regard to employees when informing them about the measures adopted, while being especially mindful of those affected by the furlough (ERTE) scheme by providing personalised support throughout the process to resolve their doubts and concerns.

Suppliers

- **Monitoring operations:** constant dialogue to analyse the impact of the emergency in each country and collaboratively assess the measures to be adopted (availability of raw materials, demand forecast, etc.).
- **Renegotiation of contracts:** given the need to adjust the demand to the new circumstances and with the goal of reaching agreements that would not be harmful for any party.
- **Prevention audits:** self-assessment forms sent to all suppliers to learn about the measures being taken with regard to prevention and to ensure the rights of their employees, in accordance with the Desigual Code of Ethics.



Customers

- **Closure of stores:** in compliance with the regulations in place in each country to help contain the virus.
- **Reinforcement of the digital channel and logistics:** to guarantee that customers have access to our collections, with new terms for deliveries and returns, as well as a safer and more agile shopping experience.
- **Protection of health:** implementation of strict prevention measures for the reopening of our points of sale (disinfection of establishments and stores, reduced capacity, etc.).



Community

- **Social action:** donation of masks and Desigual products to healthcare centres and hotels that had been set up to care for patients.
- **"Life will be awesome again":** development of optimistic communication campaigns to counter despair and as a reminder of the importance of social distancing and looking after each other.



Accelerating the sustainability strategy

In addition to the effect the pandemic had on these aspects, the circumstances we experienced in 2020 led to a deep reflection on the current economic and growth models, which has driven us to acknowledge the importance of striving for a sustainable model. Within the fashion industry itself, the Global Fashion Agenda published the CEO Agenda 2020, which contains the priorities that must guide the sustainable growth of the sector. It includes the traceability of the supply chain, the fight against climate change, the efficient use of resources (water, energy and chemicals), and respect towards and improvement of working conditions. Other priorities include the development of Industry 4.0, the gradual incorporation of sustainable fibres, and the need to promote a circular model that encourages the repurposing and recycling of garments.

These priorities go hand in hand with **Desigual's** current sustainability strategy, which has also been accelerated by the pandemic thanks to a closer and more regular dialogue with all our stakeholders aimed at identifying their needs and responding to them as quickly as possible.

The COVID-19 pandemic has accelerated the development of our sustainability strategy, based on engaging in even closer conversation with our stakeholders and increasing our collaboration with all the actors involved in the design and promotion of actions aimed at increasing the sustainability of the fashion industry.



1.2.3.

Aligned with the Sustainable Development Goals

As part of our commitment to sustainable growth, the 2020-2023 Sustainability and CSR Strategic Plan has analysed the United Nations Sustainable Development Goals and identified the objectives that are most closely linked to the actions carried out by **Desigual**.

We are focusing on 13 goals, in accordance with our business model, our purpose as a brand and the values of our target audiences. This also allows us to be in alignment with the benchmark standards with regard to global sustainability, which became the SDGs when they were approved by the United Nations in 2015.





We design procedures and implement prevention and protection measures against coronavirus infections among employees and customers, both at our workplaces and stores and during the course of any other activity organised by Desigual.

We looked after and supported our employees during the lockdown of 2020 by sharing practical advice for maintaining a healthy lifestyle at home and prevention measures to minimise the risk of infection. We promote a healthy lifestyle among our employees and local communities, and guarantee that our garments are free of harmful substances.

Employees: we run the "We love health" programme, which includes a sports club managed by the employees from our headquarters as well as a gym at the logistics centre in Viladecans. These services were suspended during the pandemic, and will be resumed as soon as the activities no longer pose a risk of infection to employees. During lockdown and periods of remote working, we advertised health and healthy lifestyle recommendations.

We have a medical advice centre at both our offices and our logistics centres which, during the pandemic, also provided specific support for employee consultations to promote best practices for preventing the spread of COVID-19. Regarding diet, our cafeteria offers healthy meals and options for those who have special dietary needs.

Product: we apply our quality control systems at all our production centres to guarantee that our items meet the requirements set out in our quality policy and are free of any substances that are harmful to health.



We develop lifelong training programmes for our employees to promote the personal and professional growth of all our teams.

In-house training: in 2020, 17,403 hours of training were delivered to 2,948 employees.



In compliance with our Code of Ethics, we promote initiatives and tools aimed at preventing any kind of discrimination or situations of inequality, both at our workplaces and those in the wider supply chain.

Approval of the 2020 Men and Women Equality Plan, which compiles a series of measures to ensure equality of treatment and opportunities within the organisation.

Supply chain: the Code of Conduct for Suppliers obligates our suppliers and their subcontractors to not tolerate and to combat any kind of discrimination in the workplace. Compliance in this regard is assessed regularly through the various audits they must undergo.

Participation in the women's empowerment programme WEP's Activator, promoted by Amfori and UN Women, which enables the participating companies to access tools and training services to develop action plans related to gender.



We apply measures to ensure efficiency with regard to water consumption and the treatment of wastewater before it is discharged at our workplaces and throughout the supply chain as a whole.

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

Wastewater: we make sure any wastewater generated by our production processes is treated before it returns to the environment, in a manner that complies with the applicable law in each country and with our internal standards.



We are involved in reducing emissions linked to energy consumption by procuring energy from renewable sources in some of the main countries in which we operate, and through initiatives for using sustainable energy sources and optimising the running of our workplaces and points of sale.

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

Certifications: our logistics centre in Viladecans has been awarded the GOLD level LEED certification; two of our most important flagships in Barcelona (Plaça Catalunya and Nova Bocana) have been awarded the maximum PLATINUM level by LEED; and several of our stores in France hold the BREAAAM certification.



We offer the best employment conditions at our workplaces and points of sale, both in terms of remuneration and the quality of the work environment. We also guarantee the principle of a fair salary to the employees of our suppliers and subcontractors, in accordance with the principles contained in our Code of Conduct for suppliers.

Compensation policy: we use a system based on criteria and guidelines that determine the optimal compensation for each position by striking a balance between efficiency, internal fairness and market competitiveness.

Supply chain: our Code of Conduct for suppliers applies the principles of a fair salary and adequate remuneration to guarantee a decent life for employees and their families. Compliance in this regard is regularly analysed through the various audits our suppliers are subjected to.



We guarantee a diverse and cooperative working environment based on the principles of respect and equality that is free of discrimination of any kind. We extend this principle to our relationships with our customers and consumers.

Diverse environment: we are a company made up of more than 2,700 employees with 88 different nationalities, spread across 17 countries and communicating in around 23 languages.



We contribute to the reduction of waste generation through measures to recycle and repurpose materials at our logistics centre, and by carrying out awareness campaigns aimed at our employees.

Notable among the best practices followed by Desigual with regard to responsible management of waste is the repurposing of the boxes received from suppliers. Through this approach, we successfully repurposed 249,836 boxes in 2019, and 236,322 in 2020. This allowed us to reduce our consumption of cardboard and make more efficient use of materials.



We develop specific measures to reduce emissions and, alongside that, the carbon footprint of our operations, with the specific goal of achieving a 25% reduction of said footprint by 2025 and becoming carbon neutral by 2050. We are striving to become more efficient and sustainable in our consumption of resources and operations through the adoption of measures like incorporating more sustainable materials in our collections, packaging and consumables; improving our waste management; and developing projects to improve the transportation of our garments.

Actions and campaigns: we carry our awareness and education campaigns aimed at our employees to ensure that the culture of sustainability and efficient consumption of resources reaches the entire organisation. In 2020, we collaborated with the Pachamama Market collective to clean the beach and sea bed in Barceloneta.



We are contributing to reducing pollution in the seas and oceans by gradually phasing out single-use plastic from our product packaging.

Packaging: the packaging for our e-commerce shipments is 100% recycled cardboard. Our bags for customers are made from paper certified in accordance with the FSC and PEFC standards. Moreover, the percentage of single-use plastic that we use in our product packaging has been massively reduced, and our efforts are focused on eliminating it completely.



We work to preserve terrestrial ecosystems by progressively incorporating sustainable raw materials into our garments and using paper sourced from sustainable forests.

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

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



We fight all kinds of corruption, bribery and other unethical practices by developing and disseminating our Compliance Programme amongst all our employees and extending all its principles to the entire supply chain (suppliers and subcontractors).



We are active members of global and local associations that work to develop innovation and technological advances, reduce the environmental impact of the fashion industry, and contribute to building a supply chain that is more sustainable in every regard.

The full list and definition of the purposes of the associations with which we collaborate has been included in the section on our relationships with our stakeholders and product.

1.3.

The brand

Desigual's key milestone of 2019 came with the launch of a new brand identity intended as a return to Desigual's roots alongside a renewed commitment to the values that make up our DNA: creativity, personal authenticity, optimism, non-conformity...



In 2020, the plan to expand upon this new identity continued through a set of actions and initiatives that integrated a connection with new audiences through differential communication actions and a new approach to our products. It also tapped into the development of an omnichannel shopping experience by strengthening the online channel and implementing a new point of sale model that would reflect the new brand image. These actions and the brand relevance we managed to generate in 2019 and 2020 were recognised when **Desigual** was included in the BrandZ™ ranking of the 30 most valuable Spanish brands.

1.3.1.

Roll-out of the new corporate identity

In June 2019, **Desigual** announced the launch of its new brand identity, which was conveyed visually through a new logo which is permanently written in reverse. This image symbolises a return to the original spirit and principles of **Desigual** with the aim of engaging new audiences. In this sense, the launch of the new brand was a turning point in the history of the company, which in 2020 continued to move forward successfully in every regard: the redefinition of the product, a distinctive shopping experience through the omnichannel model, innovation in all areas with a focus on logistics, and the development of new collaborations that enhance the differential value of the brand.

Desigual's inclusion in the BrandZ™ ranking of the 30 most valuable Spanish brands and the Bronze Laus Award it received for its new logo design bear testament to the success of this decision. The launch of the new brand is fulfilling the expected goals because it is based on a business model that is oriented towards a purpose and values that are more relevant than ever and are successfully engaging with the needs and the life situation of our followers, customers and consumers.

Communication: a year for optimism

Alongside the renewal of the product and the gradual implementation of the refreshed brand image at the points of sale, in 2020 the roll-out of the new image was adapted to the way of communicating brought about by the spread of coronavirus worldwide.

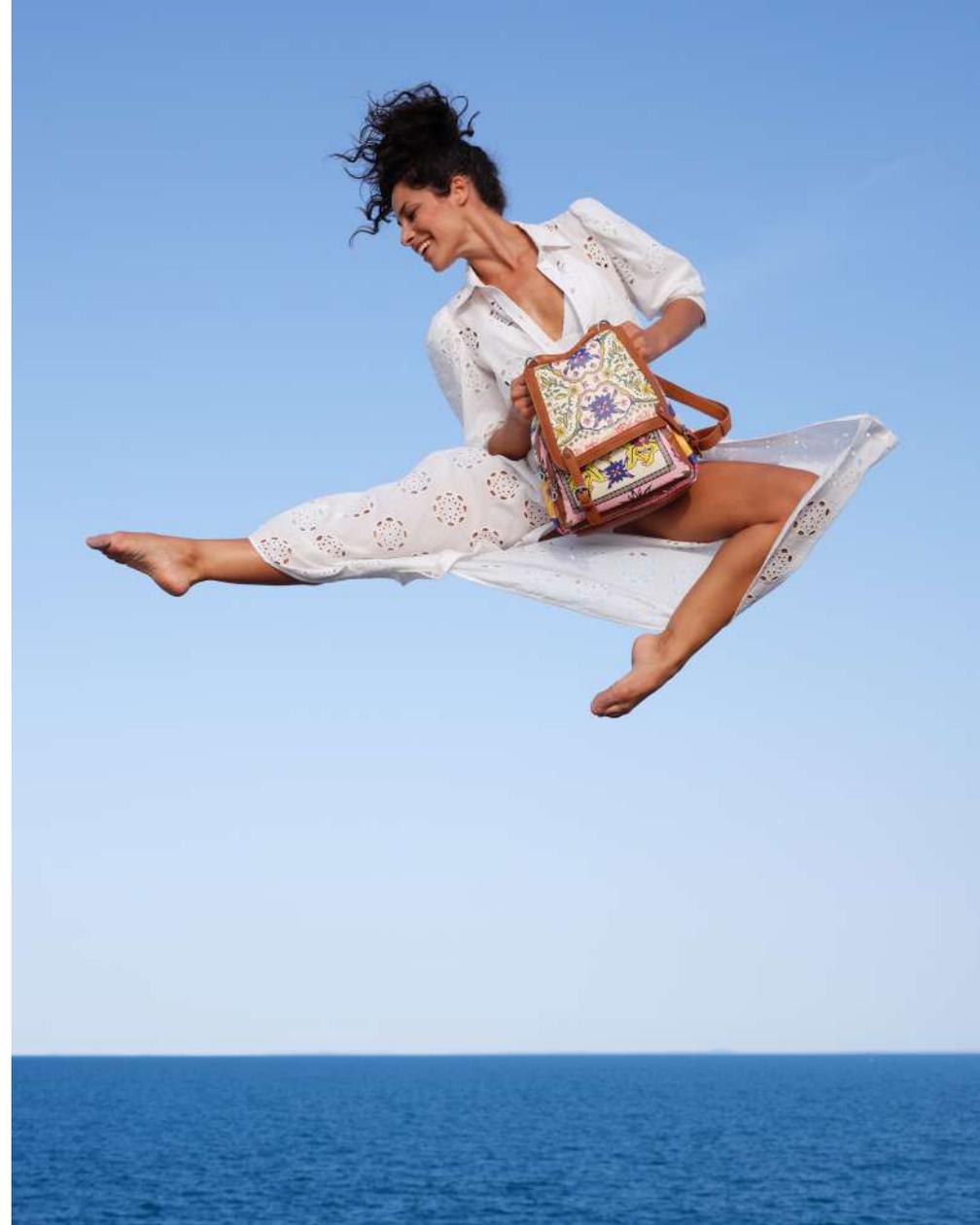
Initially, the strategy for brand communication followed three key goals: relevance, through the development of content that would pique the interest of our customers; awareness, to engage and build notoriety amongst the new audiences; and recognition of the most loyal customers who have always believed in our brand. The exceptional nature of the situation we all experienced due to COVID-19 forced us to rethink several of the actions we had planned, but it also gave us a unique opportunity to champion optimism, passion for life and returning to enjoyment. These sentiments are expressed in the revival of the "Life is Awesome" motto, which made **Desigual** one of the first brands to publicly react to the lockdown with positive messages. An optimistic attitude that the brand has maintained throughout the year, through differential communication actions.

The process to define the new corporate identity and the actions carried out to implement and communicate it were recognised by **Desigual's** first ever inclusion in the **Brandz™ ranking of the 30 most valuable Spanish brands**, published by the WPP group and Kantar. This list is based on an analysis of customer reviews and the brand's financial value; it allows companies to assess the strength of their brand in the market and which strategic approach might boost its value in the long term. We received the third-highest score for Vitality Quotient

(vQ) among brands from the fashion sector – with a score of 105, above the global average of 100 – with outstanding performance in the innovation and communication fields.

Another recognition that demonstrates the success of our new brand identity was the **Bronze Laus Award for the logo's graphic design**. The new logo stands out, from a graphic perspective, because "**Desigual**" is written backwards and because **Desigual** has now become the first international brand to turn its logo around on a permanent basis.

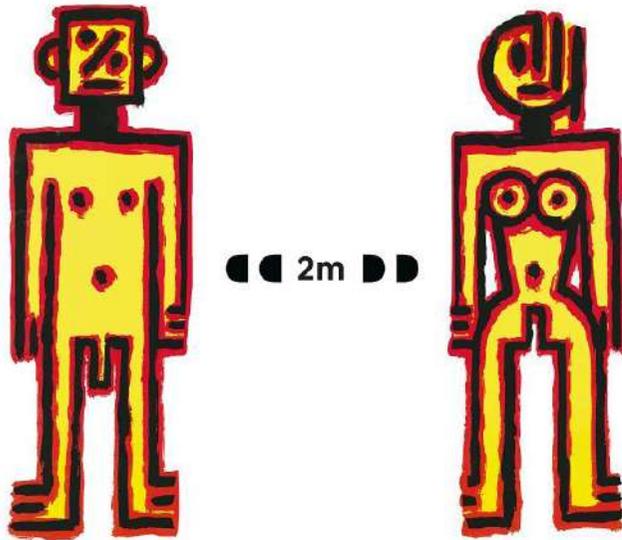
Desigual's inclusion in the BrandZ™ ranking of the 30 most valuable Spanish brands demonstrates the success of the launch and roll-out of the new brand identity, with outstanding ratings in the fields of innovation and communication.



#YoMeQuedoEnCasa (#StayingHome)

Coinciding with the beginning of the state of emergency in Spain and Portugal, which led to the closing of stores in both countries, **Desigual** separated the characters in its iconic "The Humans" logo for the first time alongside the hashtag #YoMeQuedoEnCasa (#StayingHome).

Through this action, which was disseminated internally, on social media and through other media, **Desigual** conveyed a message of safety and trust to its employees, customers and wider society.



La vida volverá a ser chula.

#YoMeQuedoEnCasa

"Move your culo... con seguridad" (Move your bum... safely)



At the start of lockdown easing in the city of Barcelona and in light of the number of residents who headed to the Barceloneta area, where Desigual's headquarters are located, we decided to remind everyone of the need to maintain a safe distance through fun and memorable actions. Every hour on the dot, the tannoy at our headquarters played the song "Move your culo... con seguridad" (Move your bum... safely), supported by a choreography performed on our roof by the "Humans" from our logo.

"Life is Awesome", a historic motto with more relevance than ever



The communication actions carried out during the state of emergency and the easing of lockdown brought back "La vida es chula" ("Life is Awesome"), an iconic motto for the brand that became more relevant than ever at a time when positive and optimistic messages that promote celebrating life were needed.

During the campaign, the motto was adapted to say that, despite everything, "Life will be awesome again". This motto continued to be included in other communications from the brand throughout the year.

The exceptional situation that we experienced in 2020 gave us a unique opportunity to champion optimism, a passion for life and returning to enjoyment, sentiments conveyed by the revival of the "Life is Awesome" motto.



Designal x Miranda Makaroff



2020 Collections

Products: more urban, versatile and combinable

In 2020, we also continued the new concepts devised to redefine our products, with more urban, versatile and combinable garments aimed at a younger audience. For this, we continued incorporating new designs, shapes and fits, which were made up of sustainable materials and fibres. These concepts were also supported by the idea of living in the moment and enjoying life to the full, a message that is especially poignant given the current situation, and which is developed further by the "Life is Awesome" motto.

The collections launched in the market in 2020 were:



El Love

Our SS20 collection explores the brand's main style cornerstones (arty, patchwork and boho) to present an urban, versatile and fresh version of our essence.



La Difference

Our FW20 collection incorporates more timeless garments which break away from the boundaries that have traditionally divided each season. This groundbreaking spirit is materialised through new hybrid pieces that are 100% Desigual, the trucker-blazer (half denim, half black suit fabric) leads the way in this category.



Desigual
La Difference FW20

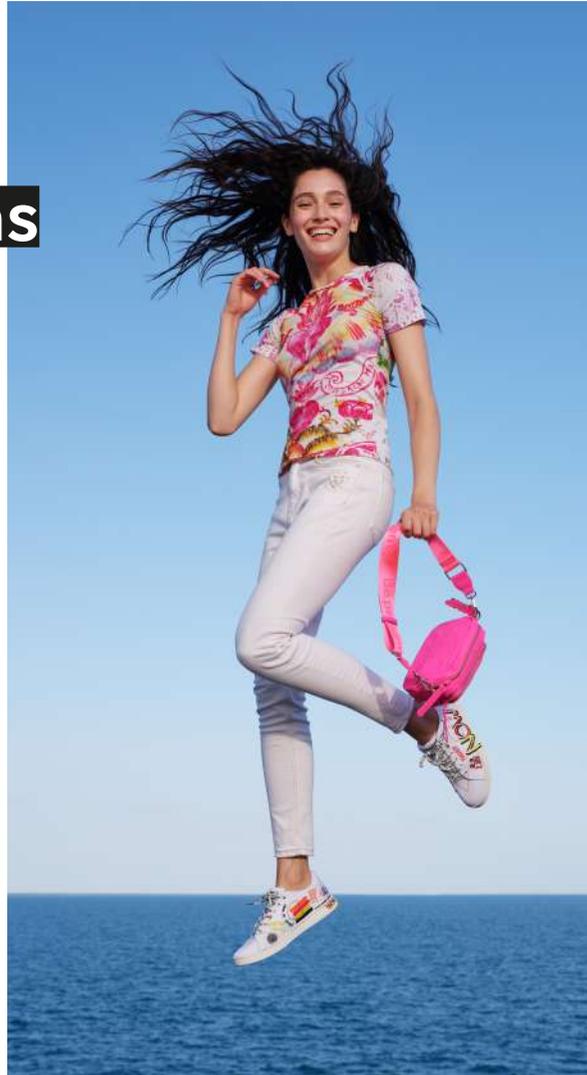


2021 Collections

The collections launched in 2020 that will reach the market in 2021 were:

El Now

The SS21 collection is committed to the present and enjoying life. This collection is full of life, colour, joy and femininity and focuses on the essential: being 100% Desigual. The creation of innovative products becomes apparent with garments like dresses with XXL flowers, a Mickey Mouse collection, and hybrid garments that bring together two different fabrics to create unique solutions. And all the while, we are fulfilling our commitment to the environment: almost 30% of the collection is made up of sustainable materials.



