

Sustainability Report

Non-Financial Information Statement

2020



CORTEFIEL

Pedro del Hierro

SPRINGFIELD

women'secret

FIFTY

hoss
INTROIA

TENDAM

GLOBAL FASHION RETAIL



Contents



CONTACT

Your opinion of this report and any aspect of sustainability at Tendam is very important to us.

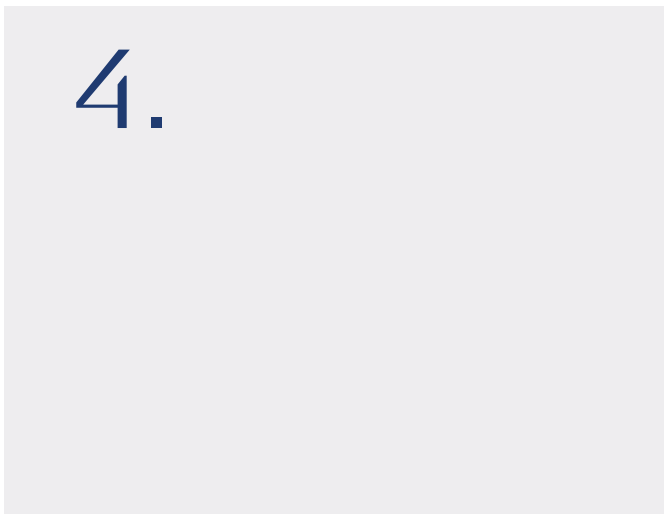
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3.



5.

Letter from the Chairman and CEO



Dear stakeholders,

The 2020 Annual Sustainability Report, which we are making available to you, reflects our current non-financial and diversity information.

As part of the management report, it contains the information necessary to assess Tendam's economic, social, environmental and governance performance and progress. As all the group's departments and activities have been impacted by the Covid-19 pandemic, we are devoting a specific chapter to the crisis. The impact and magnitude of the pandemic tested our ability to financially protect the company and redesign our strategy, and we have proven ourselves up to the challenge, deepening the digital transformation programme that is allowing us to create a clear and sustainable competitive advantage over time.

I firmly believe that Tendam faces the future a much stronger company, not only due to its short-term financial position but from the perspective of its long-term business model, which is more relevant than ever.

From the onset of the pandemic, Tendam aimed to achieve three objectives:

- ◆ To protect the company: understood to encompass financial health (liquidity) and the protection of our employees, customers and suppliers.
- ◆ To actively contribute to society to help mitigate the impacts of Covid-19.
- ◆ To radically transform our business model, to achieve a competitive advantage post-Covid-19 that differentiates us.

In response to our first objective, Tendam acted quickly and decisively: we reduced our purchases by 27% in coordination with our suppliers; we adjusted our investments down by 40%, cancelling all those unrelated to digital transformation; we reduced expenses by more than €120.4 million, calling on our revolving lines of credit from the beginning of March – which were fully replenished in the second quarter thanks to the company's positive financial performance – and we qualified for an additional €132.5 million loan guaranteed by the state and managed by the ICO (Spain's Official Credit Institute).

With the objective to protect our employees and customers, the company rolled out an extensive homeworking programme, which is still operational today. We implemented an intensive and recurring antigen testing campaign in our offices and invested more than €4.5 million in protective measures in both stores and offices worldwide. Under the umbrella of the Sunny Day project we ensured our stores reopened under optimal health and safety

conditions and with all our associates excited to get back to serving our customers.

As a company, we also demonstrated solidarity through our actions:

- ◆ We sought proactive solutions with our suppliers to mitigate the impact of delaying and/or cancelling orders.
- ◆ We proactively cancelled orders on behalf of franchisees, sharing our entire action plan with them, in order to protect the health of the channel.
- ◆ We supplemented the furlough scheme coverage in Spain so employees received 100% of their salary, ensuring their purchasing power.
- ◆ We offered approximately 2,000 zero-interest micro-credits to all employees who needed it.
- ◆ In partnership with other companies (CLH and Openbank), we donated more than €1m in healthcare materials.
- ◆ We launched the #Todos Sumamos - El hilo que nos une ("All together - The thread that unites us") initiative, which donated €1 million in clothing to hospitals, senior care homes and other health centres. Our donations covered the urgent clothing and footwear needs of healthcare personnel, patients and residents in the main healthcare centres throughout Spain, at the most critical point of the pandemic.

With regard to our third objective, the company's transformation, we have begun the most comprehensive transformation process in our recent history, with a firm commitment to digitalisation and sustainability. Under the Tendam 5.0 initiative, we have defined ourselves as "a single omni-channel ecosystem based on key customer segments whom we serve with our own brands, incubated and third-party brands, with the highest customer loyalty, built on an efficient common platform, where data and advanced analytics constitute the central focus of the strategy".

In line with this objective, in October 2020 we opened our websites to third parties under the concept of a "curated multi-brand assortment". With this advanced approach, in 2021 we will have more than 50 brands selling via our digital channel and are set to reach more than 150 brands in autumn/winter 2022.

At the same time we consolidated Hoss Intropia– acquired in 2019 – into our portfolio of brands; we developed a relationship with the Slowlove brand owned by Sara Carbonero and Isabel Jiménez, and prepared the launch of a new own brand.

All this work has enabled us to:

- ◆ Launch the Hoss Intropia brand on the website and in selected corners of our Cortefiel stores in March 2021.
- ◆ Acquire in March 2021 a majority stake in the Slowlove brand and relaunch it aggressively, both on the website and in brick-and-mortar stores.
- ◆ Launch the High Spirits brand in April 2021 with the creative participation of influencer María Pombo.

In parallel with this transformation process, we will double our investment in digitalisation, in order to equip our entire network of stores with OMS and RFID, and to continue to add advanced digital features to our ecosystem.

The ongoing operational and organisational changes, the growth of digital sales – exceeding 70% of pre-Covid levels and more than 100% compared to 2020 – and the sales performance of our brands compared to the market, confirm that we are moving in the right direction, validating our commitment to Tendam's transformation plans.

The landscape we faced on the back of Covid-19 called for a total lockdown for two and a half months in the first quarter of our financial year, starting on 1 March 2020. The rest of the year was impacted by continuous restrictions on movement, affecting almost all the people and territories within our footprint, which led to a 37.7% decline in annual like-for-like (LFL) traffic. Temporary closures have had an estimated impact of -€186.5 million on LFL sales.

Tendam posted a 34.5% drop in revenues, which stood at €777.2 million compared to €1.19 billion in the previous year, and LFL sales fell by 17.7%. The performance varied significantly across our different channels. Sales in self-managed brick-and-mortar stores fell 41.3% in the year (down 25.3% LFL not including temporary closures due to the lockdown), while digital sales climbed 50% over the previous year (up 59.4% taking into account returns in brick-and-mortar stores). Franchise sales fell 56.5% compared to the previous year.

Gross margin dipped 1.71 p.p. to stand at 60.3%, as a result of the change in the mix of channels, of the shift of collections from the first to the third quarter and the pressure on promotions in the market.

Recurring EBITDA, as per the current NIIF16 standard, stood at €145.8 million compared to €296.9 million the previous year. The company's operating profit dropped to -€83.2 million compared to €122.6 million in 2019. The pre-NIIF16 recurring EBITDA stood at €13.8 million compared to the €162 million posted in 2019.

The impact of infections and lockdowns from an unexpected third wave of COVID-19 in January and February 2021 limited our ability to liquidate stock and, therefore, the inventories were slightly higher than 2019 for the first time in the financial year.

Despite the pandemic, Tendam has continued to grow its loyalty clubs, which currently have more than 27 million members.

This report details our progress in contributing to the Sustainable Development Goals by embracing the commitments espoused by United Nations initiatives such as the Fashion Industry Charter for Climate Action and the UN Global Compact's Business Ambition for 1.5°.

We also actively participated in the activities and contributed to the progress made by The Fashion Pact – a G7 initiative to protect the climate, oceans and biodiversity – by participating in its operational management bodies and working groups. We also joined Forética, a leading sustainability and corporate social responsibility organisation in Spain, to share social and environment best practices.

As a member of the Fashion Pact's Steering Committee, I have continued to be directly engaged with the group, together with other chairpersons and board members, to promote new individual and collective initiatives relating to renewable energy sources, the reduction of plastic use, and new fibres and materials that have a positive impact on crops, water and CO₂, all with the aim to protect the climate, biodiversity and the oceans. Furthermore, the group presented its first collective report on the sector's objectives and achievements as represented by the signatory companies.

In line with these initiatives, our company reduced its CO₂ emissions during the year by more than 60% if we consider the same calculation base as the previous year and 38% including all impact indirect categories of scope 3 that the company has analysed and publishes starting this year. In 2020, our renewable-certified energy supply reached 100% of our commercial network, buildings and facilities in Spain – our headquarters and main market – which represents 82% of the energy consumed by our total worldwide facilities.

For its part, our Springfield brand maintains its commitment to the environment with its #BosqueSpringfield campaign. Together with CO₂ Revolution, it is supporting reforestation in the province of Burgos in northern Spain where 30,000 trees were planted with the help of drone technology, thereby contributing to the elimination of more than 7,000 tons of CO₂ emissions.

In 2020, our first year reporting to the Carbon Disclosure Project (CDP), we received a B classification for our greenhouse gas reduction initiatives and progress in cutting

emissions. Our strategies and policies for decarbonisation were rated above the sector average.

Tendam earned a silver medal from the ESG rating agency, EcoVadis, recognising our work in four ESG areas: the environment; employment practices and human rights; ethics; and sustainable procurement. This result places our company among the 25% best-qualified of those companies assessed.

We have deepened our collaboration with Spain's major universities and business schools focused on fashion management and design, schools like University of Navarra's ISEM Business Fashion School and the CSDMM of Madrid's Polytechnic University. We have extended our support to Europe through the European Erasmus+ employment in sustainability programme, led by Glasgow Caledonian University, in collaboration with other universities across the continent. Similarly, we have sponsored sustainability forums to raise awareness in the sector, events such as UPM sustainable design seminars and Modaes.es' Fashion Sustainability Shot Forum.

WE CARE is our multi-disciplinary committee –coordinated by the Sourcing and Quality departments and made up of members from both our corporate departments and the Design and Purchasing departments from all our brands – tasked with promoting and coordinating procedures, initiatives and proposals relating to sustainability and textile innovation. WE CARE expanded its work in 2020 by analysing the suitability of new materials and certifications. Their work, together with that of our brands' design and purchasing departments, is accelerating the adoption of sustainability programmes in our collections. Our objective for 2021 is to address new areas of action, for example, a biodiversity and lifecycle impact assessment; our BCI (Better Cotton Initiative) goal for organic cotton; and the commitment to the Zero Discharge of Hazardous Chemicals (ZDHC) initiative.

Tendam continued to work on its goal of making 50% of its garments more sustainable by 2030. Springfield leads this corporate movement with its R[ECO]nsider collections, a line that represents 20% of the brand's products, thereby firmly establishing itself as an environmentally responsible programme. Meanwhile, 18% of the Cortefiel and Pedro del Hierro brands' products boasts their Eco-friendly label. Honest by Women'ssecret and, more recently, Lifeway at Fifty are now working with new sustainable fibres and fabrics, organic and recycled materials and less water-intensive processes so they can quickly take on greater weight in the collection mix.

With regard to the reduction of plastic, and in alignment with our participation in the work meetings organised by The Fashion Pact to collectively address this issue, we have extended Springfield's 3R initiative to other brands, with the

aim of minimising use of non-commercial packaging and containers.

We continuously review Tendam's external social audit system as well as the BSCI common social system and the BEPI environmental system provided by Amfori, an organisation to which we belong. This year, our social audits continued to increase with the inspection of 495 factories, and we have begun to further strengthen environmental supervision with new audit programmes.

Thanks to the close relationship of mutual support we have with our suppliers, we have been able to manage the sequence of orders, the manufacturing and delivery timings, and the financial facilities necessary for manufacturers to get through this crisis as unscathed as possible, despite sharp drops in demand and temporary store closures. We have also embraced international multi-stakeholder initiatives that seek solutions to falling production orders in the most vulnerable countries, programmes like the Covid-19 Call to Action in the Textile and Garment Industry, sponsored by the International Labour Organisation, the International Employers Organisation and international trade union federations such as IndustriAll.

With regard to diversity, women represent 84% of Tendam's workforce, 59% of whom hold management positions. In 2019, we launched the Tendam Women Sponsoring Program initiative to encourage a better gender ratio in management positions in the company. Our target is to have women occupying 60% of management positions and 50% of senior executive positions by 2030.

Our We are Volunteers [Somos Voluntarios] corporate volunteering programme entered its second year, and, despite the restrictions imposed in response to the pandemic, employees participated in many initiatives such as Todos sumamos, El hilo que nos une (All together - The Thread that united us); programmes supporting women with the Quiero trabajo (I want to work) Foundation; the Madrid Downs Syndrome Foundation's FOCUS programme; incorporating people with disabilities into the workforce through the Argadini Association; and distributing essential products to vulnerable families affected by the Covid-19 crisis with the Altius Foundation.

In the area of social action, our brands also signed partnership agreements and carried out awareness-raising campaigns. Examples include the Cortefiel and Cadete Foundation collaboration with the Perfectos Imperfectos (Perfectly Imperfect) campaign addressing disabilities; Pedro del Hierro's Fashion 2nd Life in conjunction with the University of Navarra's Center for Applied Medical Research to support Alzheimer's research; the previously mentioned #BosqueSpringfield; Women'ssecret's with the From us for you commitment, in which the women on the brand's team share their testimonials in favour of women's equality; and

the kick-off another year of the #SÍMEIMPORTA (Yes, I Care) campaign together with the Dexeus Foundation as part of the SIEMPRE SÍ' (Always Yes) project to improve the quality of life of women with breast cancer.

Tendam is a great company, made up of outstanding professionals, men and women who are committed to the company and society as a whole. In a year unlike any other, they gave their best and successfully fulfilled the three objectives established from the outset: protecting the company, its employees, customers and suppliers; proactively demonstrating solidarity; and defining a radically transformational agenda that puts the company in an even greater position of leadership.

I am proud of our company and the teams I have the good fortune to represent. I am also proud of our performance and what we have achieved collectively in a highly unusual year. Together we have emerged a stronger company, one that is more socially responsible and better prepared to lead the future, and we have already begun to see the positive results in the first few months of 2021.

Thank you all for your commitment and trust.

Jaume Miquel
Chairman and CEO of Tendam

1. 2021 at Tendam





Key figures

Our business



777.2 Million €
turnover

80 countries
where we are present

17%
online sales out of total sales

1,836
points of sale

59%
Sales growth via the online channel

324
suppliers
of garments

27 Million
Loyalty club members

140
million consumers on
our websites

220
million consumers shop
at our brick-and-mortar
shops

6 brands: _____

C O R T E F I E L

women'ssecret

Pedro del Hierro

FIFTY

SPRINGFIELD

hoss
INTROPIA

Responsible clothing



64 Million
garments

12%
sustainable garments
in our brands

+39%
growth in sustainable garments

100%
free from toxic substances

We promote **Eco WASH**,
applying technologies that allow
us to use less water in our jeans'
finishing process



We act for the climate



-38%

direct and indirect emission reduction CO₂ with respect to previous year with the extension of scope 3 with new categories in the calculation.

100%

renewable energy used in our stores, offices and logistics centres in Spain

82%

renewable energy worldwide

This year third parties recognised us for our sustainable performance:

We earned a B grade



We are a team



9,529 employees

88%

store employees

12%

corporate services employees

84%

of the team are women

59%

of women are in management positions

100%

of workforce covered by a collective agreement or the corresponding labour law

Committed to society



392,186 €

donations to charity

We have collaborated on various social projects focused on promoting health, education in sustainable development and women's equality.



The group's expression of solidarity in the face of Covid-19

+65,000

garments donated to health institutions, senior care homes and other centres

Responded to

600

applications submitted to the project

The year in review

2020 was marked by the pandemic, but also by the company's solid transformation. It was a year of constant learning during which we overcame barriers that we had never before imagined. Through it all, we continued to work decisively to build the road that leads the way to recovery.

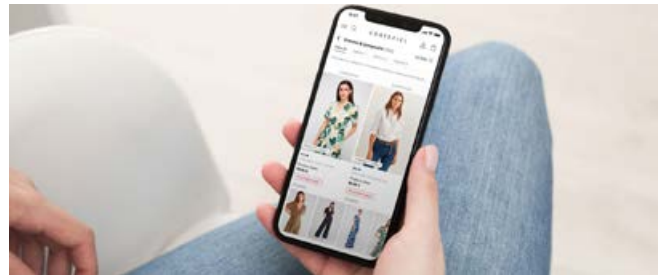
We are a team

- ◆ Our team is **84% women**, making us a company that is on the whole represented by women and characterised by equality and diversity across all the company's departments and in its processes, from hiring to promoting women to management positions.
- ◆ Through our **Be!Healthy Programme**, we were with our employees and their families during the lockdown, supporting them with at-home exercise suggestions, tips for healthy eating and other recommendations to nurture their emotional well-being.
- ◆ We launched a new **Be!talent** collaboration that offers new online courses through our training portal, and we are committed to language training, making a simple and flexible platform available to all employees so they can learn languages from any device.



We continue to grow

- ◆ We have **expanded our commercial offer** by offering – through our online channel and in our own brand stores – third-party products from leading international brands, complementing our position based on the segmentation of our own brands.



- ◆ In a year marked by the pandemic, the online environment has become the centre of business, fully integrated with brick-and-mortar stores. Thanks to our ability to quickly adapt, we experienced a **59% increase in online sales** in 2020, representing 17% of the Group's total turnover.
- ◆ We have accelerated our investments in RFID logistics and data analysis to strengthen our **omni-channel ecosystem** with digital stores that are fully connected with our extensive network of brick-and-mortar stores in all our territories.

Our response to Covid-19

We have put in place all the necessary measures to ensure **employee and customer health** in the face of Covid-19, strengthening security measures in stores and enhancing our online channels.

To preserve jobs and **conditions for employees**, 2,000 zero-interest micro-credits were offered, along with supplemental pay for employees affected by furlough programmes in Spain thereby ensuring 100% of monthly salary was received during the months of lockdowns and restrictions.

We launched the **“Todos Sumamos, El hilo que nos une”** (“All together - The thread that unite us”) initiative in solidarity with those most affected. We made our clothes and our supply chain available to those people and institutions most in need during the first months of the pandemic.

Sustainability as a guide

- ◆ The **Carbon Disclosure Project (CDP)** recognised Tendam's work in countering climate change with a B grade in the first year we participated in the ranking, giving us a positive appraisal of our decarbonisation strategies and policies.
- ◆ We joined **Forética**, a leading corporate sustainability and corporate social responsibility organisation, with the aim of continuing to promote environmental and social aspects in our sustainability strategy.
- ◆ In 2020, our electricity supply contract guaranteed that 100% of **the energy we bought was from renewable sources**, and that covers the almost 800 stores that Tendam brands have in Spain, as well as the group's operating facilities the country.
- ◆ We have achieved new milestones in our commitment to combating climate change: with a commitment to presenting our greenhouse gas (GHG) reduction objectives in the **Science Based Target (SBTi)** initiative, which allows us to follow our strategy towards decarbonisation in line with the target set in the Paris Agreement to reduce carbon levels.
- ◆ We continue to work on our sustainability roadmap, complying with our 2020 objectives. Twelve per cent of our brands' products placed on the market are **sustainable**. Our target is to reach 25% of items under sustainable labels in 2021.
- ◆ We earned a silver medal from the ESG rating agency **EcoVadis**. This result places the company in the top 25% of companies assessed by EcoVadis and recognises the organisation's work in four ESG fields: environment, employment practices and human rights, ethics and sustainable procurement.

Social Contribution

- ◆ We continue, for another year, to give our support to the **Business Women Empowerment** initiative organised by Cinnamon News, which brings women leaders together to analyse and seek solutions to gender inequality in leadership positions.
- ◆ For another year, Women'secret and Dexeus Mujer have invited us to join us in the **#símeimporta movement (Yes I care)** to prevent breast cancer, launching the 'SIEMPRE SÍ' campaign, encouraging all women to join the fight to prevent the disease and bring it under control.
- ◆ In 2020, we continued, again for another year, our commitment and support for the integration of diversity through the **Perfectos Imperfectos (Perfectly Imperfect) campaign**, an initiative carried out by Cortefiel together with Fundación Cadete, to promote the social integration of children and young people with disabilities.
- ◆ We are participating in a **European University Programme on sustainability and employability** as a partner of reference, promoted by Glasgow Caledonian University and financed by the European Erasmus+ programme. This initiative maximises our impact along with our ongoing collaboration with **Universidad Politécnica de Madrid and the ISEM Business Fashion School**, to train future professionals in the sector in eco-design, sustainability and management.
- ◆ We are furthering the company's values through the promotion of ethical human rights management across the **value chain**, ensuring a positive impact and value creation in the countries where our suppliers and manufacturers are present.

In Spain, we made our global procurement network available to the authorities, other companies and public bodies so they could acquire medical materials. We managed the transfer of more than **€1 million in healthcare materials** (2.5 tonnes) to Spain in collaboration with other companies such as Openbank and CLH.

We supported the **Call to action in the Global Garment Industry** initiative, supported by the International Labour Organisation (ILO), which aims to catalyse action for the entire global clothing industry to help manufacturers survive the economic interruption caused by the COVID-19 pandemic.



Our response to the challenges of COVID-19

The SARS-CoV-2 coronavirus (Covid-19) outbreak in China at the end of 2019 and its subsequent categorisation as a pandemic by the World Health Organization (WHO) in March 2020 has provoked an unprecedented global health, economic and social crisis.

Covid-19 has had a devastating impact on communities and economies worldwide, affecting people's livelihoods and business growth. As a company, we have experienced the ensuing economic damage and its consequences, including store closures and lost jobs. Our value chain has been directly affected across its various stages, from the design process to changes in customer behaviour.

The company – whose activity in 2020/21 was significantly affected by this crisis – has responded with concrete actions on several fronts:

- ◆ Actions to protect the health and safety of employees, customers and suppliers, as well as to preserve their jobs and economic stability;
- ◆ Measures to protect our own business and its financial health; and
- ◆ Initiatives demonstrating our solidarity through active, social collaboration.

The company believed it was essential that it assume an active role of responsibility in society at a time when greater involvement was needed more than ever, by everyone. To this end, we launched several collaborative initiatives in 2020 to combat the effects of the pandemic.

Protecting our employees

The company's management team aimed to preserve jobs and protect employees at all times. Steps the company took to protect its workers include:

- ◆ A cash benefit as part of the furlough scheme in Spain: the company supplemented each furloughed employee's public benefit to make up any shortfall, ensuring employees received their full salary over the course of the scheme. It also made zero-interest micro-credits available to help employees deal with any incident or delay in receiving government benefits.
- ◆ It encouraged teleworking and put safety, health and hygiene measures and protocols into place at its stores and offices.

Our commitment to our suppliers

During the initial months of the Covid-19 crisis, we decided to implement protection measures for our suppliers, with the aim of moving forward together, leveraging the solid culture of integration and unity that is a product of the relationships we have developed with the members of our supply chain over the years.

To this end, the company was quick to join the **Call to Action in the Global Garment Industry** initiative supported by the International Labour Organisation (ILO), to enhance the work we had started on creating a continuity plan with our suppliers to guarantee their survival and stability, as well as their employees' jobs during the crisis.

This contingency plan included measures such as:

- ◆ Assistance with financing
- ◆ Support in implementing health and safety measures
- ◆ Relaxing delivery deadlines
- ◆ Constant communication and attention to the needs arising from the pandemic.



We are here for our customers

We have continued to build a solid relationship with our customers, beyond the time of purchase, focusing on looking after our partners; we recognise they are essential to our future recovery and growth.

The reopening of the company's network of shops after the months of lockdown was gradual, following the rules and guidelines recommended by the relevant authorities in each country. Strict safety, health and hygiene protocols were developed and implemented to protect customers and workers alike.

The measures adopted include the use of masks, gloves and hydroalcoholic gels, customer capacity restrictions in shops, social distancing, hygiene protocols for clothing, disinfection of fitting rooms after each use, changes in the layout of stores to improve traffic flows and encouraging payments by mobile phone or credit card.

Providing medical supplies

From the beginning of the crisis, the company made its international supply network available to Spanish authorities and other companies in its vicinity for the purchase of medical supplies.

Tendam successfully purchased and shipped more than **€1 million worth of medical supplies** to Spain. Part of this was funded by Tendam and part was funded in collaboration with other companies such as Openbank and CLH. This activity resulted in the delivery of some **2.5 tonnes of medical supplies to Spanish health authorities.**

#TodosSumamos - El hilo que nos une (All together - The thread that unites us) initiative

In solidarity with those who have been most affected, the company's brands – Cortefiel, Pedro del Hierro, Springfield, Women'secret and Fifty – joined forces to make their garments available to healthcare professionals, institutions, and nursing homes for free through The Thread that unites us campaign.

We responded to more than **600 requests** from hospitals, health centres, nursing homes, and field hospitals and donated more than **65,000 garments** with a retail price of over €1 million.

The following groups are among those who received free garments from the group's brands:

- ◆ Healthcare professionals who relocated from their usual place of residence to fight the pandemic,
- ◆ Patients in quarantine,
- ◆ Senior home residents and personnel from geriatric centres.



2. Our company





We are Tendam

Tendam is one of Europe's leading fashion sector groups, with a proven track record and experience that spans over **140 years of history**. We have a team of more than 9,500 professionals and a solid international footprint with a presence in **80 markets**.

The company specialises in the management of brands for the premium mass market segment, providing a quality alternative between fast fashion and accessible luxury. The combined strength of our Cortefiel, Pedro del Hierro, Springfield, Women'secret, Hoss Intropia and Fifty brands vastly expands the scope and reach of our truly innovative and international company. Our collections are distributed through almost 1,836 points of sale located across four continents and in online markets.

We are headquartered in Madrid, with offices in Barcelona and in other strategic international cities where we have business in our own management. To manage our global supply chain, we have international purchasing centres located in Spain, Hong Kong, India and Bangladesh. We have five logistics centres that allow us to obtain maximum performance and efficiency in global distribution.

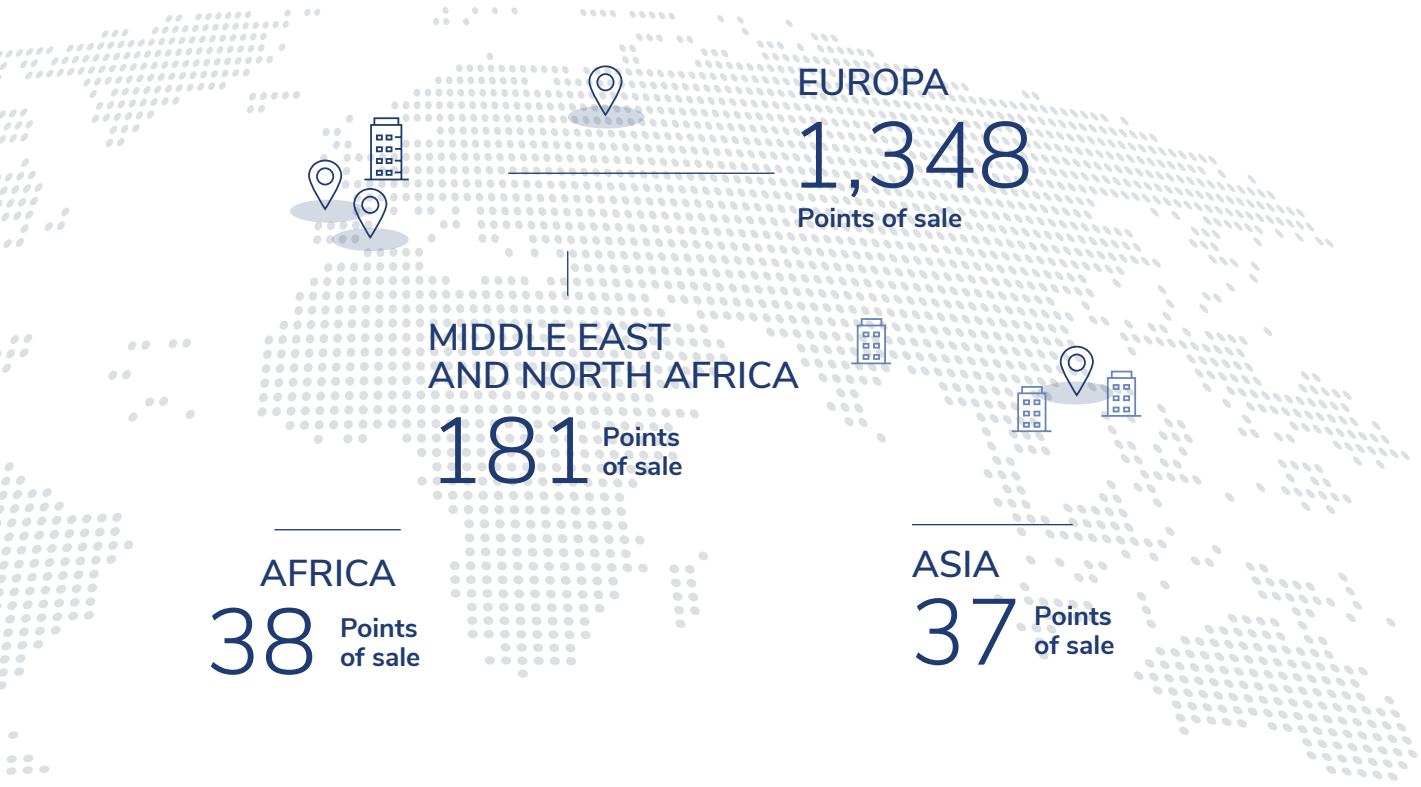
Our main logistics centre, located in the greater Madrid region, acts as a franchise consolidation hub and a single distribution centre for our own stores in Europe. The company also has a distribution centre in Spain (Cuenca), where it manages online transactions and three other logistics centres in Hong Kong, Mexico, and Russia.



THE AMERICAS
232
Points of sale

We are becoming more and more sustainable so the way we work and the products we provide make a positive difference in society and on the environment.





Logistics centres:

Spain (Aranjuez and Cuenca),
Hong Kong, Mexico and Russia.



Head office:

Spain (Madrid)



Sales offices:

Spain (Barcelona),
Hong Kong, India and Bangladesh.