Mind, Body, Soul

The FW21 collection pays tribute to joy, love, colour and the alignment of mind, body and soul. A collection made up of garments that are versatile, comfortable and combinable, with patchwork touches, the pairing of art and digitalisation, and animal and flower prints on dark backgrounds.

For FW21 we have used ribbed fabrics, nylon, fake fur, organic cotton, recycled polyamide, and the washout effect. Therefore, we continue to exceed our goals with 53% sustainable items in Woman, 46% across all our collections combined, and some families, like denim, at 100% (upcycled garments, BCI cotton, Tencel, organic cotton and recycled fibres).





Shopping experience

In 2020 we have focused much of our efforts on improving the shopping experience. We have done so by accelerating the electronic commerce development strategy and implementing the new brand image in our physical points of sale.

The online channel has integrated new services and terms to adequately respond to the exponential increase in demand due to physical stores being closed. To streamline the shopping process, both on **Desigual.com** (which over the course of 2021 will be made available in more than 150 countries) and other online sale platforms, we implemented measures to reduce delivery times, extend the returns period and facilitate the collection of online purchases from physical delivery points. We were able to strengthen this channel thanks to the gradual increase in capacity at our logistics platforms and the continuous improvement of IT processes, which will soon be supported by the new services and functionalities currently being developed by the Innovation department.

The roll-out of the new brand image that began in 2019 continued at our brick-and-mortar stores. Some of our most prominent new openings included the new store in Ginza (Japan), which is located on one of Tokyo's prime shopping streets, and our first stores

in South Africa and India, with an establishment in Johannesburg and two in New Delhi.

The exceptional nature of the circumstances endured during the months of lockdown and their consequences, not just for business but also in the social and cultural arena, led us from both an individual and collective perspective to reflect on the shopping experience and a new creative concept for our stores that included more spacious and brighter areas which convey positivity and foster connection with oneself and nature. This concept was implemented in three stores in 2020 (Barcelona, Lleida and Oviedo) and will be extended to the rest of the network over the coming years.

Collaborations: sustainability and good vibes

To develop the brand purpose as much as possible from alternative and surprising perspectives, in 2020 we continued to collaborate with designers, artists, brands, partners and icons from the global fashion industry. Miranda Makaroff, María Escoté, Ecoalf, Victoria, Christian Lacroix and Mikky Blanco have brought their personal creativity to unique and differential collections and proposals.

Desigual x Miranda Makaroff

In our SS20 collection, Miranda Makaroff celebrated spring with an arty and colourful capsule that screamed freedom. Images of orgies, collages of deconstructed sexual symbols, bright colours and seventies-inspired fits in garments with organic cotton and EcoVero as their main fabrics.

Later in the year, her Planeta Evasión capsule from the FW20 collection invited us to “celebrate Christmas away from planet Earth” through vibrant colours and surprising fits. A proposal characterised by fun and good vibes.



Desigual x Ecoalf

After launching a 100% sustainable limited edition in 2019, what was the most **Desigual** way to create a new collection that was environmentally friendly and reused everything that had been created so far? Through a collection made exclusively from garments that had already been manufactured. The new collaboration between **Desigual** and Ecoalf translated into an exclusive online collection of 500 units.

Desigual x María Escoté

The first collaboration between **Desigual** and Spanish designer María Escoté delves into a universe filled with colour, urban styles and kawaii where flowers are the stars of the show. A casual, passionate and energetic collection that invites us to reinvent autumn and reminds us that fashion can lift our spirits.



Desigual x Monsieur Christian Lacroix

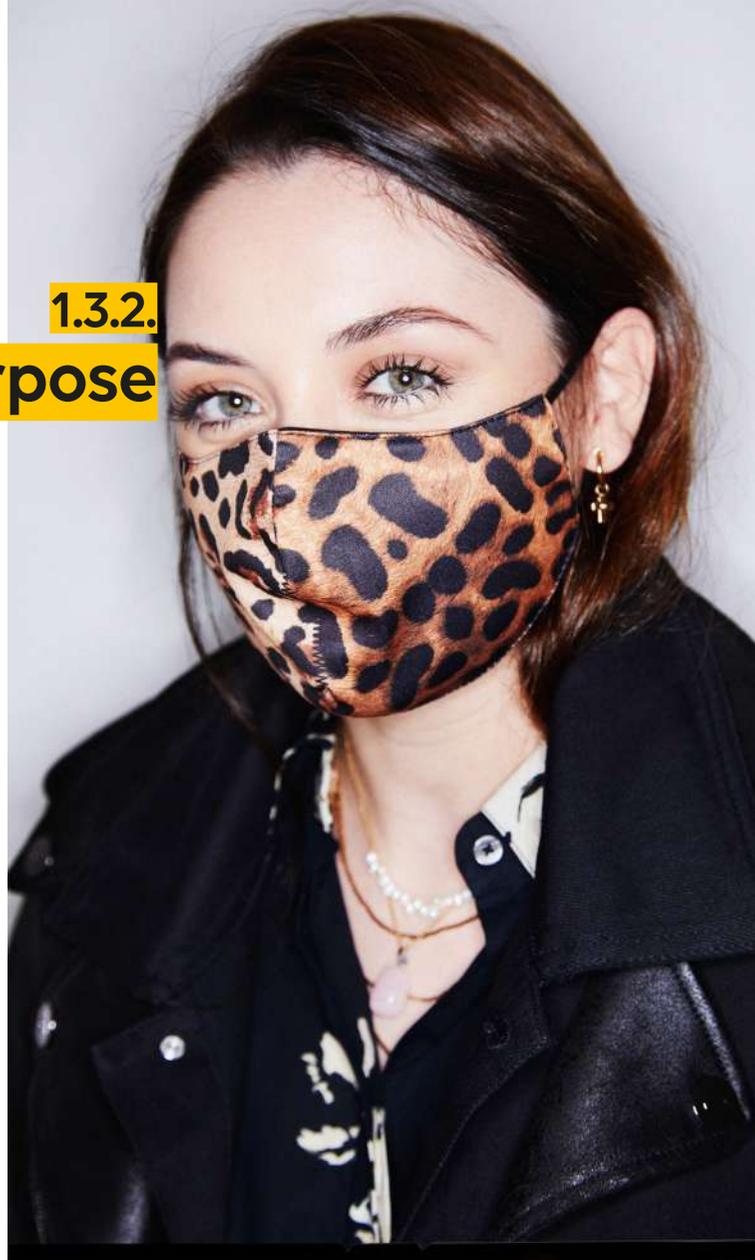
The FW20 capsule from the French master wondered: “Where is the real Monsieur Christian Lacroix?” A question answered by his three most iconic models (Anh Duong, Vlada Roslyakova and Nyarach Aboch): always at **Desigual**. Autumn-winter garments in rusty orange on black, large and lush flowers, patchwork of various kinds, old tapestries mixed with granny knit and... lots of energy!

1.3.2.

Our purpose

At **Desigual**, we want to build a world where everyone can be themselves. Our purpose is to create innovative and relatable stories that will inspire joy and encourage people to be themselves and to celebrate their authenticity, at any time and in any situation. We are certain that we can all be the artists of our own lives, and that to grow, we need to free ourselves from all limitations and dare to step out of our comfort zones.

We believe that the way we dress is a declaration of intent in and of itself, and a good way to tell our own stories. This is why our collections are an invitation to celebrate difference through colourful, optimistic, unique and original garments. This is the spirit that has defined us throughout the years and has made us a different, unique, and special brand... in short, an atypical brand.



1.3.3.

100% Desigual principles

Non-conformism, care, vitality and change; these are the corporate values that make up our DNA. They rule our actions, the way we live and how we view **Desigual**, and, alongside our brand principles – the mission statement through which we convey how we see the world – they define the spirit and raison d'être of **Desigual**:

We are 100% Desigual

At **Desigual**, everyone gets to be the best version of themselves, because we understand that we are constantly evolving and we are not the same in every stage. We don't believe in hierarchies or rigid rules. You get to decide how you want to grow and in which direction, which is why we promote autonomy, responsibility and maturity.

We are driven by the joy of life

We have always been different and optimistic. We believe in joy as a catalyst for energy, as the engine that drives the world and as the honest and direct message that we so desperately need at a time like this. So always remember... life is awesome!

We believe that we are better together

We are a company with a young spirit that thrives off diversity and creativity. We lead our daily lives with passion and intensity. We like to celebrate our achievements as a team and spread positive energy.

And we do all this while respecting the environment

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

100%
Desigual since 1984.

Journey.



1983

Thomas Meyer, the brand's founder, created a new garment: a denim jacket made from scraps of jeans with brass buttons and leather appliques on the cuffs. This jacket, now known as the iconic Jacket, featured many of the keys to our aesthetic universe, such as patchwork and handcraft, which are traits that still characterise our work today. The jacket became Desigual's first product, which would see the light of day a year later.

1984

Our iconic Jacket became a sales success, so we needed a brand that would identify us effectively. Based on Isabel Coliver's idea, we chose "Desigual" as the brand name and accompanied it with a motto that conveyed its very definition: "no es lo mismo" ("it's not the same"). Since our beginnings, we have succeeded in distinguishing ourselves from the crowd, and the adjective "Desigual" aptly expresses the characteristics of our garments.

1986

On 20 July, we opened our first retail store in the part of Ibiza, which was designed by Tonet Sunyer. Our first logo, a graphically synthesised couple (a man and a woman) designed by Peret, was used on the store's bags.

1993-1995

Desigual was consolidated and experienced a significant increase in sales in the Spanish market. We began exporting, specifically to France and Portugal, discovering the challenges of crossing borders in the process.

1998

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

2003

We developed the innovative Paint Party strategy: we decorated our stores by capitalising on the creativity of our friends, collaborators and customers who, armed with paint, brushes and rollers, expressed themselves on the walls of a store that would be opened to the public soon after.

2005

Barcelona's City Council abolished the regulation prohibiting public nudity. This change in the law allowed us to hold a unique event called Naked, on 17 February 2005. This initiative involved a game: the first hundred people to arrive naked at the Passeig de Gràcia store in Barcelona would leave the store clothed in Desigual garments, completely free of charge.

2004

We launched the first full collection for Kids.

2006

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

2007

Desigual's expansion started to consolidate itself: we arrived in London with a store on Regent Street.

2010-2011

We recruited French designer Mr Christian Lacroix, who collaborated with us on a line of garments attuned to his personal style. In 2011, we also launched our Shoes category.

2012

We arrived in Barceloneta: in June we officially opened our new headquarters in Barcelona.

2009

We landed in the United States: we opened a store in New York and our garments were featured in 500 multi-brand stores across the United States.

2014

We reinforced our growth and expansion strategy with the inclusion of investment fund Eurazeo as shareholders. We opened our flagship store on Plaça Catalunya in Barcelona and our 500th store in Rome.

2015

We started our operations at the Viladecans logistics centre, the perfect resource for developing an omnichannel strategy that would bring us even closer to customers all over the world. We launched our Exotic Jeans collection, which provided continuity for part of our denim line. We also began the transformation plan for becoming a new Desigual.

2016

We started a new stage of evolving towards a consumer-oriented business model and laying the foundations for a new Desigual that will continue to engage with the public while always remaining loyal to our essence.

2017

We started to work with French artist Jean-Paul Goude as our Artistic Advisor. In collaboration with him, we presented our SS17 collection at New York Fashion Week. A unique catwalk show centred around an urban-jungle aesthetic. We also consolidated our decision to settle in Mexico, a strategic market for Desigual.

2018

We reissued our first garment, the iconic Jacket, from our Barceloneta workshop and we worked on special collections with artists who brought a lot of creativity, such as Miranda Makaroff. Thomas Meyer repurchases Eurazeo's shares and we continue with our transformation plan.

2019

We embarked on a new chapter for Desigual by launching a new image, including a new logo; we updated our product by designing more urban, versatile and sustainable garments and accessories, and we presented a new shopping experience that we started to roll out in our main stores across Asia, the Americas and Europe. All of this stems from our brand principles, staying as Desigual as ever and responding to new consumption habits and trends.

2020

During a year the likes of which nobody could have imagined, a global pandemic forced us to temporarily close our stores in most countries and to rethink our entire operations to guarantee the health and safety of our employees and customers. At Desigual, our optimism never falters and, in the face of the difficulties created by COVID-19, we reached new markets by opening our first stores in India and South Africa. We continued to grow in Japan and accelerated the development of our online channel to ensure our customers would be able to access our new collections. Alongside this, and in a company-wide fashion, we started to roll out our 2020-2023 Sustainability and CSR Strategic Plan.

1.4. The business model

The 2020 financial year has been key in driving forward the business model we had been developing: the transformation stage that retail had been undergoing was now joined by the effects of the pandemic, which accelerated some of the main trends in the sector in unexpected ways. Our knowledge of the market and ability to anticipate and adapt has put us in a favourable place to face these challenges successfully.

Our positioning in this context of transformation relies mainly on our engagement with our consumers during any shopping interaction and on our ability to serve them as quickly as possible anywhere in the world. With this goal in mind, we developed our own omnichannel model through decentralised geographic management that allows us to better integrate the physical and virtual environments.

Developing this model requires a profound knowledge of the market trends and the opportunities related to each channel, as well as an infrastructure and logistics network with ample capacity to optimise the process. In 2020 we continued to build on the work carried out in previous years and made significant progress in the following lines of action:

- **Renewal and optimisation of the point-of-sale network**, through a presence in strategic locations and incorporating innovative solutions to deliver a differential shopping experience.
- **Development of digitalisation** across every stage of the product's life cycle, from the design and manufacturing stage to distribution, as well as the experience on our online sales channels and in physical stores.
- **Consolidation of a management model by geographic areas** in order to respond to the demands of each of the main markets more quickly and from a closer location.

The international digital expansion that the company will roll out in 2021 will bring **Desigual.com** to nearly 150 countries and allow for the integration of franchisees in the management of electronic commerce.



1.4.1.

Renewal and optimisation of the point-of-sale network

The transformation of the retail sector, driven by gradual consumer adoption of new shopping channels, forces an ongoing reflection on the function and goals of physical points of sale, whose share of sales is progressively decreasing compared to the digital channel.

Desigual has been managing this scenario for years by optimising its network of stores and focusing its presence on the most strategic markets and those with the biggest opportunities for growth. All this without losing sight of the relevance stores maintain as a point of contact between the brand and consumers, and therefore, as ambassadors of the brand's values. The actions carried out in 2020 illustrate our ability to adjust and our agility in identifying and responding to the ever-changing preferences of customers.



Roll out of the brand identity and new markets

Throughout the year, we have continued to roll out the brand's new identity in international markets, starting in 2019 in Japan and followed later on by Latin America and Europe.

In 2020 we opened a new flagship store in the Ginza shopping district of Tokyo. This space features high-end finishes and urban details that convey the brand's commitment to creativity. The spectacular glass façade with metallic finishes is covered by a metallic structure that features a series of inverted "D's" that replicate the "D" from our logo. Inside, an arrangement of ceiling lights creates a Tetris grid pattern. The top floor is a futuristic space where our more iconic garments are displayed.

Some of our most noteworthy openings this year include our first stores in South Africa and India. In September we celebrated the opening of a store in Johannesburg, located in the exclusive Sandton shopping centre. It is aimed at a target audience aged 25 to 35 and will allow us to test how the brand is received in preparation for future openings in other locations across the country. Our arrival in India has been twofold, with the opening of two stores on the main shopping streets in the New Delhi neighbourhoods of Dwarka and Saket. Our arrival in both countries was



accomplished in collaboration with two important local partners who have contributed with key knowledge about the preferences of consumers and the distribution models of each market.

A new store concept adapted to a new time

Alongside the roll-out of the new corporate identity at international points of sale, we capitalised on the reopening of stores in Spain post-lockdown and the closures mandated by the authorities to launch a new store concept with more relaxed and open spaces. This concept arose from the reflection of the company's founder, Thomas Meyer, and seeks to engage with the new priorities and habits of consumers, while strengthening the bond with local customers. It was originally applied to stores in Barcelona, Lleida and Oviedo and will extend to other points of sale in 2021.



1.4.2.

Development of digitalisation

One of the most disruptive transformations that the impact of COVID-19 brought about, with regard to consumption habits and the preferences of the public, was the intensive digitalisation that has swept into our lives. Not just for consumption, but also for leisure, entertainment, social relationships, work, etc. In the world of retail, such an accelerated digitalisation translated into an astounding boost to e-commerce, which reached growth percentages that would have been unimaginable at the beginning of the year. This transformation seems to be here to stay and the prominence of digital channels versus physical stores is stabilising.

Commitment to online sale channels

The rise of online commerce triggered by the closure of physical stores did not take Desigual by surprise. By late 2019, we had already launched our new Desigual.com store, which focused on personalisation, scalability and localisation. This platform integrated AB Testing systems (ongoing and informative testing) and recommendation features based on artificial intelligence. Visually, it also conveyed our new brand image in a way that felt more realistic and closer to the user, and incorporated brand experiences such as streaming events.



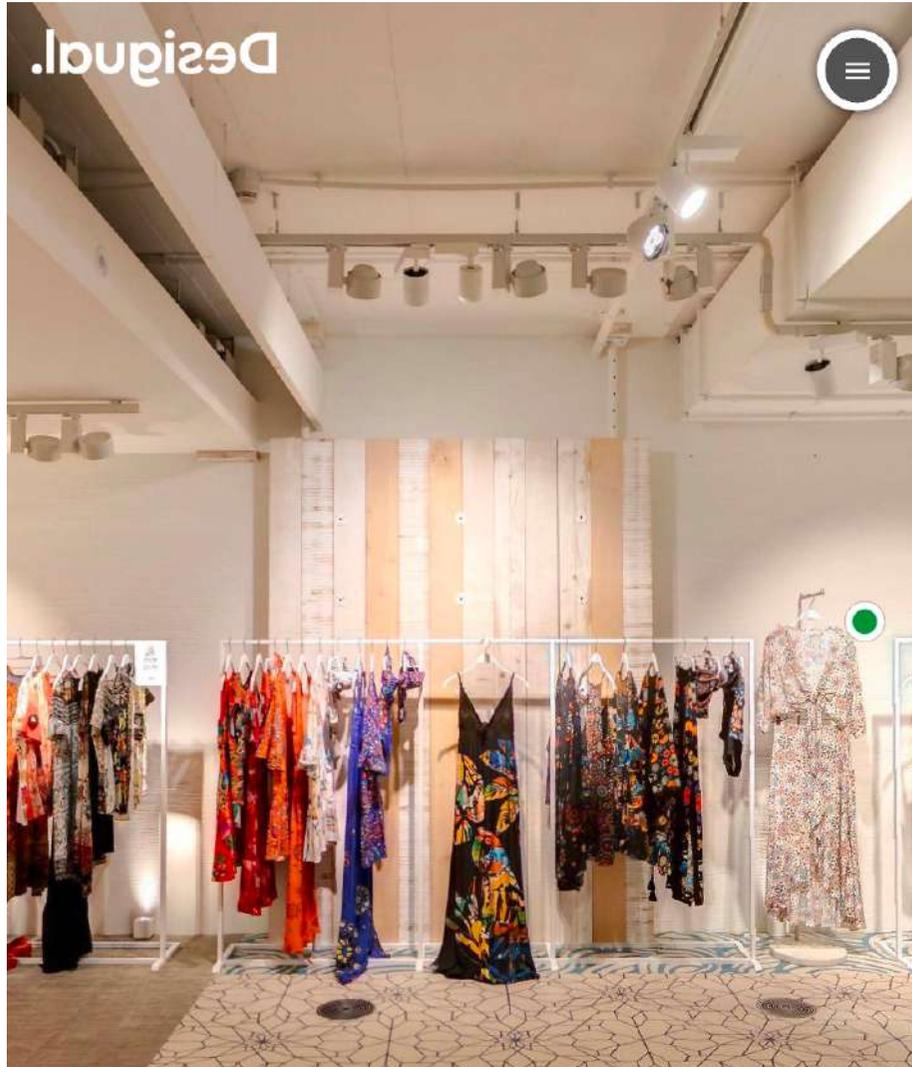
Chaqueta slim vaquera bimatéria



Chaqueta vaquera slim paisley

In 2020, we worked to continue improving the service in coordination with the strengthening of our logistics network, which adapted its operations to the new scenario. In this period, we applied continuous improvements to services and terms, such as the speeding up of orders so that they would be received within 1-4 working days; the adjustment of the terms and conditions for returns, with the period extended to 60 days for all purchases; and the increase of options for returning products. Alongside this, we launched the Desigual at Home initiative, which is based on the exclusive delivery of a selection of garments to premium and VIP customers to let them know about the brand's latest releases.

In 2020, sales through online channels (Desigual.com, e-tailers and flash sales) represented 30% of our overall turnover, compared to slightly over 14% in 2019. The sales indicators coming from these channels also show that more than half of online sales on Desigual.com are made through a mobile phone or tablet, and that 75% of traffic comes from a mobile device. The countries that attract the most visits are Spain, France and Italy. Moreover, in 2020, Desigual.com was launched in new markets (Turkey, Russia and Hong Kong) and achieved a 40% increase in the number of shoppers and a 15% increase in shopping frequency.



Digital innovation: changes to come

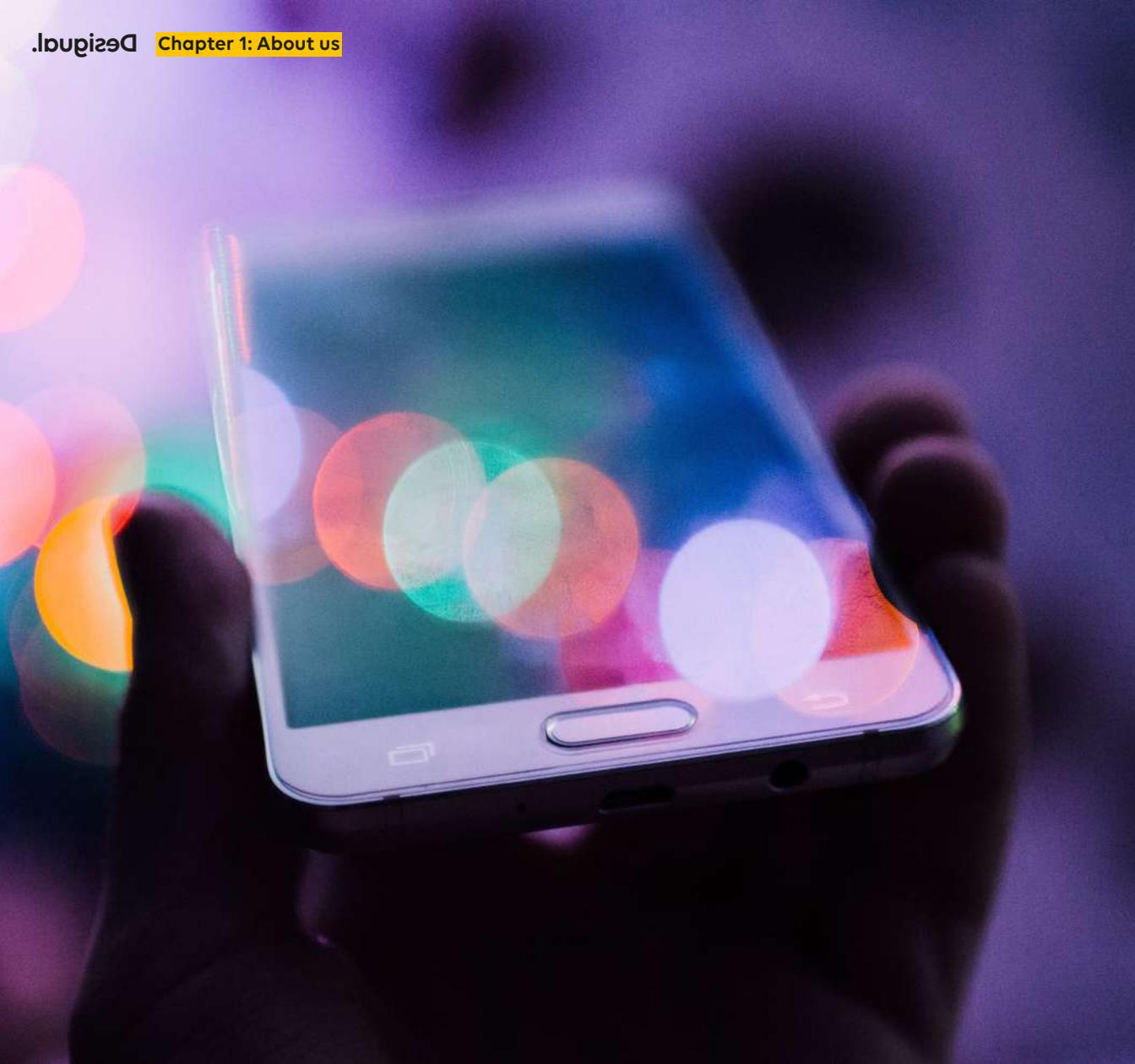
Despite it being the aspect with the most significant impact in 2020, the development of digitalisation is not limited to the development of e-commerce. **Desigual** has a Digital Innovation department that permanently works to identify opportunities, generate ideas and propose projects. This department is also responsible for consolidating a pervasive culture of innovation open to the entire company, and for establishing the brand's positioning in the digital ecosystem by maintaining close contact with prominent players within the sector (schools and universities, government institutions, start-ups, etc.). In this regard, it is worth noting the collaboration agreement that was signed in 2020 with Barcelona Tech City to respond to the new innovation challenges posed by the fashion industry.

The work of this department is guided by a vision based on real integration of innovation into the business. Amongst the projects undertaken in 2020 which provided an effective response to an immediate market need, the virtual showroom stands out; faced with the impossibility of holding physical events, it enabled us to present the SS21 collection to commercial agents and end customers through a virtual environment that allowed them to experience what it is like to be at our headquarters.

To improve the shopping experience and the service provided to our customers, we are also working on Big Data management projects so we can offer them the products that actually fit their needs; we are developing 3D avatars for size suggestion services and, in the future, for a virtual fitting room; and we are assessing the possibilities of contactless payments through mobile devices. In 2020, we also developed a pilot test for conversational assistance (through chatbots) with around 4,000 selected customers who could check the status of their orders. This same technology, based on artificial intelligence, also had practical applications internally for the operational management of stores (solving questions and issues).



In 2020 we also completed the roll-out of RFID technology, which allows us to maximise omnichannelling and establish real-time traceability of stock across all our platforms. This technology enables us to be more agile and quick in our processes and to control everything that happens at our stores more thoroughly. This ability to monitor stock also has a direct repercussion on customer satisfaction, as it allows us to manage inventories in real time and with great precision. This technology was implemented in 21 establishments in 2019, and 169 stores in 2020, along with completing the implementation in the rest of the seasonal stores, which comes to a total of 189 establishments equipped with RFID technology.



Globalisation of the digital channel

In January 2021, we announced an ambitious step forward in our commitment to omnichannelling: the start of an expansion project for our online store which, based on cross-border electronic commerce technologies, will take us to 108 new countries. Desigual's technological and logistics partner for this project is the company Global-e, which specialises in cross-border e-commerce services.

From February 2021, Desigual will include franchisees in its online trading in countries where we are already present through monobrand stores, such as Mexico, Colombia and Singapore. The decision to globalise the [desigual.com](https://www.desigual.com) store will make it possible for franchises to manage their own stock and will facilitate the coexistence of retail and digital sales. Franchisees will assume the full management of their orders through the technological platform that Desigual will make available to them, and their ability to adapt to local market trends and consumer preferences will increase.

In 2020, sales from online channels represented 30% of our total turnover, doubling its share from the previous year. Our [desigual.com](https://www.desigual.com) page registered a 50% increase in sales and a 15% increase in shopping frequency.

1.4.3.

Consolidation of a management model by geographic areas



To adequately address the distinct traits of fashion consumption in each of our main markets, **Desigual** opted to follow a strategy based on geographic areas that became fully consolidated in 2020. This strategy defines local actions that are aligned with the profile of the consumer and their shopping habits in each market, which largely rely on local cultural and sociological factors. Likewise, it allows for better adaptation to the consumption habits and trends of each generation. Proximity to local markets also makes it easier to identify new consumption trends and best practices that can be synergistically extended to other markets to contribute to the growth of the business.

This management model by geographical areas requires a strong logistical structure that will fulfil the triple goal of agility, adaptability and efficiency. Our network is centralised in the two **Desigual** logistics platforms in the prov-

ince of Barcelona (in Gavà and Viladecans), and for other geographies, it is supported by logistics centres located in the United States (New Jersey) and Hong Kong.

The logistics centre in Viladecans, which opened in 2015, is the company's main logistics nerve centre. It is run through an advanced technological system and is highly automated, which allows us to work with a single global stock which, in turn, streamlines all processes. The centre has been awarded the gold category LEED certification (Leadership in Energy and Environment Design), in accordance with the sustainable building criteria established by the certification awarded by the US Green Building Council. The centre in Gavà is focused on the multi-brand business and reverse logistics.

Desigual across the world

Headquarters: Barcelona.

4 logistics centres: two in Barcelona (Viladecans and Gavà), one in New Jersey and one in Hong Kong.

428 monobrand stores.

Operating in **107** countries.

Our **main flagships:**

Barcelona

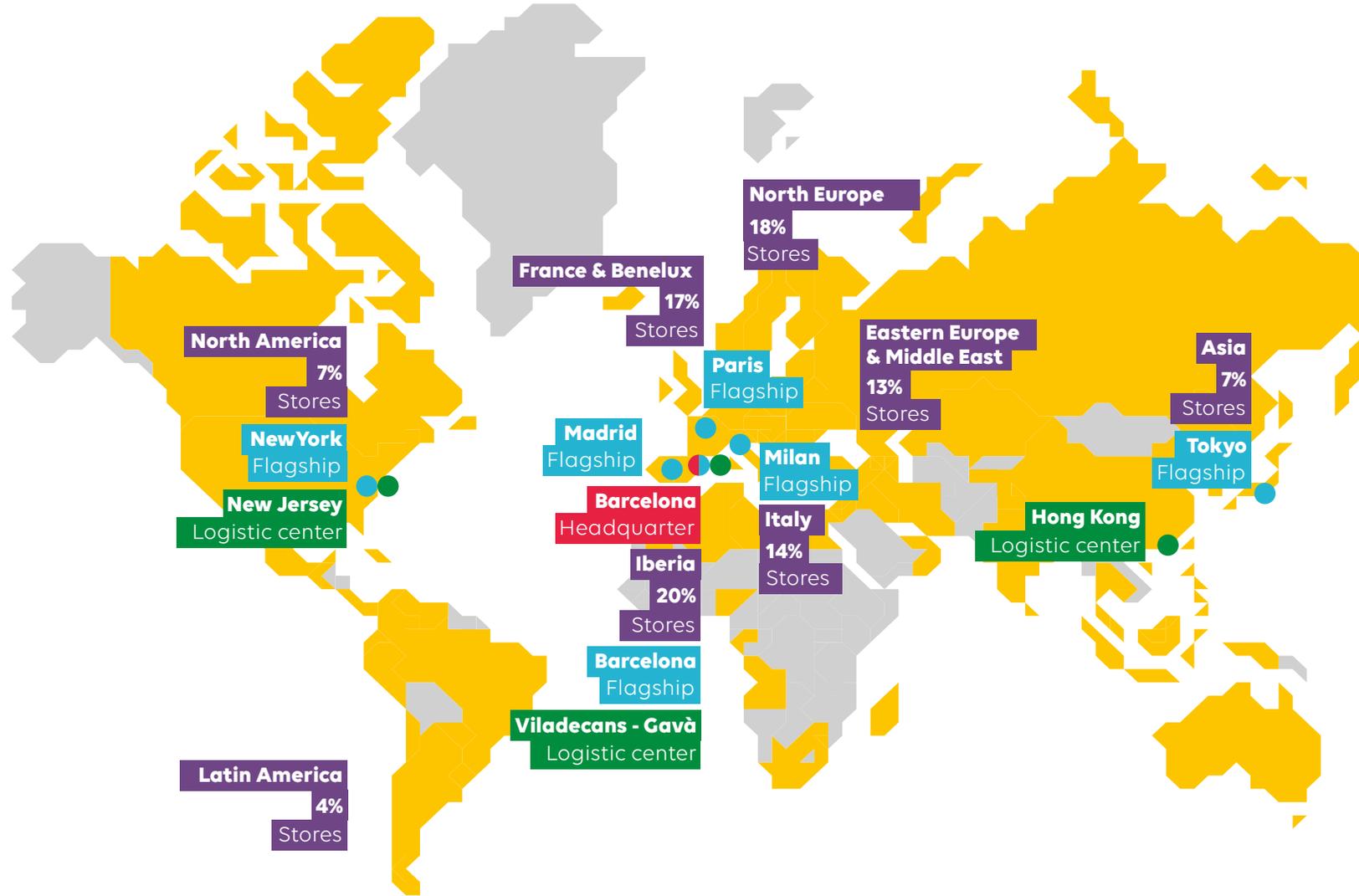
(Plaça Catalunya);

Madrid (Preciados);

Milan (Via Dante);

Tokyo (Harajuku);

New York (Herald Square).



1.5.

The people who make it possible

Since the beginning of the pandemic was identified, Desigual's actions have been guided by its priority to guarantee the health and safety of its employees, suppliers and customers around the world. As part of this objective, a series of measures adjusted to the changes in legislation in each country were developed to try to minimise the effect of this situation on our employees. All these actions were taken through company-wide and coordinated efforts from various departments within the company.



1.5.1.

Protecting employees, the top priority

Desigual's corporate culture follows the "People first" concept, which puts people at the centre of all the company's decisions and processes with the aim of nurturing their personal and professional growth, as well as their investment and involvement in the growth of the company.

In accordance with the actions planned during the previous year, 2020 started with the launch of a strategic plan for People, with one of its main priorities being to build a solid organisational culture that is able to handle the company's strategic growth. To apply this principle, a Culture plan was designed with four main pillars: Leadership, Engagement, Customer Centricity and the People First philosophy. However, its development was hindered in February due to the onset of the health emergency. Since then, the priority has shifted to protecting the health and safety of all employees, and supporting them in all processes related to these exceptional circumstances.

Managing a global health emergency is especially complex in a company like ours, which has more than 2,700 employees from various collectives across 17 countries. Moreover, 75% of the workforce is made up of store staff, whose duties cannot be performed remotely.

Desigual managed the circumstances of each employee on a case-by-case basis, while always trying to find the solution that best fit their duties, location and personal situation.

Permanent monitoring of the progress of the pandemic

In January, once the extent of the pandemic across China was known, we began monitoring all information related to the coronavirus issued by official local bodies and technical collaborators specialising in safety and prevention. This ongoing monitoring was crucial for analysing and assessing any potential impacts and measures that must be borne in mind at all times. We also maintained communication with other brands from the sector to exchange information and strategies.

In accordance with the provisions of our Compliance Programme and given the risk this situation posed for the company in all of its fields of action, various committees were set up to manage the main critical aspects, which included the safety of employees and consumers. The situation worsened as the virus spread across Europe, and restrictions were put in place by the government of Spain and in the rest of our main markets.

State of emergency: ERTE (furlough scheme) and remote working

The Spanish government officially declared a state of emergency on 14 March and enforced a mandatory lockdown for the entire population, except frontline workers. Anticipating this decision and in keeping with our priority of protecting the health of our employees and customers, we had already closed all Spanish stores and our headquarters a day earlier. On 19 March, with the primary goal of protecting the employment of our staff, **Desigual** announced it had entered into a furlough scheme (ERTE) due to unavoidable circumstances, which affected 1,359 employees (90% of the staff).

This measure mainly affected the store staff based in Spain, and some positions based in the offices and the logistics centres in Gavà and Viladecans that support the store network and whose operations

decreased or came to a halt. The ERTE or furlough scheme involved the suspension of employment or reduction of hours, depending on the profiles of employees and the needs of the company. **Desigual** supplemented the state aid to guarantee its employees 90% of their monthly salaries, up to €2,000 a month. In other geographies, similar measures were put in place, in accordance with the regulations in force in each country.

With regard to the professional profiles that were able to perform their work remotely, a remote working model was adopted so that they could continue to carry out their duties for managing the crisis, preparing the company for its return to operations, or continue working on other projects.



Easing of lockdown: prevention measures during the resumption of operations

After two full months of lockdown, the first collectives to resume working were the employees based at the offices and logistics centres. This meant that by 11 May, 600 employees were no longer part of the ERTE (furlough scheme), and they could return to their usual duties.

However, returning physically to the office was a gradual process, and a procedure was established that combined on-site and remote work on a 15-day shift basis that enabled a safe distance to be guaranteed in enclosed spaces. This situation ultimately remained in place for most of the year. The return of employees to the logistics centres responded to the short-term expectation of re-opening stores in multiple European and Middle Eastern markets, and the corresponding need for employees to resume their roles in order to serve the business, including the online sales service. For the return of these collectives, **Desigual** took into account their personal circumstances with regard to children and vulnerable or at-risk groups.

The stores resumed relatively normal operations in the first two weeks of June, when 90% of stores around the world were able to reopen. For the return to work of all collectives, protecting health was the main priority, and all the necessary measures were put in place to ensure social distancing and the adequate hygiene of individuals and spaces. The Health & Safety department was in charge of designing these measures, which were disseminated alongside the Internal Communications team, who developed new tools and channels to guarantee the delivery of transparent information throughout the process.



Adapting operations to the new waves of the pandemic

The actions carried out throughout the first stage of the pandemic (remote work, rotating shifts, etc.) were repeated in subsequent waves, when they were adjusted to the circumstances of each country. The new periods of store closures also forced us to enter into new ERTes (furlough schemes). This situation continued for the entirety of 2020 and measures were also maintained for the initial months of 2021.





Measures for returning to work safely

Desigual's Health & Safety department was in charge of designing and monitoring all the necessary measures to guarantee a safe return to work for all of Desigual's collectives, as well as the customers visiting our stores.

Returning to work at the offices, logistics centres and stores:

- Daily temperature self-monitoring by all employees.
- PCR, rapid, antigen and serology tests (as needed) and obtaining prior consent.
- Limiting external visitors to the offices and the number of people in meeting rooms.
- Compulsory reporting of any preventative isolations, COVID-19 infections, instances of close contact with positive cases, etc.
- Identification of at-risk employees.
- Active regulation of remote work in accordance with the points established in the Cybersecurity Master Plan.
- Dividing employees into two 15-day shift patterns.
- Creation of procedures for preventative actions in the event of any positive cases and infections, distinguishing between offices and points of sale.
- Provision of protective materials (masks, alcohol-based hand sanitiser) to all employees, and an increase in the frequency of cleaning routines, both at the offices and the stores.
- Adjusting common elements in the offices (air filters, door wedges, closing changing rooms, etc.).

Specific measures at the office and logistics centres:

- Provision of probes to activate things like coffee makers and lifts without having to touch them.
- Cancellation of the fingerprint payment options at the Kantina and fingerprint access to the building (provision of personal access cards for the entire staff).
- Adaptation of menus at the Kantina to ensure safer conditions (takeaway format), implementation of shifts by groups and/or floors, and limitation of the capacity at tables, only allowing employees to sit on marked seats.

Specific measures at the stores (for employees):

- Implementation of a procedure to disinfect garments.
- Regulation of staggered access to the store.
- Decreased shift rotation to maintain a "fixed" timetable and only interact with the same set of people as much as possible.
- Limitation of the use of lifts for internal transportation of goods or for people with impaired mobility.
- Uniforms only worn at the store to avoid external exposure (outside the store).
- Performance of specific COVID-19 risk assessments at stores to ensure that all safety and hygiene measures have been put in place, and to identify any additional actions required.

Distribution of masks

7450.48950.

7,450 at the offices and logistics centres.

48,950 at points of sale across Europe.

(In NAM and ASIA, they were locally sourced and distributed)

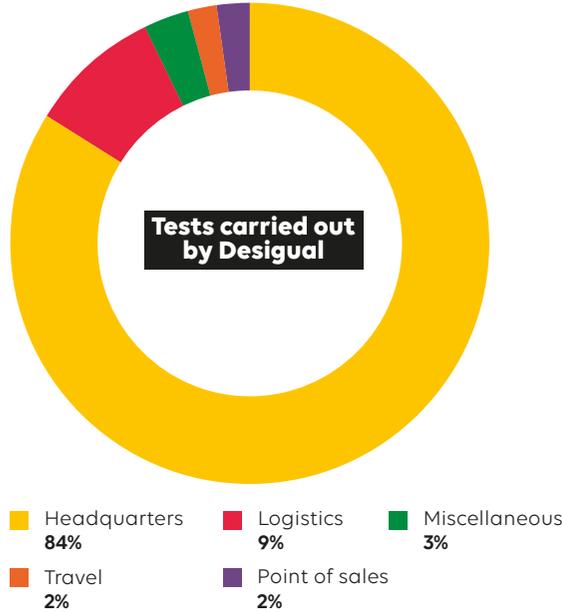


Table 2
Tests carried out by Designal

Department	Tests
Headquarters	434
Headquarters Paris	0
Logistics	47
Points of sale	10
Show	0
Travel	9
Miscellaneous	15
Total	515



Transparent and updated information for employees

In 2020, internal communication has become a key pillar in our relationship with employees, given the need to inform them regularly on the progress of the situation and the health and safety measures for each collective.

The Internal Communication team developed an awareness campaign that ran from February to December 2020 and focused on prevention and transparent and updated information on the progress of the situation. The campaign was primarily articulated through the usual internal communication channels, and was segmented into various stages based on the level of impact of the pandemic on the various collectives and markets:



Awareness campaign by collective

- **Offices and logistics centres:** the main communication tools were the intranet, where a special page was set up to host up-to-date information, and email. Messages were mainly aimed at communicating health and safety procedures, both for working at the offices and for the remote work option. Special signage was also used in common areas (coffee corners, Kantina, entrance hall, etc).
- **Points of sale:** communication actions targeting the points of sale were adjusted to the specific circumstances of each market and were mainly disseminated through the Retail News newsletter. For example, a special edition was sent out a week before the reopening of Spanish stores in May, it included letters from General Management, prevention procedures, access to specific training courses and downloadable signage assets, among other content. These special newsletter editions were sent out in various languages (Spanish, English, German, French, Portuguese and Italian), and signage was also sent out in Dutch, Flemish and Polish. Alongside the special editions, information about coronavirus was included in a permanent section in the regular newsletters.

Communication of ERTE (furlough scheme)

Due to its relevance for and impact on a high percentage of the staff, special attention was paid to providing information and solving questions from employees on anything related to the ERTE (or other similar processes in other parts of the world). Aside from offering updated information through the usual communications, General Management sent out a special communiqué explaining the decision to enter an ERTE, and an email address was set up to respond to any queries related to this process. Those affected by the scheme also received specific communications that included resources such as an FAQ document.