Online markets

51



1,273

Directly managed stores



563

Franchises



Worldwide presence

Own stores

| EUROPE | CTF | PDH | SPF | WS | FF | Total |
|------------|-----|-----|-----|-----|----|------------|
| Belgium | - | - | 15 | 9 | - | 24 |
| Bosnia | 1 | - | 7 | 6 | 1 | 15 |
| Bulgaria | 1 | - | 1 | 1 | - | 3 |
| Croatia | - | - | 9 | 10 | 1 | 20 |
| Spain | 138 | 4 | 290 | 298 | 57 | 787 |
| France | - | - | 57 | 4 | - | 61 |
| Hungary | - | - | 14 | 11 | 1 | 26 |
| Italy | - | - | 34 | - | - | 34 |
| Luxembourg | - | - | 4 | 1 | - | 5 |
| Montenegro | 1 | - | 1 | 1 | - | 3 |
| Portugal | 23 | - | 63 | 55 | 11 | 152 |
| Russia | - | - | - | 52 | - | 52 |
| Serbia | 1 | - | 19 | 21 | 1 | 42 |

| AMERICAS | CTF | PDH | SPF | WS | FF | Total |
|----------|-----|-----|-----|----|----|-----------|
| Mexico | - | - | 24 | 24 | 1 | 49 |

Franchises

| EUROPE | CTF | PDH | SPF | WS | Total |
|------------|-----|-----|-----|----|-----------|
| Albania | 1 | - | 1 | 1 | 3 |
| Andorra | 2 | 1 | 4 | 2 | 9 |
| Armenia | - | - | 1 | 2 | 3 |
| Belarus | - | - | 1 | 4 | 5 |
| Bosnia | - | - | 1 | - | 1 |
| Cyprus | 10 | - | 5 | 5 | 20 |
| Croatia | - | - | - | 1 | 1 |
| Slovenia | - | 1 | 3 | 2 | 6 |
| Estonia | 2 | - | 5 | 5 | 12 |
| Georgia | 1 | - | - | 2 | 3 |
| Gibraltar | 1 | - | 1 | 1 | 3 |
| Greece | - | - | 1 | 4 | 5 |
| Ireland | - | - | 12 | 2 | 14 |
| Italy | - | - | - | 1 | 1 |
| Latvia | 1 | - | 1 | 2 | 4 |
| Macedonia | - | - | 2 | 1 | 3 |
| Malta | 1 | - | 2 | 2 | 5 |
| Montenegro | - | - | - | 1 | 1 |
| Russia | - | - | 4 | - | 4 |
| Serbia | - | - | 2 | 2 | 4 |
| Ukraine | - | - | 6 | 11 | 17 |

We currently have a presence in 66 countries through physical points of sale and in 14 countries with an exclusively online sales presence.



| AFRICA | CTF | PDH | SPF | WS | Total |
|---------------|-----|-----|-----|----|-------|
| Angola | 7 | - | 7 | 7 | 21 |
| Ghana | - | - | 1 | 1 | 2 |
| Réunion | - | - | 2 | - | 2 |
| Kenya | 7 | - | 1 | 1 | 9 |
| Mauritius | 1 | - | 1 | 2 | 4 |

| AMERICAS | CTF | PDH | SPF | WS | Total |
|--------------------|-----|-----|-----|----|-------|
| Bermuda | - | - | - | 1 | 1 |
| Bolivia | 2 | 1 | 2 | 2 | 7 |
| Chile | - | - | - | 14 | 14 |
| Colombia | - | - | - | 9 | 9 |
| Costa Rica | 1 | 1 | 6 | 6 | 14 |
| Cuba | - | - | 1 | 1 | 2 |
| Ecuador | - | - | 26 | 13 | 39 |
| Guatemala | 1 | 1 | 1 | - | 3 |
| Mexico | 13 | - | 22 | 14 | 49 |
| Paraguay | - | - | 1 | 1 | 2 |
| Peru | 10 | - | 13 | - | 23 |
| Dominican Republic | 1 | - | 2 | 3 | 6 |
| Venezuela | 3 | - | 5 | 6 | 14 |

| MIDDLE EAST/ NORTH AFRICA | CTF | PDH | SPF | WS | Total |
|--------------------------------------|-----|-----|-----|----|-------|
| Saudi Arabia | 3 | - | 13 | 38 | 54 |
| Bahrain | - | - | - | 1 | 1 |
| Egypt | 3 | - | 8 | - | 11 |
| United Arab Emirates | - | - | 11 | 13 | 24 |
| Iran | 5 | - | 12 | 7 | 24 |
| Iraq | 2 | - | 2 | 2 | 6 |
| Jordan | 4 | - | - | - | 4 |
| Kuwait | - | - | - | 7 | 7 |
| Lebanon | 11 | - | 11 | 4 | 26 |
| Libya | 1 | - | 1 | 1 | 3 |
| Morocco | - | - | - | 3 | 3 |
| Oman | - | - | - | 2 | 2 |
| Palestine | 1 | - | 1 | 1 | 3 |
| Qatar | - | - | 1 | 5 | 6 |
| Tunisia | - | - | 5 | 4 | 9 |
| Uzbekistan | - | - | - | 1 | 1 |

| ASIA | CTF | PDH | SPF | WS | Total |
|-------------|-----|-----|-----|----|-------|
| Azerbaijan | - | - | - | 2 | 2 |
| Philippines | 3 | 8 | 8 | 6 | 25 |
| Kazakhstan | - | - | 4 | 1 | 5 |
| Pakistan | - | - | - | 2 | 2 |



Much more than brands

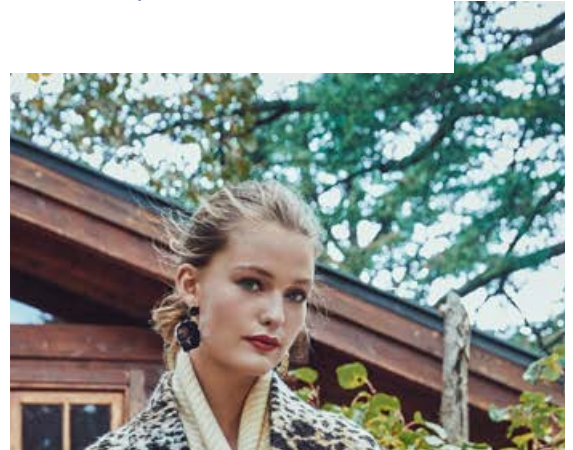
Cortefiel, the group's first brand, was established in 1945. Its underlying values are elegance, quality, comfort and functional clothing, proudly demonstrating its tradition in textiles and its commitment to society with over 75 years of experience making premium clothing.

For over 40 years, Cortefiel – always inspired by its customers and their needs – has been building a community of members united by their interest in enjoying fashion. Today, thanks to its customers' trust and loyalty, more than 6.5 million people belong to and enjoy the advantages of the Cortefiel Club.

A more sustainable collection is sold under the Eco-friendly label and is made from recycled fibres, organic cotton and manufacturing processes that have less of an impact on the environment. For example, its denim production saves more water than traditional techniques and uses up to 70% fewer chemicals in their finishing.

The brand has embarked on a new sustainable adventure together with Slowlove, the fashion firm founded by Sara Carbonero and Isabel Jiménez. This project was launched as a capsule collection in the autumn-winter 2020 season, debuting as a sustainable brand, committed to both the planet and people.

C O R T E F I E L



 € 179.80 Mill.
Sales (Includes PdH and Hoss sales)

 23% of total sales

 263 Points of sale

 48 Countries where it has a presence

 23% of the Tendam team works at Cortefiel, Pedro del Hierro and Hoss Intropia

Pedro del Hierro



Pedro del Hierro is a Spanish fashion brand that has a long tradition in Spain's haute couture circles. Created by the Madrid designer of the same name in 1974, it joined the group in 1992.

In keeping with its values of style, elegance and quality, the PdH brand adapts its clothing and services to the ever-changing needs of customers by being creative and respectful of both its production chain and the environment.

Recently it has designed a new men's collection featuring garments made from organic cotton, with an anti-stain, anti-odour finishing resistant to microbes, repellent to water and made from recycled materials, with special attention to the design of a more casual, lasting style based mainly on two values: sustainability and innovation.

This line is one of the brand's initiatives to improve its technically treated finishings for Countries where it has a presence greater security.



€ 179.80 Mill.

Sales (Includes CTF and Hoss sales)



17 Independent points of sale



280 Points of sale



42 Countries where it has a presence



23% of the Tendam team works at Cortefiel, Pedro del Hierro and Hoss Intropia

 **SPRINGFIELD**



Springfield is a brand based on contemporary style and anchored by iconic garments with a strong focus on sustainability. It encourages its fans to express who they really are through the best price-to-quality offering.

In 2018, R[ECO]NSIDER was conceived out of concern for the planet and the need to treat it more responsibly. In 2020 the label exceeded its sustainability growth objectives in a demonstration of its commitment to producing more sustainable and environmentally friendly products: 20% of its product line consists of sustainable products. The goal is to hit 50% by 2023.

This year Springfield has gone back to its roots with a symbol that represents the values with which it has grown throughout its history and that now represents the brand more than ever: It has reclaimed its iconic logo with the tree as the central image.

Through the #BosqueSpringfield initiative, and thanks to massive customer participation, we have done our part to combat climate change by planting 30,000 trees in a deforested area in Burgos in northern Spain. The initiative was carried out using drones, in collaboration with CO₂ Revolution.

In addition to acting to take care of the planet, Springfield has partnered with Hemper to create a collection of accessories designed by our brand and produced by Hemper's network of craftsmen throughout Nepal, thus creating a fully fair trade collection based on Himalayan hemp, one of the most sustainable plants in the world.

 **€ 275.19 Mill.**
Sales

 **35%** of total sales

 **758** Points of sale

 **63** Countries where it has a presence

 **36%** of the Tendam team works at Springfield



Women'secret was created in 1993 as a specialist brand in the women's fashion sector. It is a brand created by and for women, who are healthy and confident. It offers lingerie, sleepwear and bathing suits, that are all capable of combining femininity, comfort and quality.

Women'secret maintains a strong commitment to society and to causes and issues that are especially important or of concern to women.

Eight years ago, one of its most beautiful initiatives was brought to life, hand in hand with the Dexeus Mujer Foundation. Through this project, we are trying to normalise, to whatever extent possible, the daily lives of women who have survived breast cancer by creating a special line of lingerie and bathing suits designed just for them.

In 2019, the brand launched Honest by Women'secret, a new line of clothing made with organic cotton grown to meet sustainability standards and that comes from cotton farms that are free of toxic substances and that respect the nature of the soil. This demonstrates yet another step forward in taking care of and respecting our planet's ecosystems.

Since then, the brand has continued its commitment to a future that respects the environment and works each day to give women more sustainable options with new underwear, lingerie and bathing suit items from our organic line, Honest.

To celebrate International Women's Day, the brand – created by and for women – launched the From Us, For You campaign, which reflects the sisterhood and strength of a workforce where 98% of the leaders are women. The Women'secret team collected their personal stories to share, highlighting a particular common theme: solidarity and friendship between women.

 € 261.85 Mill.
Sales

 34% of total sales

 725 Points of sale

 73 Countries where it has a presence

 26% of the Tendam team works at Women'secret

women'secret



hoss
INTROPIA



Hoss Intropia's origins go back to 1994. It has been part of Tendam since late 2019 and is set to be re-launched in 2021.

The acquisition of Hoss Intropia was driven by the group's growth strategy. Conversely, the Group delivers synergies to the brand, which can leverage Tendam's operating structure. In addition to its fit with our growth strategy, the brand was acquired because it presents a unique opportunity, cementing the company's position in women's fashion within the affordable luxury segment.

The brand is back this year, with the same essence as always: with its ever-so Mediterranean lifestyle, its innate authenticity and with women as an inexhaustible source of inspiration. More than a fashion brand, it is a lifestyle, a philosophy and way of living.

It is a brand designed for women who know what they want and who feel secure in their own style. They like to feel special and want their inner strength to stand out from the crowd. Its romantic, sophisticated, bohemian, one-of-a-kind collections that offer options for everyday wear and special occasions.

Hoss Intropia is a journey back to nature, a return to authenticity and personal style. To ensure respect for its essence, Tendam has hired designer Alejandra Valero, who was previously the brand's creative director for more than eight years.

To complement the brand's perennial essence, new product categories have been added, and sustainability takes centre stage as a fundamental value, to such an extent that the label's entire growth strategy is a growing commitment to the environment. Thirty per cent of the Hoss Intropia product line is sustainable. The brand works with organic cotton, recycled materials and responsible washing to achieve increasing sustainability percentages.



Online sales
as the central channel



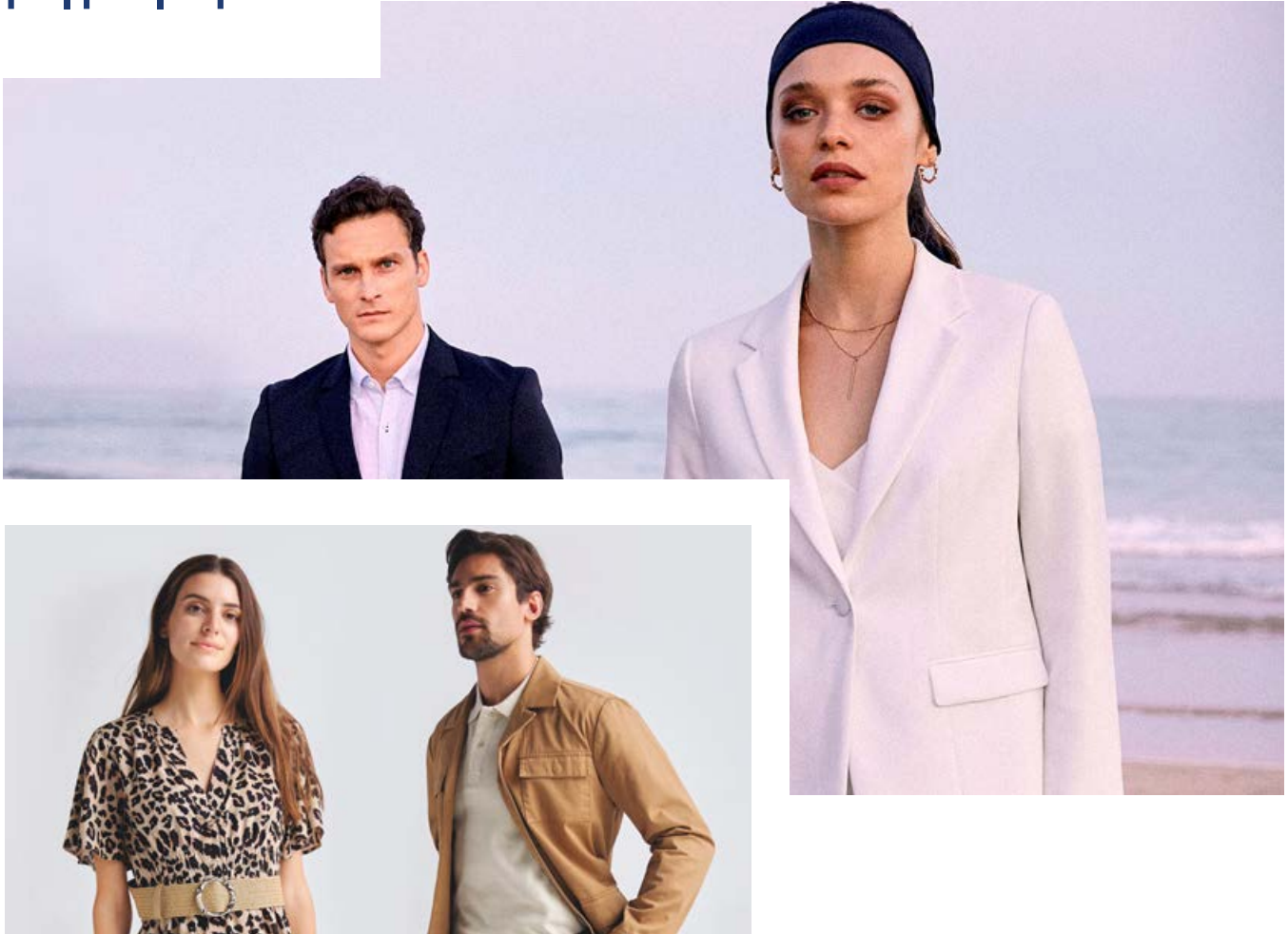
Presence in the
26 main Cortefiel and Pedro del Hierro stores in Spain



Opening of **directly owned stores, franchises** and other distribution channels within and outside Spain as part of the growth plan



FIFTY



€ 58.96 Mill.
Sales



8% of total sales



73 Points of sale



7 Countries where it has a presence



8% of the Tendam team works at Fifty

FIFTY is Tendam's multi-brand garment chain offering its own Milano label and outlet products from the Group brands without neglecting the best design and quality.

Since 1997, reinvention and innovation has led us to international expansion with a high level of recognition, thus leading to the growth of Smart Shopping, a fundamental pillar of our successful business system.

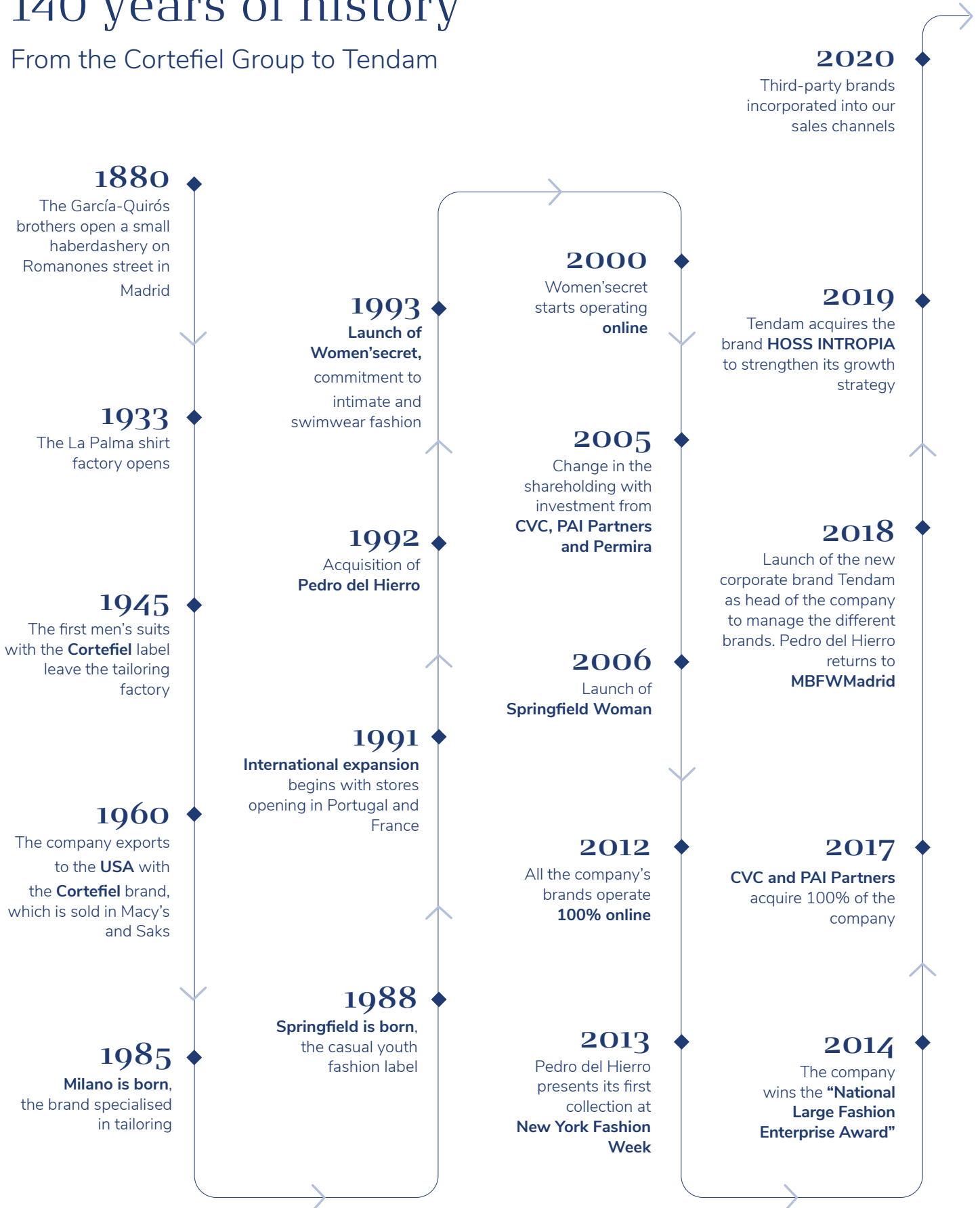
The chain has started a production process adapted to new environmental standards based on the company's strategy, betting on a new concept based on an eco-friendly line.

As part of the process of expanding the brand, in 2019 we opened its first stores in Croatia and Mexico, eventually reaching seven countries.

Milano has launched its 'Lifeway' seal, a sustainable fashion project created as an umbrella for all of the brand's eco-friendly initiatives. This seal, identified with a recycled craft label, demonstrates the brand's real commitment to the environment.

140 years of history

From the Cortefiel Group to Tendam



Third-party brands incorporated into our sales channels

This year we opened our online channel and brick-and-mortar stores to products from leading Spanish and international brands, moving our e-commerce model forward.

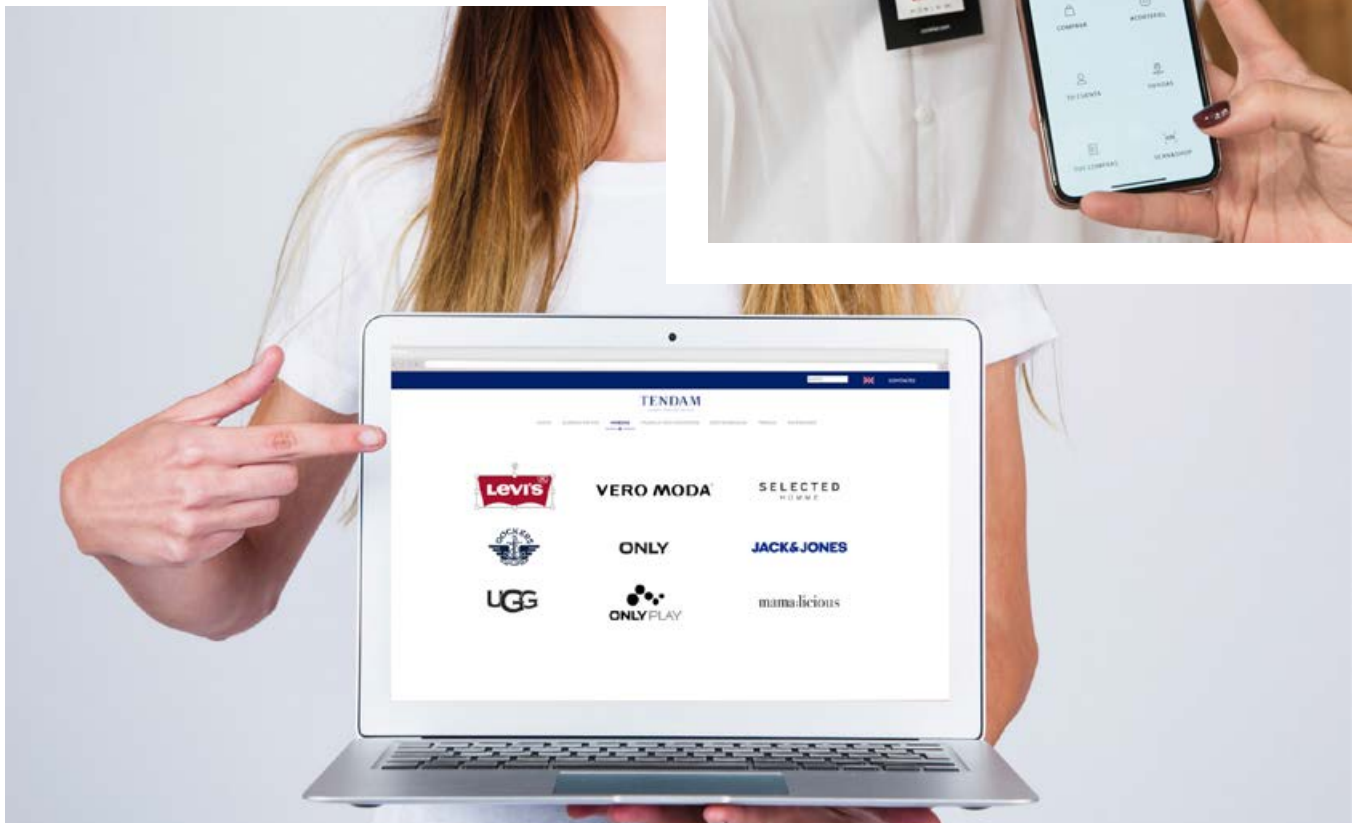
Brands from other companies specialising in fashion – and some in sustainable products – complete the offer on our websites, based on our own brands' segmentation; and, they will be able to take advantage of the benefits of our loyalty clubs and the Tendam omni-channel network.

Online customers can benefit from a growing offer of products from these carefully selected brands, with all the advantages and benefits traditionally associated with online shopping:

- ◆ Delivery and return of orders at the store at no cost
- ◆ Possibility of combining several products in one order
- ◆ Online sales from the store
- ◆ Customer service
- ◆ Special promotions for registered customers
- ◆ Accumulation of points in the loyalty programmes of each chain

This move represents an important step forward in the Group's strategy to enhance its position, reinforcing the attractiveness of our digital stores and achieving greater economies of scale in our online operation.

It also positions us as the ideal partner for large international fashion brands that are looking for new channels to reach their customers in Iberia and small local brands that are looking for tools to gain visibility and accelerate their online growth.



Corporate identity

Our purpose in sustainability

“Make fashion that matters”

In 2020, a year marked by far-reaching changes, we fuelled our company’s transformation by putting sustainability at the heart of our purpose. We believe that our company will only succeed in the long-term by creating value for our stakeholders.

Our purpose in sustainability means creating quality fashion that makes a difference in people’s lives, society and the planet. The way we work and the products we provide must make a positive difference in society and on the environment, thereby contributing to the company’s ongoing success.

Our commitment is to manage our operations in a way that respects the planet, establishing specific targets to meet the challenges the industry faces as it contributes to combating climate change and protecting the environment.

This purpose is the central focus of our sustainability strategy and guides the company’s decisions at all levels.

We serve people

Our maxim to ‘make a difference in people’s lives’ is not limited to our customers, but also to our team and our suppliers. We want to generate a positive impact on the world, investing in people to improve their lives and building a better future for everyone.

We respect the environment

We focus on minimising the environmental impact of our activity, fostering a circular economy and combating climate change. We want to inspire and facilitate a sustainable environment, using the United Nations Sustainable Development Goals as a roadmap.

We trust our team

We have a committed team, willing to do their best to fulfil our shared purpose. Keeping our team motivated is key to guaranteeing its commitment and success in contributing to the progress of people and companies.

A commitment shared by all

From the highest level, there is a commitment to work to incorporate sustainability as part of our purpose, which is shared at all levels of our organisation. New governance structures have been created that make it possible to move forward in this direction, fostering innovation and partnerships as strategic levers to achieve our goals towards sustainable development.

All the company brands share the same purpose and corporate culture. The company's culture encompasses our mission, vision and way of working. It is essential to aspire to create a more responsible company, with a value proposition adapted to each segment of our potential customer base, assuming innovation as a strategic challenge and a feature of our corporate culture that puts us in a league of our own.



3. Our way of working





We work with a sustainable vision

At Tendam, we are participating in the global challenge that entails promoting economic, social and environmental growth. To this end, we are leveraging our new sustainability commitments to maximise our contribution.

As one of Europe's major fashion sector companies, we use our global presence and scope to broaden our positive impact, with a business model and governance structure that promotes leadership and transparency. We have the opportunity to address today's great social and environmental challenges, by recognising our responsibility to the planet and to those who are directly affected by our activity.

Our company has overcome many challenges throughout **its past 140 years of history**, and we are convinced that, as we work hand-in-hand with all of our stakeholders, together we will overcome the challenges ahead.

In 2020, we stood firm in our commitment to the planet and society and to our goal of contributing with our business to sustainable development by working to achieve progress on global objectives. Each of our teams has maintained an approach centred around sustainability, which has led us to maximise value generation, to constant progress and to a continuous pursuit of improvement.

We recognise the importance of **working with the whole of our value chain in order** to achieve this change and therefore we must go further, putting our values at the heart of what we do every day and by involving our teams, customers and stakeholders in our value chain.

We work to maximise our positive impact and integrate sustainable behaviour into the management of our business and our bottom line. The company is committed to promoting the best sustainability practices, conscious of our role in helping to improve the social and economic environment where we are present.

To make this possible, all our processes are based on our sustainability purpose, **make fashion that matters**, which marks the road map for our work. We take care of every detail, from choosing the materials, to designing in the workshop, to when the garment reaches our customer, always maintaining the unique identity that defines each brand.

All our brands have established sustainability management committees that define their own priorities and objectives, whilst at the same time sharing a common strategy through the **WE CARE working group**; which monitors implementation and shares its expertise on materials. This structure has empowered each brand to build a strategy that is true to its identity whilst also pursuing a significant environmental and social impact.



WE care

With our objective guiding how we work, we remain firmly committed to everything that matters to us and that matters to our stakeholders. To work towards this vision, a multi-disciplinary committee has been created in the organisation called WE CARE, coordinated by the Sourcing and Quality Department, and that comprises members from various corporate areas and the Design and Purchasing Departments of all our brands. The objective is to promote and coordinate our teams' textile sustainability and innovation initiatives and proposals.

This working group has become a source of knowledge and innovation that establishes common and verifiable standards, in order to share and foster excellence towards complete and multi-disciplinary sustainability throughout the Group. It also represents a very powerful tool that has more closely integrated environmental concerns into the management strategy and processes of the company and its brands, in order to contribute to its transformation towards a model that is guaranteed to be more sustainable.

The way we work is reflected in the following five principles:



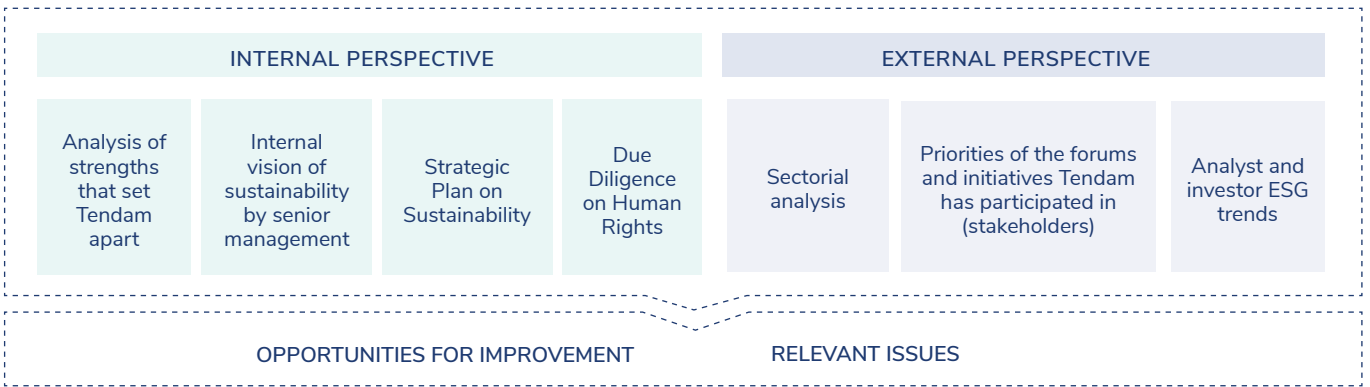
Materiality assessment

In 2020, the materiality assessment and matrix presented in the company's latest sustainability report was updated.

New entries were included in this year's analysis taking into account the new ESG trends of analysts and investors, the priorities of the company's main shareholder group on sustainability issues, the outlines of Tendam's Strategic Plan on ESG issues and the impact

of the pandemic on society. Other inputs have also been included; from the new regulatory requirements on human rights, climate change, sustainable finance and their impact on Tendam's operations.