- 45 emails related to health procedures in the office were sent out
- 15 specific articles about COVID-19 were published on the intranet
- 304 weekly newsletters were sent out
- 151 articles were published on the intranet

1.5.2. Cultural and generational diversity

Desigual's work philosophy and corporate values require a diverse and cooperative work environment in which every professional can develop their duties in a free and creative manner. Respect for all sensibilities – whether related to nationality, age or gender – is a fundamental 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 close of 2020, **Desigual's** workforce was 81% women and 19% men, the same ratio as 2019. These figures position **Desigual** as an example of the integration of women in the workplace.

With regard to age, the structure maintains an equilibrium which combines the flexibility and ability to adapt of younger professionals (millennials and gen Z) with the experience and sector knowledge of more senior professionals (baby boomers and generation X). In 2020, the percentage of employees under 30 was 30% of the overall workforce, 8% lower than in 2019; this was due to the rationalisation strategy followed for the point-of-sale network, which has the highest concentration of employees in this age bracket. Consequently, the percentage of employees in the 30-50 age bracket was 65% of the overall workforce, versus 57% in 2019. The percentage of employees over 50 remains at 5%.

Desigual closed 2020 with a workforce of 2,766 professionals, a 24% decrease compared to the close of the previous year. This reduction is mainly due to the optimisation process affecting the points of sale, which has left us with a smaller but more profitable number of stores.

Desigual's team is made up of close to 2,800 employees with 88 different nationalities, who are spread across more than 15 countries and communicate in close to 25 languages. All of them share a common corporate culture based on the principles that define Desigual's DNA: authenticity, non-conformism, diversity, equality and the freedom to be yourself.

Table 3

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

Category/Gender	2020			2019		
	Female	Male	Total	Female	Male	Total
Directors & Managers	39	40	79	51	53	104
< 30 years	-	2	2	-	1	1
30 to 50 years	37	34	71	47	46	93
> 50 years	2	4	6	4	6	10
Staff	374	179	553	447	208	655
< 30 years	31	17	48	50	24	74
30 to 50 years	323	150	473	378	167	545
> 50 years	20	12	32	19	17	36
Stores	1,781	261	2,042	2,419	382	2,801
< 30 years	652	118	770	1,100	205	1,305
30 to 50 years	1,031	138	1,169	1,204	173	1,377
> 50 years	98	5	103	115	4	119
Logistics	47	45	92	47	47	94
< 30 years	1	4	5	5	6	11
30 to 50 years	41	37	78	39	38	77
> 50 years	5	4	9	3	3	6
Total	2,241	525	2,766	2,964	690	3,654

Note: data on employees as of 31/12/2020. Coordinators are included in the Staff category. Managers and Managers2 are included in the Managers category. CEOs are included in the Directors category. CHs are counted independently of timetables.



Table 4

Percentage of employees by professional category and sex

Cat./Gen.	2020				2019			
	Female		Male		Female		Male	
Directors & Managers	39	1.7%	40	7.6%	51	1.7%	53	7.7%
Staff	374	16.7%	179	34.1%	447	15.1%	208	30.1%
Stores	1,781	79.5%	261	49.7%	2,419	81.6%	382	55.4%
Logistics	47	2.1%	45	8.6%	47	1.6%	47	6.8%
Total	2,241	100%	525	100%	2,964	100%	690	100%

Note: data on employees as of 31/12/2020.

Table 5

Percentage of employees by professional category and age group

Cat./Age	2020						2019					
	< 30 years		30 to 50		> 50 years		< 30 years		30 to 50		> 50 years	
Directors & Managers	2	0.2%	71	3.9%	6	4%	1	0.1%	93	4.4%	10	5.8%
Staff	374	16.7%	473	26.4%	32	21.3%	74	5.3%	545	26.1%	36	21%
Store	1,781	79.5%	1,169	65.3%	2,419	68.7%	1,305	93.8%	1,377	65.8%	119	69.6%
Logistics	47	2.1%	78	4.4%	47	6%	11	0.8%	77	3.7%	6	3.6%
Total	825	100%	1,791	100%	150	100%	825	100%	1,791	100%	150	100%

Note: data on employees as of 31/12/2020.

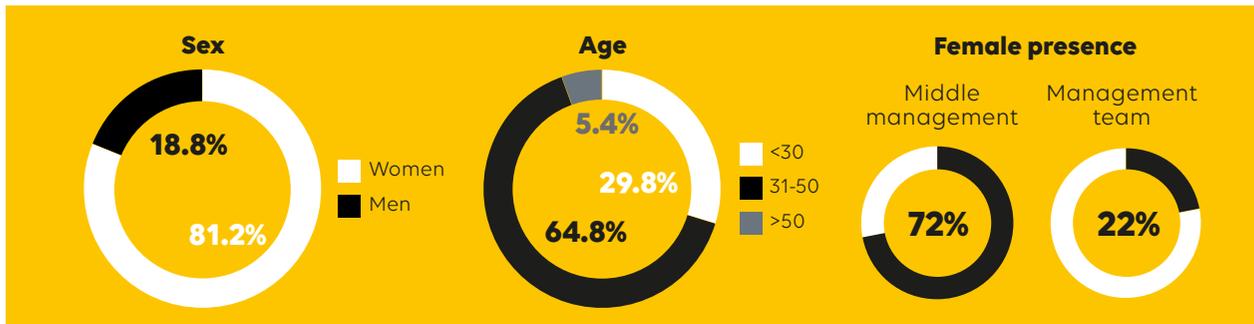
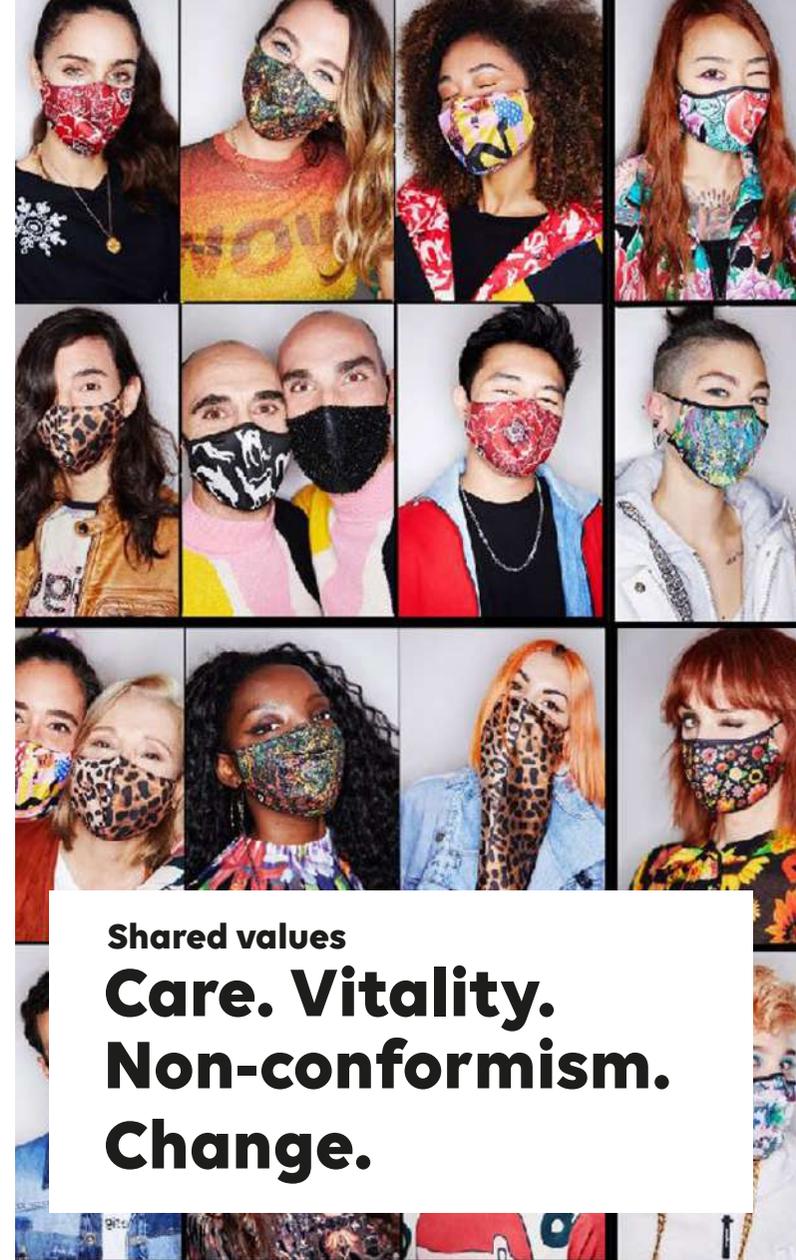
The people who make it possible

2766.88.
25.34.9.
17,403.

2,766 workers. 88 nationalities. They communicate in about 25 languages. 34.9 average age. 17,403 hours of training.



- Points of sales 74.2%
- Commercial 8.2%
- Operations 6.5%
- Product 4.2%
- Finances 2.7%
- People 1.9%
- Marketing 1.7%
- Others 0.6%



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

1.5.3.

Remuneration policy

Desigual's compensation policy is built upon a set of criteria and guidelines that determines the optimal compensation for each position by finding a balance between efficiency, internal equality and market competitiveness. This policy is based on an objective and competitive Total Compensation Package that allows to draw segmentations according to various criteria (merit, talent and criticality of each position) to ensure adequate internal equality and suitability to the company's goals. This compensation policy also integrates a variable compensation system adjusted to each collective, which is aimed at providing motivation for the achievement of targets.

In accordance with the company's policy of promoting equality and respect for diversity, compensation policies and salary update processes are based solely on the merit, level of responsibility and talent of each employee, thereby avoiding any kind of discrimination on the basis of sex, culture, religion, sexual orientation, age, etc.

Desigual's 2020 pay gap is 0.25% in favour of the male collective, a figure that is closer to 0% than the 1.17% pay gap in favour of the male collective recorded in 2019.

Table 6
Pay gap

	2020
Pay gap	-0.25%

Note: the pay gap is calculated based on the average salary according to our comparative levels with the market, which in turn is weighted in accordance with the total number of employees at each level. A positive magnitude indicates that the pay gap tilts in favour of women. This is a global and reliable indicator of the pay gap between men and women in the comparable company. The average salary was calculated in consideration of the employees of the company on 31/12/2020. Fixed full-time compensation with no variable has been included, taking the FTE into consideration. The salary of the CEO is not included.

Table 7
Average remuneration by sex and professional category

Category	2020	2019
	Average pay	Average pay
Directors & Managers	88,720	87,786
Staff	39,343	37,812
Stores	21,194	21,086
Logistics	20,372	19,172

Note: only employees up to 31/12/2020 are included. Fixed full-time compensation with no variable has been included, taking the FTE into consideration. The salary of the CEO is not included.

Table 8
Average remuneration by age

Age bracket	Average pay	
	2020	2019
< 30 years old	19,921	20,120
30 to 50 years old	29,584	29,268
> 50 years old	31,761	32,434

Note: only employees up to 31/12/2020 are included. Fixed full-time compensation with no variable has been included, taking the FTE into consideration. The salary of the CEO is not included.

Table 9
Employees covered by the works council

Country	Works council	
	2020	2019
Belgium	100%	100%
Spain	14%	18%
France	100%	100%

Note: works councils are set up in Belgium, Spain and France. In Belgium and France, they cover the entirety of the staff; in Spain, they cover 14% of the staff, who are based in the stores in Barcelona, Bilbao, Palma Festival Park, Palma San Miguel, Almería Mediterráneo and Granada.

Table 10
Employees covered by the collective agreement

Country	Collective agreement	
	2020	2019
Austria	100%	100%
Belgium	100%	100%
Spain	100%	100%
France	100%	100%
Italy	100%	100%
The Netherlands	100%	100%
Portugal	100%	100%
Sweden	100%	100%
Switzerland	100%	100%

Note: those countries which are covered by a collective agreement – listed in the table above – are 100% covered. The percentage of employees covered by a collective agreement from the total staff in 2020 is 81%, versus 79% in 2019. In Germany, Canada, Hong Kong, Japan, Poland, the United Kingdom, Singapore and the United States, employees are not covered by a collective agreement, but Desigual complies with the regulations in force in each country.



1.5.4.

Equality and work-life balance policies

Desigual's Code of Ethics specifically outlines the company's commitment to equal opportunities and non-discrimination, as well as other key aspects aimed at guaranteeing that all employees act responsibly towards our stakeholders.

This commitment was materialised in December 2020 through the approval of the Men and Women Equality Plan, which contains a set of measures to ensure equal treatment and opportunities within the organisation while guaranteeing the absence of any kind of discrimination on the basis of gender. The measures laid out in this plan were adopted after carrying out a diagnostic assessment of the situation in all the companies that make up **Desigual**, and it therefore applies to every professional collective within the company. The Equality Plan was agreed upon with staff representatives and registered with the Ministry of Equality. It will be valid for four years, until December 2024, and has become the primary tool for incorporating equality into the management and culture of the companies. It will be communicated to the staff and put into practice over the course of 2021.

The main conclusion of our equality plan is that **Desigual** has integrated a gender perspective into its human resources processes. One of the most relevant aspects, as shown by the diagnostic assessment that was conducted, is segregation by gender. Globally, the company is made up of 81% women and 19% men, with 87% women and 13% men in point-of-sale positions; 65% women and

35% men based in the headquarters; and 50-50 equality in our logistics centres. Moreover, in the past four years, 72% of internal promotions were women.

We have also published the Non-Sexist Communication Guidelines, which is for internal use and provides a set of practical tips for using inclusive language when writing documents and communiqués. This guide is available to all employees on the corporate intranet.

Also noteworthy are the actions carried out during Women's Week, which took place in the first week of March, before the state of emergency was declared. We organised an event with Sandra Uve, author of *Súper mujeres, super inventoras*, which was attended by more than 70 people and included a draw for 10 copies of her book. We also organised the *Read different* competition, which saw close to 30 professionals from the **Desigual** staff submit their proposals for inspiring women and enter the draw for books from the +Bernat bookshop in Barcelona.

With regard to the inclusion of people with disabilities, we regularly monitor the obligations defined by the regulations in each country and design the corresponding action plans to ensure they are complied with. These plans include direct hiring of people with disabilities and the development of alternative measures.

Work-life balance

Designal offers a series of advantages for promoting work-life balance. Such as employees being able to work flexible hours from Monday to Friday (starting between 7:30 and 9:30 from Monday to Friday, and finishing between 16:45 and 18:45 from Monday to Thursday, as well as working half days every Friday throughout the year), and measures to facilitate disconnection being carried out. For example, the office lights are switched off at 19:00. To work after 21:00, employees must request a special permit, and working outside of office hours is considered an exception. Those teams who provide support to other geographies have special timetables to allow them to cover said areas. When an employee is not carrying out their duties because they are on holiday or maternity or paternity leave, they activate an automatic response on Outlook to notify anyone who tries to contact them about their absence and let them know who will be filling in for them during this period. This guarantees and facilitates their disconnection from the workplace. Moreover, the company covers 100% of the salary during any periods of leave (paternity, sick leave, etc.) that are not covered by Social Security.

We also have various benefits to promote work-life balance among our employees. We have a programme for extra holidays during the year for those plans that are pending, we subsidise meals at our cafeteria, as well as providing coffee, water, teas, fruit, and a service for personal deliveries, among other things. We also have a sports club to promote professional health, and our office is also equipped with changing rooms and showers.

Lastly, the company has implemented a flexible compensation system to maximise salaries in the event that employees need nursery schools, transport, restaurant vouchers, etc.



1.5.5.

Safety & Risk Prevention



Designal has its own Safety team, which mainly focuses on preventing workplace risks and protecting the health and safety of our employees at our headquarters, logistics centres and points of sale. In 2019, this team launched a programme to improve work procedures and increase efficiency, which was due to continue in 2020. However, since March, the department has had to focus most of their efforts on responding to the needs associated with pandemic control, both for the collectives of employees and for the customers who visit our points of sale.

Some of the actions that were able to be carried out:

- Consolidation of the department's structure and work methodology, with the entire Safety & Prevention team based at headquarters and with a single manager for all buildings. The goal of this initiative is to standardise policies and ways of working.
- Running virtual training sessions on emergencies for 92% of the staff, instead of the in-person training sessions that were planned.
- Monthly review of the fire protection and security systems at the headquarters and logistics centres to shape the business continuity model that had been implemented in the department. In all workplaces, these reviews achieved a score of over 80 out of 100.

Table 11
Workplace accidents
Spain

Headquarters and logistics centres	Gender	2020	2019
Workplace accidents with sick leave	Male	3	13
	Female	3	13
	Total	6	26
Fatalities	Male	0	0
	Female	0	0
	Total	0	0
Work days missed due to workplace accidents (days)	Male	8	224
	Female	196	315
	Total	213	539
Frequency index	Male	46.102	196.612
	Female	17.728	74.291
Severity index	Male	0.123	2.923
	Female	1.158	1.800

Note:
Frequency index = no. of workplace accidents with sick leave / no. of worked hours * 1,000,000
Severity index = no. of workdays missed because of workplace accidents with sick leave / no. of worked hours * 1,000
Registered positive COVID-19 cases were not included in the calculation of frequency and severity indexes.
These data are only applicable to headquarters and logistics centres in Spain, because data on workdays missed due to accidents could not be obtained for the rest of the points of sale. The organisation is working to provide this information in upcoming reports.

Table 12
Workplace accidents in branded stores in Spain and other countries

2020			2019		
Female	Male	Total	Female	Male	Total
70	15	85	70	14	84

Note: the Safety & Risk Prevention team insisted that communication with S&RP must be more thorough and focused on the importance of communicating this and any other kind of accident, which improved communication and reporting between the stores and safety officers for each country. This is why the number of accidents in 2020 is similar to that of 2019.

Note 2: professional illnesses were not recorded in 2019 or 2020.



1.5.6. Training and continuous development

In the area of continuous training, for the past few years **Desigual** has been developing a plan to make training programmes available to the largest possible number of employees and to broaden the topics covered with content that will be valuable for their professional development (branding, product, human rights, sustainability, etc.). The improvements made in recent years in terms of the development of distance-learning technology platforms made it possible to almost fully achieve the established goals in 2020, with the topics being adapted to the exceptional circumstances.

By the end of the year, our training programmes had been completed by 2,948 employees, which translates to 17,403 hours of accumulated training, 14.5% more than in 2019, when the total was 15,210 hours.

The infeasibility of conducting in-person sessions for most of the year led us to migrate all training to the virtual environment. We primarily made use of a microlearning application based on gamification dynamics that facilitate and streamline the training process. At the end of the exercise, almost 80% of the training hours were completed through virtual platforms (60% through the app and 20% through virtual classrooms or other resources, like Teams). In 2019, the percentage of hours completed through distance learning barely reached 34%. Aside from guaranteeing the continuity of the planned programmes in the midst of challenging circumstances, these technologies also allow us to deliver training courses for all the geographies in which we are present and to reach all the teams working in different stores and channels.

Regarding the content, the need to disseminate measures for preventing the spread of the coronavirus led us to reformulate the expected programmes to increase the number of hours of health and safety training. This new content was primarily aimed at the store collective and included protocols for opening and customer interaction procedures. Also noteworthy is the increase of training hours on new digital tools, which were aimed at enabling employees to continue to perform their duties remotely, and the launch of the training programme on sustainability that is part of the 2020-2023 Sustainability and CSR Strategic Plan. In this first stage, the content of the programme focused on disseminating knowledge on sustainable products, both for office-based personnel and store staff. In markets where the legislation allowed, we also used the ERTE (furlough scheme) to carry out training sessions and stick to the objective of continuous learning while employees were not able to fulfil their everyday duties as they normally would.

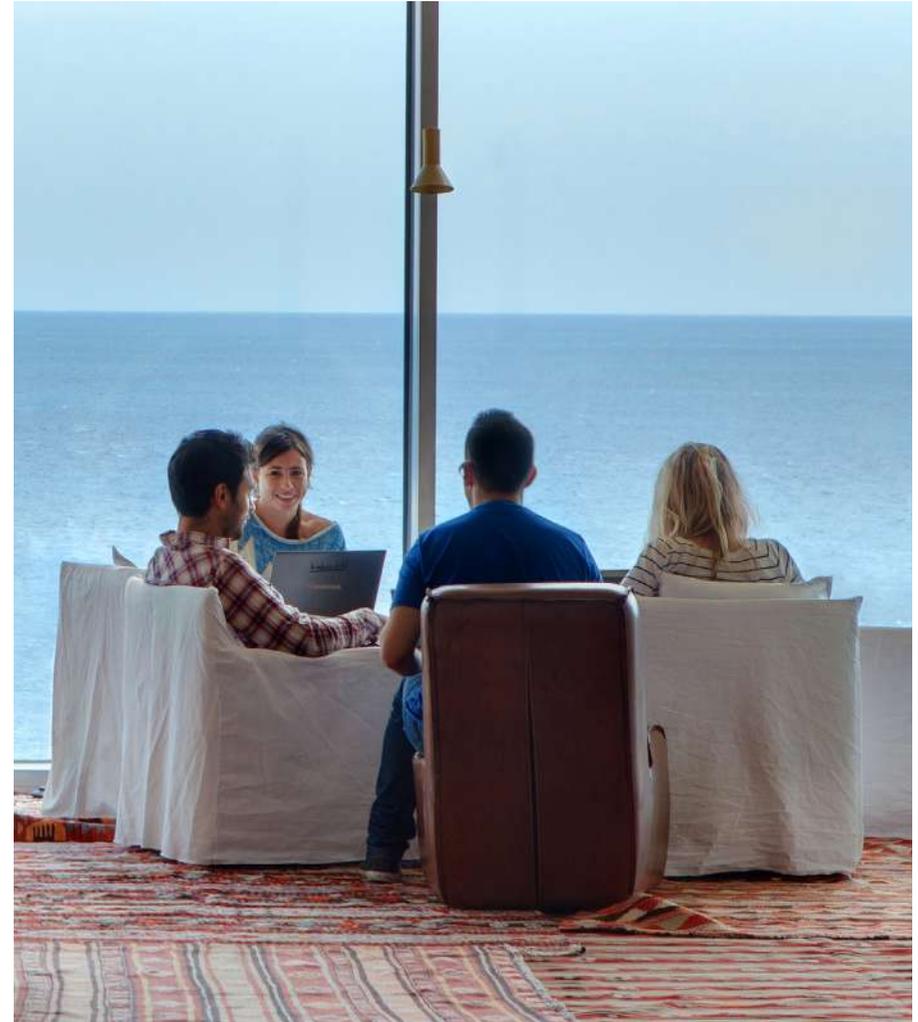
Alongside training programmes, another key resource for the development of our professionals is the “Be Extraordinary” programme, which is based on our values and competencies model. This programme involves holding periodic conversations between all employees and their respective managers to share feedback and set expectations and goals together. Despite the difficulty of the exercise, the final adaptation of these meetings to the virtual format allowed for it to be continued successfully with participation levels reaching 98% of staff, equal to 2019.

These programmes are also used to prepare teams and fill internal vacancies, as far as possible, with internal employees who receive promotions and continue to grow with us. In 2020, 84% of the nearly 200 internal movements that occurred within the company were vertical promotions. These data substantiate the policy for the internal development and growth of our staff, despite this year being a difficult one due to the pandemic.

Table 13
Training hours by category and sex

Professional category	2020				2019			
	Male		Female		Male		Female	
	Participants	Hours	Participants	Hours	Participants	Hours	Participants	Hours
Directors & Managers	76	288	103	477	107	2,067	135	1,990
Staff	129	436	276	843	127	1,866	322	2,623
Store	334	1,923	2,028	13,427	411	1,012	2,456	5,431
Logistics	1	1	1	8	14	167	9	54
Total	540	2,648	2,408	14,755	659	5,112	2,922	10,098

Note: comparison of training hours and participants between 2019 and 2020. It shows the hours from all training categories and modalities.





1.5.7. Internal communications

Alongside the actions directly linked to the protection of the health and safety of employees, from the very beginning the Internal Communications team opted to use digital channels to maintain the interactions necessary for the continuity of the business.



Since the state of emergency and lockdown were declared in Spain, we worked to adapt business conferences and department meetings to a hybrid or fully virtual format. This format allowed us to integrate gamification actions and audio-visual resources, and gave us the option of holding gatherings involving all geographies simultaneously. Through this format, we carried out the first **Digital Monobrand Convention**, which focused on the launch of new collections and the presentation of plans for each market; as well as the **annual meeting of directors and managers**, which focused on reviewing the year and analysing the strategy for 2021. For everyday communications between employees, we established the use of the Teams platform.

Noteworthy among the virtual meetings were the sessions from the **"Talks" series**, a set of periodic informative talks led by Management, which had already been executed through this format in previous years. In innovation for 2020 was that two out of the three talks were streamed live to the whole staff (they were usually only aimed at the collectives from the offices and logistics centres, and were streamed for everyone else at a later date). These global meetings had an average of 600 connection points, with various employees together at the same point.

From the new actions that were carried out this year, the **#InnovationFreaks talks on digital innovation** are also worth mentioning. They were led by the Innovation/ITC team and focused on addressing topics related to the digitalisation of the sector and building a culture of innovation within the company. After the success of the first talk, the company decided to continue the initiative with a new event every three months.



Promoting a culture of sustainability

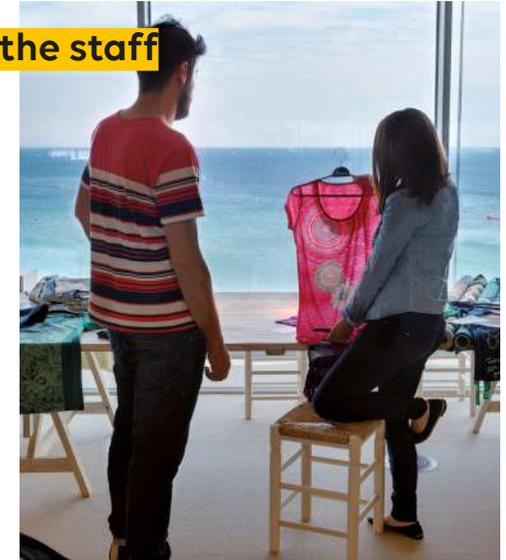
In 2020, we also started to roll out a communication campaign linked to the 2020-2023 Sustainability and CSR Strategic Plan, which aimed to promote the involvement of employees and foster a culture of sustainability to convert them into **Desigual** ambassadors in this regard. Our permanent internal communications channels featured informative sections on sustainability, and a specific training course was launched through a microlearning app. The surveys carried out showed that the employees were very interested in sustainability-related topics.

Notable among the non-pandemic-related actions carried out this year were the dissemination of the "Love different, love yourself" branding campaign for Valentine's Day, which included an internal poetry competition, and the pro-equality initiatives during Women's Week (in March).



Ongoing dialogue with the staff

The company's dialogue with the staff is articulated through various communication channels. Official communication channels include the corporate intranet (abordo), the Retail News newsletter and the informative communiqués sent by the Internal Communications team or other departments. Informative sessions and meetings also take place regularly and aim to discuss corporate information, these include the Talks series, the Annual Meetings, etc. Additionally, we also have informal communication channels, such as the business partners assigned to each department or country. Lastly, social conversations with the representatives of employees are carried out through periodic work meetings, both in-person and remote, for informative, consultation or negotiation purposes regarding measures of all kinds.



First global Xmas Party

The Xmas Party is of the main corporate culture initiatives and is usually organised as an in-person event in various markets. In 2020, adapting it to the virtual environment through the Zoom platform allowed employees from all over the world to take part, in addition to their housemates or family members. More than 900 people from all collectives (offices, logistics centres and stores) and markets attended the party, which promoted the participation of employees through activities like virtual dance sessions, TikTok video competitions and live draws for garments.



1.6.

Governing and management bodies

The Board of Directors is Desigual's most senior governing body. It is responsible for defining the group's mission and values, in addition to establishing its corporate strategy.

The company La Vida Es Chula, S. L. U. holds 99% of **Desigual** shares. This company acts as the chair of the Board of Directors and is represented by Thomas Meyer. In 2020, **Desigual** changed its status as a limited company (S. L.) to a public limited company (S. A.) as part of its reorganisation process to adapt to the new demands of the sector.

The Board of Directors is made up of three males, with Thomas Meyer as chair and director, Celso Gomáriz as director, and Jordi Ramírez as director and secretary.

Along with the change of company status, a new Steering Committee was set up in 2020. It acts as a single unit, bringing together the functions and representation duties that were formerly divided between the Steering Committee and the Executive Committee.

The General Manager 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 9 members, 2 of whom are women, which equates to a 22% representation on the Board.

The simplification of executive bodies by merging them into a single committee represents a willingness to streamline decision-making and cover the priorities of the current corporate strategy. As part of this vision, the integration of the Digital, Channels and Countries departments into the company's maximum level of decision making is a highlight, as it seeks to better respond to two current priorities for the business: digitalisation and closeness to the customer, which will be achieved by transforming the channels and growing in key geographies.

1.7.

Management and risk-control systems

The current context of market transformation, in a scenario of uncertainty in international economics exacerbated by the impact of the healthcare emergency, has led to an increase in events that could put the company at risk. Identifying and assessing these risks is a critical strategic priority for which the Executive Committee is responsible.



The Executive Committee permanently assesses the different types of risks that could affect **Desigual**, and is equipped with the necessary auditing and control measures and processes, both internal and external. Depending on their nature, said risks are classified as follows:

1. **Market risks:** these are the risks that are caused by external factors, mainly arising from changes in the economic, political or demographic context of the markets in which we operate.
2. **Reputational risks:** mainly related to any risks that could damage the image of the brand.
3. **Operational risks:** these are risks that directly relate to the creation, production and distribution processes of our products, from disruptions in the supply chain to any disastrous events that could affect our logistics operators or any potential breaches of environmental or human rights regulations.
4. **Financial risks:** these are mainly related to potential liquidity risks, bankruptcy of our debtors or significant fluctuations in the exchange rates of the currencies with which we trade.
5. **Personnel risks:** attracting and retaining talent, and any aspects related to the health and safety of our employees.
6. **Technological risks:** related to the proper functioning of our technological infrastructures and the safety of the data stored on our systems.
7. **Regulatory risks:** compliance with all regulations – legal, fiscal and intellectual property – and anything related to the fight against corruption and bribery.

The Executive Committee reviews the risk map periodically to assess the probability and impact of any identified risks and to define specific action plans for each one.

The COVID-19 pandemic was considered a far-reaching risk that affected all the risk categories defined by the company.

1.8.

Ethics and compliance

Over the course of 2020, Desigual's Compliance Programme has continued to be executed and monitored with the aim of preventing criminal risks associated with the nature of the business (Risk Map) and seeking to ensure it is correctly, efficiently and uniformly implemented and adopted by the various control and monitoring bodies. The exceptional situation brought about by the coronavirus pandemic prompted the development of a specific analysis programme to assess the measures to be taken, led by several committees that were set up on an ad-hoc basis.



1.8.1. Compliance with the regulations 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 for preventing crimes, which consist of:

1. **First line:** made up by the party responsible for business areas and Internal Committees (internal monitoring)
2. **Second line:** made up by the Compliance Office (coordination)
3. **Third line:** made up by the Board of Directors and Auditing Committee (approval and supervision)

The actions carried out in 2020 to monitor and follow up on the Compliance Programme involved:

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

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**).

Action Plan

The Compliance Programme is complemented with additional action plans, which contain proposals for improving **Desigual's** control system and the Compliance Programme itself. The Action Plan details the actions and initiatives that the control bodies must carry out to avoid or mitigate any irregularities related to criminal risks detected through the risk map and, if applicable, warn of the emergence of new risks.

The main goals of the Action Plan are:

- Periodically reviewing any criminal risks that could potentially affect the Desigual Group (risk map).
- Defining the control mechanisms currently in place to mitigate said risks.
- Establishing any necessary corrective measures to ensure these controls are truly effective or, if applicable, introducing new ones.
- Obtaining formal commitments from each silo and person in charge regarding the formalisation and execution of the actions and measures included in the Action Plan.

All actions and measures included in the Action Plan are prioritised according to their criticality, and all the actions and measures that are to be adopted are assigned to a silo and/or person in charge. It falls under the responsibility of the controlling bodies and, specifically, the silos and/or persons in charge, to review the Action Plan on a regular basis and propose improvements to the current controls, and also to fulfil their commitment to executing specific actions regarding the assigned controls within a specific period. The control bodies review the Action Plan once a year as part of the self-assessment process.

Exceptional COVID-19 prevention actions

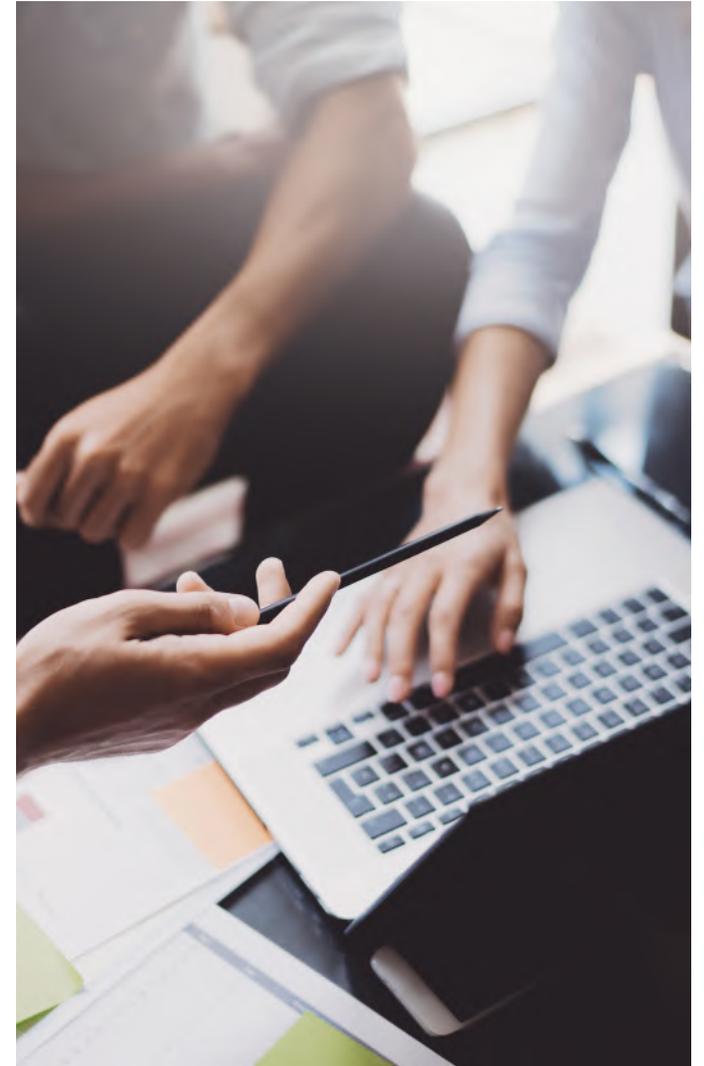
However, the exceptional and unforeseeable situation caused by the spread of COVID-19 at the beginning of 2020 forced us to analyse the impact of the measures that had to be adopted as a result of the health crisis that would affect the risk and control matrix; these were mainly the employment, criminal and data protection regulations. Given the critical nature and the relevance of said measures, they were prioritised over the actions expected to be carried out under the Action Plan for 2020.

The measures and actions carried out to mitigate risks as a consequence of the health crisis in 2020 were:

- Creation of ad-hoc committees as governing bodies for the management of various critical aspects that arose as a consequence of the health crisis (safety of employees and consumers, treasury management, cost management and negotiation with key suppliers like landlords and product providers).
- Measures and actions related to returning to the office through the creation of protocols.
- Measures and actions related to returning to work at the stores through the creation of protocols.
- Measures and actions related to the protection of consumers.

Given the relevance that **Desigual** places on its sustainability strategy, in 2020 we continued with the planned actions in this strategy, and the Action Plan for 2020 that defines the 2020-2023 Sustainability and CSR Strategic Plan continued to move forward as planned.

To mitigate the risks caused by the health crisis, ad-hoc committees were set up in 2020 to handle the management of the following critical aspects: the safety of employees and consumers, treasury management, cost management and negotiation with key suppliers.



1.8.2. Ethical culture

In an effort to prevent and avoid any behaviours that would contravene its values and ethics, **Desigual** has built a solid structure that functions through the implementation of various measures and corporate procedures. The general guidelines for behaviour applicable to **Desigual**, including all its employees and collaborators, are included in the Code of Ethics and the Code of Conduct for suppliers. Through said codes, we promote the main general principles that define what constitutes ethical behaviour within the company.

At **Desigual**, we follow basic guidelines – the Code of Ethics and the Code of Conduct for suppliers – which are aimed at establishing the general behaviour guidelines that are applicable to **Desigual** and all its employees and collaborators. Through said codes, we promote the general principles that define what constitutes ethical behaviour at **Desigual**.

Our 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.

This Code of Conduct stems from and complements the Code of Ethics, and is therefore based on **Desigual's** values, culture and way of acting.

Both 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.

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.



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.

Desigual is not aware of any criminal court procedures related to corruption or bribery concerning the company in 2019 or 2020.



1.9. Relationships with stakeholders

The 2020-2023 Sustainability and CSR Plan includes a pillar focused on the community made up of social and cultural actions that are specifically focused on developing the employability and education of young people, children and women. These projects will give continuity to the close relationships and support for initiatives of all types that Desigual has historically provided in its immediate community.

This same spirit of closeness and attention to key social issues has led the company, in 2020, to focus these actions on addressing the health emergency caused by the coronavirus.

1.9.1.

Donations of healthcare materials during the health crisis

Considering the shortage of healthcare materials at various stages of the health crisis, **Desigual's** social actions were mainly focused on donating masks to those collectives that were most exposed to COVID-19 in health-care centres and old people's homes in Barcelona and several towns across Catalonia.

In total, close to 23,000 masks were donated, distributed among the following centres: Hospital de Bellvitge in L'Hospitalet de Llobregat (10,000 units), Hospital del Mar (5,000 units), Igualada City Council (5,000 units), Diaverum – Instituto de Hemodiálisis Barcelona (1,000 units) and the Primary Care Centres CAP Casanova and CAP Montnegre in Barcelona (1,000 units each).

Furthermore, **Desigual** made a direct donation of 3,000 EUR to the Marina Walktrail solidarity Nordic walk, organised by the Amics de l'Hospital del Mar association, on the occasion of TV3's La Marató in December 2020, which focused on COVID-19 research.

Recognition of healthcare professionals

In addition to donating masks, **Desigual** also wanted to thank healthcare professionals for their work in the fight against COVID-19 by donating more than 9,000 product samples (4,500 T-shirts and 4,500 backpacks) to Hospital del Mar, one of the hospitals that is closest to our headquarters in Barcelona's Barceloneta neighbourhood.

Desigual also donated products to the hotels of the Autograph Collection chain, which had been set up as temporary healthcare centres to care for patients with mild cases of coronavirus. Specifically, 200 backpacks were donated as a sign of support to the patients in the Cotton House, Praktik Bakery and Praktik Vinoteca hotels, located in different parts of Barcelona.

Donations to social institutions

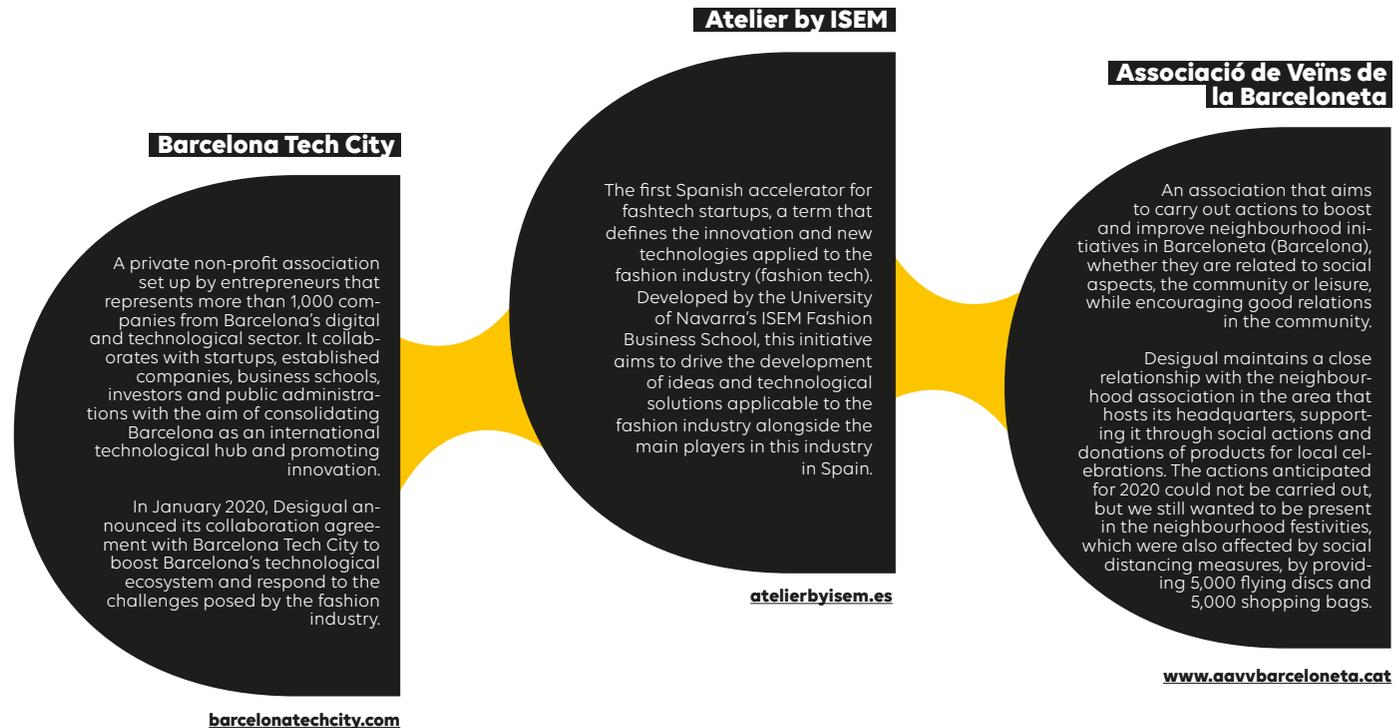
In 2020, Desigual also collaborated with other non-profit associations to support various causes. The company donated 3,184 EUR (10% of the proceeds from the Liam T-shirt) to Associació Aprenem, which supports children who are on the autism spectrum (www.associacioaprenem.org). It also collaborated with the No Somos Invisibles foundation (<http://nosomosinvisibles.org>) which supports people with cerebral palsy by sending a charity Christmas card aimed at raising funds.

Note: No direct donations were made in 2019.

1.9.2.