This has enabled us to use the materiality matrix to identify 13 relevant issues in order to be able to focus the priorities of the company's sustainability plans and programmes.



The result is a materiality matrix that highlights our 13 priority issues based on their importance for internal and external stakeholders. Each of the resulting material issues includes different sub-topics that are also taken into account when assessing their materiality.

This year, the analysis shows that aspects relating to **minimising environmental impacts** are higher priority than in previous years, along with **efficient consumption of natural resources, recycling, circular economy measures and the replacement of plastic.**

Issues relating to **transparency in our supply chain** have become more important to Tendam in the last year; with particular focus on new regulations dealing with human rights due diligence. Issues relating to the **working conditions** of both the company's own employees and those of our suppliers remain key elements of how the business is managed.

Materiality matrix



Important matters

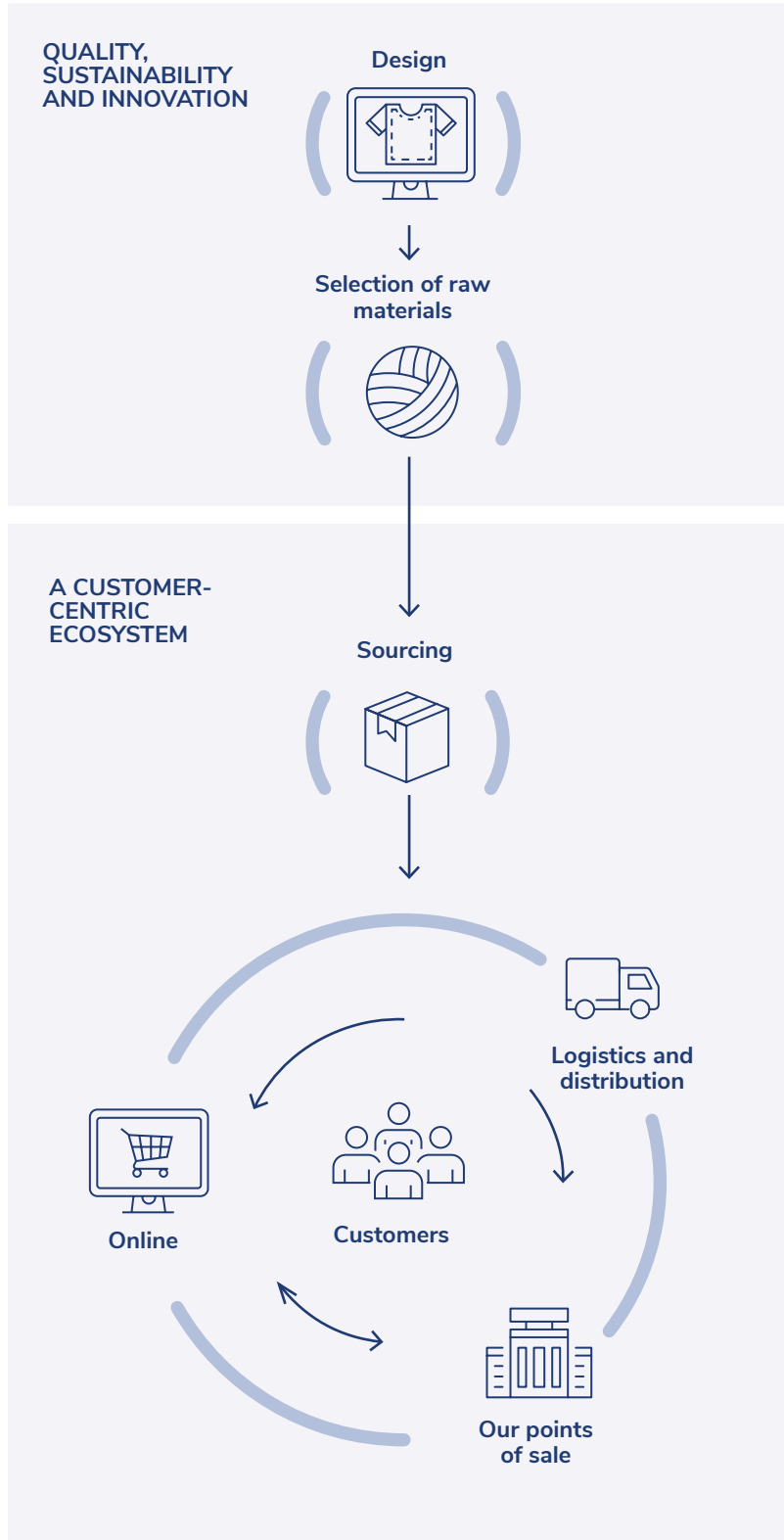
| | | |
|----|---------------------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| 1 | Ethics and good governance | <ul style="list-style-type: none"> ◆ Ethical principles, honesty and integrity, ◆ Good governance ◆ Transparency in management |
| 2 | Product and material innovation | <ul style="list-style-type: none"> ◆ Ecodesign ◆ Application of new materials |
| 3 | Substituting plastic | <ul style="list-style-type: none"> ◆ Generating alternatives to plastic in products, packaging and store furnishings |
| 4 | Product quality and safety | <ul style="list-style-type: none"> ◆ Guarantee in production processes ◆ Quality standards ◆ Customer safety |
| 5 | Traceability and transparency in the supply chain | <ul style="list-style-type: none"> ◆ Factory audits ◆ Computer systems for the traceability of products |
| 6 | Efficient use of natural resources | <ul style="list-style-type: none"> ◆ Efficient use of raw materials (mainly cotton) ◆ Water consumption |
| 7 | Environmental impact | <ul style="list-style-type: none"> ◆ Minimising the impact on biodiversity ◆ Reducing the use of chemical substances ◆ Optimising transport processes ◆ Minimising packaging |
| 8 | Recycling and the circular economy | <ul style="list-style-type: none"> ◆ Collection and recycling of garments ◆ Conversion of textile waste into new garments |
| 9 | Mitigation and adaptation to climate change | <ul style="list-style-type: none"> ◆ Reducing greenhouse gas emissions ◆ Using renewable energy ◆ Commitments to combating climate change |
| 10 | Attraction and retention of talent | <ul style="list-style-type: none"> ◆ Acquisition of profiles that can adapt, are resilient, and have business acumen ◆ Be a job-creating brand ◆ Development, training and long-term compensation schemes |
| 11 | Diversity and inclusion | <ul style="list-style-type: none"> ◆ Gender, generational and cultural diversity with different abilities ◆ Inclusive measures and contexts |
| 12 | Working conditions in the supply chain | <ul style="list-style-type: none"> ◆ Respect for human rights ◆ Safe working conditions ◆ Fair wages ◆ Prevention of forced or child labour |
| 13 | Impact on society | <ul style="list-style-type: none"> ◆ Social action initiatives ◆ Creating direct, indirect and induced jobs |

We participate in global initiatives, educational initiatives and initiatives that contribute to society. We are also part of various forums and collaborations. An analysis was made of the matters dealt with in each of these initiative areas and was taken into account when preparing the materiality matrix.

A model that advances sustainability

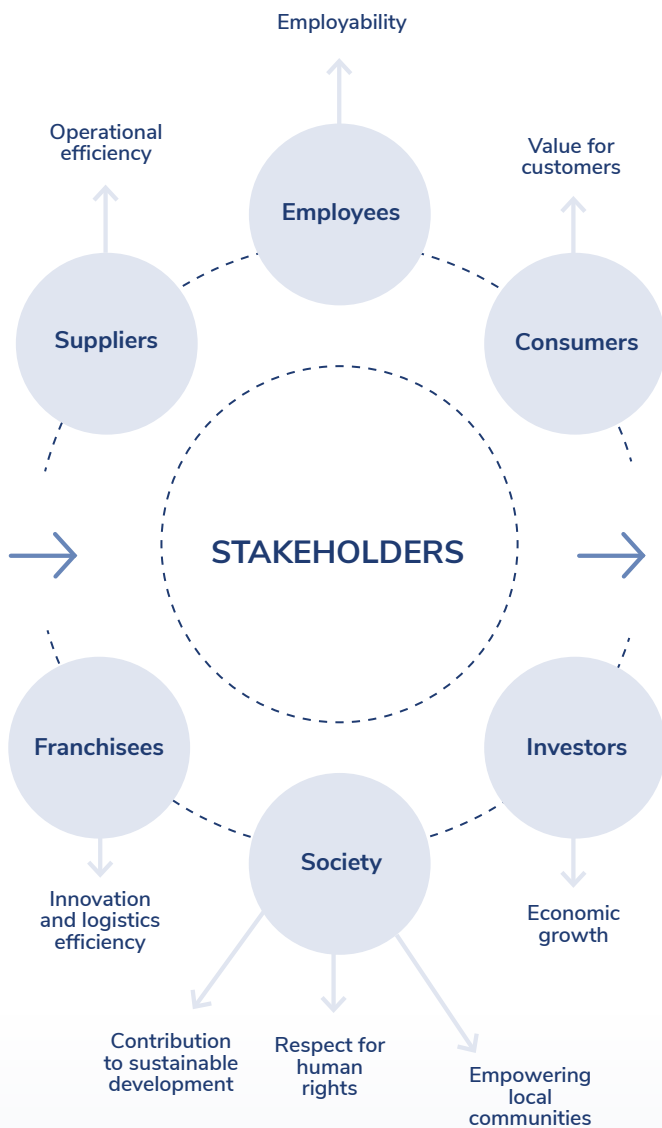
We have the opportunity to build a new business model that allows us to be ethically responsible for each garment and that seeks to extend our commitment as a brand with **fashion production that is sustainable**. This model allows us to improve quality of life and contribute to a healthier future for our employees, consumers, suppliers and society.

OUR SUSTAINABILITY PURPOSE:
Make fashion that matters



Maximise our positive impact on society and the environment...

COMMITMENTS TO STAKEHOLDERS



STRATEGIC LEVERS

PEOPLE



Equality

Diversity

Talent

ENVIRONMENT



Sustainable purchasing

Emissions

Energy efficiency

Reducing consumption

Waste

Circularity

GOVERNANCE



Good governance

Transparency

Ethical commitment

SUPPLY CHAIN



Respect for human rights

Traceability

Social and environmental audits

SOCIAL CONTRIBUTION



Contribution to Agenda 2030

Corporate volunteering

Positive social impact

... minimising the negative impact

The first step in driving change is to understand the impact and influence we have at each stage of the value chain. We are incorporating sustainability as an essential part of how we design our garments, focusing on sustainable materials and ensuring that our clothing is obtained and manufactured in a way that respects people, the environment and animals.

This commitment takes shape in the different stages of our product design, production and distribution and presents unique opportunities to improve sustainability in our business performance.



1. GARMENT DESIGN

The design is the first chance in our value chain to incorporate sustainable goals from the beginning of the process. We view **each garment to be an opportunity to add value**, so we want to pay attention to the conditions under which each product is designed, produced and distributed in order to minimise the impact on the environment and society. This means designing with our purpose in mind, incorporating quality and durability, guaranteeing safe chemical processing and the rigorous assessment of materials and production processes used, focused on maximising the lifespan of each product.



2. RAW MATERIALS

We source materials based on their quality and sustainability, working closely with our network of suppliers. We innovate to bring our brand vision to life to inspire and excite our customers, whilst reducing our impact on the environment.

We are aware that to offer our customers exceptional products, the raw materials used to manufacture them must be safe, offering the maximum possible sustainability standards.



3. SOURCING

Creating clothes that are more sustainable can also be achieved by using **processes that are safer for the environment**. Our brands encourage the identification of new processes in manufacturing from strategic suppliers, whilst promoting initiatives to reduce the use of water and energy, and responsibly manage chemicals.

We continue to invest in products to promote improvements in quality, with a focus on the reduction, reuse and recycling of the waste that is created throughout this process. We also look for innovative solutions that progress circularity as part of our business model.



4. LOGISTICS AND TRANSPORT

A key aspect in supply chain performance is the logistical efficiency of managing the products, from the time they leave the factory until they reach the stores.

We look for the best combination of shipping options based on speed, costs and sustainability, and we take measures to minimise energy use and reduce waste throughout this process. We improve **logistics efficiency** to reduce our impact on the environment.



5. POINTS OF SALE

Our stores are a means to connect with customers and transmit the brands' values through their design and the **creation of unique spaces**. Each store has its own concept and personality and offers a unique interactive experience. Our creative, marketing and communications teams ensure that our products are at the centre of everything we do. We build a connection with our customers through innovative and inspiring experiences, promoting respect for the environment through our stores.



Strategic levers

Our sustainability purpose has resulted in various projects and initiatives that we have accelerated with our **2019-2021 ESG Plan**

By undertaking the materiality assessment, we have been able to better focus our sustainability agenda and to establish **five pillars to guide our strategy**, aligned with the UN Guiding Principles on Business and Rights, the UN's Sustainable Development Goals (SDGs) and the Paris Agreement on Climate Change.

The deadline for implementing the strategy and meeting our objectives has been affected by Covid-19, although the fundamentals and trajectory of our strategy remain on target. The company was not immune to the prevailing environment in 2020: We were heavily hit by the global pandemic and in response, the group shifted direction, taking significant steps to meet commitments made as a result of partnerships with third parties, particularly focused on the impacts on society and the environment.

In turn, external volatility affected our overall performance as new regulations emerged impacting some of the areas of our activity. In response, we updated our holistic, company-wide strategy in line with our vision, for the purpose of sustainability that moves us **#Make fashionThatMatters**, enhancing our strategic plan with two new strategic levers.

Sustainable clothing

We strive to make responsible and sustainable fashion, because sustainability is a strategic prong in our overall approach. We seek to make the best decisions we can on behalf of our customers, so that they do not have to choose between what is sustainable and what is not. Our aim is to create high-quality, durable garments with timeless appeal.

Respect for human rights

We remain permanently committed to respecting and promoting human rights, as reflected in our corporate policies. We demonstrated this commitment as far back as 2002 when we joined the **United Nations Global Compact** and pledged to integrate its Ten Principles into our strategic vision, committing to designing and managing projects that promote a responsible work environment and the dissemination of best practices in the industry.

PEOPLE



To be an attractive company that creates opportunities for professional development and fosters talent and diversity as a driver of societal change. To live up to our commitment to employees, creating a healthy environment free of discrimination where we can attract and promote talent with a long-term outlook.

ENVIRONMENT



To be a leader in high-quality, sustainable fashion products at the forefront of the industry with initiatives that increase the fashion industry's access to new manufacturing technologies that minimise the end-to-end environmental impact.

GOVERNANCE



To promote the implementation of a responsible and sustainable business management model based on integrity, transparency, encouraging direct participation and creating value for our stakeholders.

SUPPLY CHAIN



To properly monitor suppliers. To raise awareness about social responsibility among the people involved in the group's procurement process. To guarantee the procurement policy's consistency with other existing policies, and promote collaboration with suppliers to continue improving environmental and social criteria.

SOCIAL CONTRIBUTION









To collaborate in improving people's quality of life by being an organisation that generates a positive social impact and sharing these values with all our employees. To identify partners with whom we can work to respond to social challenges and promote communication on social aspects with our various stakeholders.











2019-2021 Strategic ESG Plan

With our 2019-2021 Strategic ESG Plan, the company established objectives and three-year commitments, which we have been working towards through our ongoing work in 2020.

The key objectives are shown below, together with our progress to date and where we are heading in the future. The degree of progress is categorised as follows: completed, advanced and in process. We have also included updates to the Strategic Plan in response to the global crisis, which has changed the way all companies work, in addition to short-term strategic plans.

| | Issue | SDG | Objective | Steps of implementation | Status | 2020 progress |
|-------------|--------------------------|-------------------------------------------------------------------------------------|-------------------------------------------------------------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| ENVIRONMENT | Emissions |  | Reduction of carbon emissions | <ul style="list-style-type: none"> New GHG emissions report (Greenhouse gases). Establish an emission reduction plan with specific commitments to reduce CO₂ | ● | We have extended the CO ₂ emissions study, performing a more exhaustive calculation of Scope 3 that enabled us to set SBTi targets with reductions for the various Scopes. |
| | Energy Efficiency |  | Energy Efficiency Plan (net reduction of 9%) | <ul style="list-style-type: none"> Establish a new Energy Efficiency Plan for stores and central offices | ● | The company has implemented energy efficiency projects such as using the IOT in stores in Spain and LED lighting. |
| | Circular economy: Waste |  | Waste management | <ul style="list-style-type: none"> Implement selective collection systems at headquarters and warehouses: packaging, electrical and electronic devices; textile waste Establish additional measures to establish a programme of apparel circularity – and recycling, where appropriate – in the market. | ● | We have implemented a process for managing the waste that is generated in our facilities and are working to continue implementing procedures to improve and optimise the use of resources by promoting reuse and recycling. |
| | Circular Economy |  | Inclusion of organic products in brand offering (15% of the group's collections in 20-21) | <ul style="list-style-type: none"> Set a common group-wide commitment to sustainable products and materials Creation of a Technical Committee (WE CARE) | ● | Of our brands' products, 12% are sustainable. The objective is to reach 25% in 2021. |
| | Sustainable purchasing |  | Procurement policy and procedures | <ul style="list-style-type: none"> Specific environmental training for designers and buyers. Development of a map of 'sustainable' suppliers | ● | WE CARE has offered sustainability training to our design and procurement departments as well as to other interdisciplinary departments involved in this area. |
| | Reduction of consumption |  | 30% reduction in paper | <ul style="list-style-type: none"> Implementation of a new digital document signature system. Replacement of individual printers with efficient shared printers. | ● | In recent years, various initiatives have contributed to the reduction of paper use, such as sending purchase tickets electronically, shared printers and digital signatures for documents. |

In progress  Advanced  Completed 

| | Issue | SDG | Objective | Steps of implementation | Status | 2020 progress |
|-------------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------|-------------------------------------------------------------------------------------|-------------------------------------------------------------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------------------------------------------------------------------------------------------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| PEOPLE | Diversity |  | Disability Integration Plan | <ul style="list-style-type: none"> Promote the direct hiring of people with disabilities Internal communications and Awareness-raising plan Agreement with Inserta- ONCE Foundation | <ul style="list-style-type: none"> ● ● ● | Together with the ONCE Foundation, we promote the hiring of people with disabilities to different roles within the company. We were not able to achieve 100% of our target because of the direct impact of Covid-19 on this group and the company's hiring cuts. |
| | |  | Gender equality | <ul style="list-style-type: none"> Approval of the second Equality Plan Conduct a detailed study of the gender pay gap | ● | Negotiations completed on the Company's second Equality Plan. |
| | Attraction and retention of talent |  | Gender parity in management bodies | <ul style="list-style-type: none"> Retention of female talent Tendam Women Sponsoring Programme to promote women in the company. | ● | Our commitment to female talent has been seen with our commitment to enhanced training: three out of every four training grants offered to employees are offered to women. |
| | |  | Well-being programme | <ul style="list-style-type: none"> Establish a plan for well-being activities and sports activities for employees. Negotiate benefits for employees in external activities. | ● | At our headquarters, we have a health programme that aims to make a positive impact on our employees' well-being and motivation. |
| GOVERNANCE | Good governance |  | Board supervision of ESG matters | <ul style="list-style-type: none"> Periodically report ESG issues to the Board | ● | The company has established a reporting procedure to inform the Board the progress made on ESG issues. |
| | |  | Adaptation of non-financial statements to new scenarios | <ul style="list-style-type: none"> Inclusion of non-financial information in the annual management report and adapt it to new legal requirements | ● | Progress has been made in improving reports to third parties and in the quality of KPIs |
| | Transparency |  | Social dialogue: improving communication channels with stakeholders | <ul style="list-style-type: none"> Participate in sector initiatives with trade unions and NGOs Improve national and international commitment | ● | This year the company joined Forética and Call to Action in the Garment Industry. We are strengthening the partnerships in the social and environmental sphere. |
| | |  | Traceability and transparency in the supply chain | <ul style="list-style-type: none"> Adopt industry best practices in supply chain transparency Create a supplier social risk map | ● | The company has an internal management platform to coordinate between the Procurement and Sourcing departments and suppliers. In 2020 we continued to work on expanding the platform's functionality, in order to integrate environmental audits. |
| SOCIETY | Supply Chain |  | Improve the standardisation plan for supply chain audits | <ul style="list-style-type: none"> Extend the BSCI scheme in our supply chain (65% of suppliers in 2021) and standardise social certificates Social supplier risk tool (75% of factories in 2020) H&S standards: Implementation of new Reach Standard in 2020 Environmental audits for the supply chain | ● | We moved forward on conducting a pilot with 2% of factories assessed under environmental criteria. We extended garment safety controls by performing a more exhaustive and rigorous analysis on those items that are most at risk. |
| | | Social Contribution |  | Contribution aligned with the SDGs | <ul style="list-style-type: none"> Agreements with foundations aligned with the brand profile and the SDGs | ● |
| Develop a new Corporate Volunteering plan | <ul style="list-style-type: none"> Creation of the new Corporate Volunteering Plan Promote individual volunteering for employees. | | | ● | Creation of the new Corporate Volunteering Plan Promote individual volunteering for employees. | |

What matters to our stakeholders

Aware that our stakeholders play an essential role in our responsible business model, we direct our sustainability strategy towards the main players in the markets where we have a presence, fostering a framework of lasting relationships based on transparency and continuous improvement.

The company maintains a fluid and constant dialogue with its main stakeholders, providing communication channels that encourage participation and involvement and helping us to understand their expectations, and contributing to improved risk management and opportunities.

These communication channels are managed by the relevant departments of the company according to each stakeholder. Through a consultative process, different actions, work groups (customers, employees, unions, suppliers, social entities, etc.), and individual actions with different organisations about pertinent issues are managed.

We actively participate in learning circles such as discussion forums, which have proven to be very useful tools. We are members of many leading national and international industry organisations, and actively take part through management committees and working groups to share experiences and analyse trends.

Creating value for all

The company's mission, vision, purpose and values, together with our sustainable development strategy, all describe how we work to create shared, sustainable value for our stakeholders.

In the current context, stakeholders have become an essential tool for companies developing responsible, sustainable business models. As such, they are core to our company's strategy, and we recognise the increasing importance to engage with them in dialogue and foster their involvement in our activities.

We work to create value for our stakeholders and support sustainable development for the benefit of all, but most particularly for future generations.



Stakeholder management

We are committed to a business model in which listening to our stakeholders allows us to take advantage of the opportunities available in the market. The company promotes transparent, two-way dialogue that allows it to deal with the challenges and opportunities that arise while carrying out its activity. Transparency is the basis for establishing any type of relationship based on trust, which is key to creating long-term value.

We identified the various stakeholders by carrying out a study to identify what the priorities are for our activity and what their respective expectations are regarding their activities.

| STAKEHOLDERS | TOOLS | SIGNIFICANT ISSUES |
|-----------------------------------------------------------------------------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| CUSTOMERS  | <ul style="list-style-type: none"> ◆ Corporate website ◆ Brand websites ◆ Sales channels ◆ Customer loyalty clubs ◆ Customer service ◆ Social networks | <ul style="list-style-type: none"> ◆ Satisfactory shopping experience ◆ Quality of the products and service offered ◆ Customer service and loyalty ◆ Protecting health through quality clothing and increasing our sustainable offering ◆ Data privacy and security protection |
| EMPLOYEES  | <ul style="list-style-type: none"> ◆ Corporate intranet ◆ Complaints channel ◆ Management team ◆ Social networks | <ul style="list-style-type: none"> ◆ Protection of human rights ◆ Quality of jobs ◆ Benefits and work/life balance ◆ Safety, health and prevention of occupational risks ◆ Training and professional development |
| SUPPLIERS  | <ul style="list-style-type: none"> ◆ Supplier portal ◆ Complaints channel ◆ Corporate website ◆ Periodic meetings and visits | <ul style="list-style-type: none"> ◆ Relationship based on trust and working together ◆ Human rights compliance ◆ Commitment to sustainability and innovation ◆ Stability in commercial relationships ◆ Fair trade, in contracting and in payments |
| FRANCHISEES  | <ul style="list-style-type: none"> ◆ Newsletter ◆ Communication platforms ◆ Seasonal agreements ◆ Training and advisory services | <ul style="list-style-type: none"> ◆ Comprehensive service in management ◆ Fluid and ongoing communication ◆ Training and advisory services ◆ Transparent relationship |
| COMMUNITIES  | <ul style="list-style-type: none"> ◆ Corporate website ◆ Complaints channel ◆ Social networks ◆ Agreements and partnerships ◆ Participation in forums and associations | <ul style="list-style-type: none"> ◆ Innovation ◆ Job creation ◆ Diversity and equality ◆ Responsible use of resources ◆ Energy efficiency ◆ Commitment to ecodesign and the use of sustainable raw materials |
| INVESTORS  | <ul style="list-style-type: none"> ◆ Corporate website ◆ Investor relations ◆ Reporting of results ◆ Press releases | <ul style="list-style-type: none"> ◆ Financial and economic stability ◆ Corporate governance ◆ Corporate Social Sustainability and Responsibility ◆ Transparency and ethics |

Committed to the 2030 Agenda

We take a step further in our commitment to sustainable development and we make these commitments adapting them to the context in which we operate. The company has incorporated the Sustainable Development Goals (SDGs) approved by the United Nations into its business strategy, taking into account that our efforts must be directed specifically at the goals we can have the most influence over.

This year we celebrated the fifth anniversary of the approval of the SDGs, joining the #apoyamoslosODS (support the SDGs) campaign in collaboration with the Spanish Network of the Global Compact, an initiative we have taken part in since 2002.



Focusing on our priority SDGs

5 GENDER EQUALITY

MATERIAL MATTERS

Diversity and inclusion:

- ◆ Generational and cultural diversity, with varied capabilities
- ◆ Inclusive measures and contexts

| PRIORITY TARGETS | ACTIONS | KPI'S |
|-------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------------------------------------------------------------------------------|
| 5.1 End all forms of discrimination against all women and girls worldwide | We guarantee best practices when searching for, selecting and retaining talent, ensuring the principles of equal opportunities and non-discrimination . | Our team is 84% women |
| 5.5 Ensure women's full and effective participation and equal opportunities for leadership at all levels of decisionmaking in political, economic and public life | <ul style="list-style-type: none"> ◆ We have championed the Women Sponsoring Programme in support of the promotion of women to management positions in the company. ◆ We partner with business schools and universities to offer training programmes and scholarships for the women on our team. | 59% of management positions are held by women (3% more than in 2019) |
| 5.c Adopt and strengthen sound policies and enforceable legislation for the promotion of gender equality and the empowerment of all women and girls at all levels | Different protection policies are promoted that focus on protecting and empowering women: negotiation of the Second Equality Plan, measures for breast-feeding and protocol for prevention of sexual harassment. | 39 employees have been sanctioned due to harassment or bullying . |



8 DECENT WORK AND ECONOMIC GROWTH 

MATERIAL MATTERS

Working conditions in the supply chain:

- ◆ Respect for human rights
- ◆ Safe working conditions
- ◆ Fair wages
- ◆ Prevention of forced labour and child labour

Attraction and retention of talent:

- ◆ Hiring profiles that can adapt, are resilient, and have business acumen.
- ◆ Be a job-creating brand
- ◆ Long-term development, training and compensation

Impact on society:

- ◆ Creation of direct, indirect and induced jobs

PRIORITY TARGETS

ACTIONS

KPI'S

| | | |
|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <p>8.3 Promote development-oriented policies that support productive activities, decent job creation, entrepreneurship, creativity and innovation, and encourage the formalization and growth of micro, small and medium-sized enterprises, including through access to financial services</p> | <ul style="list-style-type: none"> ◆ Our Internal Code of Conduct reflects and spreads the company's values and principles among employees, encouraging corporate conduct that is accepted and respected by all employees and executives. ◆ We have a Be! Healthy Well-being Programme to promote health and workplace quality, together with a Health and Occupational Risk Prevention Service. ◆ Work-life balance measures (time flexibility), benefits and medical service (access to medical insurance) are offered. Furthermore, this year we have promoted work-from-home as an ideal measure to balance family and professional life. | <p>9,529 people are part of the Tendam team</p> <p>2,879 employees trained</p> <p>21,145 training hours</p> |
| <p>8.5 By 2030, achieve full and productive employment and decent work for all women and men, including young people and persons with disabilities, and equal pay for work of equal value</p> | <ul style="list-style-type: none"> ◆ In 2019, we signed an agreement with the ONCE Foundation to join the INSERTA Programme to make clear our commitment to create jobs for people with disabilities. ◆ We continue to support young talent, working to create opportunities through our professional internship plan. | <p>We currently have collaborations with more than 300 entities seeking to promote the inclusion of young people and groups at risk of exclusion in the labour market.</p> |
| <p>8.7 Take immediate and effective measures to eradicate forced labour, end modern slavery and human trafficking and secure the prohibition and elimination of the worst forms of child labour, including the recruitment and use of child soldiers, and by 2025 end child labour in all its forms</p> | <ul style="list-style-type: none"> ◆ We have been members of AMFORI since 2017. Through its social and environmental audit initiatives, they provide us with an international framework to support actions aimed at reducing the risks associated with our supply chain. ◆ The External Code of Conduct extends the company's values and commitments to its supply chain, ensuring effective measures to eradicate forced labour, slavery and human trafficking. ◆ Social audits are conducted to detect any breaches of the agreed commitments, along with semi-announced visits to factories. | <p>495 social audits and 49 semi-announced audits of factories have been conducted to ensure compliance with the ethical principles included in the company's Code of Conduct and to promote respect for human rights throughout the supply chain</p> |
| <p>8.8 Protect labour rights and promote a safe and secure working environment for all workers, including migrant workers, in particular women migrants and those with precarious employment</p> | <ul style="list-style-type: none"> ◆ The company encourages communication with trade unions, ensuring freedom of affiliation and the right of workers to be represented. ◆ Through our Health Protection Plan, we contribute to safety and well-being via: cardiac-protected spaces, medical service and occupational risk prevention services. | <p>100% of the workforce is covered by a collective agreement and the corresponding labour law</p> |

12 RESPONSIBLE CONSUMPTION AND PRODUCTION



MATERIAL MATTERS

Efficient use of natural resources:

- ◆ Efficient use of raw materials (mainly cotton)
- ◆ Water consumption

Recycling and the circular economy:

- ◆ Collection and recycling of garments
- ◆ Conversion of textile waste into new garments

Product and material innovation:

- ◆ Ecodesign
- ◆ Application of new materials

Product quality and safety:

- ◆ Guaranteed production processes
- ◆ Quality standards
- ◆ Customer safety

| PRIORITY TARGETS | ACTIONS | KPI'S |
|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <p>12.2 By 2030, to achieve sustainable management and efficient use of natural resources</p> | <ul style="list-style-type: none"> ◆ Our brands remain committed to creating collections with more environmentally friendly materials and processes. ◆ The company works on a strategy at a group level: creation of a working group and sustainability training for purchasing, design and other departments involved in its sustainability strategy. ◆ We promote Eco wash, using technologies that allow us to use less water when finishing our jeans and to reduce the use of energy and products that are harmful to health. ◆ The quality of our brands' apparel is based on its strict product control which ensures compliance with required quality standards and levels | <p>12% of our garments meet sustainable criteria. Our objective is to reach 25% in 2022.</p> <p>We promote Eco WASH with the application of technologies that allow us less use of water and use reduction of chemicals in the process of finish of our jeans.</p> |
| <p>12.5 By 2030, substantially reduce waste generation through prevention, reduction, recycling and reuse</p> | <ul style="list-style-type: none"> ◆ Selective collection system at headquarters and stores, and reduction of single-use plastic. ◆ We have adapted our online customer delivery packaging to sustainable criteria, choosing cardboard boxes instead of plastic. ◆ A shared printer project was carried out to reduce paper use and an online platform was added for electronic document signatures. | <p>26,730 garments have been donated to charities for a value of €178,200.</p> <p>Pick-up agreements have been signed and implemented with management companies to recycle textile waste and other waste categories.</p> |
| <p>12.6 Encourage companies, especially large and transnational companies, to adopt sustainable practices and to integrate sustainability information in their reporting cycle</p> | <ul style="list-style-type: none"> ◆ Inclusion of public information on sustainability in different channels: websites, social networks, Sustainability Report, clothes labels, etc. | |

13 CLIMATE ACTION



ASUNTOS MATERIALES

Mitigation and adaptation to climate change:

- ◆ Reduce greenhouse gas emissions
- ◆ Use renewable energy
- ◆ Commitments to combat climate change.

Environmental impact:

- ◆ Minimise the impact on biodiversity
- ◆ Reduce the use of chemical substances
- ◆ Optimise shipping processes
- ◆ Minimise packaging

Replacement of plastic:

- ◆ Employ alternatives to plastic in products, packaging and store furniture

| PRIORITY TARGETS | ACTIONS | KPI'S |
|----------------------------------------------------------------------------------------------------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <p>13.1 Strengthen resilience and adaptive capacity to climate-related hazards and natural disasters in all countries</p> | <ul style="list-style-type: none"> ◆ The risks and opportunities arising from climate change are part of the company's current Risk Map, in which the climate strategy is approved and supervised by the highest governing body, the Board of Directors. | <p>Given the growing relevance of climate change issues, we defined a Climate Road Map built on constant innovation and collaboration between all members of the value chain.</p> |

| PRIORITY TARGETS | ACTIONS | KPI'S |
|------------------------------------------------------------------------------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <p>13.2 Integrate climate change measures into national policies, strategies and planning</p> | <ul style="list-style-type: none"> ◆ Participation in environmental initiatives: Fashion Pact, 1.5° C Business Ambition, UN Fashion Charter for Climate Action and UN Global Compact. ◆ In 2020, we continued to work on preparing the emission reduction targets for approval by SBTi and, in 2021, they will be validated together with their reduction plan. ◆ Our 2020 results in the Carbon Disclosure Project (CDP) are particularly worth mentioning: our work fighting climate change earned a B grade. We also received the silver medal from Ecovadis for our commitment to sustainability, ethics and transparency in the company's good practices. ◆ To reduce plastic, Springfield launched the 3R project in 2019 to minimise its use of non-commercial packaging and containers, spearheading the process for the rest of the group. Over the course of this year, the project was extended to our other brands after an ad hoc probation period and ultimately aims to have all Tendam's brands remaining in the 3R project in the coming year. | <p>In 2020, we achieved 100% renewable energy consumption in our stores, offices and logistics centres in Spain, which represents 82% of our worldwide operations.</p> <p>One of our most ambitious climate change objectives is to achieve carbon neutrality by 2040.</p> |

16 PEACE, JUSTICE AND STRONG INSTITUTIONS



MATERIAL MATTERS

Diversity and inclusion:

- ◆ Generational and cultural diversity with varied capabilities
- ◆ Inclusive measures and contexts

| PRIORITY TARGETS | ACTIONS | KPI'S |
|----------------------------------------------------------------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------|
| <p>16.5 Substantially reduce corruption and bribery in all their forms</p> | <ul style="list-style-type: none"> ◆ Tendam is a company committed to the fight against fraud, corruption, bribery, money laundering and the financing of terrorism. To guarantee transparency and fight against practices and behaviours that are unethical and lacking integrity, the company has different procedures, measures and controls in place. | <p>Our suppliers sign and accept the company's External Code of Conduct.</p> |
| <p>16.6 Develop effective, accountable and transparent institutions at all levels</p> | <ul style="list-style-type: none"> ◆ Our ethical principles are included in our Code of Conduct that requires an ethical commitment and strict compliance with the law when performing our activity, rejecting all illegal business practices, as well as any inappropriate conduct in the workplace. | <p>100% of our clothes manufacturers have agreed to the Code of Conduct, ensuring that the company's values extend across its supply chain.</p> |

17 PARTNERSHIPS FOR THE GOALS



| PRIORITY TARGETS | ACTIONS | KPI'S |
|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <p>17.16 Enhance the global partnership for sustainable development, complemented by multi-stakeholder partnerships that mobilize and share knowledge, expertise, technology and financial resources, to support the achievement of the sustainable development goals in all countries, in particular developing countries</p> | <ul style="list-style-type: none"> ◆ Our contribution to the SDGs takes the form of working together with other entities to promote networking, innovation and talent management, to help improve society. | <p>In 2020, we joined Forética and the Call to Action for the Garment Industry of the ILO.</p> <p>We are proud to have joined the Fashion Pact, Business Ambition 1.5°, the UN Charter for Climate Action, the UN Global Compact, the SERES Foundations and others.</p> |

Corporate Governance

With a focus on continuous improvement, greater transparency, effectiveness and rigour in the functioning of our governing bodies, we have adopted national and international practices and recommendations in our good governance management, ethical behaviour and regulatory compliance.

Governing bodies

The General Shareholders Meeting

This is the sovereign body of the company, where the shareholders come together to discuss and decide on matters and affairs in their domain, in accordance with the law and the company's articles of association.

The General Shareholders' Meeting meets once in the first six months of the financial year in order to evaluate the company's management and approve the annual accounts for the previous financial year. Extraordinary meetings take place as necessary to make other decisions.

The General Shareholders Meeting that approved the annual accounts for the 2019 financial year was held on 3 September 2020².

The Board of Directors

The Board of Directors is responsible for the representation, administration, direction, management and control of the company, and it is responsible for establishing its general guidelines, policies and strategies. It also protects the interests of shareholders, employees, customers and other stakeholders.

The Board of Directors has two advisory committees: the Audit and Risk Committee, and the Appointments and Remuneration Committee.

The **Audit and Risks Committee** oversees the preparation and presentation of the financial statements, monitors compliance with legal requirements and supervises and evaluates the company's risk management and corporate governance systems. It also supervises compliance with policies on sustainability and corporate social responsibility.

The **Appointments and Remuneration Committee** establishes and reviews the criteria that must be followed for the remuneration of the company's directors and the members of its management team.

The company's Board of Directors comprises seven members: a chair, who also holds the position of CEO, and six members, of whom three represent each of the controlling shareholders. The Board's secretary is not a director.

One of the Board's members is a woman, representing 14.28% of the total (and 25% when including the Board's secretary).

Its size, structure as well as the qualifications of its members are in line with the structure, complexity and needs of the group, allowing for the diligent and streamlined management of any issues that may arise.

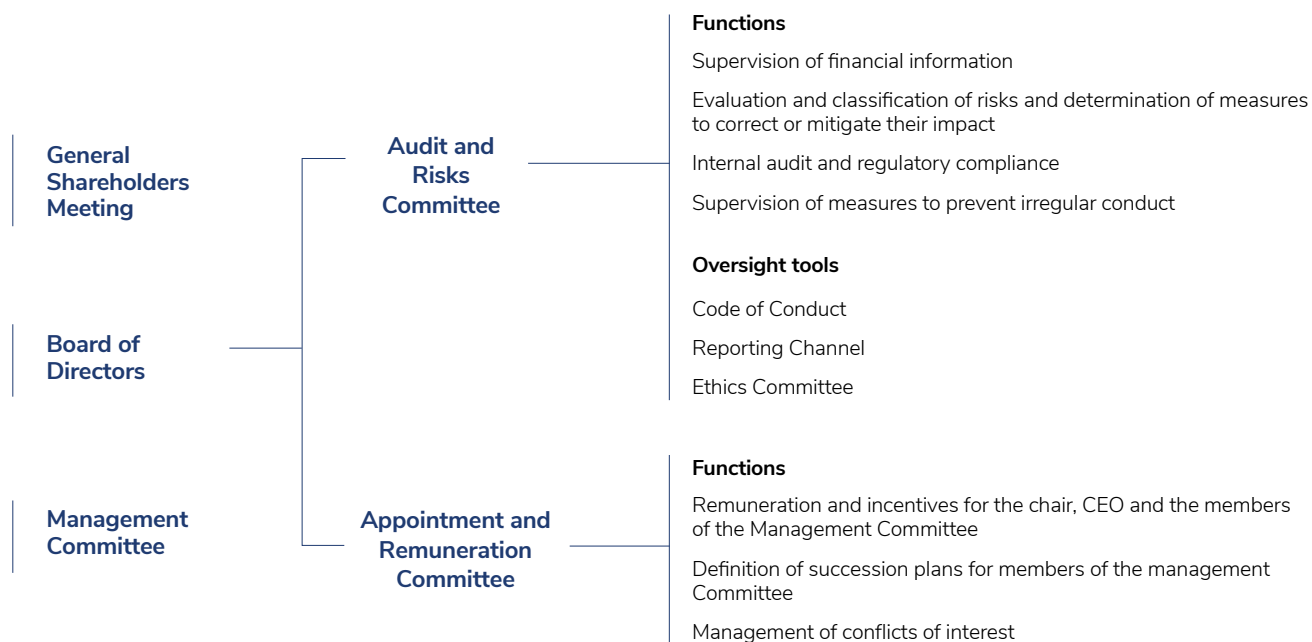
The share capital of Tendam Brands, S.A. totals 5,000,000 euros, represented by 5,000,000 shares of 1 euro par value each, belonging to a single class and series. The company is 50% owned by CVC and PAI Partners through the company Castellano Investments, S.a.r.l.

Tendam Brands, S.A. holds 100% of the share capital of Tendam Fashion, S.L.U. and, through it, 94.26%¹ of the share capital of Tendam Retail, S.A.

The controlling shareholders of the Tendam Group are the private capital firms CVC Capital Partners and PAI Partners.

1. Formally, the holding of Tendam Fashion, S.L.U. in the share capital of Tendam Retail, S.A. is 92.29%. Leaving aside the Company's treasury stock, the effective holding and the associated voting rights represent 94.26%. The remaining shares are owned by a small group of minority shareholders.

2. Date in accordance with the regulations approved with extraordinary measures implemented in response to the impact of Covid-19, which extended the deadlines for the preparation and approval of financial statements.



| Member | Profile | Committee |
|-------------------------------------------------------------------------------------------------------------------|------------------------|------------------------------------------------------------------------------------------------------|
| Jaume Miquel Naudí | Chairman and CEO | |
| José Antonio Torre de Silva y López de Letona representing Theatre Directorship Services Beta, S.A.R.L. | Director | Chairman of the Appointments and Remuneration Committee Member of the Audit and Risks Committee |
| Federico Conchillo Armendariz | Director | Member of the Audit and Risks Committee Member of the Appointments and Remuneration Committee |
| Michel Maurice Paris (*) | Director | |
| Álvaro Sendagorta Cudos representing Theatre Directorship Services Delta, S.A.R.L. | Director | Member of the Audit Committee Member of the Appointments and Remuneration Committee |
| Javier de Jaime Guijarro representing Theatre Directorship Services Alpha, S.A.R.L. | Director | |
| Laura Muries Fenoll | Director | Chairwoman of the Audit and Risks Committee Member of the Appointments and Remuneration Committee |
| Mar Oña | Non-director secretary | Secretary of the Audit and Risks Committee and of the Appointments and Remuneration Committee |

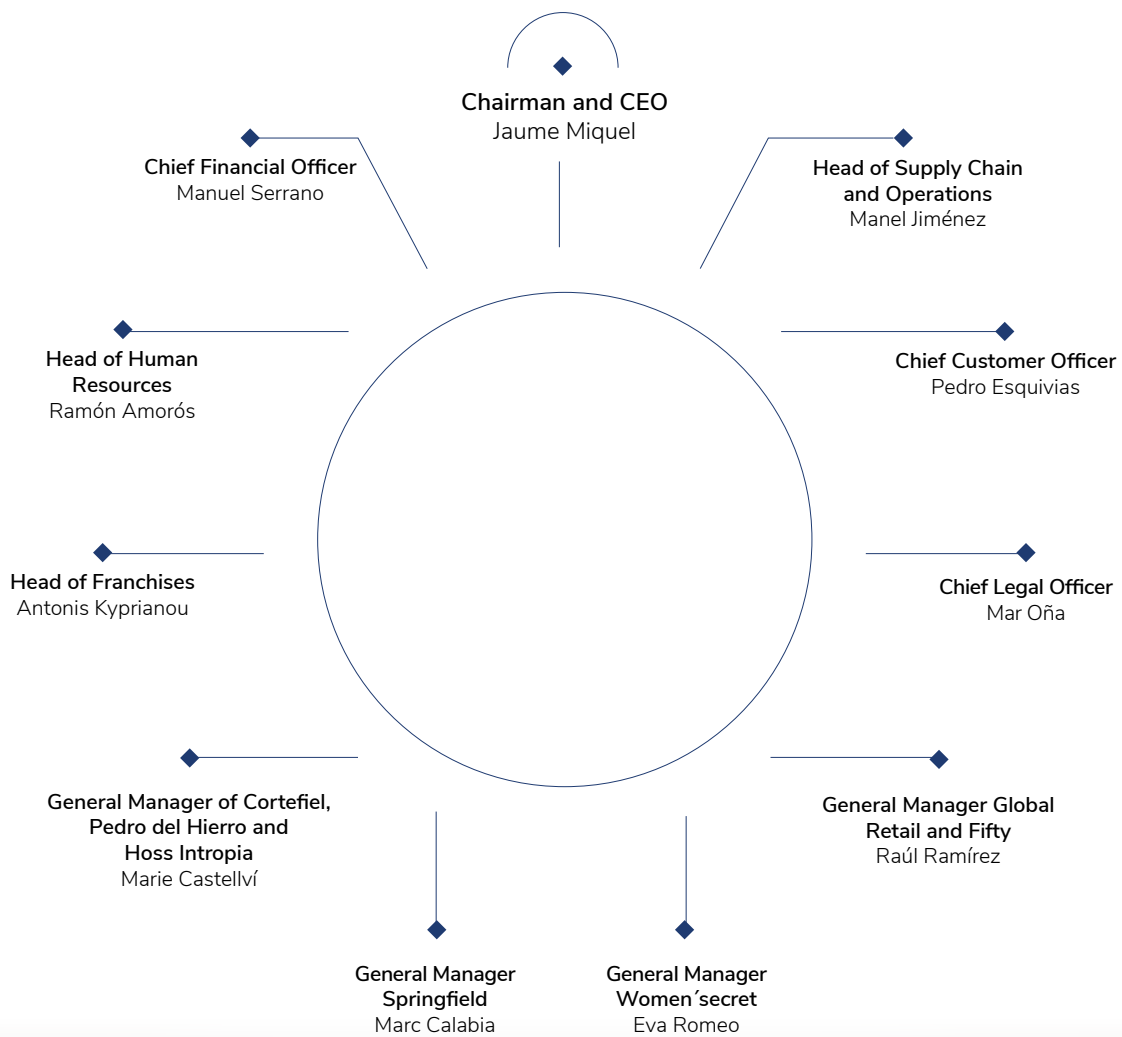
(*) Note: In October 2020, Michel Maurice Paris replaced Fabrice Andre Paul Fouletier as director. After the close of the financial year, in [March 2021], he was replaced, in turn, by Julie Gautier. With her joining the board, two of its seven members (28.6% of the total) are women (37.5% including the Secretary of the Board).

The Management Committee

The Management Committee is responsible for ensuring the implementation of the guidelines determined by the Board of Directors, this is done by establishing operating strategies for the different chains and corporate units. It is a body strongly focussed on achieving goals.

Each of the commercial chains also has its own committee for the operational and commercial management of the group's different brands.

The Management Committee comprises 11 members; three of whom are women (i.e. 27.3% female representation).



TENDAM
GLOBAL FASHION RETAIL

Remuneration policy

In accordance with the company's Articles of Association, Board members will not receive, in their capacity as members of the Board of Directors, any remuneration. The chair and the directors who have executive duties will have the right to receive the remuneration that is established by the Board of Directors, within the limits set by the General Shareholders Meeting. Their remuneration may consist of a fixed or variable amount related to targets, remuneration in kind or contributions to long-term savings plans. They may also receive redundancy payments and compensation for any post-contractual non-compete clause obligations.

Pursuant to this, the chairman and CEO is the only Board member who receives remuneration for his executive duties. This payment includes a fixed amount as well as a variable portion related to targets, whilst also having the right to redundancy payments and compensation for his post-contractual non-compete clause obligations.

In line with the forgoing, senior management remuneration also includes a fixed amount, plus a variable component linked to the achievement of targets. The company's senior management team are understood to be those people who perform managerial functions directly reporting to its CEO.

During the 2020 financial year, the remuneration for the chairman and CEO and the directors of the company, for all components, amounted to a total of €3,580,460 (gross). By gender, it is a total of €337,193 gross per year on average for men and €294,304 for women.

Conflicts of interest

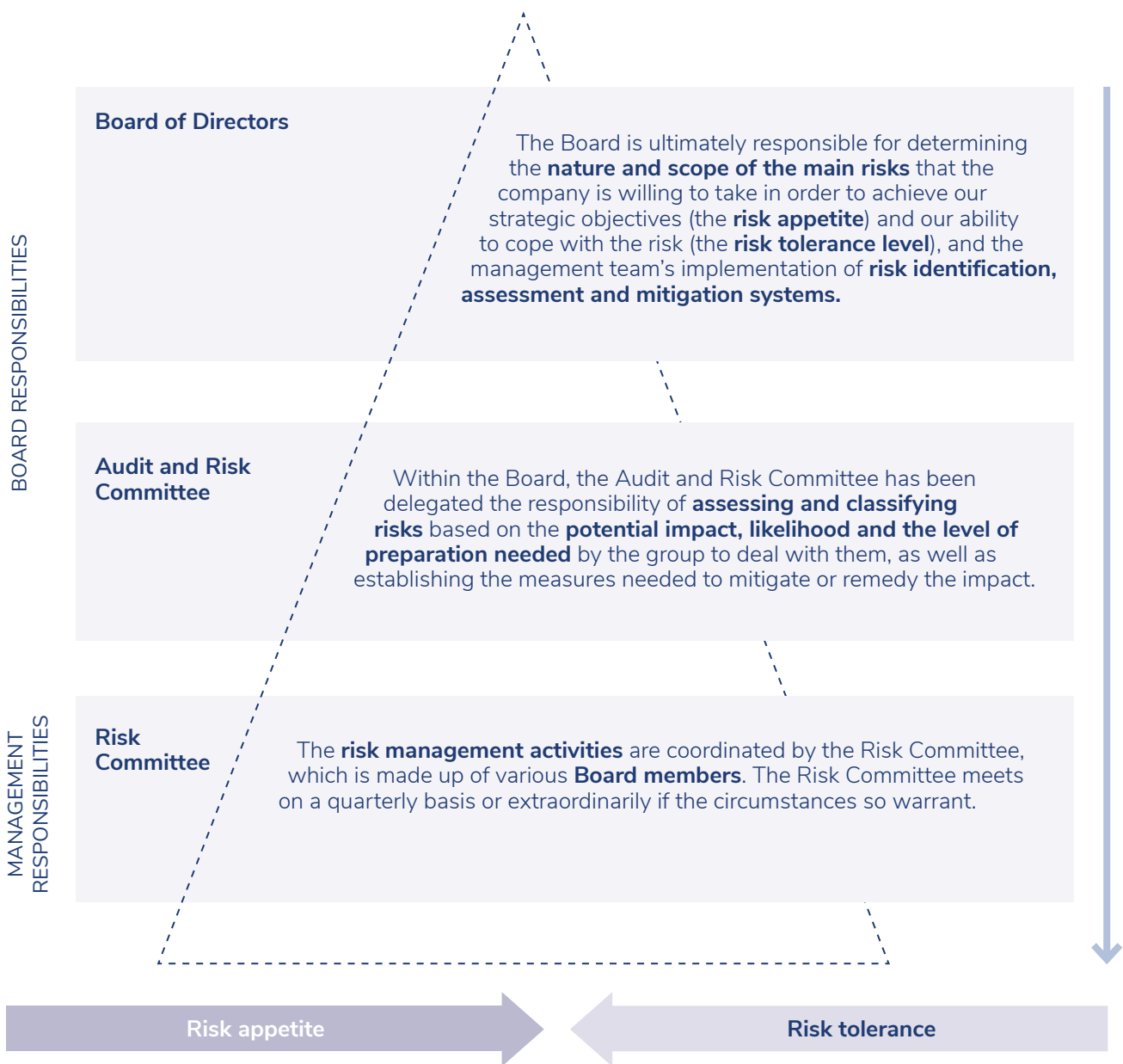
The directors have the obligation to notify the Board of Directors of any direct or indirect conflicts that they or people related to them may have with the company's interests, and if that is the case, then they have the obligation to refrain from taking part in the corresponding decision making. Likewise, they are banned from conducting activities, on their own behalf or on behalf of a third party, which entails competition with the company.



Our risk management system

Governance and supervision of risks

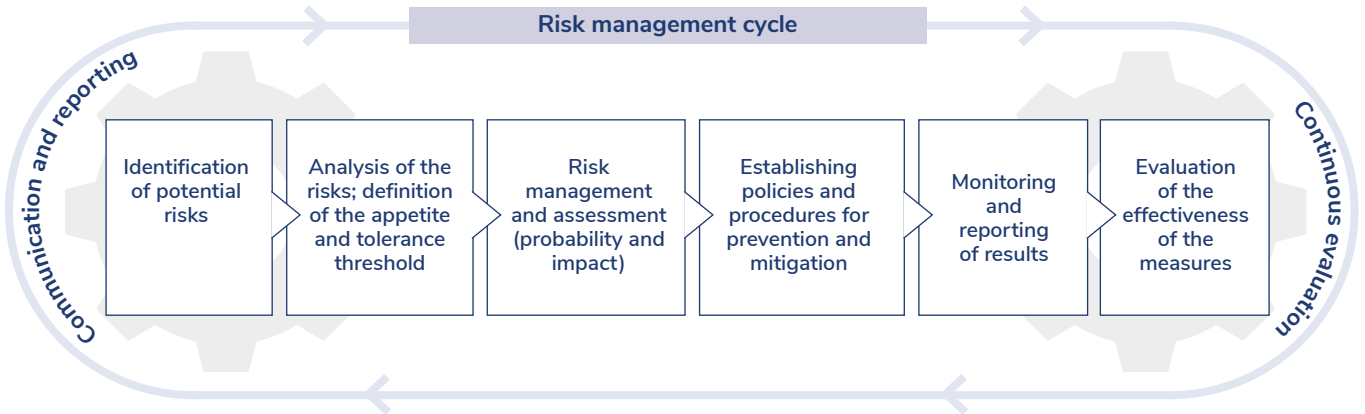
The group's strategy takes into account the risks as well as the opportunities that must be actively monitored and managed to generate long-term sustainable value, while also maximising their positive impact and minimising their potential negative impact. To do so, the company has a two-pronged risk management structure; whereby its governing bodies focus on supervision and its managers focus on coordination.



Both the risk appetite and tolerance threshold are key elements in the process of assessing and implementing effective prevention and mitigation measures, while also ensuring correct alignment with the company's strategy

The risk management process

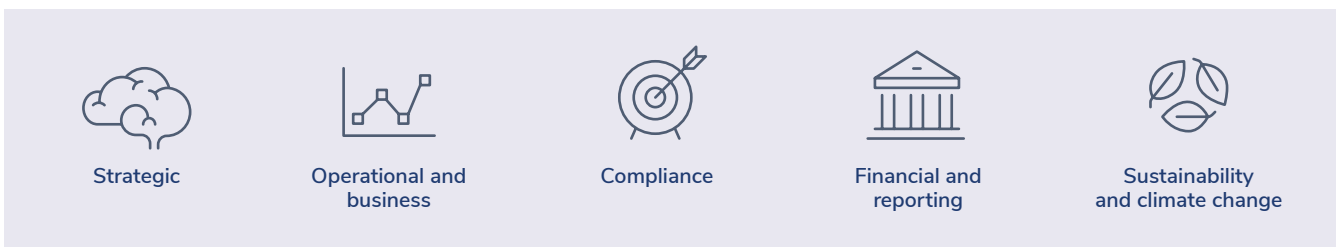
Risk management is carried out **across departments** and forms part of the company's daily operational activities. From the start of the management cycle, **the material aspects** for the organisation and its stakeholders are taken into account, as well as the priorities in each department. Furthermore, the **process of identifying, assessing and implementing effective measures is continuous**, applying the necessary observations and changes in accordance with the dynamics of the environment and the group itself



The company has a **risk map** in which the risks are grouped into different categories based on their nature; it is updated and reviewed periodically. In order to monitor these risks, it has a **monitoring tool**, based on monitoring indicators, and a series of rules, **protocols and procedures** for the control of specific risks and specific measures.

CLASSIFICATION OF RISKS

Risks identified on the current risk map



Emerging risks under observation: "The Watch list"



In 2020, following the principle of continuous improvement, the group carried out a review of its risk map, by incorporating the necessary modifications to its catalogue of risks. Including definitions, potential impacts and the probability of occurrence, as well as the associated action plans. Furthermore, new risk scenarios have also been included; including the emergence of the Covid-19 pandemic.

As a consequence, the corresponding containment and mitigation measures were established to address the working conditions of employees (teleworking, remuneration, etc.), the health and safety of employees in all company facilities (offices, stores, etc.), employees and customers, supply chain relationship management, and logistics operations as well as macroeconomic risk and cash management.

The company addressed the impact of the Covid-19 crisis on the management of its business from the onset of the pandemic and even before some governments and international organisations formally recognised it as such.



1. STRATEGIC RISKS

Description

Risks deemed to be strategic include those related to cybersecurity and data protection, human resources, corporate reputation and the short-term effects of the pandemic.

More specifically, these risks refer to:

- ◆ The current impact of Covid-19, including the required adaptations; particularly in relation to health and safety
- ◆ Risks related to security breaches and cyber-attacks
- ◆ The impact on talent – talent retention and engagement
- ◆ Risks related to reputation, public positioning and brand damage

Measures adopted

- ◆ With regard to security breaches and cyberattacks, the company has **control and review mechanisms, technical contingency systems and third-party applications in place to anticipate and mitigate** the consequences of these risks in the event that they occur.
- ◆ The company has **continuous review mechanisms and internal and external measures in place for the prevention, detection, resolution and coverage** of security breaches and cyberattacks.
- ◆ The company has a **Cybersecurity Committee** that supervises the action plans implemented and the measures taken in the event of possible security incidents.
- ◆ The group has put in place **talent detection and monitoring plans** in the different professional categories, specific **training and professional development initiatives, and specific communication campaigns**.
- ◆ With regard to reputational risks, the group has established procedures and mechanisms to mitigate reputational risk, including the active management of media **relationships and the monitoring of the company's corporate image on social media**. It has **specific communication plans** with each public stakeholder and it participates in sector initiatives that make a positive impact. In addition, it has developed specific company-customer relationship plans with applicable KPI monitoring (NPS, recommendations, etc.).





2. OPERATIONAL AND BUSINESS RISKS

Description

The constant analysis of the specific issues that – from an operational, logistics and human resources management point of view – affect the company's sector activity, as well as the constant monitoring of the geographic areas in which the company operates and sources its supplies, allow us to reasonably predict possible changes, minimise impacts, and even generate new opportunities. The risks identified in this section include:

- ◆ Operational risks associated with digital transformation and an omni-channel approach
- ◆ Risks related to adapting the internally owned store model to changes in the landscape
- ◆ Risks related to the franchise business
- ◆ Risks related to supply chain management and adapting to new realities

Measures adopted

- ◆ Acceleration of **digital transformation models**, aimed at strengthening the new channels.
- ◆ There are **plans to constantly review and adapt the strategy in the portfolio of stores** to verify optimal size and coverage.
- ◆ Development of specific plans for **strengthening the franchisees' online sales strategy**. Furthermore, a programme has been developed that is adapted to the needs of the franchisees' countries.
- ◆ Monitoring of the **sourcing costs** that may be impacted by fluctuations in the price of raw materials, the cost of labour or exchange rates.
- ◆ The company has **business continuity** plans in place to manage the risks associated with its supply chain. **Dynamic supplier portfolio management plans** are also developed based on specific services, needs and risks.
- ◆ The company has established procedures for due diligence, prior mandatory approval and **supplier and franchisee auditing based on risk-based approach (RBA)** principles.



3. COMPLIANCE RISKS

Description

The group is vulnerable to regulatory and compliance risks arising from various legislation in force in the countries where it operates and in those where it obtains its supplies. The company assesses and manages the different regulatory risks, including those associated with tax, customs, employment, criminality, consumption, personal data, privacy and intellectual property. It also covers non-financial risks.

Measures adopted

- ◆ The company has a **Compliance Programme** in place to prevent and manage the risk of non-compliance with current legislation and to mitigate the risks derived from the growing complexity of international regulation in the countries where it operates.
- ◆ The company has **Codes of Conduct** that manage the ethical guidelines for employees and third parties.
- ◆ Compliance aspects are monitored **directly by the governing and management bodies**, thus establishing an effective supervisory framework.
- ◆ Specifically, and for the issues that so require, **annual audits are conducted that ensure the proper application of the procedures and policies**.



4. FINANCIAL AND REPORTING RISKS

Description

Tendam is vulnerable, in the day-to-day course of its activities, to risks of a financial nature, such as exchange rates, interest rates, counterparty and credit risks, along with those related to the funding of working capital. The company is also vulnerable to risks related to the preparation of its financial and non-financial statements.

Measures adopted

- ◆ The company has **financial control mechanisms** for debt management, rules and criteria for the approval of investments and efficient management principles for working capital. It also has a specific model that assesses the risk of currency volatility.
- ◆ With the gradual implementation of **an internal financial information control model (SCIIF)**, the company is making progress with raising awareness about the control, quality, traceability and integrity of the preparation processes of its financial statements.
- ◆ There are **tools for compiling and reporting non-financial information** that make it possible to follow the various regulatory requirements.



5. SUSTAINABILITY AND CLIMATE CHANGE RISKS

Description

Tendam is vulnerable, in the day-to-day course of its operations, to risks associated with the climate and its impacts on the environment and population. These risks may affect operational, financial and reputational aspects of its business model.

- ◆ **Physical risks:** The climate's impact on natural resources and biodiversity can cause disruption to our supply chain, and affect the supply of raw materials and the production and distribution of finished products.
- ◆ **Transition risks:** Increasingly strict environmental European policies and regulations could affect our operations.