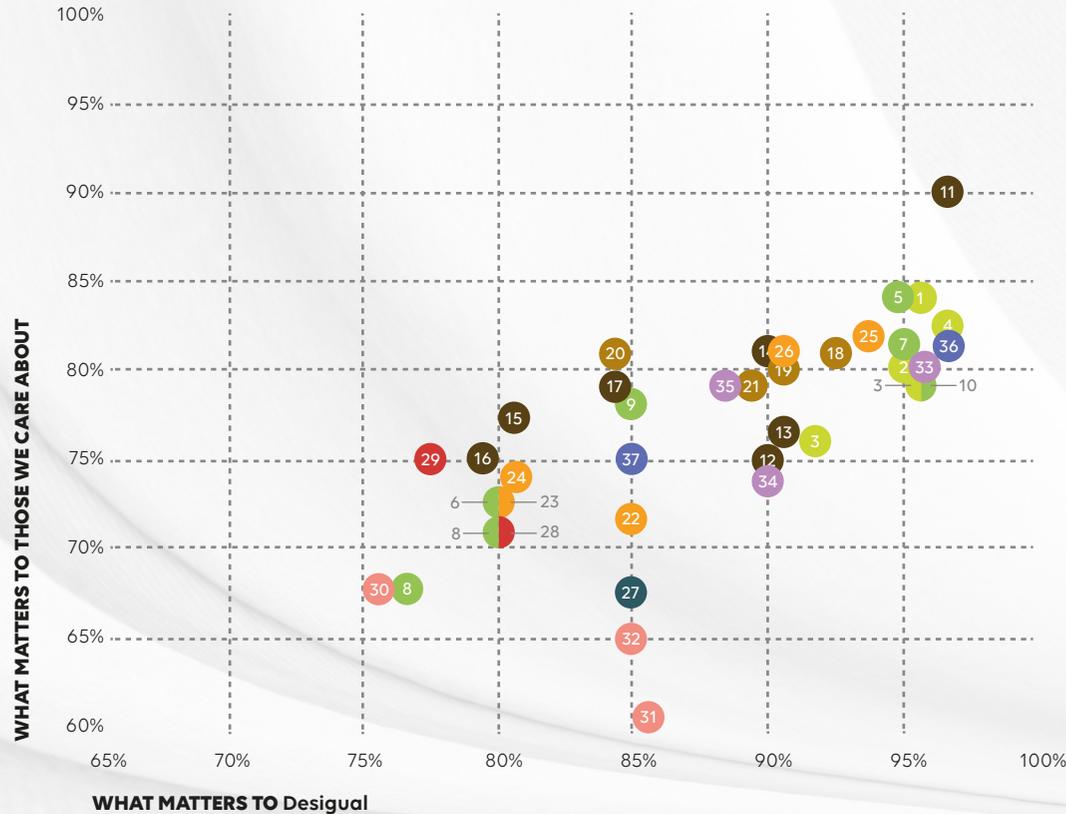
Synergies with our surroundings

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:



1.10. Materiality matrix

To carry out the materiality assessment, the principles for determining the content of the report contained in the GRI101 Standard: Foundation were followed. This procedure involves identifying material aspects by analysing various sources to then prioritise them from the point of view of Desigual's stakeholders and internal vision.



- People**
- 1. Safety in the workplace (protection against COVID-19)
 - 2. Transparency in communication with employees
 - 3. Management of remote working
 - 4. Adapting to the new needs of the business

- Consumers**
- 5. Safety at the point of sale (protection against COVID-19)
 - 6. Protection of customer data
 - 7. New ways to reach out to customers (e. g. Desigual at Home)
 - 8. New store model
 - 9. Responding to the interests of consumers (e. g. Love the World)
 - 10. Improving the shopping experience on desigual.com

- Product**
- 11. Sustainable product
 - 12. Training teams on sustainable design
 - 13. Product quality, health and safety
 - 14. Sustainable labelling
 - 15. Materials policy
 - 16. Managing chemicals across the supply chain
 - 17. Product circularity projects

- Supply chain**
- 18. Traceability of the supply chain
 - 19. Respect for Human Rights across the supply chain
 - 20. More sustainable production processes
 - 21. Responsible purchasing practices

- Circularity and efficient use of resources**
- 22. Prevention and management of waste. Circularity
 - 23. Environmental management, water and power consumption
 - 24. Sustainable use of resources (packaging, consumables, etc.)
 - 25. Reducing the use of plastic
 - 26. Climate change

- Fiscal transparency**
- 27. Fiscal and tax compliance

- Social action**
- 28. Relationships with our stakeholders
 - 29. Commitment to the community

- Corporate governance**
- 30. Corporate governance
 - 31. Management and risk control systems
 - 32. Corruption and bribery

- Brand**
- 33. Generating value for our consumers (purpose, claim, differentiation)
 - 34. Image and reputation
 - 35. Transparent communication

- Business**
- 36. Agility and quickness of decision-making in the context of COVID-19
 - 37. Technological innovation (digital showroom, Apolo project, etc)



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

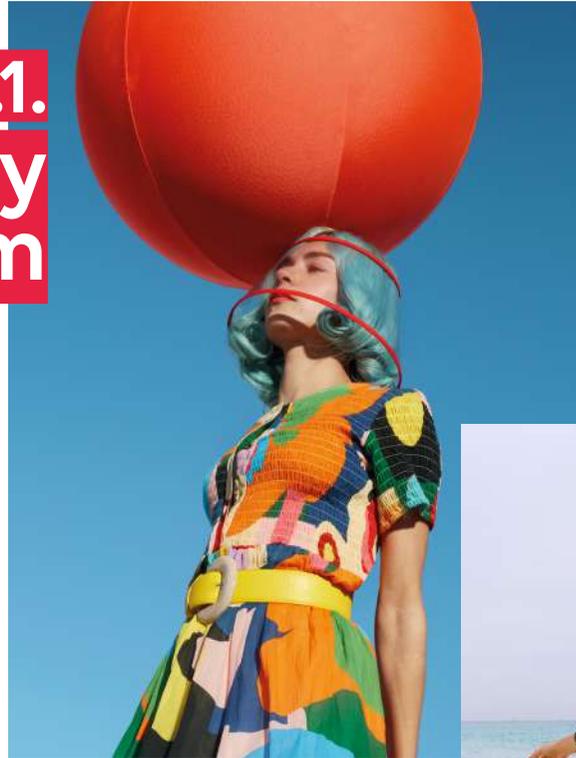
2.2.4. Strategic partnership in the Product
department

2.2.5. Labelling

2.1. Philosophy and team

In 2020, more than ever, we remained committed to making pieces that relate to values like diversity, non-conformism and the freedom to be yourself. In a year that was particularly trying for everyone, we doubled our efforts to create unique collections and convey moving and relatable stories that inspire joy and optimism.

And we did this while maintaining our creative character in the ideation and conceptualisation of the pieces and integrating our commitment to sustainability, innovation and quality.

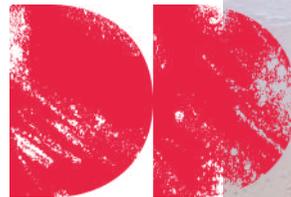


Desigual is working with love

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 creating consciously

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.



Designal is creating consciously

Our creation process is ethically conscious and seeks to expand our commitment as a brand to sustainable fashion production. We want to offer products that are safe, of high quality and respectful towards the environment. This is why we presented collections like Love the World, comprised of garments made from sustainable and recycled fabrics. This is a permanent collection that will incorporate sustainable capsules throughout the year.



Designal is committed to innovation for ongoing improvement

Without ever losing sight of the unique and authentic nature that defines us, we incorporate new technologically advanced work tools that allow us to explore new creative solutions, streamline certain technical processes and contribute to reducing our impact on the environment. In 2020, we integrated 3D design as a resource to support creation, prototyping and product testing processes.

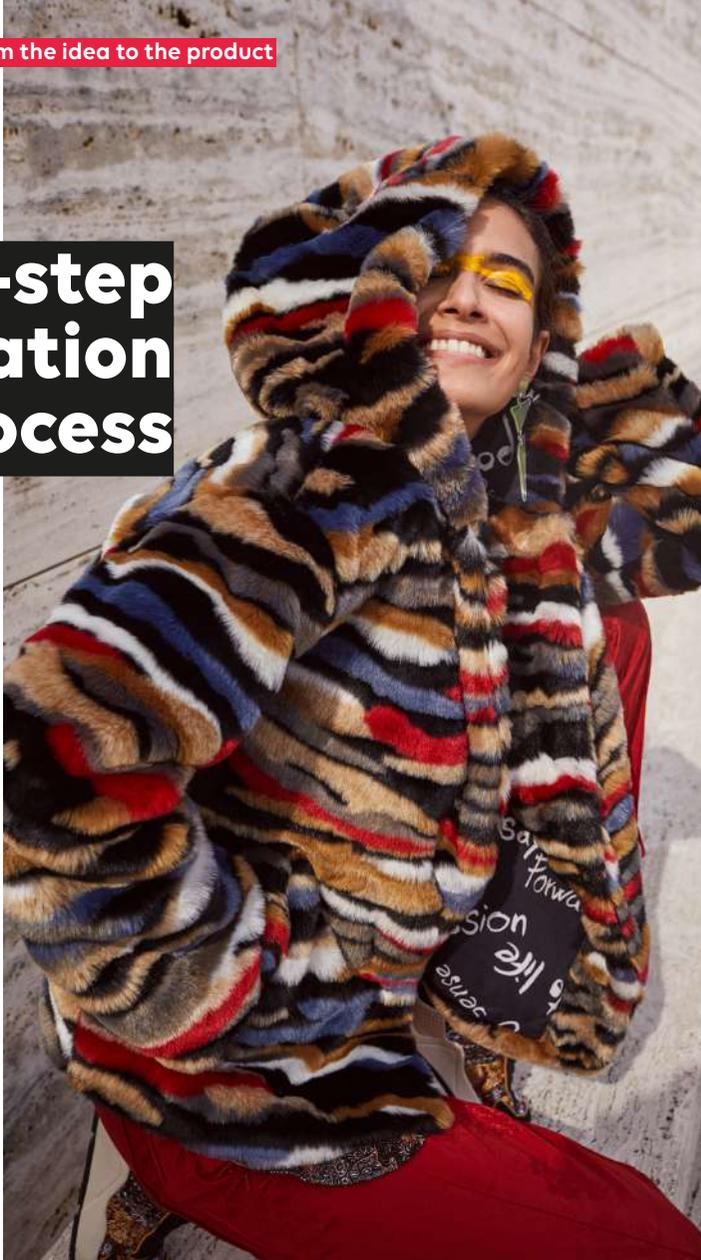
The dressmaking, graphic design and design teams completed a training course on this tool, which allows cuts to be tested and combinations of colours, materials and textures to be experimented with in a virtual environment. The digitalisation of this stage in the garment design process, which used to be carried out by exchanging physical prototypes with suppliers, brings two main advantages. Firstly, we can speed up the time-to-market, as we are saving the time usually taken to transport the prototypes. With this method, we sometimes only send our suppliers a single prototype ready for manufacturing. Secondly, reducing transport helps us to make great savings in materials and reduce our carbon footprint.



A relevant percentage of the collections for 2022 will be designed using 3D, a trend which, in the short term, can be extended to the entirety of our collections. Furthermore, we are currently working to integrate 3D in other processes from the value chain, which are mainly focused on improving the shopping experience, like the employment of 3D to create avatars for virtual fitting rooms.

The use of new 3D tools to design the collections allows us to shorten creation and prototyping times, while contributing to carbon footprint reduction and the saving of materials.

Our 6-step creation process



Creative direction

The process begins with a meeting where Thomas Meyer, creative director, founder and CEO of Desigual, fires an inspiration at the whole team, an idea that comes from the vision he is projecting for the new collection, and which pursues the clear goal of fulfilling the brand's purpose. This establishes the kick-off point for the Product team.



Strategic approach

In parallel to the inspiration and kick-off stage of the process, the Product directors define the strategic approach that guides the goals of the new collection. Indicators are provided to validate the strategy which are then applied to each category and family, including the views of the teams that impact the execution of a product (raw materials, dressmaking, sourcing, quality and expertise on each technique), who define the strategy that will be followed in their respective fields to ensure designers are appropriately supported so they can create an innovative and balanced collection.



Arty, ethnic and patchwork inspiration

These are the three main inspirational pillars that define Desigual's DNA. With these key elements, the designers develop their creativity with the objective of designing innovative and accessible products. They do this by exploring multiple avenues and inspirations and experimenting with various techniques, like painting or collage.



Submission of briefings

To ensure creativity is developed in a focused manner, designers are given briefings containing the goals that each product in the collection must achieve.



Expertise tables and 3D design

Each design is carried out by the creative department (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. In 2020, we integrated 3D design as a resource to support the creation, prototyping and product testing processes.



Design deliverables and editing

Every last detail of every line, every garment and every aspect of the collection is worked on as a team, under the supervision of the creative director and the product director, as the creative team submit design deliverables. The selection of garments that matches the inspiration and brand purpose is then arranged by seasons, and is constructed through the editing process, a storytelling that responds to the creative director's vision and inspiration.



2.2. Product

The collections that were launched in 2020 continue to bring to market the redefinition of the brand identity that was presented and began implementation in 2019. In terms of product, this new identity is conveyed through collections that are close to the current preferences of our customers, with more urban, versatile and combinable garments, where sustainability becomes their differential value through the employment of upcycling and the steady increase in sustainable fibres.

This vision is now fully integrated into our work process, as shown by the collections that we designed in 2020 for launch in 2021.

The El Now (SS21) and Mind, Body, Soul (FW21) collections represent an attitude towards life that champions happiness, living in the moment and enjoying life to the full. This attitude is 100% in tune with Desigual's philosophy and more relevant now than ever.

2.2.1.

New collections and collaborations with creative talent

Our redefinition of product is materialised through the collections and garments we launched in 2020 based on the ideas of the **Desigual** creative team. Two things stand out from the 2020 spring-summer and autumn-winter collections: an innovative and purely **Desigual** concept that we have called “La Hybrid”, involving an original combination of materials; and the boldness of the Puppet Jackets capsule, which is aimed at our youngest customers in FW20. In turn, the spring-summer 2020 collection's (SS20) capsules, Safari and High Summer, show the possibilities of new eco-friendly fibres through garments made from Tencel™ Lyocell and eco-friendly viscose, respectively.

These innovative elements that define **Desigual** have continued to be implemented in the collections created throughout 2020 for launch in 2021: El Now (SS21) and Mind, Body, Soul (FW21).

Furthermore, we also have special collaborations with artists which deliver a unique vision that is always in tune with **Desigual**'s values. In 2020, we introduced new proposals alongside Monsieur Christian Lacroix, Miranda Makaroff and Ecoalf, as well as launching our first joint collections with María Escoté, one of today's most widely-recognised Spanish designers, and the footwear company Victoria.



“La Hybrid”: opposites attract

One of the surprises from the SS20 collection was the launch of hybrid garments, a concept that is truly **Desigual** due to the creativity and freedom of mixing two styles in one. The star of this debut is the trucker-blazer, which merges two seemingly antagonistic styles, tailoring and casual denim, in an intricate exercise in tailoring, structuring and fitting.

Alongside this jacket, we also have other truckers that play with plush and ethnic embroideries, men's blazers that hide a denim jacket underneath, and trousers whose sides are comfortable tracksuit material while the centre looks like a trendy pair of jeans. The hybrid world is here to stay.



Puppet jackets

Another innovation from the FW20 collection is the capsule of soft stuffed-toy coats, which are fun and very unique. They are cuddly-style jackets made from synthetic fur. The four jewels of the collection are laPuppet, a loose, hooded pattern that's baggy with slightly dropped shoulders and features mottled fur in mustard and khaki tones that creates a camouflage pattern; laSpicy is roomy, enveloped and also hooded, with lines reminiscent of zebra print; laHairy is very soft and elegant, with a V-neck with lapels and a blazer pattern; and laRizzo, designed by Monsieur Christian Lacroix, is a short woolly jacket featuring a geometric print in warm tones.



Beachwear

The SS20 collection incorporated a beachwear capsule for high summer with a range of swimsuits, bikinis, dresses and kaftans featuring tropical, floral and hippie-style mandala prints. This is **Desigual**'s colourful and relaxed style in all its splendour, with details like floral or Japanese-inspired embroideries and tie-dye effects. All swimsuits, kimonos and beach wraps are eco-friendly as they are made from environmentally friendly viscose.



Safari

This camouflage-floral capsule is made from Tencel™ Lyocell, a soft and comfortable sustainable fabric. Its environmentally friendly fibres are breathable and adjust to the skin. This capsule includes a long pale-green shirt-style dress made from sustainable fabric and wooden buttons, perfect for any time and any women. The safari inspiration becomes apparent in the camo-flower print (a mixture of camouflage and flowers) and its long reversable belt with a carry buckle. A twist on a classic that can be worn at any time.



Victoria

Our first collaboration with iconic trainer brand Victoria brought us three limited edition shoes made in Spain. During an exceptional summer marked by travel restrictions, these shoes paid tribute to holidays close to home: "Verano in the village", denim trainers, with red polka dots and the humans from **Desigual**'s first logo; "Verano Balearic", a black-and-white version of Victoria's classic shoe with an XXL **Desigual** logo; and "Verano in BCN", a more modern design, with a platform and a D-shaped print.



María Escoté

Our first collaboration with Spanish designer María Escoté for the 2020 autumn-winter season (FW20) delves into an urban, colourful and kawaii universe where flowers take centre stage. A casual, passionate and vibrant collection that encourages us to rethink autumn. This collaboration aims to take us to a more urban world with tracksuits, denim total looks, tight dresses and XXL jumpers combined with accessories like the mini-backpack or the bowling handbag.

María Escoté: "I sought to convey the decade in which I discovered **Desigual**, the 90s, when my school folder was covered with manga drawings. I have always been a fan of all things Asian, manga, and kawaii".



Monsieur Christian Lacroix

2020 marked the ninth anniversary of our collaboration with French master Monsieur Christian Lacroix. To celebrate, the prestigious designer participated in the presentation of the FW20 collection with the campaign "Where is the real Monsieur Christian Lacroix?" The campaign featured three of his most iconic models (Anh Duong, Vlada Roslyakova and Nyarach Abouch) who reveal his current whereabouts: "He's at **Desigual**". His new capsule brings us garments that the designer himself describes as "hot": spring in autumn or summer in winter with garments dominated by large flowers, different kinds of patchwork and old tapestries mixed with granny-style knitwear.

Christian Lacroix: "**Desigual** isn't as easy to create as it might seem. It is a familiar language, but one that you need to learn and practice as much as possible, it involves sharing ideas and intuitions with the team on a daily basis."



Miranda Makaroff

Desigual and Miranda Makaroff were both born in 1984 and share a vocation to fill life with fantasy and never go unnoticed. These trademarks are definitely present in our new collaborations for 2020. The spring summer 2020 collection (SS20), one of the "freest" capsules in the history of **Desigual**, with garments that champion sexual liberation and freedom of expression through stories about women and their pleasures. Depictions of orgies, collages of deconstructed sexual symbols, bright colours and 70s-style patterns in garments for both men and women made primarily from organic cotton and EcoVero fabric.

And as part of the FW20 collection, at the beginning of December we presented "Planeta evasión", a capsule featuring vibrant colours, prints of female bodies merged with anthropomorphic figures and a great sense of humour.

This capsule was launched in December 2020 with the collaboration of actor Rossy de Palma and model Valentina Sampaio, who starred alongside Miranda Makaroff herself in a fun film directed by Gorka Postigo and styled by Alicia Padrón.



Designal x Victoria



**Desigual x Monsieur
Christian Lacroix**



**Desigual x
María Escoté**



**Desigual x
Miranda Makaroff**





"La 86" jacket relaunch with Mykki Blanco

"La 86" jacket is one of **Desigual's** most iconic garments. It was originally launched in 1986 at the Ibiza store; thirty-five years later, we collaborated with rapper, activist and poet Mykki Blanco for its relaunch. A combination of a sweatshirt and oversized denim, made by hand with the same process as three decades earlier, using multiple offcuts and illustrations of Mickey and Minnie Mouse. Through self-dialogue, Mykki Blanco reflects on change, art and the need to ask ourselves questions so we never stop evolving.



80s-inspired Mickey collection

Mickey Mouse and **Desigual** cross paths again in a capsule of comfortable and urban garments made with 80s fashion lovers in mind. The main innovation is a khaki trench coat made following the "bimatter" concept: the body is that of a trench coat, while the sleeves are made from sweatshirt plush; a Mickey print covers the back and sleeves. This collection is also reinventing the iconic jacket, which now becomes a waistcoat, and includes new sweatshirts, trousers, shirt-style dresses and accessories like backpacks, rain hats and trainers.



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

One of the overarching themes of our 2020-2023 Sustainability and CSR Plan is the consolidation of a culture based on circularity, which involves rethinking the entire life cycle of the product to maximise the reuse of resources, the reduction of material and power consumption, and giving garments a second life.

As the first stage in the chain, this philosophy directly involves all professionals from our design department, who received training in circular design in 2020. This training was completed by 58 people, who rated the quality of the information received and its applicability to their day-to-day work very highly.

Selection of raw materials

Our commitment to the environment and our surroundings starts with the selection of the raw materials with which we make our collections. In this regard, the 2020-2023 Sustainability and CSR Plan sets very specific objectives for introducing sustainable fibres into our collections.

The Plan establishes that 50% of the collection must be made from sustainable fibres by 2023, a goal which we are making good progress towards: after reaching 20% in our SS20 and FW20 collections, the SS21 and FW21 collections already feature 30% sustainable fibres. This commitment has been a long-term goal for **Desigual**: in 2012 we joined the Textile Exchange, a sector-specific organisation that helps its members to introduce sustainability into their products and follow the established standards for sustainable fibres.