Measures adopted

The company has established specific measures to combat the risks associated with climate change:

- ◆ Committed to **initiatives** such as **SBTi and The Fashion Pact**; associated with a plan to reduce its impact and a climate change roadmap.
- ◆ The purchase of **renewable energy** that covers 100% of our own operations and installations in Spain (which account for approximately 82% of our overall consumption).
- ◆ Increased **'sustainable' production** associated with specific targets.
- ◆ The launch of a **climate change strategy** project and related reporting.
- ◆ Pilot project that uses the **'Internet of Things' to achieve 15% energy savings** on store automation.

The emerging risks 'Watch List'



Long-term effects of the pandemic

The impact of the Covid-19 pandemic may be prolonged, leading to long-term interruptions in the supply chain, changes in consumer demand and travel restrictions



Transformation of business models and new technologies

Changing business models and emerging disruptive brands associated with rapid technological changes involve adapting the business and delivering value to customers



New work models and employee needs

The need to adapt to the new demands of remote-working, to upskill staff to meet the demands of the changing environment and foster the employee relationship with the company, to name a few.



Risks related to the supply chain

Requires complete traceability of the supply chain to manage indirect risks and meet new regulatory requirements



Changes in consumer preferences

The existence of greater and growing expectations regarding the sustainability of the company and its products



Emergence of new market risks and geopolitical constraints

Impact of regulation and measures on international markets that may affect the logistics of operations, production and distribution of goods



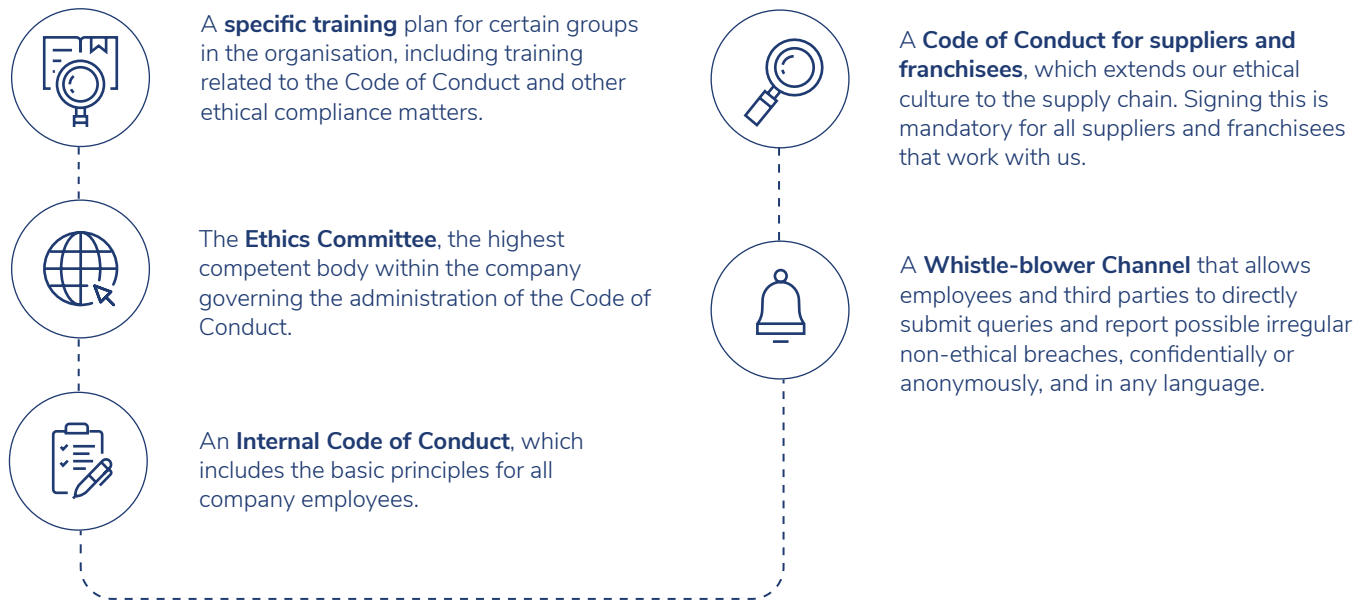
Éthics and transparency



Acting with respect, honesty and integrity is an essential part of our corporate culture and strategy. Our policies seek to establish ethical and transparent conduct aimed at ensuring that internal and external obligations are appropriate and complied with.

Our ethical principles are included in the Code of Conduct, which demands an ethical action commitment and strict compliance with the law when performing our activity, rejecting any unlawful business practice, as well as any inappropriate behaviour in the workplace.

Our management of ethics in the organisation is based on the following tools:



Ethics Committee

With regard to ethics and transparency, the company has an Ethics Committee, comprised of the Human Resources, Legal and Internal Audit Departments, which, in turn, regularly report to the Audit and Risk Committee.

The Committee's purposes include managing the system for monitoring and complying with the Code of Conduct, as well as analysing and assessing the cases received through the Whistle-blower Channel, while also establishing the necessary actions.

On the other hand, it must ensure that the projects associated with this area and any changes to them are reviewed, making sure that they meet regulatory requirements and that they are appropriate for the company.

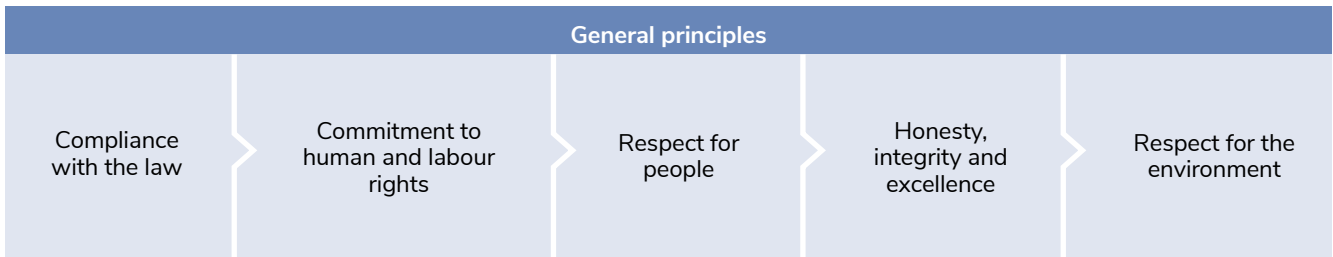
Code of Conduct for employees

The Internal Code of Conduct, approved by the Board of Directors, establishes the values, principles and behaviour guidelines that the company requires of all its members, based on the principles of transparency, integrity, ethics and responsibility. Its objective is to promote a consolidated business conduct that is accepted and respected by all employees and executives.

All employees in Spain are required to take a general training course on the Internal Code of Conduct when they join the company. This year, an audio-visual short was made for store personnel in Spain to more creatively disseminate the content of the Code of Conduct. The course is expected to be rolled out internationally and will be translated into Portuguese to be shared with store employees in Portuguese speaking regions.



The Code of Conduct details the general principles on which it is based:



It also communicates our mission, vision and values and develops required standards of conduct regarding:

- ◆ Health and safety of people
- ◆ Using and protecting corporate resources
- ◆ Corporate image and reputation
- ◆ Conflicts of interest
- ◆ Political neutrality
- ◆ Confidentiality, market behaviour and respect for free competition
- ◆ Money laundering and payment irregularities
- ◆ Counterfeiting of means of payment
- ◆ Transparency and record keeping
- ◆ Privacy of personal information
- ◆ Corruption and bribery
- ◆ Intellectual and industrial property

Code of Conduct Training and Communication

Since 2016, the company has delivered an ongoing, targeted training programme addressing the Code of Conduct over our Be!Talent digital platform. In addition, we promote and raise awareness about these standards via periodic informational activities that are delivered through various internal communication channels such as newsletters, informative e-mails and messages shared on the corporate intranet.

Internally, both the Code of Conduct and corporate policies and procedures are communicated to employees and published on the company's intranet and on the website.



486

employees trained in the Code of Conduct



972

training hours

Code of Conduct for suppliers and franchisees

Tendam extends its commitment to its values and principles across its supply chain and to other third parties it works with in the delivery of its business activities. It does so through the External Code of Conduct, which requires suppliers and franchisees to follow the same principles of transparency, integrity, ethics and responsibility that it requires for itself. The mandatory formal acceptance of the External Code of Conduct by all its suppliers improves the traceability of the oversight process, thus ensuring awareness by all parties.

To ensure that all the suppliers work in responsible employment conditions, the Code includes **12 basic principles**. These include commitments relating to the protection of human rights, employment conditions, regulatory compliance, and respect for the environment, to name a few. The principles included in the Code are based on the principles established in UN Global Compact and International Labour Organisation (ILO) guidelines.



Our **Procurement policy for goods and services** ensures our suppliers carry out their activity responsibly by establishing that commercial contracts must require third parties that we work with to adhere to the External Code of Conduct as an indispensable contractual obligation.

Whistle-blower Channel

The company has a Whistle-blower Channel, accessible 24 hours a day, seven days a week on both the intranet and the website. This channel allows any employee or third party to report possible irregular, unethical conduct or conduct that is contrary to the principles established by the Internal and External Codes of Conduct. It is managed by an external company, which ensures the anonymity, confidentiality and security of the entire reporting process, thereby ensuring that reports submitted to the channel are not subject to reprisals, provided that they are submitted in good faith.

The complaints received are forwarded to the various areas of the Ethics Committee based on the matter in question. They are subsequently investigated and managed by the department corresponding to the area they refer to; ultimately the findings are reported to the Ethics Committee. It is up to the latter, as circumstances warrant, to take the final decision. Any queries in relation to the Code or any related incidents may be sent to the mailbox: comite.etica@tendam.es

In 2020, the Whistle-blower Channel received 570 visits and 23 incidents were reported. The number of visits has decreased by 55% compared to the previous year owing to lockdowns and the preponderance of teleworking during the Covid-19 pandemic. All complaints received were related to employment and fraud issues. All incidents received were resolved, except one, which was not resolved within the reporting year, and the corresponding disciplinary measures were applied.



Our suppliers sign and accept the External Code of Conduct

Regulatory Compliance Programme

Tendam has a Regulatory Compliance Programme that establishes the control measures, policies and procedures applicable in the various fields of activity of the company. All these measures are designed to prevent and manage various types of risks and, in particular, the risk of violating current regulations. This programme includes guidelines governing conduct in the areas of crime prevention, anti-corruption, the defence of competition including unfair competition, intellectual property, data protection and money laundering, among others.

The management of the Internal and External Codes of Conduct and the Compliance Programme, as well as their dissemination and the promotion of best practices in these areas, is the remit of the Ethics Committee.



Policies and procedures

To monitor compliance with regulatory or voluntary obligations of an ethical, good governance, corporate, environmental or social nature, a set of procedures and protocols is available to help prevent and mitigate the risks associated with the company's activity.

Internal policies, protocols and documents have been made available to all personnel on the company's intranet

Human Resources



- Internal Code of Conduct
- Travel and Expense Policy
- Occupational Risk Prevention Plan
- Protocol to prevent sexual harassment
- Pregnancy and breast-feeding protocols
- Internal control guidelines in stores
- Equality Plan

Supply Chain



- External Code of Conduct for suppliers and franchisees
- Protocol for Social and Environmental Audits of suppliers
- Policy on the Procurement of Goods and Services
- Recruitment Policy

Customer



- Product Quality and Safety Information
- Security Policy

Social



- Policy on Donations to Social Service Agencies

Measures against fraud, corruption, bribery and money laundering

Tendam is a company committed to fighting fraud, corruption, bribery, money laundering and the financing of terrorism.

To guarantee transparency and to combat practices and behaviours that are unethical and lacking integrity, the company employs different procedures, measures and controls, including:

- ◆ A ban on accepting in-store payments, in cash, for sums of more than €2,500 in a single payment or in several instalment payments.
- ◆ Means of payment verification procedures to combat the entry of counterfeit money into circulation or the fraudulent use of credit or debit cards.
- ◆ The establishment of control measures in the cash register systems (in-store POS).
- ◆ Control measures for payments in cash, through bearer cheques in foreign currencies, or to people, entities or accounts domiciled in tax havens.
- ◆ Due diligence procedures and the mandatory prior approval of suppliers and franchisees, based on RBA (risk-based approach) principles.
- ◆ A ban on giving or accepting gifts or other benefits that, due to their value, characteristics or circumstances, may influence or alter professional relationships and/or create conflicts of interest
- ◆ Reimbursement of expenses on the condition the corresponding bill or receipt is presented.

We use the Lealtad Foundation's transparency analyses when choosing charity organisations

The Lealtad Foundation aims to assess the suitability of the entities with which partnerships are established, in most cases opting for certified entities.

Contributions to non-profit foundations and organisations

We are a company that is committed to social issues, and we regularly collaborate with foundations, associations and other non-profit entities.

The company developed and approved its **Policy on Donations to Social Service Entities**, establishing control protocols to ensure transparency and integrity in the financing of philanthropic activities and contributions to foundations and non-profit entities.

There is currently a procedure for the management and control of any contributions made by the company. Contributions to foundations and non-profit entities are made by properly analysing the entity receiving the gift or sponsorship, as well as its reputation and financial transparency.

The prior signing of collaboration agreements is required in every instance; setting out the terms and commitments adopted. Control mechanisms are also established for financial transactions and the issuance of the corresponding donation certificate is always required.



TENDAM
GLOBAL FASHION RETAIL

Financing political activities

Tendam does not take part in or finance any political activities in any country or community in which it operates. In all cases, it recognises and respects the right of freedom of expression, political thought and, in general, the right of its employees to participate in public life. We only require that they limit the exercising of these rights to their private life.

Information security and data protection

We live in an increasingly connected world, where the internet and information technologies are part of our daily lives. The company has made great progress in recent years improving its infrastructure and business processes to better adapt to the needs of its customers in an increasingly virtual world. We are also clearly committed to protecting one of our greatest assets: our customers' data and data related to the business.

Our commitment to information security and data protection is reflected in the development and constant adaptation of policies, guidelines and procedures, not limited strictly to technology but also as an inherent part of our corporate culture. The company involves each member of the organisation in maintaining this business culture and has training and awareness plans suitable for each profile.

The company's various **Privacy Policies** are in line with current data protection regulations in each of the countries where it operates. We have a data protection officer (DPO) who is in regular contact with all the relevant members of the company. We also have security protocols designed to prevent, identify, and remedy possible information security breaches.

These protocols govern the actions of the company's different areas and departments such as IT, Security and Systems, Legal, etc. as well as other departments whose job it is to communicate with stakeholders such as Marketing, Sales, Sourcing, and Corporate Communication.

The company has put the following policies in place regarding information security and privacy, among others:

- ◆ General privacy policies (both internal, including the Code of Conduct, and external, aimed at customers)
- ◆ Data Protection Policy in the Workplace
- ◆ Security Breach Management Procedure
- ◆ Business Continuity Plan (BCP), including IT continuity measures

Given the importance Tendam places on privacy, an external data protection audit was arranged with a third party in July 2020. To perform the audit, meetings were arranged with the various Tendam groups involved in processing data, supported by the Internal Audit areas, the Legal Department and the DPO. A FY2021-2022 GDPR Action Plan was designed with different actions carried out during that financial year.



In 2020, employees were provided mandatory data protection and information security training, with the aim of reinforcing the company's conviction that information security is a priority. Through these training programmes, employees are given the tools to learn how to protect their personal data and to increase their knowledge about security.

| | Information Security Training | Data Privacy and GDPR Training |
|--------------------------------------------------------------------------------------------------------------|-------------------------------|--------------------------------|
|  Employees trained | 570 | 431 |
|  Training hours | 1,710 | 1,293 |

Key partners



We are a company that also wants to be an agent of change in order to make a positive impact on society and the environment. We are committed to the diversity, inclusion and well-being of the communities we serve, as well as to the protection of biodiversity, the responsible use of water and the reduction of CO₂ emissions.

Our contributions take shape through our collaborations with other entities through which we promote networking, innovation and talent management, thus contributing to the betterment of society. We actively participate in learning circles such as discussion forums, which have proven to be very useful tools. We are members of many leading national and international industry organisations, and actively participate on their management committees and working groups where we share experiences and analyse trends.

FORÉTICA

This year we joined Forética as further demonstration of our commitment to society. Our involvement will allow us to continue to integrate social, environmental and good governance practices into the company's strategy and management.



Social collaboration

Seres Foundation

We are part of the SERES Foundation together with 140 other companies. The objective is to act as a catalyst for corporate social action and transform the business reality in order to build a better and healthier society.



Lealtad Foundation

The Lealtad foundation is an independent non-profit organisation that seeks to build public confidence in social action foundations and associations in order to be able to increase cooperation among companies and individuals. Since 2003, thanks to the close cooperation between both parties, the company has supported the task of propagating transparency in the third sector.



Foro Social de la Industria de la Moda

This forum was created as a platform for dialogue made up of organisations linked to the fashion industry in Spain. Through our participation in the Forum, we strengthen companies' commitments to improving society with responsible actions, fostering dialogue and promoting good practices.



Environmental collaboration

The Fashion Pact

We are members of the coalition of leading global fashion companies committed to sharing environmental goals that are key to climate change, biodiversity and the oceans



UN Fashion Industry Charter for Climate Action

The fashion industry is moving towards a commitment to climate action which can be seen with the launch of the Fashion Industry Charter in 2018. This Charter sets out common objectives for reducing emissions, as well as analysing and establishing a decarbonisation approach for the fashion industry based on the methodologies of the Science-based Targets Initiative.



Business Ambition for 1.5° C

This initiative emerged as an urgent call for action by a global coalition of the United Nations, along with business leaders and industries in different sectors. We joined the initiative when COP25 was held in Madrid, committing ourselves to establishing SBTi emission reduction targets. More than 500 companies have now responded to the open letter from world leaders and have signed the Business Ambition for 1.5° C commitment.



Multi-disciplinary collaboration

AMFORI



We joined AMFORI in 2017 in order to strengthen our commitment to responsible supply chain management and the joint effort with our suppliers to continuously improve working conditions and respect for human rights. Through this collaboration, we advocate and promote the visibility of responsible production and practices that improve the management of supply chains and the minimisation of risks.

Call to action in the Global Garment Industry

We have supported the Call to Action in the Global Garment Industry initiative, supported by the International Labour Organisation (ILO), which aims to catalyse the action of the entire global clothing industry to help suppliers and manufacturers survive the economic interruption caused by the Covid-19 pandemic.

The United Nations Global Compact

The UN Global Compact is the world's largest corporate sustainability initiative, with the main objective of aligning corporate strategies and operations with the ten ethical principles to which they have committed. We have been part of the initiative since 2002 and are working to become an agent of change, extending sustainability and promotion of human rights across our value chain.



The company is a member of many leading national and international industry organisations, actively taking part through their governing bodies, committees and working groups and contributing with the corresponding membership dues.

- ◆ ACME (Association of Fashion Creators of Spain)
- ◆ ACOTEX (Business Association of the Textile, Accessories and Fur Trade)
- ◆ AEC (Spanish Quality Association)
- ◆ ANGED (National Association of Large Distribution Companies)
- ◆ ASECOM (Spanish Fashion Federation)
- ◆ ASEPAM (Spanish United Nations Global Compact Association)
- ◆ EBCA (European Branded Clothing Alliance)
- ◆ FEDECON (Spanish Federation of Confection Companies)
- ◆ FMRE (Forum of Renowned Spanish Brands)
- ◆ Inserta-Once Forum
- ◆ National Fashion Bureau

4. Our commitments





Committed to people



| | | |
|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
|  <p>PRIORITIES</p> <ul style="list-style-type: none"> ◆ Job flexibility and work-life balance ◆ Health and safety ◆ Professional growth and talent management |  <p>2020 PROGRESS</p> <ul style="list-style-type: none"> ◆ Adaptability in the face of Covid-19 ◆ Conclusion of Equality Plan II negotiations ◆ Strengthening the well-being programme by promoting healthy lifestyles |  <p>TARGETS</p> <ul style="list-style-type: none"> ◆ Increase presence of women in management positions ◆ Maintain equal pay ◆ Reinforce internal growth and training plan |
|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|

Our employees are our greatest asset and essential to generating value. They exemplify the values of our company: respect, transparency, equal opportunities and diversity, to name a few.

We are committed to our professional growth model and guaranteeing a culture of leadership and excellence in everything we do. Over 9,500 professionals make up our diverse and talented teams, carrying out their daily work with passion and commitment. Our teams are located across our corporate headquarters in Madrid, in Barcelona, in our international offices – Hong Kong, Bangladesh and India – in our logistics centres and throughout our network of stores.

We want all those who join our team to realise their full potential, and we do this by promoting an increasingly diverse and inclusive workplace, with the long-term aim of expanding diversity in all dimensions.

We create quality working conditions by offering opportunities to all groups equally, promoting professional development and ensuring the health and safety of our employees. We care about creating the best experience, with a focus on attracting talent and retaining the professionals who already work for the company by developing and growing their talent through training programmes and internal promotions.

Our commitments

- ◆ To assemble the best team of people, ensuring their health and well-being.
- ◆ To promote a work environment that is motivating and personally satisfying.
- ◆ To offer remuneration that helps to attract and motivate people.
- ◆ To promote inclusive hiring, which allows us to select top talent.
- ◆ To create a team that allows the company to grow, making the most of their ability to innovate.
- ◆ To value all people based on equality and non-discrimination.
- ◆ To provide new challenges and foster professional development so employees reach their highest professional potential.

In 2020 – a year in which the world was shaken by the global Covid-19 pandemic – Tendam took numerous extraordinary measures to effectively manage our human capital, to protect our employees' economic well-being and health, to safeguard our customers and ensure our business continuity through the high-scale deployment of technology and remote working.

Number of employees by gender, age and professional category

| | | 2020 | | 2019 | | 2018 | |
|-----------------------|-------------------|--------------|--------|----------------|--------|---------------|--------|
| | | Employees | % | Employees | % | Employees | % |
| Gender | Men | 1,491 | 15.65% | 1,711 | 15.94% | 1,772 | 16.64% |
| | Women | 8,038 | 84.35% | 9,024 | 84.06% | 8,875 | 83.36% |
| | Total | 9,529 | | 10,735 | | 10,647 | |
| Age range* | Under 25 | 1,785 | 18.73% | 2,205 | 21.93% | 2,165 | 22.07% |
| | Between 25 and 35 | 4,378 | 45.94% | 4,627 | 46.03% | 4,725 | 48.17% |
| | Between 35 and 50 | 2,785 | 29.23% | 2,689 | 26.75% | 2,448 | 24.96% |
| | Over 50 | 581 | 6.10% | 532 | 5.29% | 470 | 4.79% |
| | Total | 9,529 | | 10,053* | | 9,808* | |
| Professional category | Managers | 251 | 2.63% | 262 | 2.44% | 261 | 2.45% |
| | Middle management | 2,381 | 24.99% | 2,070 | 19.28% | 2,022 | 18.99% |
| | Specialists | 6,897 | 72.38% | 8,403 | 78.28% | 8,364 | 78.56% |
| | Total | 9,529 | | 10,735 | | 10,647 | |

* 2018 Scope: 92% of the workforce
2019 Scope: 93.6% of the workforce

Number of employees per country

| Country | 2020 | 2019 | 2018 |
|------------|-------|-------|-------|
| Germany | 7 | 13 | 16 |
| Bangladesh | 5 | 5 | - |
| Belgium | 107 | 139 | 153 |
| Bosnia | 78 | 93 | 83 |
| Bulgaria | 15 | 18 | 23 |
| Croatia | 97 | 102 | 115 |
| Spain | 6,792 | 7,381 | 7,434 |
| France | 129 | 153 | 174 |
| Hong Kong | 52 | 53 | 55 |
| Hungary | 155 | 185 | 176 |
| India | 11 | 12 | 10 |
| Luxembourg | 26 | 26 | 31 |
| Mexico | 242 | 276 | 203 |
| Montenegro | 19 | 21 | 23 |
| Portugal | 1,150 | 1,317 | 1,284 |
| Russia | 395 | 682 | 632 |
| Serbia | 249 | 259 | 235 |

In 2020:



9,529

Individuals on the Tendam team



8,038 (84%)

Women



1,491 (16%)

Men

Work-life balance and benefits

Striking the right work-life balance – a healthy harmony between time at work and their personal lives – is paramount for our employees. In response to this need, the company has adopted policies to create a flexible, open, and tolerant environment for our employees, which has proven to be a key to attracting and retaining talent, especially for younger generations.

The company is committed to providing its employees with a **Flexible Remuneration Program** that allows the remuneration policy to be adapted to the employee's particular needs. The program includes product and service perks such as childcare assistance, health insurance, education grants, and computer purchases, to name a few.

As part of our digital transformation, which we stepped up on the back of Covid-19, we have moved towards a more flexible organisation model with an emphasis on **homeworking** to help employees balance their work and personal lives.

Employees are offered **social benefits** adapted to suit the different requirements of the sales network and corporate services.

- ◆ Canteen and medical services at the headquarters
- ◆ Full medical examinations
- ◆ Well-being programme: physiotherapy, yoga and mindfulness
- ◆ Childcare assistance
- ◆ Medical insurance
- ◆ Reduction in working hours to care for minors under 12
- ◆ Education grants for all employees' children under 16
- ◆ A discount card for all the group's brands
- ◆ Discounts at other companies
- ◆ Meal vouchers
- ◆ Public transport passes
- ◆ Training benefits

Number of days on leave due to the birth of a child

| | Spain | | International | |
|-------------|-------|--------|---------------|--------|
| | Men | Women | Men | Women |
| No. of days | 2,939 | 28,917 | 345 | 62,161 |

Leaves of absence (data for Spain)

| Number of employees | Men | Women | Total |
|-------------------------------------------------------|-----|-------|-------|
| MATERNITY/PATERNITY LEAVE | | | |
| Maternity and paternity leave | 57 | 343 | 400 |
| Risk during pregnancy | 0 | 291 | 291 |
| REDUCED WORKING HOURS / LEAVES | | | |
| Reduced hours to act as guardian for a child under 12 | 18 | 827 | 845 |
| Reduced hours to care for family members | 1 | 10 | 11 |
| Reduced hours for personal reasons | 1 | 21 | 22 |
| Reduced hours to care for sick children (minors) | 0 | 12 | 12 |
| Leave | 17 | 100 | 117 |



Labour relations and social dialogue

The company encourages communication with trade unions, ensuring freedom of affiliation and the right for their workers to be represented in order to defend and protect their labour rights.

Since collective bargaining is not structured in the same way in all countries, the company does not have multiple collective bargaining agreements that would be applicable in several countries due to the lack of conditions – legal, social, business or sector related – that would allow their implementation. The collective bargaining agreements in force represent improvements on working and employment conditions in relation to the legal minimum requirements under each legal system. The workforces in Spain, Belgium, France, Mexico, and Portugal are **100% covered by their respective collective bargaining agreements**. The respective labour laws in each territory applies for the other countries.

In general, the procedure for informing, representing and consulting employees are included and regulated in the various collective bargaining agreements and are arranged through the labour representative bodies regulated in them.

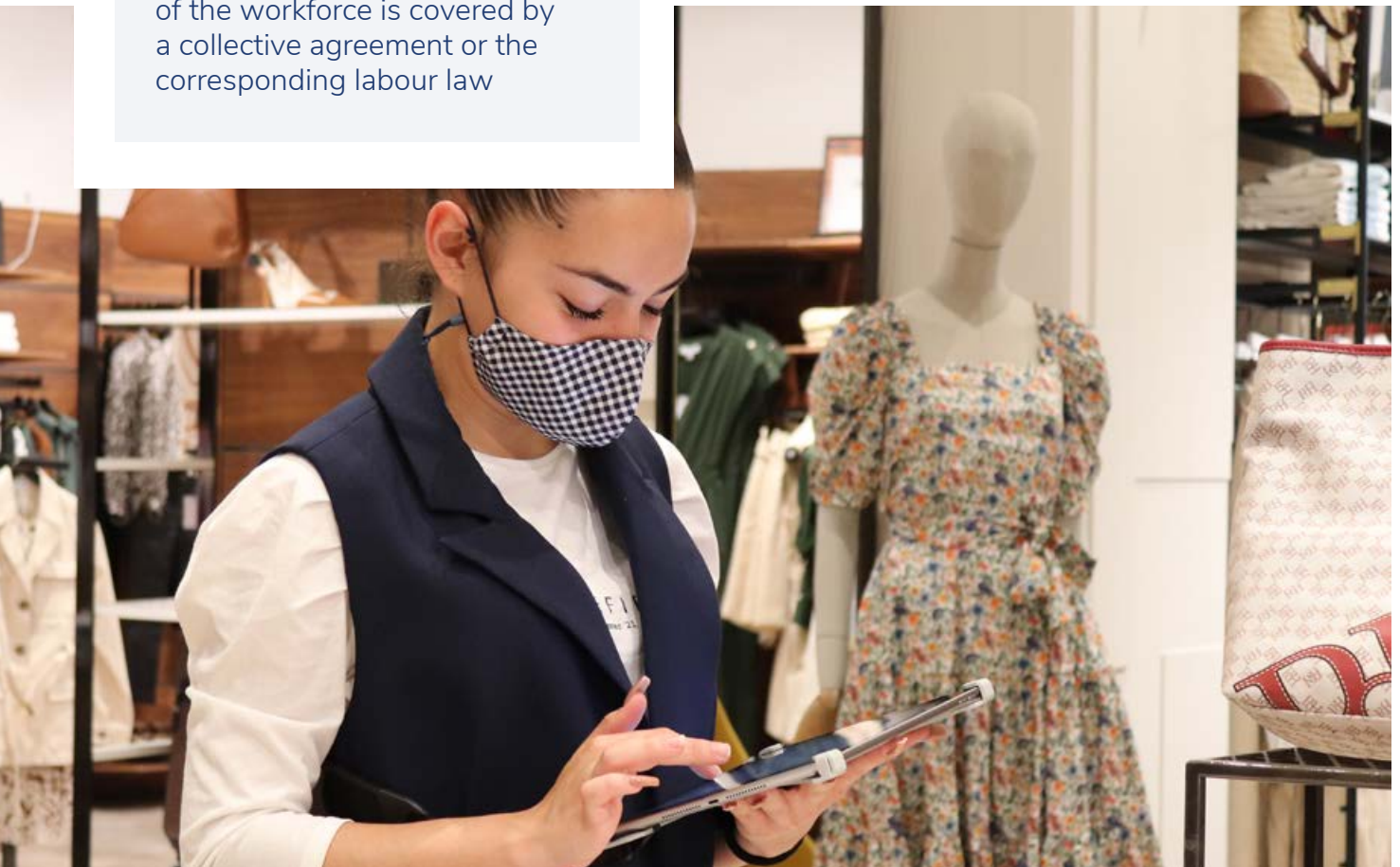
In Spain, the best-represented trade unions are CCOO and UGT. At the regional level, CIGA in Galicia, ELA in the Basque Country and Intersindical Canaria in the Canary Islands also stand out. Tendam has signed up to the 52 provincial collective agreements for the textile trade.

Employees have effective and confidential channels at their disposal to report any type of infringement or breach. These two-way channels ensure that the company is constantly listening and engaging in dialogue with its employees, and it facilitates an improved relationship between management and the workforce by contributing to addressing their different needs and keeping employees informed at all times.

There are currently 28 worker committees across Spain, and a total of 294 staff delegates and committee members. In 2020 there were 20 meetings with labour representatives in Spain and 14 in other countries. Fluid and constant communication is made possible through these channels.

100%

of the workforce is covered by a collective agreement or the corresponding labour law



Safety, health and well-being

We continue to ensure the health and well-being of our employees through the **Health Protection Plan** that we implement each year, contributing to safety and well-being in the following ways:

In response to the impact of the Covid-19 pandemic, the company assessed the new circumstances and developed an action plan to guarantee the health and safety of our employees, customers and suppliers.

Using this action plan as a roadmap, guided by the recommendations of the **World Health Organization (WHO)** and the corresponding national health authorities, we worked on implementing various measures to minimise the risks to which our employees may be exposed, anticipating some of these measures in several countries based on the experience acquired in Spain.

These measures include::

- ◆ An operating manual for corporate headquarters and stores
- ◆ The provision and delivery of protective equipment
- ◆ Guidelines for action in the face of possible disputes
- ◆ Remote working and assessment of workplace set up for homeworking
- ◆ In-person safety

To guarantee the health and safety of all our employees in all active capacities, the company has made the necessary protective equipment and hygiene measures available. Regular tests are carried out and the workspaces have

been reorganised to maintain adequate safe distances. Our healthcare team and occupational risk prevention team (ORP) monitor the situation 24 hours a day and offer the necessary support to employees who need to resolve situations or have questions about the best way to proceed. To date, more than 1,597 cases have been handled (contacts with people who tested positive for Covid-19 or with people who had symptoms).

Cardiac-Protected Spaces

We have committed to creating cardiac-protected spaces that have automated defibrillators at the headquarters in Madrid, the logistics centre in Aranjuez and in some stores. In addition, we have established a comprehensive cardiac protection plan for any cardiac emergency.

Medical Service

The medical service at our headquarters, made up of its own staff, carries out preventive care and treatments that ensure the safety for those performing different jobs.



The following tasks are carried out at our headquarters:

- ◆ Pandemic management and all related actions.
- ◆ General medical consultation that dispenses medicine and prescriptions.
- ◆ Nursing care: monitoring blood pressure, blood sugar, dressings, injections, etc.
- ◆ Initial treatment of work-related emergencies and accidents in order to be referred to a health centre.
- ◆ Coordination of periodic medical examinations for employees at headquarters and warehouses.
- ◆ Flu vaccine campaigns.
- ◆ Optician and dental service arrangements.
- ◆ Collaboration with the Madrid Transfusion Centre.

Healthcare (data for Spain)

| | |
|-----------------------------------------------------------------------|-------|
| No. of Covid-19 tests carried out in the offices and logistics centre | 2,439 |
| No. of general medical consultations | 4,892 |
| No of nursing activities | 3,540 |
| No. of medicines dispensed | 2,521 |
| No. of prescriptions dispensed | 1,200 |
| No. of employees vaccinated against flu | 175 |
| No. of employees vaccinated with other vaccines | 48 |
| No. of medical examinations | 876 |

Accidents at work (data from Spain)

| Accidents with leave at the workplace | Men | Women |
|---------------------------------------|-----------|------------|
| Minor | 6 | 57 |
| Serious/Fatal | 0 | 0 |
| Commuting accident with leave | | |
| Minor | 11 | 44 |
| Serious/Fatal | 0 | 0 |
| Accidents without leave | 26 | 108 |
| Total accidents | 43 | 209 |

A Culture of Well-being

In recent years, we have continued to build upon our belief that people should be encouraged to lead an active and healthy lifestyle.

At our headquarters, we have a health programme that aims to make a positive impact on our employees' well-being and motivation. **Be!Healthy** was created on the basis that professional performance depends heavily on physical and emotional well-being. These activities have been affected by the pandemic, because it has not been possible to maintain the necessary conditions to ensure everyone's safety.

Stress management due to pandemic: In 2020, supporting the emotional and mental well-being of our employees was a key focus for us. We sent out various communications addressing ways to mitigate additional stress provoked by Covid-19.

Health campaigns: To encourage a healthy lifestyle, we have created an internal communication space to post information on various topics related to health.

Access to GYMPASS: This online platform provides employees access to a wide network of athletic centres and various online training apps, nutrition, meditation, and psychology resources and much more. During the months of lockdown, live classes and special sessions were offered that focussed on mitigating emotional stress.

Mindfulness workshops and yoga classes: Both initiatives are delivered digitally with sessions held individually or in groups, helping employees take care of their psychological health by providing the support and tools they need to manage their stress and emotions

Occupational Risk Prevention Service

Our Occupational Risk Prevention Service covers safety, ergonomics and hygiene and an external health monitoring service. In Spain, the company has 59 prevention delegates distributed across 23 provinces, representing 5,073 employees on ORP matters. Quarterly meetings are held with the 15 Health and Safety Committees that allow us to implement and consolidate the health and safety objectives by continuously analysing and following up on planned preventive actions.

The following are some of the actions carried out in 2020:

- ◆ Self-Assessment of work station risks for office employees during lockdown.
- ◆ Drafting and revisions of Covid-19 procedural manuals
- ◆ Preparation of specific training on Covid-19-related health and safety measures in stores.
- ◆ Control and monitoring of Covid-19 health inspections carried out in stores.
- ◆ Adaptation of jobs in offices and the logistics centre.
- ◆ Detecting, studying and preventing possible problems in the work environment at the work centres with 60 assessments of psycho-social factors, both in stores and at the headquarters.
- ◆ Carrying out and/or reviewing the risk assessments and the Evacuation and Emergency Plans in 208 stores.
- ◆ Health and safety training has been heightened with the training of 525 employees through the online tool.

Among the professional activities carried out within the company, there has not been any particular incidence or risk of occupational illnesses detected this year.

Number of absence hours*

| | 2020 | 2019 | 2018 |
|-------|-----------|---------|---------|
| Men | 145,380 | 108,455 | 121,792 |
| Women | 1,056,472 | 817,258 | 669,672 |

* Number of hours not worked due to accidents at work and common illnesses. Hours not worked due to Covid-19 infection related absences are included.

Health and Safety Training (data for Spain)

| Employees who have received ORP training | Men | Women |
|------------------------------------------|-----|-------|
| Managers | 13 | 94 |
| Associates | 36 | 382 |
| ORP training hours | 425 | 3,555 |

We ensure the safety of our suppliers' employees

With regard to indirect staff, we coordinate with our suppliers to ensure their activities and operations are carried out in accordance with agreed and legally required safety specifications, terms and conditions, in order to protect workers' health and safety

Occupational accidents (data for Spain)

| | Men | Women |
|------------------------------|-------|-------|
| Frequency Rate * | 11.40 | 16.45 |
| Severity Rate ** | 0.20 | 0.53 |
| Days missed due to accidents | 301 | 3,262 |

Occupational accidents (international data)

| | Men | Women |
|------------------------------|------|-------|
| Frequency Rate * | 2.00 | 9.75 |
| Severity Rate ** | 0.01 | 0.24 |
| Days missed due to accidents | 10 | 1,559 |

* Frequency rate = (no. of accidents with sick leave at the workplace + commuting *1,000,000) / Hours worked

** Severity index = (days of sick leave per accident in the workplace + commuting *1,000) / Hours worked

Equality, diversity and inclusion

Our approach to business and employee growth is driven by a belief in all forms of diversity, which, in turn, fosters creativity and fuels innovation.

Gender equality

We are an open-minded company committed to solidarity and the goal of offering our people a work environment where they feel valued and appreciated. We promote equal opportunities, encouraging individuals to grow in the company, regardless of their gender identity, age, culture, religion, or values. We are committed to equality, diversity and inclusion for our customers, across our various brands and in the countries where we are present.

We make every effort to empower and develop talent within the company, so our employees are able to contribute as best they can to our mutual growth, which in turn, helps them fulfil their potential.

In 2020, we took great strides to achieve and promote the diversity of our team:

- ◆ We concluded negotiations on our **II Equality Plan** where numerous objectives with their corresponding targets were defined. We have resolved to meet these goals, which will further our position as an organisation that supports equal opportunities for the men and women on our team.
- ◆ We have stepped up our efforts to promote a **work environment** focused on equality, inclusion, empowerment and respect. We seek to attract a diverse team that represents the customers we serve and the communities in which we live and work.
- ◆ Through our **Internal and External Code of Conduct**, we guarantee equal opportunities and non-discriminatory, fair, and impartial treatment of people in all areas of our company, for both employees and suppliers.
- ◆ The company has defined a **protocol to prevent sexual harassment** as part of its efforts to protect the dignity of all workers at the workplace. Sexual harassment will not be tolerated.
- ◆ As part of our commitment to espouse greater respect in our communication with women, we have developed an **inclusive language protocol** for use in our communication channels. We also have an **internal protocol on using images of women**, which stems from our commitment to disseminate an appropriate image of women in advertising campaigns, using models with body types showing healthy beauty standards and respecting people's dignity in all senses.
- ◆ We have an **equality officer** who designs, directs, coordinates, streamlines, implements, manages and evaluates plans, programmes, projects and positive action campaigns regarding equal opportunities and gender equality in different areas of the company.
- ◆ For next year, we are working on specific **equality training and awareness** activities for our staff and, above all, aimed at key positions with a particular impact on equality issues within the organisation.
- ◆ We continue to make progress in the **Women Sponsoring Program**: an internal project to promote women's leadership in middle management and senior management and to seek gender parity.

We are a company of women

To celebrate International Women's Day Women'secret, with a team of 98% women, launched the campaign "From us, for you" where it reflects the sisterhood of its staff led by women. To demonstrate the sense of sisterhood among our women-led staff, we asked our women to share their personal and professional stories. The result was a collection of experiences united by a common thread: solidarity and friendship.



Difference in average remuneration by professional category and gender (data for Spain)

| Central services | | | Stores | |
|----------------------------------|-------------------|-------------------------------------------|-------------------|---------------------------------------|
| Executives and Senior Management | Middle management | Shop assistants, administrative and other | Middle management | Administrative associates, and others |
| 30.60% | 21.61% | 2.32% | 10.78% | 2.38% |

These figures have been calculated solely on the total wage gap between men and women (fixed + variable remuneration) without taking into account other factors that allow a precise comparison of equivalent jobs. The result obtained indicates that the average salary of men is higher than that of women by the indicated percentage.

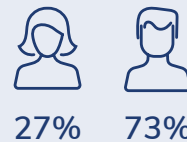
The total wage gap of the group is 29.24% calculated taking into account the weighting of each country with regard to the group.

EngageMEN, getting men engaged

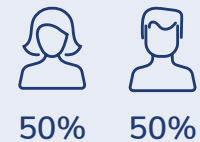
Our chairman and CEO, Jaume Miquel, participated in the EngageMEN challenges, a MujeresyCia initiative. These challenges entail having women in senior positions challenge their male counterparts to accelerate women's access to decision-making positions. With this initiative, we have taken on the goal of promoting female leadership in middle management and senior management and working to eradicate stereotypes.

Our goal to promote gender parity on the Management Committee

CURRENT



BY 2030



Inclusive employment

In an industry like fashion, having different skills, visions and experiences brings value to the company as it fosters learning, enriches people, and allows us to develop the best ideas to meet customers' needs. Our objective is the **development of labour relations based on equal opportunities and non-discrimination**, one that fosters an open and inclusive working environment.

We aim for diversity across all departments and encourage hiring people with different skills in our job postings. The company has an integration action plan focused on growing our workforce with people with disabilities as well as incorporating other inclusive elements that promote offering adapted products and services.

In 2018 the company signed a partnership agreement with the **ONCE Foundation** through which it joined the **INSERTA Programme**, with the aim of continuing to promote the integration of people with disabilities into our workforce and to support accessibility measures that contribute to improving the living conditions of people with disabilities. At the end of the year, there were 59 employees with disabilities on staff: 48 women and 11 men.

During the year, given the situation resulting from the Covid-19 pandemic, it was not possible to progress these initiatives at the same pace as we would have in a normal year. Rather, we were obliged to focus the brunt of our attention on projects and procedures that guarantee a safe return to normal activities for our employees and customers. We remain resolute in our commitment to help integrate people with different capacities into our workforce, despite the hiring limitations and fewer vacant positions in the company during these extraordinary times. We are determined to resume these initiatives with the same level of engagement as before the pandemic.

In 2020, our support for inclusion in the workforce remained intact, and we continued to promote the following activities, even though they were directly impacted by Covid-19:

- ◆ To commemorate the anniversary of our agreement with the Inserta Programme, an internal awareness-raising campaign, highlighting specific success stories of some of our associates.
- ◆ Active participation in volunteering activities for people with disabilities.
- ◆ The creation of a specialised training module for store management covering the hiring of people with disabilities.
- ◆ Assessing jobs and new recruitment sources to promote the integration of people with disabilities.
- ◆ The creation of a more inclusive selection and hiring process.
- ◆ The implementation of personalised support for employees with disabilities.
- ◆ Adapting our facilities at headquarters and in stores to provide more inclusive access.
- ◆ An internship programme in collaboration with external entities that encourages subsequent hiring.

Diversity in new hires

We guarantee best practices when recruiting and retaining talent, ensuring we adhere to the principles of equal opportunities and non-discrimination. The company chooses professional profiles that not only have the required technical skills but that also fit with our corporate culture and values. When establishing recruitment and remuneration criteria, it considers the employees' worth, regardless of gender, country of origin, religion, disabilities or sexual orientation.



Talent management

We firmly believe that our employees are our most important asset and a key factor for the profitability and sustainability of our business, which is why we work every day to attract, develop, and retain the right talent.

Talent management is based on shared objectives defined in our **HR strategy**, following the principles of ethics, collaboration, equal opportunities and respecting differences.

The tools for talent management comprise three pillars: **evaluation, development and recruiting**. The aim is to get to know the professionals, support their development, and optimise mobility and promotion.

During 2020, we made progress with our recruiting goals by using new, digital channels to ensure we successfully hired suitable profiles across the company. New digital tools have become key channels for attracting and onboarding the new talent that is needed for the success of the company's future.

One of our objectives as an employer is to raise awareness about the professional development opportunities that Tendam offers across its different departments. Thanks to the work of our Human Resources teams in various employment forums and programmes, more and more people are getting to know us and are becoming interested in our business and in joining our company.

Committed to youth employment

We support young talent by creating opportunities through our **professional internship plan**. In doing so, we seek out people who are passionate about learning our trade, with an attitude that reflects the company's values and who are motivated by what is most important to us: our customers.

Our job is to provide these young people the tools and mentoring they need from the field to learn and develop. To achieve this, the company has training agreements in place with **300 accredited educational training institutions** – public and private – with which it seeks to promote the inclusion of young people and at-risk groups in the labour market.

Over the past couple of years, we have trained hundreds of young people, offering them guarantees of success and high rates of subsequent recruitment. This consequently positions us as a benchmark for leading national associations, with whom we share resounding success each season thanks to the training we offer and subsequent recruitment and employability of the young people in these programmes.

At the beginning of 2020 we were able to launch our internship programme, managing 102 new hires, but due to the public health crisis that erupted lasted March, both the new hire and internship programme had to be put on hold. It is expected to completely resume for the Autumn/Winter 2021 season.

Our commitment to internal promotion

Internal mobility is one of the key elements for employee development. It provides the catalyst for learning and professional development. The vast majority of our managers and team leaders have moved up through the organisation. The success of internal promotion in the organisation is the direct result of a motivated and flexible workforce willing to take on new responsibilities, complemented by a solid policy.

The company leverages internal promotions to recognise and retain talent, giving our staff the chance to grow professionally according to their objectives.



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Promotions



Promoting workforce integration

We are committed to an inclusive labour force and will continue to promote the hiring of people with disabilities and people at risk of social exclusion, so that they can live and work in a society that guarantees equal opportunities for all.

The company supports programmes for different groups:

INITIATIVES

Sumando oportunidades

Our Sumando Oportunidades (Adding Opportunities) programme, aimed at young people at risk of social and workplace exclusion, is based on detecting talent, developing the talent pool and creating new opportunities through the training and subsequent possible recruitment of these students.

The Incorpora Programme

In this programme, managed by **La Caixa Foundation**, we are working to boost the recruitment of women who have suffered domestic violence, people over the age of 45, people with disabilities and young people at risk of social exclusion.

Fórmate con Garantía

This year, we have signed up to the Fórmate con Garantía (train with guarantee) programme run by the **Secretariado Gitano Foundation**, which focuses on giving under-30 year olds in the Romani population personal development training, in addition to theoretical and practical training in order to fight against labour force exclusion and discrimination of this group.

As a result of the pandemic, these employment inclusion programmes have been put on hold, but we have launched other initiatives and have participated in several employability programmes with Caritas, the Red Cross and other charities. We have also pitched in with the **“From Outdoors to Labour Market” (FOLM)** project, aimed at young people residing in Cantabria, ages 18 to 29, who have been unemployed and out of school for the past six months. The youth job placement project will be carried out in **Spain, Poland and Ireland**.

We have established more than **50 partnerships** with institutions to hire people at risk of social exclusion.



Training and development

Our commitment to learning and the teams' professional development is based on the belief that we must all be part of an **individuals' growth in the company**. We invest in our employees at all levels of the organisation providing them resources and structured training programmes that offer development opportunities for all employees; enhancing their skills and competencies.

Our goal is to inspire and engage the company's talent through a coherent framework that empowers employees to showcase their work while building solid relationships. We cultivate a culture that attracts and engages employees and offers them opportunities to achieve their goals.

We create, manage and offer employee courses covering a wide variety of topics, offering a course catalogue adapted to each employee's profile. In 2020, we expanded our digital training through collaboration with virtual platforms that have helped us enhance training in languages and with short courses on a variety of subjects.

Throughout the Covid-19 pandemic, the training team was quick to adapt and prioritised and reviewed learning solutions to ensure that critical training would continue to be provided and evaluated - safely and in accordance with the risks - whilst simultaneously adhering to the guidelines and legislation in force in each case. More and more digital tools were added that made it possible to adapt the content of the training sessions to the Teams format.

Although this year's unusual circumstances have prevented us from continuing the Performance Evaluation Programme, we are working to identify the strengths and professional development needs of each employee by studying training needs and promoting feedback meetings between managers and employees, where they can discuss and establish individual action plans in support of continued professional growth.

Training programme

Employee professional development is key to achieving objectives and responding efficiently and appropriately to customers. Because we are committed to providing equal opportunities, we create a **Training Plan** each year aimed at covering multiple professional disciplines, languages and other areas for personal improvement. We have specific training plans for each position, with both in-person and digital formats, for our sales network and corporate services.

The exceptional situation caused by Covid-19 has significantly reduced in-person training. Thanks to our team's enormous efforts, we have managed to adapt a large part of the training activity to other formats, allowing for a considerable uptick in the number of virtual (on-line) training hours.

With e-learning training it is possible to convey greater knowledge to the maximum number of employees. We have **Be! Talent**, our training and development portal that all our employees have had access to since they were hired.

This year, we focused on our motto '**Today is a good day to learn**' and through our **Be! Talent** training and development portal, we held numerous digital courses for employees aimed at improving their skills in leadership, creativity, resilience, adaptation to change, as well as, along with the company, ensuring adherence with the law, and training for all employees on Europe's data privacy legislation (GDPR) and information security.

We believe in the potential of our employees and provide countless professional opportunities for those who want to learn and grow with us. To this end, the company has established partnership agreements with different business schools, offering training resources in different areas.

We are **committed to our store's teams**. So, we are working with the new sales point managers (either new hires or recently promoted), with programmes for managers and assistant managers that cover all the content necessary to be able to effectively manage their day-to-day work as store managers: leadership, products, visuals, HR, etc.



21,145 training hours



2,879 employees trained

7,419 participants in the various training activities



80% trained women



20% were men

Training hours by professional category

| | | 2020 | 2019 | 2018 | |
|----------------|--------------------|-------------------|----------|-----------|-----------|
| Training hours | Corporate Services | Managers | 180 h. | 303 h. | 456 h. |
| | | Middle management | 1,315 h. | 2,155 h. | 2,997 h. |
| | | Specialists | 3,652 h. | 7,040 h. | 8,634 h. |
| | Stores | Managers | 9,472 h. | 17,821 h. | 26,152 h. |
| | | Sales Staff | 6,526 h. | 14,457 h. | 20,499 h. |

Training through gamification

We also work with gamification methodologies using the **Be!Talent&Game** app that aims to boost participants' motivation through game-playing using competition and reward techniques: gaining points, moving up levels, challenges, etc.

Gamification has already been introduced, with very positive results, in Spain for Cortefiel, Pedro del Hierro, Women'secret and Springfield and in Portugal, Russia, and Mexico for Women'secret and Springfield. The project will soon be expanded to include new brands and countries.

The results are very positive and employees greatly appreciate participating in this form of learning.

Store employees registered



Game users



Our team in numbers

Distribution of staff and annual average by type of contract

| | | | 2020 | | 2019 | | 2018 | |
|------------------------|------------------------|-------------------|-------|---------|-------|----------------------|-------|----------------------|
| | | | | Average | | Average ² | | Average ² |
| Permanent contract | Gender | Men | 1,258 | 1,285 | 1,286 | 952 | 1,271 | 917 |
| | | Women | 6,199 | 6,164 | 6,041 | 3,957 | 5,605 | 3,673 |
| | Professional category | Managers | 244 | 255 | 253 | 209 | 253 | 206 |
| | | Middle management | 2,306 | 2,370 | 2,025 | 1,465 | 1,950 | 1,413 |
| | | Specialists | 4,907 | 4,824 | 5,049 | 3,235 | 4,673 | 2,971 |
| | Age range ¹ | Under 25 | 929 | 914 | 1,121 | 336 | 492 | 234 |
| | | Between 25 and 35 | 3,338 | 3,240 | 2,969 | 2,279 | 2,868 | 2,246 |
| | | Between 35 and 50 | 2,616 | 2,687 | 2,074 | 1,858 | 2,220 | 1,709 |
| | | Over 50 | 574 | 608 | 481 | 440 | 463 | 402 |
| | Fixed-term contract | Gender | Men | 233 | 318 | 425 | 354 | 501 |
| Women | | | 1,839 | 2,426 | 2,983 | 2,352 | 3,270 | 2,571 |
| Professional category | | Managers | 7 | 9 | 9 | 336 | 8 | 8 |
| | | Middle management | 19 | 87 | 45 | 2,279 | 72 | 29 |
| | | Specialists | 2,679 | 2,648 | 3,354 | 1,858 | 3,691 | 2,995 |
| Age range ¹ | | Under 25 | 856 | 1,059 | 1,084 | 1,204 | 1,673 | 1,374 |
| | | Between 25 and 35 | 1,040 | 1,398 | 1,658 | 1,306 | 1,857 | 1,499 |
| | | Between 35 and 50 | 169 | 271 | 615 | 185 | 228 | 150 |
| | | Over 50 | 7 | 17 | 51 | 10 | 7 | 8 |

Distribution of staff and annual average by shift

| | | | 2020 | | 2019 | | 2018 | |
|------------------------|------------------------|-------------------|-------|---------|-------|----------------------|-------|----------------------|
| | | | | Average | | Average ² | | Average ² |
| Full-time | Gender | Men | 944 | 984 | 1,026 | 775 | 1,054 | 805 |
| | | Women | 3,448 | 3,678 | 3,883 | 2,230 | 3,747 | 2,265 |
| | Professional category | Managers | 237 | 241 | 237 | 194 | 237 | 189 |
| | | Middle management | 2,036 | 1,194 | 1,766 | 1,194 | 1,766 | 1,159 |
| | | Specialists | 2,901 | 2,302 | 2,901 | 1,617 | 2,851 | 1,722 |
| | Age range ¹ | Under 25 | 427 | 503 | 621 | 243 | 399 | 252 |
| | | Between 25 and 35 | 1,938 | 1,941 | 1,866 | 1,362 | 2,037 | 1,515 |
| | | Between 35 and 50 | 1,604 | 1,741 | 1,521 | 1,077 | 1,445 | 1,008 |
| | | Over 50 | 423 | 480 | 376 | 324 | 342 | 296 |
| | Part-time | Gender | Men | 547 | 609 | 685 | 530 | 718 |
| Women | | | 4,590 | 4,849 | 5,141 | 4,079 | 5,128 | 3,978 |
| Professional category | | Managers | 18 | 22 | 20 | 22 | 25 | 25 |
| | | Middle management | 104 | 335 | 308 | 291 | 308 | 282 |
| | | Specialists | 4,774 | 5,092 | 5,502 | 4,296 | 5,513 | 4,244 |
| Age range ¹ | | Under 25 | 1,358 | 1,447 | 1,584 | 1,298 | 1,701 | 1,355 |
| | | Between 25 and 35 | 2,440 | 2,579 | 2,761 | 2,224 | 2,279 | 2,230 |
| | | Between 35 and 50 | 1,181 | 1,265 | 1,168 | 966 | 922 | 850 |
| | | Over 50 | 158 | 168 | 156 | 121 | 683 | 115 |

¹ 2018 Scope: 92% of the workforce / 2019 Scope: 93.6% of the workforce

² Annual average 2018 and 2019 published with staff data from Spain (68.75% of the scope)

Dismissals by gender, age and professional category

| | | | 2020 | 2019 | 2018 |
|-------------------|-----------------------|-------------------|------|------|------|
| No. of dismissals | Gender | Men | 122 | 131 | 122 |
| | | Women | 613 | 508 | 461 |
| | Professional category | Managers | 11 | 9 | 12 |
| | | Middle management | 211 | 150 | 102 |
| | | Specialists | 513 | 480 | 469 |
| | Age range* | Under 25 | 332 | 99 | 133 |
| | | Between 25 and 35 | 264 | 222 | 15 |
| | | Between 35 and 50 | 118 | 110 | 260 |
| | | Over 50 | 22 | 12 | 90 |

* 2018 Scope: 92% of the workforce
2019 Scope: 93.6% of the workforce

Average remuneration by country

| | Professional category | | | Gender | | Age range | | | | Average remuneration |
|------------|-----------------------|-------------------|-------------|--------|--------|-----------|--------|--------|--------|----------------------|
| | Managers | Middle management | Specialists | Men | Women | <25 | 25-35 | 35-50 | >50 | |
| Germany | - | 47,224 | 21,302 | 39,045 | 21,112 | - | 16,218 | 27,235 | 22,210 | 25,140 |
| Bangladesh | - | - | 8,078 | 7,861 | 8,398 | - | 7,861 | 8,398 | - | 8,078 |
| Belgium | 52,348 | 25,316 | 17,926 | 22,146 | 16,756 | 12,411 | 14,953 | 20,137 | 19,890 | 17,589 |
| Bosnia | - | 8,193 | 6,407 | 19,615 | 6,804 | 6,285 | 6,130 | 9,160 | 20,691 | 7,131 |
| Bulgaria | - | 12,086 | 5,044 | 5,518 | 8,803 | 6,575 | 8,222 | 15,502 | - | 8,789 |
| Croatia | 65,804 | 10,689 | 7,883 | 7,828 | 9,660 | 8,191 | 9,622 | 12,008 | - | 9,641 |
| Spain | 70,584 | 31,607 | 21,091 | 33,533 | 24,189 | 18,710 | 21,949 | 30,031 | 39,227 | 25,949 |
| France | 138,580 | 29,741 | 24,354 | 35,785 | 27,418 | 25,627 | 24,588 | 27,319 | 42,594 | 29,834 |
| Hong Kong | 95,773 | 56,169 | 32,896 | 60,547 | 37,841 | 23,247 | 27,830 | 55,062 | 45,542 | 46,460 |
| Hungary | 51,477 | 13,415 | 10,033 | 12,116 | 12,124 | 10,208 | 11,038 | 16,448 | 16,553 | 12,123 |
| India | 18,471 | 6,043 | 6,592 | 9,519 | 8,057 | 2,543 | 8,074 | 10,503 | - | 8,719 |
| Luxembourg | - | 42,587 | 29,162 | 27,523 | 32,160 | 31,376 | 29,741 | 36,231 | - | 31,976 |
| Mexico | 42,446 | 9,964 | 6,048 | 10,615 | 8,703 | 6,161 | 8,396 | 16,457 | - | 9,232 |
| Montenegro | - | 10,319 | 6,434 | - | 8,263 | 7,243 | 7,727 | 9,307 | - | 8,263 |
| Portugal | 85,079 | 16,552 | 12,780 | 18,546 | 13,930 | 13,362 | 14,098 | 16,765 | 14,880 | 14,541 |
| Russia | 50,106 | 6,519 | 4,636 | 14,128 | 5,495 | 4,921 | 6,193 | 14,390 | - | 6,175 |
| Serbia | 74,678 | 8,082 | 5,849 | 19,035 | 6,890 | 5,958 | 5,954 | 11,711 | 17,017 | 7,876 |

* Calculated based on the total remuneration of staff (fixed + variable) converted from local currency to euros

Looking after the environment



|  PRIORITIES |  2020 PROGRESS |  TARGETS |
|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <ul style="list-style-type: none"> ◆ Making a positive environmental impact and fighting climate change ◆ Quality and safety of clothing ◆ Circularity in the value chain ◆ Recycling and efficient use of raw materials | <ul style="list-style-type: none"> ◆ We have set targets that are aligned with SBTi ◆ We have received a third-party assessment of our performance ◆ We have established a climate change roadmap | <ul style="list-style-type: none"> ◆ Joining new initiatives ◆ Reducing our carbon footprint (achieving carbon neutrality by 2040). ◆ Achieve 100% renewable energy in our operations by 2030 ◆ Implementation of the climate change strategy |

Our commitment to sustainability is based on the belief that, for our future growth, we need to actively address the challenges faced by the industry and the world in which we live.

As the global climate crisis becomes a critical issue in our business activity, our sustainability priorities and areas of focus require even greater constant review as we work to set ambitious targets that allow us to achieve the commitments established in our Strategic ESG Plan as well as those that are inherent to our commitments with various initiatives.

In order to meet our responsibility objectives and make a real contribution to the SDGs, we recognise the need to work with third parties. Over recent years we have established partnerships, allowing us to promote the exchange of knowledge and resources alike with a view to maximise our overall positive impact as well as that specific to our activity.



As part of our strategy, in 2019 we joined **The Fashion Pact**, a global coalition of textile and fashion industry companies committed to a common core of key environmental objectives in three areas: stopping global warming, restoring biodiversity and protecting the oceans. We also joined the **United Nations Fashion Industry Charter for Climate Action**, and as part of which we committed to GHG emission reduction targets for 2030. We were recognised by the **Business Ambition 1.5C of the United Nations Global Compact** for having aligned ourselves with the public commitments to reduce emissions to limit the global temperature increase to 1.5° C as established in the Paris Agreement.

Our vision of sustainability covers all business departments and processes: products and customer offering, supply chain and non-commercial goods such as containers and the items used inside our stores, facilities and the distribution chain.

Main areas of environmental action



The circular economy

Working on the principles of circularity at all our brands including using more sustainable materials, efficient processes, minimising resources, and recycling and extending the useful life of products.



Climate change

We are committed to being part of the solution to the climate crisis and, therefore, based on our climate change strategy, we seek to achieve significant reduction targets throughout the value chain. We are focused on three main areas: energy efficiency, renewable energy and reducing CO₂ emissions.



Promoting intersectoral collaboration

Working with partners, competitors and suppliers, as well as support platforms that allow for intersectoral collaboration to obtain key viable, scalable solutions that make a greater joint impact.



Educating and raising awareness

Developing innovative approaches for our teams as well as educating the next generation of designers and raising consumer awareness about how they can participate in these global commitments.