Another of the Plan's objectives is to use 100% more sustainable cotton by 2025. In this regard, our membership of the Better Cotton Initiative beginning in 2020 is notable; this organisation is a global platform aimed at promoting standards and practices for farming sustainable cotton across 23 countries. The goal of this programme is to transform the world's cotton production based on three pillars of sustainability: the environment, the social and economic factor, and making cotton from the Better Cotton Initiative (BCI) a product that is widely used and sold across the entire fashion industry.

Our **Materials Policy** also guarantees 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 **Desigual's** specific requirements and aims to safeguard biodiversity and the well-being of animals while ensuring that we are acting responsibly towards the environment. The percentage of fibres we use to produce our apparel items can be broken down as follows: 25.5% synthetic fibres, 33.5% natural fibres, and 41% artificial fibres.

To increase the sustainability of our garments, in terms of synthetic fibres, we have started using recycled fibres like recycled polyester, among others; regarding natural fibres, we are opting for organic cotton and BCI cotton; and when it comes to artificial fibres, we are using Tencel™ Lyocell and sustainable viscose, among others.

In our treatment of raw materials and as a practical example of how we are applying our circular design vision, the launch of the sustainable Love the World collection and the limited collection in collaboration with Ecoalf are notable. Our Love the World philosophy lends its name to our new sustainable collection, launched in 2021, which will integrate several capsules throughout the year. The first is the result of an exercise in upcycling. Jackets, trousers, skirts and dresses made from scraps of jeans, alongside

other 100% organic garments. In turn, the **Desigual x Ecoalf** collection includes garments made from 100% recycled waste and raw materials to minimise consumption of natural resources.

We continue to progress as we gradually introduce sustainable fibres into our collections and improve the traceability of said fibres. Over the course of just two years, we have succeeded in making our collections from 30% sustainable fibres.

Production processes

As part of our own production process for the manufacture of garments, we also emphasise our commitment to sustainability by striving to minimise our impact on the environment by controlling our consumption of water and power and managing chemicals responsibly. To do this, we subject our manufacturing suppliers to our own control and auditing system, which guarantees compliance with the standards established by the company in this regard.

The commitment to sustainable development throughout the value chain is demonstrated by joining the international initiatives the Sustainable Apparel Coalition (SAC), The Fashion Pact and Sedex in 2020, in addition to the Better Cotton Initiative (BCI).

**“Recycle + Reinterpret + Reuse + Relove”,
in our new collaboration with**

ECOALF

In our collaboration with Ecoalf, we take our joint commitment to upcycling to a new level. Or, rather, we renew our interpretation of upcycling (or “recycling”, as it used to be known), which has been one of Desigual’s trademarks since the original iconic jacket in 1984.

What was the most Desigual way to create a new environmentally friendly collection? By designing garments made from recycled materials. In 2020, we joined forces with Ecoalf to launch an exclusive online collection comprised of 500 units with garments that were made from 10% repurposed denim and 90% recycled plastic. The garments include a hand-crafted short padded jacket made from second-hand jeans that comes with two detachable and exchangeable hoods; the first 2-in-1 reversible beanie designed by Ecoalf exclusively for Desigual, made from a percentage of recycled materials; in addition to backpacks, long coats and sneakers made from recycled polyester sourced, for example, from plastic bottles.

Ecoalf is a brand that specialises in developing sustainable fabrics obtained from the recycling of materials like plastic bottles found on the ocean floor, cotton, used tyres, abandoned fishing nets and wool.



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.

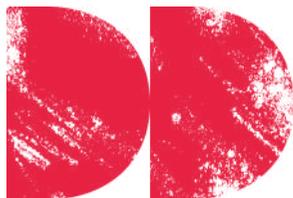
The Quality Expertise and Dressmaking teams work hand in hand with the Purchases and Design teams to guarantee compliance with quality standards from the early stages of the value chain. In turn, Health & Safety supports the development of the product by ensuring that all fabrics meet our physical requirements, 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.

One of the main new practices started in 2020 for the quality management processes was the expansion of the metal detection process to all product categories, in compliance with current regulations. Up until 2019, this process was limited to products for children, but in the past year it has been implemented for all other categories and all our production centres. This requirement has now been added to the Supplier Book as a compulsory procedure affecting all categories, which must be carried out before products are packed in cardboard boxes. This procedure involves passing all garments through a detector that is sensitive to traces of metal; an alarm sounds whenever ferrous metal fragments larger than 1.2 mm are detected. Any products containing metallic traces are transferred to a specialised inspection area, where said traces are detected and removed from the garment. If the metallic fragment cannot be found, the garment is then destroyed.

One of the Quality department's ongoing strategic projects is focused on detecting, preventing and suppressing the presence of banned chemicals, or those that are legally restricted, in our products. In 2020, this strategy and the corresponding roadmap were finalised, and we expect their implementation to be fully rolled out as soon as in-person visits to factories are allowed, as these are essential for analysing the processes at hand. This project is especially relevant for the company and our suppliers, as it will allow items to be approved more quickly and for the improvements to our operations to continue.



The 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.).

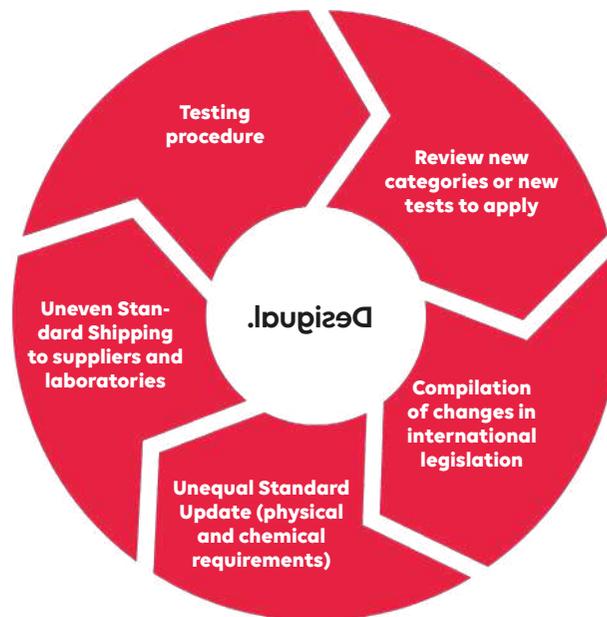
The sets of requirements are divided into product categories (apparel, accessories and footwear), and within each category we carry out the applicable testing for each collection: adults, children, handbags, belts, etc. At the beginning of each campaign, the testing team submits the updated set of requirements 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. **Design** 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.

In 2020, we reached an internal reference control percentage of 2.21%, a significant increase compared to 2019 (0.26%). The degree of compliance of the references analysed in these controls, which include all product categories, was 99.17% in 2020, an improvement on the 98.75% achieved the year before.



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 organisation that works to promote best practices across the supply chain and to measure the social and environmental impact of the main actors in the textile industry. It is made up of 250 brands, manufacturers and institutions from 35 countries, and is the main promoter of the Higg Index, a benchmark industry index that is used to measure the social and environmental impact of companies, manufacturers and brands.

www.apparelcoalition.org

Better Cotton Initiative (BCI)

The world's largest cotton sustainability programme working 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 more than 1,800 members, which are linked to the various stages of the cotton supply chain.

www.bettercotton.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 that is legally responsible for developing technical regulations in Spain. Desigual is part of the group CTN 40/GT 8, "Safety of children's garments", which works with other purchasing centres to assess, create and modify the regulations in this area.

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 allows us to perform online management of the direct orders placed with our labelling suppliers.

The information contained in product labelling, linked to the Quality department, is divided into two categories:

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 ("I could fade", "Be careful with me", "Delicate materials" or "I might change slightly") as well as a message about the specific nature of the garment or the values it conveys ("I'm handmade").

Chapter 3

Supply chain

- 3.1. The profile of the suppliers
- 3.2. Control and auditing systems
- 3.3. Emphasis on transparency and traceability
- 3.4. Strategic partnerships in our relationships with suppliers



3.1.

The profile of the suppliers

With regard to managing suppliers, Desigual's priority is to build a solid portfolio and set up a steady and sustainable supply chain that will allow us to respond in a quick and flexible manner to new market demands. This goal encourages us to maintain close relationships with our suppliers, to whom we provide support and guidance during their ongoing improvement processes.



Our control system, which is based on a combination of audits carried out by third parties and our own relationship channels, guarantees that all suppliers comply with the required standards regarding aspects such as protecting the environment and complying with human and employment rights. For this purpose, in 2020 we developed a special type of audit to assess the measures adopted in relation to the coronavirus and to guarantee the protection of employees. In parallel to this, we made progress with our efforts to increase transparency in our supply chain by publishing a list of Tier 1 suppliers and becoming a member of the international organisation Sedex.

Suppliers are one of the main pillars of our 2020-2023 Sustainability and CSR Plan, which in this regard includes our goal to guarantee the traceability and transparency of the supply chain. Consolidating these auditing processes for suppliers and establishing new standards, both internal and those required by international benchmark institutions, allow us to have direct control over compliance with the fair employment conditions that we require of all parties involved in the process of manufacturing our products.

Consolidating a stable supplier portfolio that will allow Desigual to build more direct and personalised relationships is an especially relevant goal for us as we establish a supply chain based on relationships built on trust and transparency. Another priority is local production, which starts with the gradual increase of purchase volumes in the EMEA region. The goal of this strategy is to be more agile and reactive in our management so that we can adjust production to the actual demands of the market as much as possible.

Desigual's ongoing rationalisation strategy for its portfolio of suppliers gives way to a more direct and personalised relationship aimed at consolidating a supply chain based on relationships built on trust and transparency.

Swift reaction to the health crisis

The work that had been carried so far to consolidate our portfolio of suppliers largely minimised the impact of the coronavirus pandemic on the supply chain. The emergence of the health crisis in Asia, where 67% of our production volume is located, allowed us to anticipate risks and react in accordance with the new levels of demand through personalised negotiations with each supplier. Thanks to the trusting relationships that bind us, we always sought to reach agreements that would limit the impact on both parties as much as possible.

Table 14
Distribution of production by geographical area

	2020	2019
EMEA	31%	27%
ASIA and others*	69%	73%

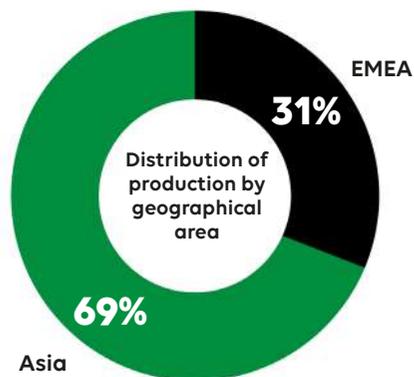
*Others include Indonesia (Oceania), which represents 2% of production.

Table 15
Active suppliers and manufactured units

	2020	2019
Active suppliers	81	114
Manufactured units	10,330,989	18,849,052

81
Active suppliers

10,330,989
Manufactured units in 2020



3.2.

Control and auditing systems

The authorisation and monitoring of suppliers is carried out through our own system, which guarantees that their operations follow the principles of the company.

With the aim of preventing and avoiding any behaviour that contravenes its values and ethics, **Desigual** has a solid culture articulated through the execution of various corporate measures and procedures. The general conduct guidelines applicable to **Desigual**, its entire workforce and all its collaborators are the Code of Ethics and the Code of Conduct for suppliers. Through said codes, we promote the general principles that define the company's ethical behaviour. The purpose of these codes is to establish the general conduct guidelines that apply to **Desigual** and its entire staff, as well as its collaborators. These codes promote the general principles that define **Desigual's** ethical behaviour, and integrate, among other international regulations, the fundamental provisions and agreements of the ILO.



The document that specifically regulates our relationship with suppliers is the **Code of Conduct for Suppliers**, which stems from the Code of Ethics and is aimed at applying and familiarising suppliers with **Desigual's** requirements, values and culture. This document contains aspects that mainly relate to the following points:

- Human rights and compliance with the law
- Employee rights and the terms of their employment agreements (prohibition of child and forced labour, non-discrimination, contract agreements, working hours, salary, freedom of negotiation, safety and hygiene, etc.)
- Environmental regulations (permits and licences, management of waste and chemicals, emissions, etc.)
- Safety and quality

In addition to the aforementioned, **Desigual** puts a reporting channel at the disposal of the employees of its suppliers and their subcontractors, which can be used to inform **Desigual**, anonymously and confidentially, about any irregularities which, in their responsible opinion, constitute or may constitute a violation or breach of this Code of Conduct. Said reports can be made by post (by writing to: Passeig Mare Nostrum 15, 08015 Barcelona, addressed to the Ethical Committee Reporting Channel) or email (by writing to: integrity@Desigual.com). In 2020 and 2019, **Desigual** did not identify any reports related to the breach of laws and/or regulations concerning social or economic aspects.



Third-party audits and permanent support

Adhering to the Code of Conduct is a mandatory requirement for all direct suppliers and their subcontractors and stakeholders. Therefore, all new suppliers joining our supply chain must be authorised in accordance with the criteria contained in said document.

Compliance with the Code of Conduct by suppliers who are already working with us is verified through a system of audits

carried out by third-party entities. Said entities allowed us to audit 100% of our manufacturing factories in 2020 (Tier 1), as opposed to 2019, when only 63% were audited. These audits follow the BSCI and SMETA international standards.

All our factories are classified according to specific categories (numerical qualification) established by the standards defined by **Desigual**. In the event that a major non-conformity which hinders compliance with our minimum requirements is detected, the factory ceases to be part of our portfolio of suppliers or, depending on the result achieved and the willingness of the supplier, support is provided to make immediate improvements and contribute to the achievement of our minimum requirements. Support is also provided to improve the qualification received when minor non-conformities are detected.

For this purpose, we maintain a regular dialogue with our entire portfolio of suppliers to detect any opportunities for improvement and to measure the progress made together. This relationship model is built through periodic visits from the Product, CSR & Sustainability and Sourcing teams and the collaboration of the local teams in those markets where the production volumes are largest. In 2020, given the impossibility of travelling and our willingness to engage in regular contact, we developed a virtual visit model format that allows us to get closer to factories and monitor them remotely

so we can detect any aspects that must be corrected on the spot.

Environmental audits of factories

In addition to monitoring Tier 1 suppliers, we also run environmental audits on their factories (Tier 2), with a focus on wet processes. These audits are also carried out by independent third-party entities, which verify that all the environmental requirements we have defined are complied with. This provides us with regular feedback on their degree of compliance so that we can act swiftly when non-conformities are detected.

With regard to this continuous improvement process, in 2020 we worked to redefine our environmental criteria. These criteria were shared with our suppliers and, through a preliminary self-assessment questionnaire, we were able to gather updated information on the environmental compliance of our supply chain. One of the priorities of this action is to remove any chemicals that are damaging to the environment from our supply chain, to which end we developed a specific pilot project that will be carried out in 2021.



Optimal prevention of COVID-19 by suppliers

In 2020, we carried out a specific assessment to learn about the procedures that our suppliers and their factories were following to prevent the spread of coronavirus among their employees. More specifically, we assessed aspects like personal protection measures, disinfection and procedures in the event of detecting a positive case, remuneration policies in the event of sick leave, and plans in the event that operations had to be stopped. Furthermore, for more thorough control, graphic evidence of the protection measures adopted was requested.

The vast majority of our suppliers' factories achieved positive assessments of the protection measures that had been put in place.

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

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 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.

Notable among the measures developed in 2020 is the publication of a list of our active manufacturing factories across the world (Tier 1) which currently make products for **Desigual**. The release of this list, which is available on **Desigual's** website and is updated every six months, is also one of the main goals of the 2020-2023 Sustainability and CSR Plan. We are currently working on compiling the list of Tier 2 factories, which will be published soon.



Empowering women in the supply chain

Desigual is one of 16 European companies that take part in the women's empowerment programme WEPs Activator, promoted by Amfori and UN Women, a United Nations' organisation devoted to promoting gender equality and empowering women. This programme allows the companies involved to access tools and training services to develop gender-related action plans, and provides personalised support for their implementation.

Involvement in an initiative with these characteristics is essential for our sustainability strategy, given the high percentage of women who are part of our supply chain. WEPs Activator will help us to analyse the real circumstances for women in the supply chain at all levels (positions of responsibility, internal promotion devices, situations of harassment or discrimination, etc.) so we can design specific training programmes that can be extended to our suppliers.



3.4.

Strategic partnerships in our relationships with suppliers

Joining international associations and programmes that promote sustainability across the various stages of the supply chain allows us to deepen our trusting relationships with our suppliers, as we can provide them with access to auditing tools and training resources that contribute to their constant improvement. The two associations specifically linked to these areas are Amfori and Sedex.

Amfori

A world-leading businesses association focused on open and sustainable trade. It comprises more than 2,400 retailers, importers, brands and associations in more than 40 countries. Its mission is to equip its members with the skills required to run their businesses successfully and sustainably, while helping them to monitor and improve the social and environmental performance of their supply chains.

www.amfori.org

Sedex

An international organisation dedicated to promoting improvements in responsibility and ethical business practices in the global supply chain. Sedex provides tools, services and a community network that helps businesses to carry out more responsible and sustainable trading practices. This platform allows companies and suppliers to work together to better manage their social and environmental performance and to protect the rights of the people who work in the supply chain, by promoting audits on ethical trading, among other practices. Desigual's membership of Sedex allows us to improve the traceability and transparency of our supply chain and to incorporate SMETA audits into our procedures.

www.sedex.com

Chapter 4

Environment

- 4.1. Commitment to the climate
- 4.2. Sustainable packaging and consumables
- 4.3. Responsible waste management
- 4.4. Strategic partnerships related to the environment



Protecting the environment is one of the main pillars of our 2020-2023 Sustainability and CSR Plan, which contains the principles of the Love the World philosophy and establishes the main sustainability goals for the company in the short and medium term. Given its relevance to all processes involved in the supply chain, the environmental aspect affects the entirety of this plan, which also aims to promote a culture based on sustainability amongst employees. In 2020, we already made significant advances towards some of the environmental goals we had set ourselves, which will allow Desigual to take a subsequent step forward in the field of sustainable development.

Desigual has always been driven by change and in a constant state of transformation. This is an approach and way of acting that permeates everything we do, and it 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 to the environment is one of the main pillars of our 2020-2023 Sustainability and CSR Plan, which allows us to continue to develop the actions we carried out over the past few years and to accelerate our journey towards achieving our goals. All of this is achieved through a strategy comprised of three main lines of action:

1. Commitment to the climate through the reduction of our carbon footprint, the development of an energy efficiency strategy and the reduction and sustainable management of the waste we generate.
2. Sustainable packaging and consumables, with a specific commitment to fully phasing out single-use plastic from our packaging.
3. Reduction and sustainable management of the waste we generate.

Our 2020-2023 Sustainability and CSR 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. Given its relevance across the entire value chain, this project is the most far reaching within our plan, involving up to ten departments. Alongside our main goal of reducing our carbon footprint, it gives us the opportunity to involve the entire company and disseminate a culture based on sustainability.

The plan sets two goals: a medium-term goal to reduce our carbon footprint by 25% by 2025 (versus 2019 indicators) and the ultimate goal of achieving complete carbon neutrality by 2050. These goals show the company's efforts to fulfil its commitments towards climate action, which as of 2021 will be validated by **Science Based Targets**. This initiative is promoted by CDP, the United Nations Global Compact, the World Resources Institute (WRI) and the WWF, and its main goal is to urgently increase the level of ambition in the fight against climate change.

To reach these goals, 20 strategic actions that involve teams across the organisation have been defined. Both the end goals of the plan and its medium-term goals must be considered as live objectives, since in our organisation we work from a perspective of constant improvement that allows us to over-achieve and go the extra mile.

Calculating our carbon footprint

As part of our overall goal to improve our processes, the review of the calculation of the carbon footprint in its three scopes, which we have been carrying out since 2011 according to ISO 14064:2018 is noteworthy. The work done over the past few years to ensure continuous improvements on the calculation of scope 3, the one for which gathering data is most difficult, particularly stands out.

A new highlight for 2020 in scope 3 is the inclusion of energy and water consumption data from our suppliers, which has allowed us to improve the consolidated data on carbon footprints and the use our consumers make of our products. Alongside these data, in the calculation of this scope we also took into account indicators such as: waste generated, imports of end products and consumables, business trips, product transport and distribution, the product's end-of-life, employee commutes, and the purchase of goods and services, among others. We have also recalculated the data from our franchisees with more accurate information, which allows us to be even more precise in our measuring of emissions.

All these improvements were also applied to calculate the 2019 carbon footprint in order to make both scopes comparable. The results show that in 2020 we maintained a trend of continuous improvement in terms of reducing our carbon footprint, although the results for this year must be considered as exceptional given the impact of the COVID-19 pandemic on all analysed processes.

In preparation for the coming years and in accordance with our commitment to the transparency of our supply chain, we continue to work to improve the traceability of the Tier 2 factories which manufacture for **Desigual** and of the carbon footprint data associated with their operations. In this regard, we have launched a pilot project aimed at improving consumption of energy, water and chemicals at our denim laundries.

Table 16

Corporate carbon footprint results in their three scopes

	Scope 1 emissions (tCO ₂ eq)	Scope 2 emissions (tCO ₂ eq)	Scope 3 emissions (tCO ₂ eq)	Total
2020	492	6.809	55.558	62.859
2019	528	12.491	139.217	152.236

Note: for carbon footprint calculations, we use Defra 2020 and Ecoinvent v 3.6 as resources, in addition to other additional supports. The calculation tool employed is Simapro.