Improving traceability and measurement

Improving internal traceability processes and measuring and monitoring results, as well as measuring our operational impact.



Our goal is to be carbon neutral in our operations by 2040 and to obtain 100% of our electricity from renewable sources by 2030.

Results of sustainable performance assessments by third parties

Every year, the company exhaustively accounts for its sustainability commitments, practices and performance in its Non-Financial Information Statement, which is published through the company's various public channels. The company is also periodically assessed in its sustainability performance by ESG analysts. The results of our internal review and these external assessments are used to conduct an internal deep-dive into our performance with a view to detect opportunities for process improvement.

Our 2020 results in the **Carbon Disclosure Project (CDP)** are particularly noteworthy: our work combating climate change earned a B grade. We also received the silver medal from **Ecovadis** for our commitment to sustainability, ethics and transparency in the company's good practices.



Our contribution to the fight against climate change



The sustainable management of our activity throughout our value chain and our fight against climate change are strategic objective priorities. We have thus established a roadmap that outlines the short-, medium- and long-term guidelines for strengthening our contribution to the decarbonisation of the economy and our contribution to the SDGs.

Climate governance

Climate change risks and opportunities form part of our **Risk Map**. As such, our climate strategy is approved and supervised by the highest management body, the Board of Directors. The Audit and Risk Committee, as one of the main advisory bodies of the Board, is responsible for ensuring compliance with the mitigation and correction plans associated with climate risks. The Management Committee and the Chairman/CEO are responsible for proposing the associated targets and monitoring the trends of the proposed indicators. Furthermore, climate issues are periodically dealt with at different times throughout the year, using a reporting system to inform the corresponding governing and management bodies with the aim to identify changes and needs in implementing climate and environmental management initiatives.

Tendam's management bodies and executives participate directly in the definition of the sustainability and climate change strategies and objectives

As a result of our commitment to the fight against climate change and to transparency, in 2020 we began aligning our report with the recommendations of the **Task Force on Climate-related Disclosures (TCFD)**, and we hope to strengthen awareness of our climate-related risks and opportunities in the coming years.



The Fashion Pact

Tendam has been part of **The Fashion Pact** initiative since 2019. This coalition of textile and fashion companies has a threefold objective focused on environmental matters: fighting climate change, conserving biodiversity and protecting oceans. Under a common agenda that encourages improvement of strategy and sustainable management, member organisations take on specific targets to help the industry move forward on sustainability.

At Tendam, we have aligned ourselves with the initiative's goal in relation to the implementation of the science-based targets (as part of the Science-Based Targets Initiative) and developed a roadmap for it in 2020 to define our reduction target.

Furthermore, we actively participate in decision-making through our participation on The Fashion Pact's Executive Committee and Management Committee.



We are in the process of defining a management incentive system that includes a sustainability and climate affairs component, based on specific indicators to assess the results from each year. At the management level, the Buyers team has targets that form part of its annual remuneration, linked procuring items with sustainability criteria that have a direct positive impact on the climate.



United Nations Global Compact Business Ambition 1.5C

We continue to make efforts to set science-based emission reduction targets through the initiative we joined in 2019: Business Ambition 1.5° C. This initiative is aligned with the Fashion Pact and establishes zero net emissions for 2050

United Nations Fashion Industry Charter for Climate Action

We are part of this initiative led by the United Nations Climate Change Office and maintain our commitment to implementing the principles established in the Fashion Industry Charter for Climate Action. The primary objective is to reduce emissions by 30% by 2030 (currently under review). We are therefore following the recommendations regarding the implementation of measures and the steps necessary to achieve these targets

Science-Based Target Initiative (SBTi)

In 2020, we continued to work on preparing the emission reduction targets for approval by SBTi and, in 2021, they will be validated together with the reduction plan. This formalises our work in the fight against climate change by setting measurable and specific commitments as we continue to promote the transition to a low-carbon economy.



Climate risks and opportunities

Identifying and evaluating the risks and opportunities generated as a result of climate effects is a key factor in managing our activity and defining our strategy in the short-, medium- and long-term. The result of this process entails adopting preventive or mitigating measures to reduce the impact of risks and taking advantage of the opportunities generated. Over the coming years, we will add a financial analysis to our management process to quantify and monitor the impact of each risk.



Climate opportunities

We believe climate change also represents opportunities that must be seized. For example, we see an opportunity in new consumer expectations related to **more sustainable product alternatives**. The market has come to recognise the importance of sustainable garments that have less of an impact on the environment around us. We have adapted our model to these demands and expectations, establishing targets for increasing our production and offerings with sustainable criteria

From the point of view of **climate risks**, the following are taken into account:

REGULATION

Current regulation We have a **Compliance Programme** to prevent the risks associated with breaches of current regulation and aims to facilitate our compliance with increasingly complex international law in the countries in which we operate, thus mitigating the risk they represent.

Emerging regulation Possible relevant emerging regulation that may arise and affect our commercial operations (including regulations on issues such as carbon taxes, agriecological practices, use of materials, recycling, etc.). For this reason, we continuously assess the potential relevant emerging regulation that may arise and affect our commercial operations.

MARKET AND REPUTATION

Market These risks refer to possible changes in the supply and demand of raw materials or basic products. They cover risks ranging from the availability of specific materials and products to changing customer habits and decreasing consumption in certain markets. We frequently assess and monitor these issues by establishing appropriate action plans.

Reputation External perception of sustainability management and climate issues. In 2020, we defined a new climate strategy to adequately address changes in consumer and stakeholder perspectives and to meet our commitments.

PHYSICAL

Chronic Long-term changes in climate patterns can affect the availability of raw materials we need to create our products, and we are therefore firmly committed to investing in R&D to identify new, more sustainable manufacturing processes and alternative materials.

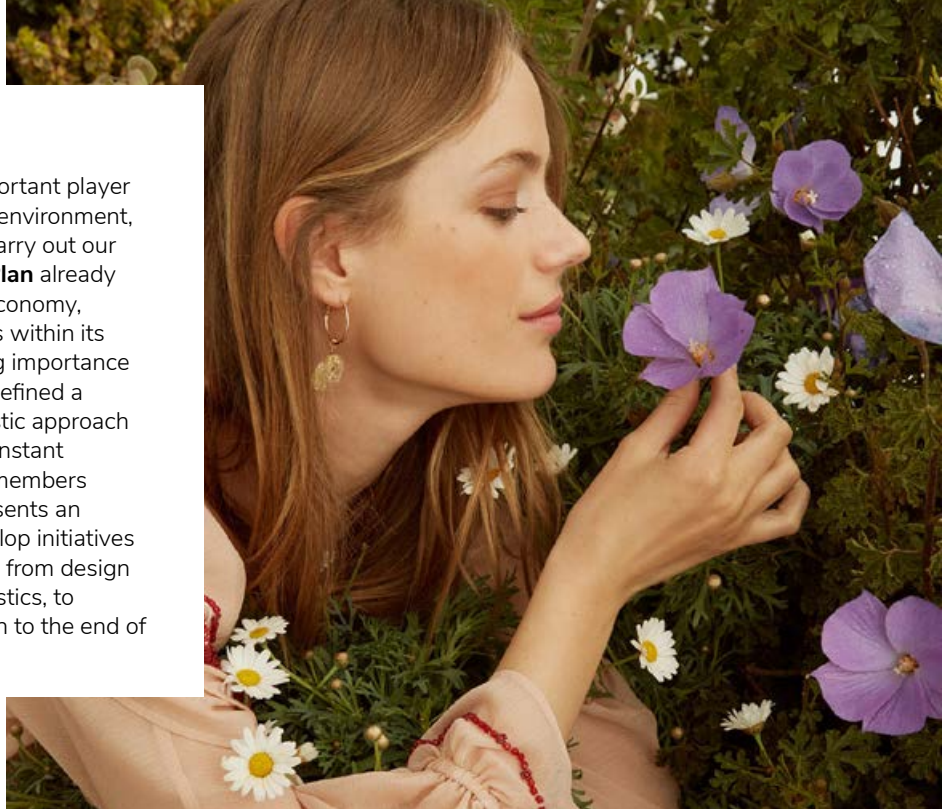
Water We monitor extreme weather events and natural disasters because these risks represent potential disruptions to our supply chain. In response, we are developing policies, targets and measures to limit, avoid and reduce the impact of greenhouse gas emissions, increase renewable energy consumption and strengthen our commitments to combat climate change.



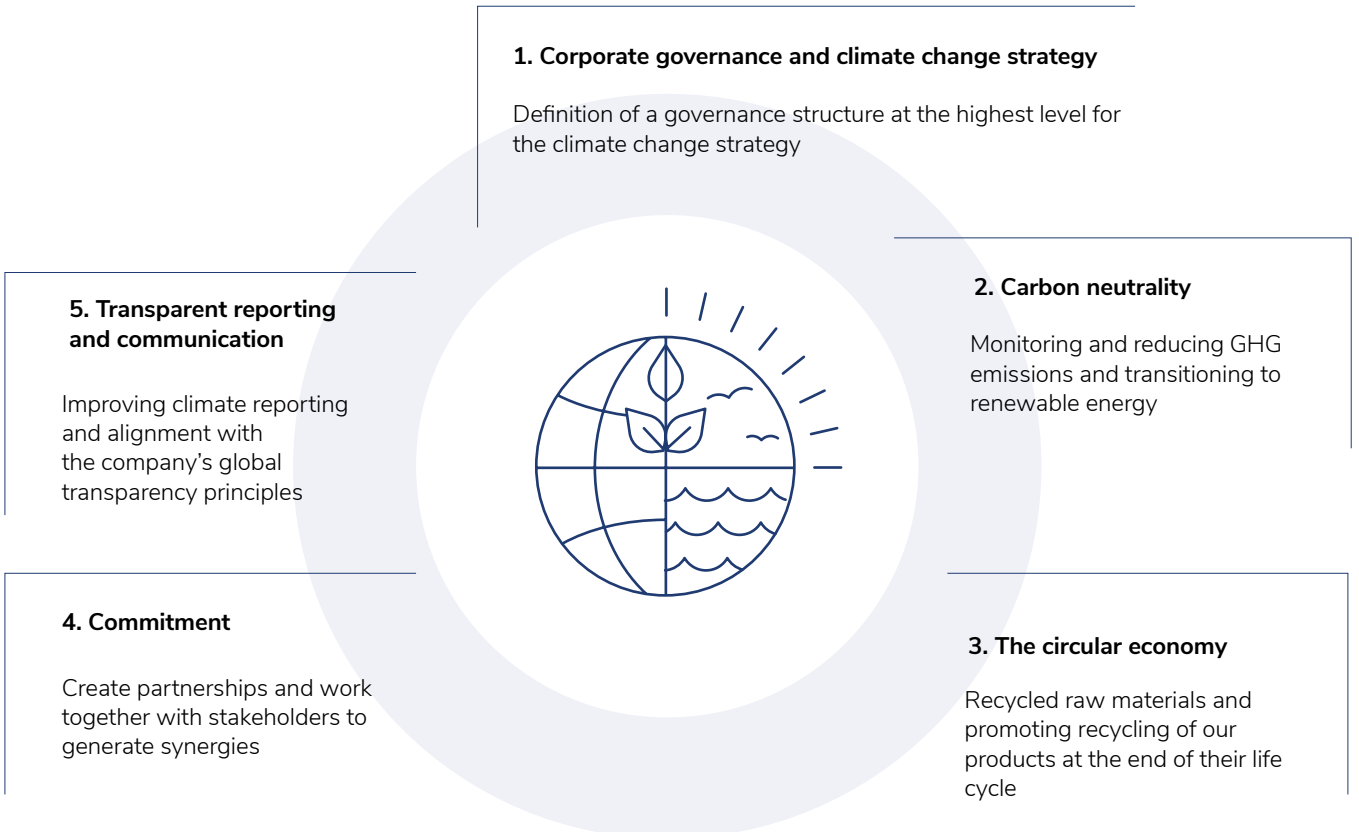
Our roadmap

Climate strategy framework

We accept our responsibility as an important player in the sector and are committed to the environment, keeping it as a central concern as we carry out our activity. Our **2019-21 Strategic ESG Plan** already includes issues related to the circular economy, energy efficiency and carbon emissions within its objectives. However, given the growing importance of climate change issues, in 2020 we defined a **Climate Roadmap** that includes a holistic approach with **five strategic pillars**, based on constant innovation and the collaboration of all members of our value chain. This roadmap represents an ambitious milestone that seeks to develop initiatives to improve our end-to-end value chain, from design and production, to distribution and logistics, to reaching consumers, managing through to the end of our product lifespan.



Our commitment to climate change is based on the following pillars:



Each of the pillars entails initiatives to be implemented in the short/medium-term (2021-22) and medium/long-term (2023-25).

- 1. Corporate governance and climate change strategy** – Development of internal sustainability policies and the creation of a high-level, organisation-wide climate change issue responsibility map.
 - ◆ Redefine the structure of responsibilities associated with the climate change strategy in governing bodies, the management committee and other hierarchical levels.
 - ◆ Establish a system of incentives (monetary and non-monetary).
 - ◆ Create a new method for assessing climate risks and opportunities.
 - ◆ Implement financial tools to support the evaluation of climate change projects and initiatives.

- 2. Carbon neutrality** – monitoring our carbon footprint and defining reduction strategies.
 - ◆ Review and expand the scope of the carbon footprint calculation across the value chain by establishing specific targets and deploying an internal monitoring tool.
 - ◆ Assess the inclusion of sustainable criteria in buildings through a global building policy.
 - ◆ Scale renewable energy consumption in all operations and promote their use in the supply chain.
 - ◆ Assess the implementation of a Sustainable Transportation Programme.
 - ◆ Assess participating in emission offsetting programmes.

- 3. The circular economy** – Extending sustainable product lines and developing sustainable design tools. Use of recycled materials and promoting recycling of our products at the end of their life cycle.
 - ◆ Implement a sustainable material selection tool.
 - ◆ Develop an eco-design policy and methodology that addresses the criteria assessed in the material selection tool.
 - ◆ Implement eco-design training programmes for the responsible departments.
 - ◆ Develop a global waste reduction programme at all stages that generates greater reduction.

- 4. Commitment** – promote climate awareness among Tendam's stakeholders and promote transformation in all phases of our value chain, internally and externally.
 - ◆ Design a strategy for engagement and collaboration with stakeholders (suppliers, consumers, etc.) to promote sustainability and climate change best practices.
 - ◆ Continue collaboration with sector and global projects and initiatives in this area. Design a sustainability and climate change training programme for suppliers.
 - ◆ Updating of sustainable purchasing procedures by strengthening climate change criteria.

- 5. Transparent reporting and communication** – promote transparency as the basis of our commitment to positive performance.
 - ◆ Continue implementing improvements to the annual sustainability report at all levels, following the pertinent recognised standards.
 - ◆ Update the internal reporting system on climate matters.
 - ◆ Continue participation in relevant communications and performance initiatives.

Our progress: main metrics

Energy efficiency



Energy efficiency plays an essential role in our efforts to achieve our climate change target. Committing to clean energy-based consumption models, implementing efficiency initiatives in stores, logistics centres and warehouses, and strengthening our relationships and holistic commitments with all the stakeholders in our value chain, are the main focus of our effort.

Our activity's main impact comes in the form of electricity consumption, especially the electricity used by our stores. This is why we have established a sustainability criteria implementation programme for the management of these spaces, which was bolstered yet again in 2020.



In 2020, we achieved 100% renewable energy consumption in our stores, offices and logistics centres in Spain, which represents 82% our worldwide operations.

Energy efficiency initiatives in stores

IoT project for energy efficiency in stores

Establishment of an energy efficiency system that measures and manages energy behaviour and ensures a guaranteed minimum of 9% reduction in stores. The pilot project includes Cortefiel brand stores in the region of Madrid, for which savings of approximately 14% were achieved, and in Andalusia, with savings of 15%. In both cases, the period in which there were Covid-19 restrictions was excluded.

A second phase of the project will extend to the Valencia region and other stores in the north.

Use of LED lighting

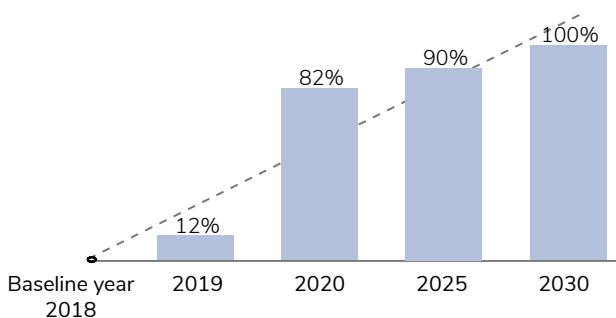
We have incorporated LED technology in our stores since 2015 leveraging eco-efficient lighting equipment to facilitate consumption reduction. Since 2017 it has been the only type of lighting installed in our newly opened and renovated stores. Currently, 30% of our stores have this technology and we are working to expand it in the coming years.

LED lighting is up to 80% more efficient and consumes less energy than traditional lighting, resulting in a reduction in power consumed ranging from 10% to 20%.

Our commitment to renewable energy

In 2020 we doubled down on our commitment to buying renewable energy in our own operations. The renewable electricity supply contract covers all of the more than 787 stores in Spain, as well as logistics centres, warehouses and offices located in Spain.

In the coming years we will continue to work on finding solutions for both renewable electricity purchases and assessing other alternatives to keep us in line with our 2030 target.



We want to achieve 100% renewable energy in our operations by 2030.

Electricity consumption (KWh)¹

| | 2020 | 2019 | 2018 |
|----------------------------------|-------------------|-------------------|-------------------|
| Stores ² | 63,919,885 | 94,054,997 | 91,052,450 |
| Central headquarters and offices | 2,592,081 | 2,848,431 | 2,917,517 |
| Logistics centres and warehouses | 2,439,948 | 2,671,605 | 3,152,991 |
| Total | 68,951,914 | 99,575,033 | 97,122,958 |

¹ These data include the impact of Covid-19 on electricity consumption on the various facilities of the group.

² Only taking into account the electricity consumption in corporate shops (without corners), this represents 98.81% of the total commercial surface area of corporate shops.

Energy consumption by country (KWh)

| Countries | 2020 | 2019 | 2018 |
|--------------|-------------------|-------------------|-------------------|
| Spain | 56,747,647 | 80,352,604 | 78,752,681 |
| Belgium | 971,507 | 1,208,207 | 1,288,627 |
| Bosnia | nd | nd | nd |
| Bulgaria | 44,789 | 95,500 | nd |
| Croatia | 396,600 | 570,000 | 51,513 |
| France | 608,770 | 910,050 | 712,856 |
| Hungary | 1,003,895 | 1,202,089 | 1,203,071 |
| Luxembourg | 233,476 | 272,799 | 398,590 |
| Mexico | 1,321,320 | 1,525,793 | 1,240,629 |
| Montenegro | nd | nd | nd |
| Portugal | 6,583,941 | 12,206,541 | 12,301,184 |
| Russia | 733,728.79 | 916,000 | 852,527 |
| Serbia | 306,240 | 315,450 | 321,280 |
| Total | 68,951,914 | 99,575,033 | 97,122,958 |

Efficiency in logistics and transport

In 2020 we continued to implement efficiency measures, applying them to the box packaging and transfer to transport vehicles processes. This model results in a direct reduction on greenhouse gas reduction.

Similarly, the strategic location of our distribution facilities in Aranjuez-Madrid and our cross-dock facility in Hong Kong make it easier to organise deliveries more efficiently and directly impacts transport reduction.

In the coming years we will embark on the design of a sustainable mobility plan as established in the Climate Strategy, which will expand the initiatives in this area.

Renewable energy purchased

| | | |
|------|--------|------|
| 82% | 12.04% | nd* |
| 2020 | 2019 | 2018 |

* Until 2018 energy suppliers did not provide a detailed breakdown of the percentage of renewable energy in the energy mix. Renewable energy purchased in Spain



Emissions

In line with our climate roadmap, we strive to calculate and improve our carbon footprint and to this end, we have set ourselves ambitious targets.

In 2020, we continued preparing our emission reduction targets for approval by SBTi and, in 2021, they will be validated together with our reduction plan.



Scope 1 and 2

Scope 1 direct emissions: 2,125 TnCO₂ e

- ◆ **Fuel:** : emissions from the use of heating fuel in stores and facilities.
- ◆ **Coolant:** : fugitive emissions from air conditioning equipment in stores in Spain, Portugal and Belgium.
- ◆ **Combustion vehicle emissions:** : emissions from vehicle fuel consumption (since we do not have our own fleet, it refers to leased vehicles only).

Scope 2 indirect emissions associated with electricity: 4,160 TnCO₂ e

- ◆ **Electricity:** emissions derived from electricity consumption at the headquarters, the Aranjuez logistics centre (Madrid), warehouses and country headquarters and the entire network of corporate shops

Scope 1 and 2 emissions were decreased by 77% from the previous year and, although impacted by the decrease in activity caused by Covid-19, they were the result of our commitment to renewable energy and our other energy efficiency measures.

Scope 3

In 2020 and in line with our commitment to climate action, we carried out a process to expand the study of our carbon footprint in its scope 3, including new categories.

Scope 3 reduced version*: 10,095 TnCO₂ e

- ◆ **Import:** emissions from the transport of goods from suppliers to the logistics centres in Hong Kong and Aranjuez (Madrid)
- ◆ **Logistics:** emissions from the transport of goods from the logistics facilities to the entire network of corporate stores
- ◆ **Export:** emissions from shipping to the entire network of franchise stores
- ◆ **Ecommerce:** emissions from the transport of goods from online sale stores
- ◆ **Travel:** emissions from employee business trips
- ◆ **Goods and services:** emissions from the purchase of goods and services (clothing)
- ◆ **Use of products sold:** emissions from consumer use of goods and services sold

Scope 3 emissions decreased by 42% versus the preceding year and 36% if we consider the reduced version and the extended version, respectively.

Scope 3 extended version: 334,505 TnCO₂ e**

* This section includes the same scope 3 categories as the previous reporting period, with the aim of like-for-like trending

** This section includes additional scope 3 categories based on the expanded carbon footprint study.

Calculation period: Financial year: 1 March 2020 to 28 February 2021

Calculation method: GHG emissions calculated in accordance with the 'Greenhouse Gas Protocol' (GHG Protocol), Corporate Accounting and Reporting Standard' established by the World Resources Institute (WRI) and World Business Council for Sustainable Development (WBCSD).

| Total CO ₂ emissions (Tn CO ₂ e) | 2020 | 2019 | 2018 |
|--------------------------------------------------------|------------------|---------|---------|
| Scope 1 | 2,145 | 3,198 | 4,218 |
| Scope 2 | 4,160 | 23,747 | 35,139 |
| Scope 1+2 | 6,305 | 26,945 | 39,357 |
| Scope 3 | reduced version | 10,934 | 19,003 |
| | extended version | 334,505 | 526,425 |

Total emissions decreased by more than 60% compared to 2019 if we take into account the reduced version of scope 3. Likewise, the overall reduction if we consider the extended version of scope 3 is up to 38%.

Direct GHG emissions

| Type | CO ₂ (Tn CO ₂) | CH ₄ (Tn CO ₂ e) | N ₂ O (Tn CO ₂ e) | Coolant (Tn CO ₂ e) | GHG (Tn CO ₂ e) | % |
|------------------------------------|---------------------------------------|----------------------------------------|-----------------------------------------|--------------------------------|----------------------------|-------------|
| Fixed combustion | 53.54 | 0.15 | 0.04 | - | 53.73 | 2.50% |
| Vehicle combustion | 192.62 | 0.02 | 2.61 | - | 195.25 | 9.10% |
| Fugitive emissions | - | - | - | 1,895.94 | 1,895.94 | 88.40% |
| TOTAL (Tn CO₂ e) | 246.16 | 0.17 | 2.65 | 1,895.94 | 2,144.92 | 100% |

Indirect GHG emissions by energy

| | | |
|--------------------|---------------------------------|------|
| Electricity | 4,159.59 (Tn CO ₂ e) | 100% |
|--------------------|---------------------------------|------|

Other indirect GHG emissions

| Description | CO ₂ (Tn CO ₂) | CH ₄ (Tn CO ₂ e) | N ₂ O (Tn CO ₂ e) | GHG (Tn CO ₂ e) | % |
|--------------------------------------------|---------------------------------------|----------------------------------------|-----------------------------------------|----------------------------|-------------|
| Transport to own stores (Spain) | 829.39 | 0.14 | 11.20 | 840.73 | 8% |
| Transport to own stores (international) | 1,901.97 | 0.19 | 22.46 | 1,924.61 | 18% |
| Transport to logistics facilities (Import) | 6,075.04 | 1.09 | 68.28 | 6,144.41 | 56% |
| Transport to franchises (export) | 812.00 | 0.12 | 9.26 | 821.38 | 7% |
| Online shopping deliveries | 942.02 | 0.04 | 6.62 | 949.00 | 9% |
| Business trips | 251.98 | 0.03 | 1.96 | 253.97 | 2% |
| Total (Tn CO₂ e) | 10,784.04 | 1.62 | 119.78 | 10,933.80 | 100% |

Consumption ratios and indirect emissions from electricity use in stores

| Countries | m ² | Consumption kWh - stores | kWh/m ² | GHG (Tn CO ₂ e) | Kg CO ₂ e/m ² |
|--------------|----------------|--------------------------|--------------------|----------------------------|-------------------------------------|
| Spain | 281,755 | 51,776,801 | 183.77 | 0 | 0 |
| Belgium | 5,550 | 959,082 | 172.81 | 169 | 30 |
| Bosnia | 2,982 | - | - | - | - |
| Bulgaria | 702 | 44,789 | 63.80 | 22 | 31 |
| Croatia | 3,944 | 396,600 | 100.55 | 75 | 19 |
| France | 4,252 | 606,503 | 142.65 | 41 | 10 |
| Hungary | 6,136 | 996,617 | 162.43 | 252 | 41 |
| Luxembourg | 1,333 | 233,476 | 175.11 | 152 | 114 |
| Mexico | 8,634 | 1,318,865 | 152.76 | 646 | 75 |
| Montenegro | 620 | - | - | - | - |
| Portugal | 47,066 | 6,559,468 | 139.37 | 2,296 | 49 |
| Russia | 11,405 | 721,444 | 63.26 | 274 | 24 |
| Serbia | 6,827 | 306,240 | 44.86 | 213 | 31 |
| Total | 381,206 | 63,919,884.87 | 167.68 | 4,140.00 | 10.86 |

Only taking into account energy consumption in our own stores (without corners), this represents 98.81% of the total commercial surface area of our corporate stores.

Calculated based on the emission factors of the International Energy Agency (IAE 2016), MITECO 2020, the European Environment Agency (EEA, 2017) and the National Register of Emissions, the Mexican National Registry of Emissions (2020).

Environmentally friendly clothing

We work with the goal of using our position and influence to promote social and environmental improvements and bolster innovation along our value chain, from the supply of raw materials to the manufacture of finished products.



We ensure that our garments have been obtained and manufactured in a manner that respects people, the environment and animals. We continue to increase the proportion of more sustainable sources and recycled materials in all our brands, even during the unpredictable purchase patterns caused by Covid-19. At the same time, we have also ramped up our efforts to improve the traceability and transparency of our supply chain.

Committed to a more sustainable and environmentally friendly way of working, our brands are expanding their **collections with eco-friendly materials and processes**. Using new production methods and new types of innovative fibres and fabrics helps us reduce the environmental impact of our products.

All our brands have significantly evolved their manufacturing, producing more sustainable garments for their different collections. Currently, 12% of the group's total production is carried out under more sustainable terms and the **target for 2021/22 is to reach 25% of the total**.

We cultivate an innovative environment and work together with our suppliers to promote improvements in areas such as sustainable materials, chemical management, water use reduction and waste recycling, together paving the way towards complete circularity.

Towards more sustainable buying

The brands' Sourcing and Product Purchasing departments work in coordination with suppliers to encourage the use of more sustainable materials and more innovative production techniques.

- ◆ An internal work group, WE CARE, has been created to promote and coordinate our teams' and suppliers' initiatives and proposals related to sustainability and textile innovation.
- ◆ A collaborative platform has been created to share market trends and spread knowledge for the transition towards a more sustainable model.
- ◆ An internal procedure for sustainable certifications and licensing has been established to support all the brands by clearly defining criteria about required documentation and the different implementation stages for each of these standards/certifications.
- ◆ Specific training is provided - especially for the Purchasing and Design teams - on sustainable products and processes, certifications and standards and the main environmental implications of the supply chain.

Priorities for integrating sustainability into garment creation

We are focused on achieving our goal of more sustainable sourcing **100% of our cotton by 2023**, achieving our goal through a portfolio approach, which includes working with partners, such as the Textile Exchange and joining the Better Cotton Initiative in 2021.




Circular products require a carefully considered choice of materials. By 2023, our goal is for 100% of our cotton to be more sustainable and by 2025 we will reach 50% of sustainable clothing in our brands.



PRODUCTS

- ◆ Eco-design
- ◆ Selection of sustainable raw materials
- ◆ Traceability in the creation of garments



ENVIRONMENTAL IMPACT

- ◆ Reducing CO2 emissions linked to the value chain
- ◆ Product life cycle
- ◆ Circularity



SUPPLY CHAIN

- ◆ Selection of environmentally and socially responsible suppliers
- ◆ Detection of risks and critical issues



IMPACT ON THE PLANET

- ◆ Preserving species and biodiversity
- ◆ Animal welfare
- ◆ Respect for local communities



Materials

The selection of raw materials for clothing includes a variety of processes, including dyeing and printing . We work to achieve lower impact production, with our priorities covering **five major areas**:

- ◆ Minimising and managing water use
- ◆ Increasing use of reused and recycled materials
- ◆ Reducing the amount of chemicals used
- ◆ Improving clothing quality
- ◆ Managing waste during the process (reduce, recycle and reuse)

This year we worked to define key positive attributes related to a wide variety of environmental programmes that drive improvements in the life cycle stages of our clothing. We prepared a traceability and verification process for sustainable products with three objectives for the coming year: (i) establishing a procedure to track and verify all sustainable initiatives at the product level, (ii) unifying the purchasing strategy for all brands and (iii) adding supply chain transparency and unit traceability at all stages of production.

We are currently developing a map of strategic sustainable suppliers that we can work with to integrate sustainability into our garments. We assess these materials using third-party verifications: life cycle assessment data and comparative assessments of external materials, as well as certifications.



Raw materials and fibres used

Organic cotton

Its seeds are not genetically modified and it is grown without chemical fertilisers or pesticides. It needs 90% less water than conventional cotton. In addition to looking after the planet, we obtain materials free of chemicals and toxins.

Sustainable linen

A fibre grown in Europe in a sustainable manner, which we use alone or mixed with organic cotton. A unique, durable, fresh and versatile material.

Recycled polyester

This has the same quality as conventional polyester, but consumes less resources and emits less CO₂ in its manufacture. Recycling is a way to respect the environment. Recycle to respect.

THERMOLITE®

This innovative insulation was developed as an ecological and sustainable alternative to natural feathers. It is made of 100% recycled PET fibre.

Water management

Water is the most important natural resource we have. Reducing water consumption in our garment manufacturing processes is one of our major goals. As a company we are looking for ways to reduce our impact with the use of new technologies in our supply chain, as well as the introduction of efficient materials in our various product ranges.