To calculate Scope 1 emissions, we took into account the emissions from the consumption of refrigerant gases at headquarters, the consumption of natural gas at franchises, the estimated consumption of fuel from our own fleet of vehicles, and an estimation of emissions due to journeys made with the commercial fleet. For Scope 2, we used the mark-based method. Using the location-based method for Scope 2, the overall emissions for 2020 totalled 10,542 tCO₂eq. And for Scope 3, we took into account the information on energy and water consumption from our suppliers, along with indicators like waste generated, imports of end products and consumables, business trips, product transport and distribution, the product's end-of-life, employee commutes, and the purchase of goods and services, among others.

Table 17

Intensity of emissions

Indicator	2020	2019
t CO ₂ /M€	174.06	258.46
t CO ₂ /store	133.00	321.17
kg CO ₂ /received item	6.01	7.78
kg CO ₂ /sold item	4.86	7.76

Note: the results for 2020 were affected by the impact of the COVID-19 pandemic on the analysed processes.

Energy consumption

In line with our goal to provide the most representative data for each environmental indicator, in 2020 we performed a calculation of the internal energy consumption relating to our operations – headquarters, logistics centres and points of sale – (21,640,702 kWh), and external consumption by franchises (4,710,786 kWh). Due to the particularities of this year, we took into account the opening time of the facilities in each country, adjusting for periods of enforced closure. Furthermore, we improved the calculation of external consumption provided by franchises.

The reduction of emissions directly linked to our energy consumption is facilitated by the purchase of energy from renewable sources in the countries in which we operate, and through initiatives aimed at optimising the running of our branches. In this regard, we use energy from renewable sources in Spain (headquarters, logistics centres and points of sale), France, Portugal, Singapore, Canada, the Netherlands and Sweden, totally 14.28 GWh, which translates to 66% of our consumption. Thanks to the renewable sources of this energy, we prevented a combined total of 3,735 tonnes of CO₂eq from being emitted in the listed countries.

The efficient use of energy resources is a fundamental part of our sustainability strategy, which promotes the rational and efficient use of energy across the value chain to control and reduce emissions. Controlling energy consumption at our offices and logistics centres allows us to optimise the buildings to minimise any inefficiencies and propose projects to improve their performance. Regarding energy efficiency at our logistics centre, it is noteworthy that our centre in Viladecans has been awarded the GOLD level LEED certification. With regard to our points of sale, two of our most important flagships in Barcelona have received the maximum PLATINUM level LEED certification, and several stores in France have been certified by LEED and BREAAAM, the two most prestigious sustainable building certifications in the world, both of which are acquired voluntarily.

In 2020, the switch to LED lighting in more than 30 stores across all our geographies stands out, as it delivered a reduction in CO₂eq of 113 tonnes. Moreover, new points of sale and restyled stores incorporate energy efficiency requirements, such as the implementation of A++ air conditioning systems and air curtains, the installation of the aforementioned LED lighting and the control of lighting between the stores' opening periods.

All these proposals are part of a global project that is expected to be developed in 2021, and which aims to classify all our points of sale by energy efficiency and other indicators. The goal is to gain a thorough understanding of the level of sustainability of our stores so that we can design action and best-practice dissemination plans that will allow us to better monitor our actions in this regard and progress towards energy efficiency excellence.

Table 18
Electricity consumption

Country	Electricity consumption (kWh)	
	2020	2019
Spain	11,130,243.00	21,204,000.00
Germany	2,251,106.47	4,400,000.00
Italy	2,938,353.00	4,360,183.00
France	1,964,304.00	3,368,603.00
Japan	613,387.50	789,880.00
USA	321,092.45	592,169.00
Portugal	516,000.00	624,201.00
The Netherlands	178,254.00	515,000.00
Austria	371,881.15	452,924.00
Belgium	278,829.12	418,720.00
Singapore	321,636.98	403,973.00
Switzerland	281,981.77	394,241.00
Canada	109,686.06	194,241.00
United Kingdom	63,781.25	113,643.00
Poland	243,061.37	-
Sweden	57,103.96	199,292.00
Total	21,640,702.08	38,031,070.00

Note: the electricity consumption for Poland was not recorded in 2019.



Table 19

Fuel consumption by our vehicle fleet

Fuel consumption (ML)	
2020	2019
2,405	3,200

Note: the consumption of fuel has been estimated from the total km covered.

Table 20

Natural gas consumption

Country	Natural gas consumption (kWh)	
	2020	2019
Germany	17,380	35,832
Italy	7,867	17,520
USA	10,951	21,359
Portugal	559	-
Canada	22,338	12,455
Belgium	-	2,521
The Netherlands	-	92,487
Total	59,095	182,174



Water consumption

In 2020, the overall water consumption at **Desigual's** offices and points of sale amounted to 29,973 m3, compared to 84,086 m3 in 2019. This difference shows the impact of the pandemic, which has also conditioned the calculation system used for this indicator. As in the case of power consumption, we took into account the time the facilities were open in each country, modified by the enforced closure periods. Moreover, we improved the water consumption calculation for franchises. We also worked to minimise consumption estimations as much as possible. With these criteria, we estimated consumption in the points of sale for which we did not have specific data based on the floor space in square metres, which allowed us to make an estimation that is close to reality.

At **Desigual**, we apply widespread efficiency measures for water consumption across our workplaces, which are regularly assessed according to the criteria established by the company. This system analyses the efficiency of dry toilets, water treatment and the reuse of grey water from the toilets and showers in our headquarters. The data obtained in 2020 on treated and reused water are biased due to the exceptional nature of this particular year, as the office was only partially occupied and showers remained closed for the majority of the year. Of the 4,800 m3 consumed, 900 m3 were recirculated as grey water, which was used for cisterns and irrigation systems.

Following the example of electricity consumption, we also carried over our **commitment to saving water** to the requirements for new stores and the restyling of our points of sale. In this case, this is done by installing aerators and cisterns as water saving systems, and solenoid valves to control water leaks and the air conditioning system. The use of water will also be one of the indicators included in future building records for points of sale to gather useful information for implementing improvements regarding usage and control.

Additionally, we are working to carry out a project to improve the manufacturing processes of our garments to guarantee that this resource is used efficiently throughout our supply chain.

In line with our commitment to using energy resources efficiently, 66% of the electricity consumed across all our branches, logistics centres and stores comes from renewable sources.

4.2.

Sustainable packaging and consumables

Our commitment to sustainability also extends to the materials used in our packaging. Our main goal in this regard is to completely phase out single-use plastic from our product packaging by 2021. The Quality department and our suppliers are working together to achieve this goal, which involves removing plastic elements and substituting them with more sustainable materials that have less impact on the environment.

The removal of single-use plastic will mean that 100% of the materials used in our product packaging will be sustainable. The packaging of our e-commerce shipments is 100% recycled cardboard. The paper used for bags that are given out at the stores, the paper used for catalogues and magazines, and the paper used at the offices is certified by the FSC and PEFC standards, which guarantee that the paper has been sourced from sustainably managed forests.

Regarding the bags used to transport product from manufacturing centres to our stores (polybags), they will be certified and made from 100% recycled plastic.

Also notable are the criteria for furniture recycling that were followed during the restyling of stores in Barcelona, Lleida and Oviedo, the first cities to introduce this new store concept. We have also launched a project to redesign in-store communication elements based on exchangeable modules that extend their usable life. One of the actions carried out in 2020 consisted of replacing traditional paper-based product catalogues with a digital version, which has translated into significant savings in paper and a reduction of the environmental footprint associated with their production and transportation. The new version of the magazine is advertised with a card made from seeds that can be sown.

Regarding the consumption of raw materials in our operations, excluding production processes, 93% of the raw materials used by Desigual came from renewable sources in 2020 (1,025,906 kg of paper, cardboard and wood) and were 100% recyclable. The cardboard we use contains a minimum of 85% recycled components and the paper is either recycled or certified by FSC or PEFC. The improvement in reporting systems allowed us to obtain this information for the first time in 2020.

Concerning the consumption of refrigerant gases, in 2020 we recharged the cooling devices in our headquarters with 120 kg of gas, compared to 0 kg the previous year.



Redesigning in-store communication assets from a circular perspective

The development of a new store concept, which was first applied in 2020, also involved rethinking the communication elements used at points of sale. These include, for example, the signs used to advertise discounts or promotions.

While redesigning these elements, we followed the circularity criteria to develop a long-term solution that avoids the need for complete substitution of the signs at the end of each season, and the corresponding generation of waste this brings about. Therefore, we designed a support model featuring a wooden base with grooves on which various communication elements can be placed in a modular way, allowing for multiple combinations made from compacted cardboard. This project also includes a plan to extend these elements to all points of sale, which will allow us to avoid generating 17 tonnes of signage waste by the end of the year.



4.3.

Responsible waste management

Another goal included in our climate commitment is reducing and managing waste responsibly, which reinforces one of the policies implemented in our workplaces.

In 2020, we assessed our current waste management, both at our offices and our logistics centres. Using the collected data, we will design a management programme that will contribute to reducing the generation of waste and improving its traceability and management. This project will allow us to make progress in our circular model; especially when it comes to cardboard, paper and plastic. In 2021, this analysis will be extended to the points of sale through the collection of data in stores across all geographies.

One of **Desigual's** most noteworthy best practices with regard to responsible waste management is the reuse of the boxes we receive from our suppliers. This allowed us to reuse a total of 249,836 boxes in 2019 and 236,322 in 2020. With this proposal we managed to reduce our cardboard consumption, reduce the generation of waste and make more efficient use of materials.

Over the past year, we recovered close to 95% of the 1,255 tonnes of waste generated in our buildings in Spain and stores in Catalonia. We also reduced our generation of waste by 23% compared to 2019. Again, the exceptional nature of 2020 due to the impact of the COVID-19 pandemic should be noted.

4.4.

Strategic partnerships related to the environment

Protecting the environment is a far-reaching priority for most of the international organisations that we currently belong to. In various areas, this vision is present in the objectives of the Sustainable Apparel Coalition (SAC), the Better Cotton Initiative (BCI), Amfori, the Textile Exchange and Sedex. As part of this collaboration for sustainable progress within the fashion industry, in December 2020 we also joined The Fashion Pact. This global coalition is specifically focused on accelerating and increasing the impact on environmental sustainability through the collective action of the textile and fashion sectors. In more specific terms, it promotes actions aimed at curbing climate change and the preservation and restoration of biodiversity and the oceans. Furthermore, our membership of this organisation and the others mentioned allows us to access tools and resources that help to identify, assess and mitigate the main environmental risks linked to our operations.

As members of The Fashion Pact, we are committed to implementing various initiatives linked to the three pillars on which this pact is built: climate, biodiversity and oceans. With regard to the climate, we will be implementing Science Based Targets (SBTs) into our strategy to achieve a 25% reduction in the emissions caused by our carbon footprint by 2025 and reach carbon neutrality by 2050. Regarding biodiversity, we will develop strategies to preserve biodiversity focused on our sourcing processes and our supply chain. In this way, we seek to prevent the disappearance of species and the deterioration of natural ecosystems. With regard to the oceans pillar, we will be phasing out single-use plastic from our product packaging, and our polybags will be made from 100% recycled and certified plastic.

The Fashion Pact

A global alliance of companies from the fashion industry and textile sector that promotes collaboration across the entire value chain to collectively mitigate the impact of operations on the environment. It makes it easier for member companies to comply with the Sustainable Development Goals (SDG), and provides the industry with a platform to accelerate change and increase its impact by directing efforts in the same direction under a shared agenda.

www.thefashionpact.org

Chapter 5

Customers and points of sale

- 5.1. Close to our customers
- 5.2. Point of sale
- 5.3. Desigual at Home, new shopping experiences



Customers and points of sale

Being increasingly close to our customers to anticipate their needs and respond to them as quickly and effectively as possible across all channels – this goal, on which we have been focusing specifically over the past few years, gained more relevance than ever in 2020 due to the exceptional situation we faced.



We understand closeness to our customers as always listening to their preferences and needs. Where it relates to our product range, we offer them unique and high-quality collections made up of colourful, positive and unique garments that invite a celebration of the authenticity and personality of those who choose to wear them. Where it relates to shopping, we convey our brand's differential character across all channels by delivering an efficient, agile and transparent service. Where it relates to our conversations, we convey our 100% **Desigual** character which thrives off living life with optimism and good humour while engaging with what inspires you.

In 2020, this philosophy was materialised into practical and agile responses to new and unexpected demands. Thanks to the investment made to strengthen the digital channels – by reinforcing facilitative logistics and IT processes – we could respond efficiently to the increase in demand on the e-commerce channel. At the points of sale, we implemented strict measures to prevent the spread of COVID-19 with the aim of guaranteeing a safe shopping experience. We also strengthened our Customer Care services to enable us to respond to increased enquiries with our usual level of quality.

Moreover, the circumstances we all experienced led us to reflect on shopping models and the relationship between our brand and customers. This process inspired our commitment to a new, warmer and more approachable point of sale concept, and to the development of new services that will allow us to build an even closer and more direct relationship with our most loyal customers.



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. Based on the conclusions drawn from this analysis, we implemented new solutions that will allow us to continue moving forward with our goal of providing a complete shopping experience. In 2020, these channels gained special relevance as a space for the brand to personally engage with the customer over the course of several months.

Permanently connected

Our Customer Service Centre in Barcelona addresses the queries and complaints from every market in the world which arrive through three different channels: phone calls, emails and chat (accessible from the **Desigual.com** website). This service is provided by professionals who assist customers in ten languages (Spanish, Catalan, English, French, Italian, German, Dutch, Portuguese, Japanese and, since last year, Polish too).

In 2020, this centre was contacted around 320,000 times, 228,000 of which were related to issues, which shows a 33% increase over the 240,000 interactions in 2019, mainly due to the increase in enquiries related to e-commerce sales in a year in which online commerce became more relevant than ever. 78% of the

cases were resolved in the first interaction, 8% more than the previous year, and 85% were answered in less than 48 hours, the same percentage as the year before. The satisfaction level of our customers was 4.2 out of 7, a point below the score of 5.2 from 2019. According to the reports gathered, this decrease in customer satisfaction relates to generalised dissatisfaction with the closure of stores, which caused a decrease in our score during the months of lockdown.

One of the main innovations implemented in 2020 was the provision of an exclusive helpline for Diamond customers from the **Desigual Magic** programme in Spain, Italy, France and Germany. This helpline prioritises these customers and solves 95% of issues in the first interaction.

During the year, we also renewed the internal management tool of the enquiries service. The new platform's technology allows us to integrate all types of documents to streamline following up on cases and improve the overall quality of the service. Externally, we also reviewed and improved the messages offered to consumers through **Desigual.com** on how the various services available on the sales platform work. As for future initiatives, we are working on integrating new forms of interaction like chatbots and WhatsApp in the short term.

In 2020, Customer Service attended to 33% more requests than in 2019, which is mainly due to the increase in e-commerce. Despite this higher volume, the number of cases resolved in the first interaction increased by 8%.

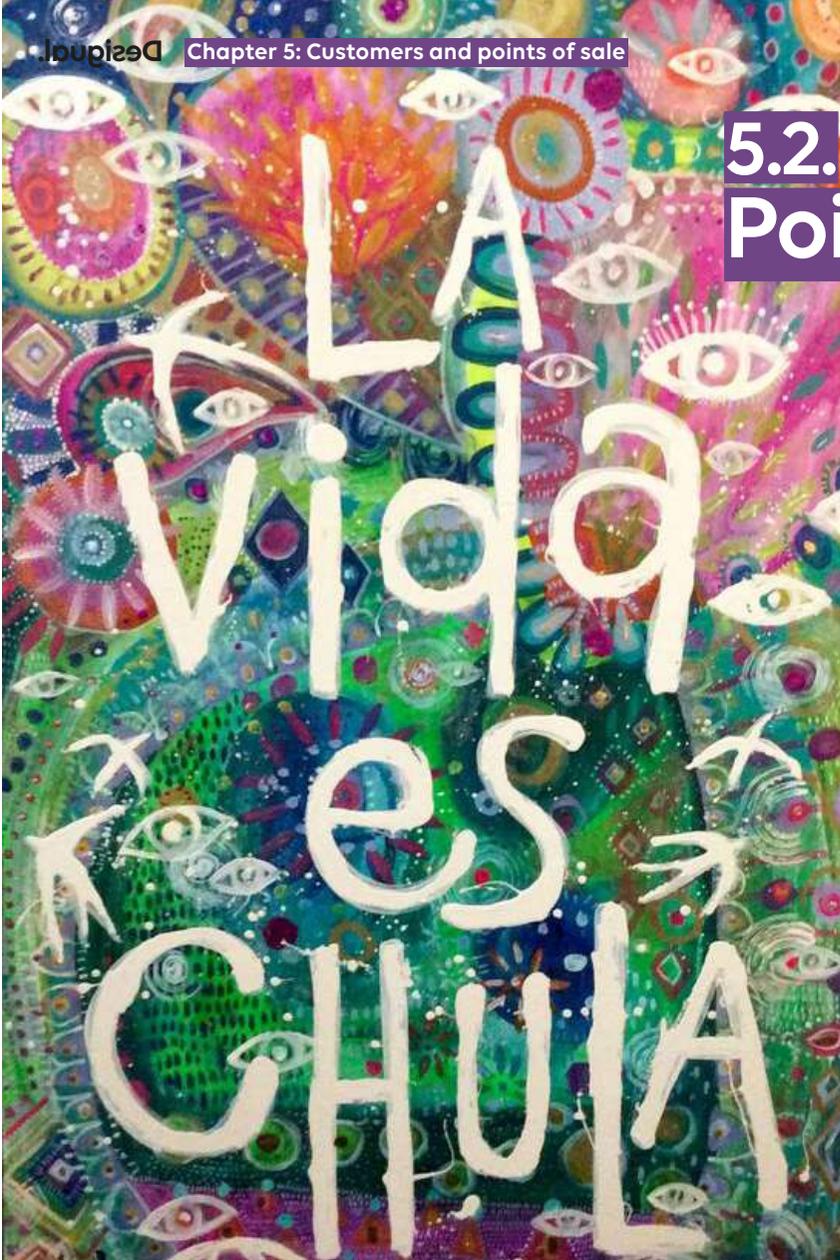
Desigual Magic, a way to acknowledge our most loyal customers

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), which provide 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.

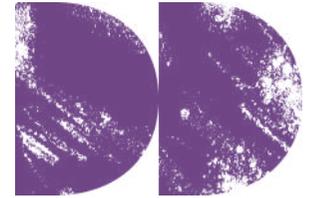
¹ This 10% discount is applied to purchases over €100 of garments from new collections, both in physical stores and online. The 25% discount is also applied to purchases of items from new collections.

5.2. Point of sale



Each of our stores is an expression of our spirit and identity as a brand, the space where we enhance the customer experience. As such, they also showcase our ambition and ongoing improvement in an effort to offer the best shopping experience. This is why 2020 saw the international roll-out of our new brand identity and the implementation of a new store concept that is more organic, relaxed and approachable, and which engages better with the preferences and needs of today's consumers.

The new concept arose from the period of reflection that the company's founder, Thomas Meyer, went through during the lockdown in Spain. It encourages us to focus on what really matters: reconnecting with oneself, with nature and with optimism. This philosophy is expressed at the store by displaying garments in a way that is reminiscent of art galleries, with a limited number of products suspended in the air to make them the focus of attention. This design allows us to have roomy spaces which, combined with relaxing music, convey a feeling of calm throughout the customer's journey and shopping experience.



The look of the store is completed with large image panels depicting timeless and inspiring landscapes that act as windows to the outside world and allow the consumer to feel as if they were in those places. These panels are supported by positive phrases that speak of the brand's DNA and history, such as "La vida es chula" ("Life is awesome"). Restyling our stores also involves great efforts to reuse the materials at the establishments and to restore existing pieces of furniture.

In 2020, this new concept was applied to points of sale in Barcelona, Lleida and Oviedo that already featured bright façades and suitable spaces for adaptation to this new style. This decision was very well received by some customers, which was shown in their assessments of their shopping experiences and the sales figures, and we plan to steadily expand it to new stores over the course of 2021.

Measures to protect customers when reopening stores

In response to the trust that our customers have in our brand, we maintained strict prevention measures during the reopening phase to guarantee that they could shop in a safe and relaxed manner. These measures were developed and supervised by our Health & Safety team.

Some of the measures applied were:

- Limiting store capacities
- Signage regarding our hygiene procedures and the most sensitive areas
- Controlling the safe distance between consumers and employees and respecting the traffic flows within the store with floor markings and signage
- Prioritising service for the over-65s during certain stages of lockdown easing
- Making alcohol-based hand sanitisers and disinfectants available to customers at the entrance to all stores
- Mandatory wearing of masks throughout the store, including the fitting rooms
- Increased disinfection across the sales floor, fitting rooms and staff areas
- Control of access to fitting rooms: only one person allowed in and disinfection of the space and the garments after each use
- Introduction of appointments for entering the stores at a specific time.



5.3.

Desigual at Home, new shopping experiences

The loss of personal contact with customers due to the temporary closure of stores inspired us to develop alternative services to maintain our trusting relationships with our most loyal customers.

Desigual *at home*

Among the new actions put in place, we launched the Desigual at Home service, which is mainly aimed at our premium and VIP customers who value the personalised service they receive when they visit our stores. During the periods in which lockdown or in-store restrictions were enforced, a special selection of the garments from our new collections were delivered to these customers, which included the sustainable Love the World capsule. They were then given the option to purchase these selected garments either through the online channel or directly at the points of sale when circumstances allowed. Most decided to come back to the store, and this, in addition to reinforcing their loyalty to the brand, also led to cross-selling.

Designal.