We promote **Eco WASH**, using technologies that require less water in our jeans finishing process and reduces the use of energy and products that are harmful to health.

Laser and ozone technologies are two key techniques we use to reduce the significant environmental impact denim finishing processes can entail.



Lenzing™ Ecovero™

This fibre comes from sources certified with the EU ecological label. This means that they respect the environment throughout their life cycle from raw material extraction to production, distribution and disposal. Its production reduces emissions and the impact on water resources by 50% compared to generic viscose.

Recycled cotton

Remainders are classified and grouped by colours to achieve the new cotton in different colours, reducing the use of aggressive dyes and chemicals. We save water, CO2 and avoid other impacts of cotton growing.

Recycled wool

Wool is a renewable, biodegradable, insulating, and durable material that prevents bad odours from building up.

Dupont™ SORONA®

This synthetic fibre is a biopolymer partly made of natural materials. Producing it uses less energy, reduces CO2 emissions and uses renewable natural resources instead of petroleum products.

Garment safety

Strict product control that ensures compliance with required quality standards is one of the pillars on which Tendam brands bases the quality of its garments.

From the careful choice of raw materials and the approval of the suppliers with which we work, to the controls prior to the sale of the finished garment, the production process is rigorously controlled until each garment reaches the customer.

This production process is subject to exhaustive **quality controls** to ensure customer safety and compliance with the specific legal requirements of each country where the garments are sold.

At the beginning of the chain, regular audits are carried out at the suppliers' factories to ensure that they comply with applicable regulations and production standards, product safety, etc., and that the supplier complies with our technical specifications and quality standards for each of the products requested.

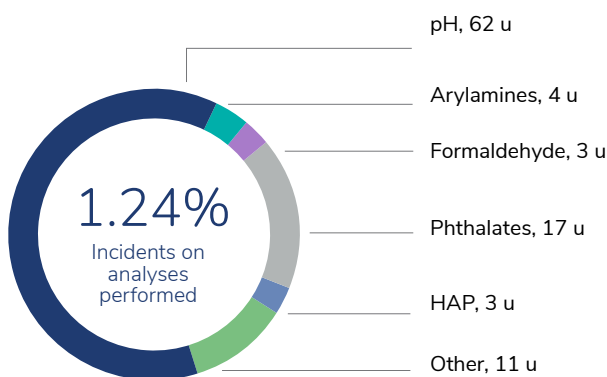
For yet another year, we continue to live up to our commitment to eliminate the use and release of unwanted chemicals throughout the process of creating our clothes. Each product model that will be sold on the market is

subject to physico-chemical tests that must be carried out in accredited external laboratories (Aitex, Bureau Veritas or SGS) to guarantee customer health and safety and the absence of substances harmful to the environment.

Other tests are conducted to check for evidence of pilling, surface durability, shrinking, seam resistance and absence of toxic substances for each of the product models. The results of the tests are received by the Quality Department before the orders are removed from the suppliers' factories, so the state of the clothing can be controlled at all times and timely corrections can be made if possible deviations or errors in production are detected.

Our aim is to join the initiative **Zero Discharge of Hazardous Chemicals (ZDHC)** in 2021 with the goal of implementing a roadmap that helps us avoid the use of prohibited substances during production and manufacture, and to ensure that the end product is the most suitable and safe for our customers.

Chemical incidents



8,128
Patterns analysed



98.76%
favourable chemical trials



Our stores

We are committed to managing both our own stores and franchises with the utmost efficiency, minimising their environmental impact.

Renewable energy



Since January 2020, our stores, logistics centres and headquarters have used 100% renewable energy certified with a Guarantee of Origin Certificate (GoO), slashing our carbon footprint and avoiding the emission of an estimated 30,000 tonnes of CO2 into the atmosphere.

Paper bags



Our paper bags boast PEFC or FSC sustainable forest management certificates.

Our plastic bags contain 70% recycled material and we have saved millions of plastic bags at source by collaborating with our suppliers.

Accessible spaces



All new store openings and renovations are planned and developed to ensure accessibility for people with reduced mobility. Entrances and exits, fitting rooms and in-store spaces are all fully adapted, complying with legal regulations and reflecting our commitment to our customers.

Energy efficiency



As part of a pilot project, we have installed Eco Smart solutions based on the Internet of Things (IoT) aimed at consuming less energy and enhancing in-store comfort by offering optimal lighting and temperature at any given time. We have managed to reduce energy consumption by 15% in the Cortefiel stores where this has been implemented.

Sustainable materials



The use of materials with environmental certificates in renovating in-store furniture, lighting and flooring has increased, with a view to ensuring continuous, gradual improvement and securing greater energy efficiency with a smaller carbon footprint.



Waste management

Our waste management process ensures that all waste generated by our facilities is effectively sorted and collected and subsequently recycled by authorised waste management suppliers. We continue to implement procedures to improve and optimise resource use by promoting reuse and recycling, in response to the parallel challenge of managing waste responsibly.

Our clothing comes with containers and packaging materials – bags, labels and protective materials – which are managed by the Integrated Packaging Management Systems available in the markets in which we operate. We work with an authorised non-profit management provider, covering the cost of collecting and managing the packaging distributed to our customers.

We carry out a range of initiatives to pare back the environmental impact of our value chain, which are outlined below:

Main initiatives

Eliminating plastics



In recent years, we have gradually replaced plastic carrier bags with paper or recycled plastic (min. 70%) bags. The **paper bags** we provide our customers are PEFC or FSC certified. These certifications evaluate the entire forest production process, from the tree to the end product, verifying the product's sustainable origins.

All our **hangers** are for store display only, which has drastically reduced the number of replacements required and in turn the rate of waste generated by breakage and replacement. Most of the models we use are made from sustainable wood with PEFC certification.

We have rolled out a **single-use plastics elimination** initiative at our head offices. The canteen uses cardboard containers and is working on minimising the use of other plastic items. Water tetrabricks are also available in vending machines.

We have stepped up recycling efforts by using polyethylene bags used in the supply chain made from 50% recycled plastic. The plastic collar supports used in shipping have also been replaced by paper collar supports

Paper



To substantially reduce paper use in central services, **electronic signing** of agreements with third parties has been implemented using the DocuSign tool.

Paper receipts have been replaced with **electronic receipts** in online commerce. Customers are also offered the possibility of being emailed their receipts and return slips for purchases in brick-and-mortar stores.

At our head offices, the printers were oversized and the printer network was highly fragmented, which, among other issues, prevented us from moving toward a sustainable model. Individual printers have now been replaced with efficient shared printers to reduce paper use by eliminating abandoned prints and optimising printing policies.

This project has been rolled out to the store network, slashing the environmental impact by consuming up to 50% less energy than colour laser devices and cutting printer supply use and package waste by 94%.

Packaging



All of our packaging contains paper with **PEFC or FSC certificates**, certifying that the wood or any other forest products used come from forests managed in accordance with sustainability criteria.

This year we launched a process to replace the two packages sent to customers for online shipments with a single **certified paper envelope** suitable for use as a single package for final shipment. These envelopes are made from 70% virgin material and 30% recycled material, printed with water-based inks that do not contain heavy metals or abrasive chemicals. This initiative will allow us to eliminate at least 95% of the plastic from our online packaging. In addition, the container itself includes double-closing tape on the flap, which allows the same package to be reused for returns.

In 2019, Springfield launched the 3R project to minimise its use of non-commercial packaging and containers, spearheading the process for the rest of the group. Over the course of this year, the project has been extended to other group brands following an ad hoc trial period, with the ultimate goal of bringing all of Tendam's brands onboard with the 3R project over the year ahead.

Textiles



As part of our commitment to textile circularity, we have identified donation and recycling options for clothing that we have been unable to reuse in order to ensure these resources are not wasted. A social initiative launched over 15 years ago uses these products through two lines of action: in-kind donations to non-profit organisations, and the “Involucrados” project, which finances social projects by selling these items at charity markets, harnessing the maximum possible value from these resources outside the retail market.

This year, 26,730 items with a value of €178,200 were donated directly. Another 7,688 kg of textile waste was processed through an authorised waste management provider, of which 96% was recycled and 4% was unrecoverable waste.



Management and reuse of Electric and Electronic Equipment



A total of 9,197 kg of waste electrical and electronic equipment (WEEE) was generated during 2020, mainly screens, desktop PCs and large items of equipment. The removal of obsolete equipment from facilities and stores by an authorised waste management provider includes safely erasing all information stored in equipment's memory.

Equipment that can be used again is then recovered, prioritising reuse as the best waste management option. Of the waste managed last year, it was possible to reuse 38.60% of the desktop PCs by weight, which enabled us to save 1,715 kg of CO₂ that would otherwise have been released into the atmosphere.



| Type of waste | TOTAL (kg) |
|---------------------------|------------|
| Cardboard and paper | 709,800 |
| Other non-hazardous waste | 250,264 |
| Plastics | 18,967 |
| Wood | 21,741 |
| Packaging | 2,080 |
| Hazardous waste | 9,911 |

This data corresponds to the waste generated at our facilities in Spain.

Close to our customers



|  PRIORITIES |  2020 PROGRESS |  TARGETS |
|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <ul style="list-style-type: none"> ◆ Flexible delivery and return options ◆ Customer service ◆ Product innovation including sustainability criteria ◆ Omni-channel shopping experience | <ul style="list-style-type: none"> ◆ We have adapted our stores to provide our customers with a safe shopping environment ◆ We roll out innovations in sustainability at our stores to improve energy efficiency | <ul style="list-style-type: none"> ◆ Continue to innovate to maximise our omni-channel approach ◆ Enhance communication and transparency in our value chain ◆ Ensure human rights compliance in customer relations |

We believe that our customers deserve the best – quality clothing that has been obtained and manufactured in a way which protects people and the environment – and we work hard to make sure they receive no less. Our customers trust that we will live up to our values and channel our convictions into everything we do.

Our customers are at the core of everything we do, so it is important that we guarantee a multi-channel, satisfactory service. Thousands of customers visit our stores or shop through our online channels every single day.


Our lifestyles have changed and our customers' have too, heavily influenced by issues such as climate change and the defence of fair working conditions. Consumers are also increasingly connected and want to make their purchases quickly and efficiently, seeking greater flexibility.

We bear all these factors in mind **to create an excellent shopping experience for our customers**. We are constantly seeking solutions to facilitate totally omni-channel shopping, both in brick-and-mortar stores and online, harnessing the complementary nature of the two channels.

We boast a strong digital and physical presence. In 2020 we demonstrated the importance of maintaining our operational strength and adapting quickly to new distribution formats to better leverage sales opportunities. This ability to adapt our approach, and particularly to

focus on the digital component, has enabled us to be fully available to customers, engaging with them in new ways and offering new, more flexible collection solutions.

Our customers deserve excellent service. It is crucial that we listen to them, and involve them in our decision-making processes. We forge strong relationships with our customers based on mutual trust and open, constructive dialogue. We have a customer base that consists of over **27 million members** who have joined our loyalty clubs.



In 2020, our online sales increased by

59%

accounting for 17% of our total business.

A customer-centric model

WE KNOW OUR CUSTOMERS

We use the data from and knowledge about our customers to create a value proposition that is tailored specifically to them. We use the data we obtain through research and analysis to make decisions to better meet their needs.

FLUID DIALOGUE

We are constantly increasing and enhancing our customer services, ensuring customers can contact us at any time of day through whichever channel they choose: telephone, email or social media, for example. We currently offer customer support in nine languages.

DIGITAL CHANNELS

We engage with our customers through our digital platforms which allow us to maintain a two-way relationship, listening to their opinions at all times. We highlight major milestones for the brand by sending out communications that add value for customers, giving them the opportunity to participate first hand in various initiatives, and involving them in projects which enrich our society.



COMMITTED MANAGEMENT TEAMS

The management teams of our various group brands receive regular updates on sales performance and brand reputation. These updates help the management teams update and build on our knowledge of customer trends, as well as pinpointing potential problems and finding solutions.



Our stores

The stores are a key point of contact with our customers, where we can effectively convey brand values through store design and by creating unique spaces.

The omni-channel experience has meant adapting and integrating physical points of sale and online channels. This has made it possible to feature the latest technologies in-store, offering customers a more complete shopping experience. We seek to incorporate sustainability features into our points of sale as part of our strategy to generate a positive impact on our surroundings, society and the environment.

Building an omni-channel experience



BRICK-AND-MORTAR STORES

We have incorporated innovative, tech-based support systems for **assisted sales at our stores**. Thanks to this application, sales assistants have access via their tablet to all the product information they need, in real time and just a click away, and do not need to leave the customer's side at any time. The app offers information on stock levels and availability, gives suggestions for cross-selling, including looks created by the sales assistants at all stores, and suggests alternatives if the product is not available using visual recognition.

This complete omni-channel experience allows new online services to be offered through **each brand's apps**. The customer experience in brick-and-mortar stores is enhanced by offering consumers the option to scan a product's label and obtain all the information available on the website for that garment or accessory, as well as viewing its availability in the store, reserving it or buying it online. This year we added a new function: shoppers can look for products which are similar to any product they have seen in a photo at any of Tendam's brands. What's more, the more than 27 million Tendam club members can include their club cards and receipts in the application in order to access their club points and rewards using their mobile phones.

In order to make shopping easier for our customers, **multi-brand pickup** has been made available at more than 141 Springfield points of sale in Spain and Portugal, allowing shoppers to pick up online orders from Cortefiel and Pedro del Hierro. Springfield is the group brand with the largest number of points of sale, which is why we decided to use this brand to increase the collection points available to Cortefiel and Pedro del Hierro customers. This allows us to improve accessibility for more dispersed populations who do not have access to points of sale for all brands.



BRICK-AND-MORTAR STORE



Online purchase with store pick-up, reserving products in the store from the website



Apps for all of our brands with discounts and digital receipts available



Click Shopping: Online shopping at the store if the product is not available



ONLINE CHANNEL



Against the backdrop of the pandemic, with many of the company's stores affected by the restrictions, our customers have continued to seek us out online, thanks to our unparalleled range of brands and products. In 2020 **our online channel grew by 59%** to represent 17% of the group's total sales.

We have **eliminated the paper receipts** that were included in all online orders, replacing them with digital receipts attached to order confirmation emails, leading to a significant reduction in our environmental footprint. Customers can also use the brands' apps to view the receipts from all their purchases

This year we launched **new packaging** for online purchases using a single paper bag and doing away with the two bags used previously. This change has already been applied to 30% of the orders sent out during the year, totalling 1.2 million deliveries.

The 'Easy Shopping' concept



Multi-brand pick-up allows customers to buy from one brand and pick up their order at another brand's store.



In-store returns, with a bonus worth 20% of the purchase price if the item was paid for using a prepaid card.

Constant customer engagement

Direct contact and multichannel communication are a crucial component of the company's customer service model, with the main objective being to ensure customer satisfaction. Improving the shopping experience is only possible through transparent communication based on ethical and responsible behaviour, which is key to providing a service that meets customers' needs.

We are working on an **omni-channel tool that is integrated** into the company's systems, allowing us to instantly answer customer queries in a streamlined, dynamic way through whichever channel they choose, powered by a single, fully-integrated interface.

Engaging with our customers brings us closer and allows us to engage with them, personalise their shopping experience and offer solutions in response to their tastes and needs. Our ultimate goal is to get to know them better. We are responsible for ensuring that this communication is secure, so we adhere to the current data protection and privacy regulations in each of the markets where we operate. In addition, our data management teams have the expertise and training to use the necessary data appropriately. We want our customers to feel safe at all times.

Our garment labels feature all the necessary information in accordance with international standards and regulations in the various countries in which they are sold. This includes relevant information such as origin, composition and care instructions in all pertinent languages

Customer service during the pandemic

With a view to expanding the services offered to our customers, we launched a sales-by-phone service with immediate delivery. 2020 brought restricted hours, occupancy limits and store closures. We launched this service in response to an environment in which some customers were reluctant to go to physical stores, making it more important than ever to make our entire stock available to customers. Once customers find their product and make their purchase, they receive their order at home within a maximum of 90 minutes. The service is available in 130 stores in Spain.



Connecting with customers through our loyalty clubs

The loyalty clubs of each of the brands are our most important asset. We currently have more than **27 million members** in the Cortefiel, Springfield, Women'secret and Hoss Intropia loyalty clubs. Our mission is to build strong, long-lasting relationships with our members, offering them exclusive content and benefits. Through fluid, two-way communication via message, email, websites and social networks, we receive feedback on our products and our customers' needs. This feedback allows us to work on better tailoring the products and services we offer our customers.

The #HOSSLOVERS club is here

The club is a tribute to all the women who still fondly remember what Hoss Intropia meant for them; women who have patiently awaited our return. It will also welcome new members who fall in love with the brand when it is relaunched.

A community has been created by them and for them, where they can be the first to discover the new designs of their favourite brand and enjoy exclusive experiences. All of these women are unique, individuals with an authentic identity, but there is something that unites them: they are all faithful to themselves, and they are all #HossLovers.

There are already more than

21,000



Customer service

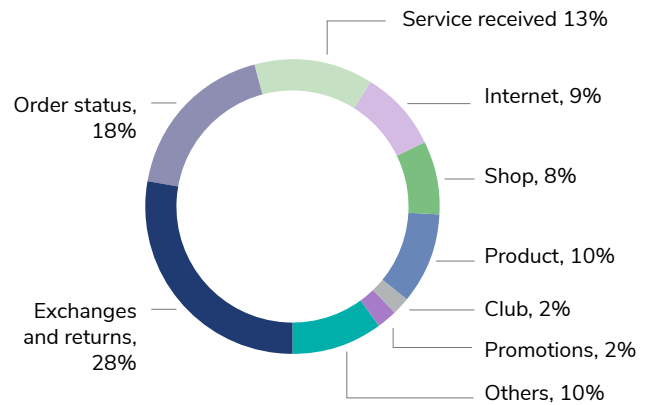
We stay closely engaged with our customers with impeccable, personalised customer service, and we keep different channels open to establish ongoing two-way communication.

To guarantee top-quality service and to adapt to customers' needs, we have a **Customer Service Department (CSD)** that is fully accessible, offering multichannel support via telephone, social networks, email, post and the company's website. The Customer Service Department is structured to provide a comprehensive, customised response to all its users, providing timely and effective solutions.

In 2020, a total of 2,299,262 customer service operations were carried out through the different channels available, with a service level of 92.93%. The company takes its customers' opinions into consideration and strives to respond to all their comments satisfactorily. This year, complaints accounted for just 0.6%. 1,002 complaints were received, 717 of which came from official complaint sheets from stores in Spain. Complaint forms received in stores are sent to the CSD to be processed. To manage these, experts gather all the necessary information from the store and the departments involved and request more details from the customer if necessary. The resolution is sent to the customer within the legally established periods, which range from 10 to 30 days.

The company analyses all customer opinions and suggestions received, which leads to continuous improvement allowing us to provide top-quality products and services tailored to its customers' preferences.

Complaints by type



Sustainable supply chain management

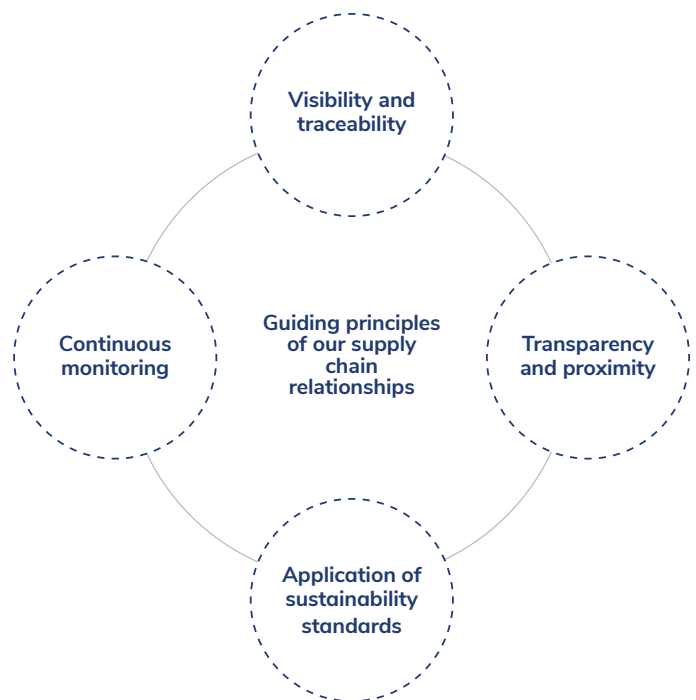


|  PRIORITIES |  2020 PROGRESS |  TARGETS |
|------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <ul style="list-style-type: none"> ◆ Respect for human rights ◆ Reduce environmental impact ◆ Protect health and safety in operations | <ul style="list-style-type: none"> ◆ Develop a pilot environmental audit programme ◆ Design a corrective action plan for environmental audits ◆ Implement protection policies and measures to fight Covid-19 ◆ Create and implement a supply chain traceability system | <ul style="list-style-type: none"> ◆ Extend the environmental audit programme and double the number of factories ◆ Strengthen supply chain traceability systems ◆ Consolidate the BSCI scheme in our supply chain |

A relationship based on proximity

We have close working relationships with all our suppliers, ensuring transparency, progress and mutual interest in all our operations. In accordance with the principles of our corporate culture, we are committed to working side-by-side with our suppliers at all times to roll out best practices to all the links in our supply chain.

We roll out structured management processes and work together with suppliers to ensure the sustainable management of procurement operations, as well as implementing key measures on priority sustainability, quality and efficiency matters. As partners and collaborators, we work to implement best practices in matters such as employee health and safety, product safety and minimisation of environmental impacts, cultivating long-term partnerships that generate value, mutual trust, ongoing dialogue and joint planning to achieve mutual goals.



During the early months of the Covid-19 crisis, we implemented protection measures for our suppliers with a view to ensuring joint progress and leveraging relationships we have built throughout our supply chain over the years, relationships steeped in a culture of integration, unity and solidarity.

The procurement processes for general services and the application, awarding and contracting processes are undertaken according to the type of product or service required and the procurement volume, in line with the company's interests and always pursuing transparency, efficiency and agility in the purchasing and contracting processes. All the garment providers we work with are pre-approved and certified based on technical and social criteria, and products bearing a sustainable label are subject to regular inspections and audits based on strict social, chemical and environmental controls, depending on the specific standard.

To design purchasing processes and oversee the application of technical and sustainability criteria, we have an interdisciplinary department which selects, assesses and validates group-level garment providers and which serves all the company's brands. This interdisciplinary approach encourages the creation of unified criteria and the coordinated implementation of action plans, as well as promoting parallel continuous improvement.



“What makes our relationship with Tendam different from other customers is the human factor. There is a special connection with the members of this team. When you talk to them, you feel that they respect and value your work, and that inspires you to continue improving every day”.

Mohsin Gheewala, Director of Selimpex International

Support and commitment. That's how Mohsin Gheewala, Director of Selimpex International, summed up Tendam's reaction to one of the toughest periods in the history of this Pakistani company. When its Karachi factory suffered a devastating fire in February 2019, the company's response was clear: its people came first, and then everything else.

As well as checking in on the health of its professionals and offering our full support in the early moments of the crisis, we also covered payment for the lines affected and decided to wait as long as it took until production was restored. Once normal activity was recovered, we began ordering again as part of the loyal relationship we had, as we had been doing since 2013. 'The greatest support we received at that time was from them; it was even greater than the support of other customers with whom we had been working longer,' Mohsin Gheewala said.

The relationship with Selimpex is based on the company's unique approach to dealing with all its suppliers: proximity, stability and trust. In this case, there is also a shared understanding of the fashion sector, with the development of quality clothing as a priority, and a shared commitment to respect for human rights and caring for people. We have highly demanding standards in this area, as Selimpex recognises, in relation to issues such as gender equality.

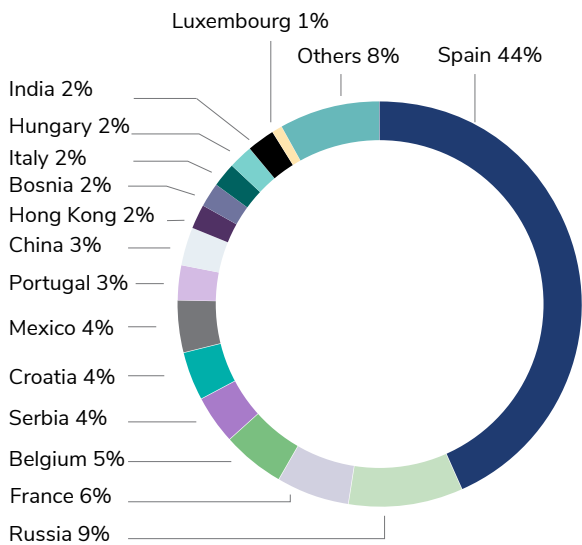
We will continue to move forward, because just as we did not hesitate – not for a second – about where our priorities were in the days after the fire, so we are utterly confident that we share a common roadmap in terms of our commitment to people and human rights.

Supply chain characteristics: visibility and traceability

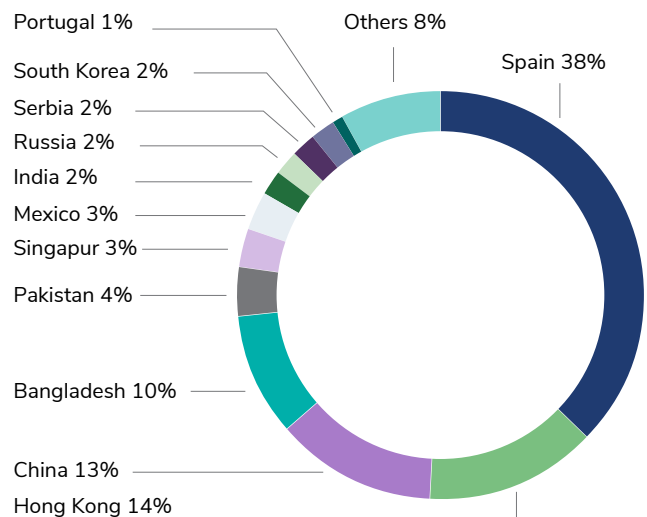
Our commitment to sustainable production means we observe intensive verification and validation processes for every supplier we retain. We look for suppliers that are committed to product quality, production capacity and social responsibility.

This year, we also paid special attention to environmental factors, striving for excellence in respectful, clean, responsible production. This is achieved through the strictest inspection and monitoring of suppliers, to identify and improve their practices.

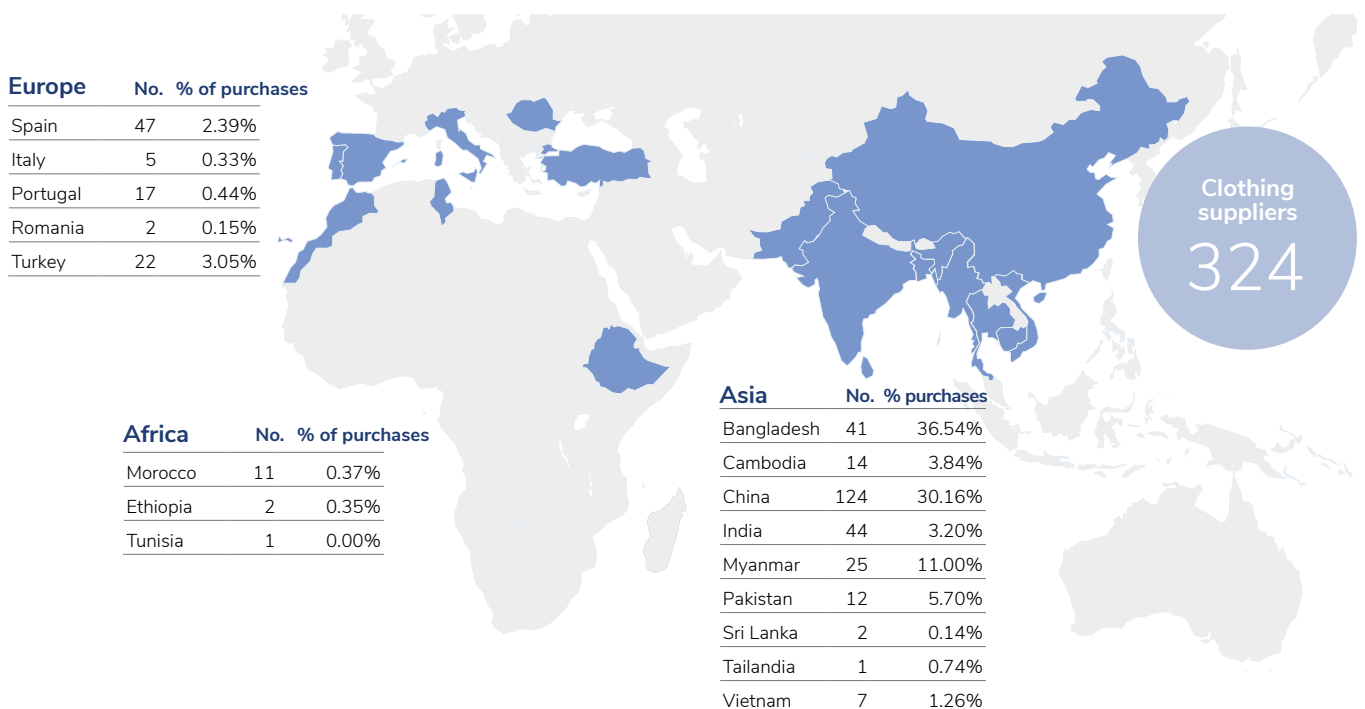
Number of active suppliers (clothing, products and services)



Distribution of payments to suppliers (clothing, products and services)



Clothing suppliers classified by source and distribution of purchases



Logistics and shipping

Efficient logistics management is a key component of our strategy and is crucial both to ensure quality and as a core part of our sustainability performance. Managing and supervising supply chains, especially our clothing suppliers, is therefore crucial for our environmental efforts. We have five logistics centres around two core strategic distribution areas.

The main distribution area is structured around the Aranjuez logistics centre, certified as a regulated agent and known consignor by the National Safety Agency. Goods are distributed from the centre to 100% of the company's own stores and 70% of its franchises. The stock for all e-commerce transactions is stored in Cuenca (Tarancón).

In Hong Kong, we have a multi-brand consolidation centre that distributes goods from Asian suppliers in a cross-dock to the Asian continent and corporate stores and franchises in Mexico. Mexico has its own logistics centre to manage the distribution of goods locally.

Centralisation of multi-brand distribution entails more efficient use of routes and, therefore, a reduction in emissions. In order to further reduce the effects of traffic and pollution in urban areas, deliveries to stores are carried out outside business hours.

Constant, effective communication

To ensure the proper functioning of the supply chain, the Hong Kong, Bangladesh, India and Madrid sourcing offices promote transparency and communication. They are responsible for monitoring both during contracting and during provision of the service. To facilitate this, we have a supplier portal where all brand orders can be traced and identified in real time worldwide. Our suppliers have access to this platform, where they can monitor their orders, payments and other authorised information.

In order to ensure the satisfaction of all agents involved in the value chain, suppliers have a whistle-blowing channel at their disposal, where both employees and third parties can report irregular conduct.



5 Logistics Centres

135,000 m²
Storage area

86.104 million
shipments dispatched

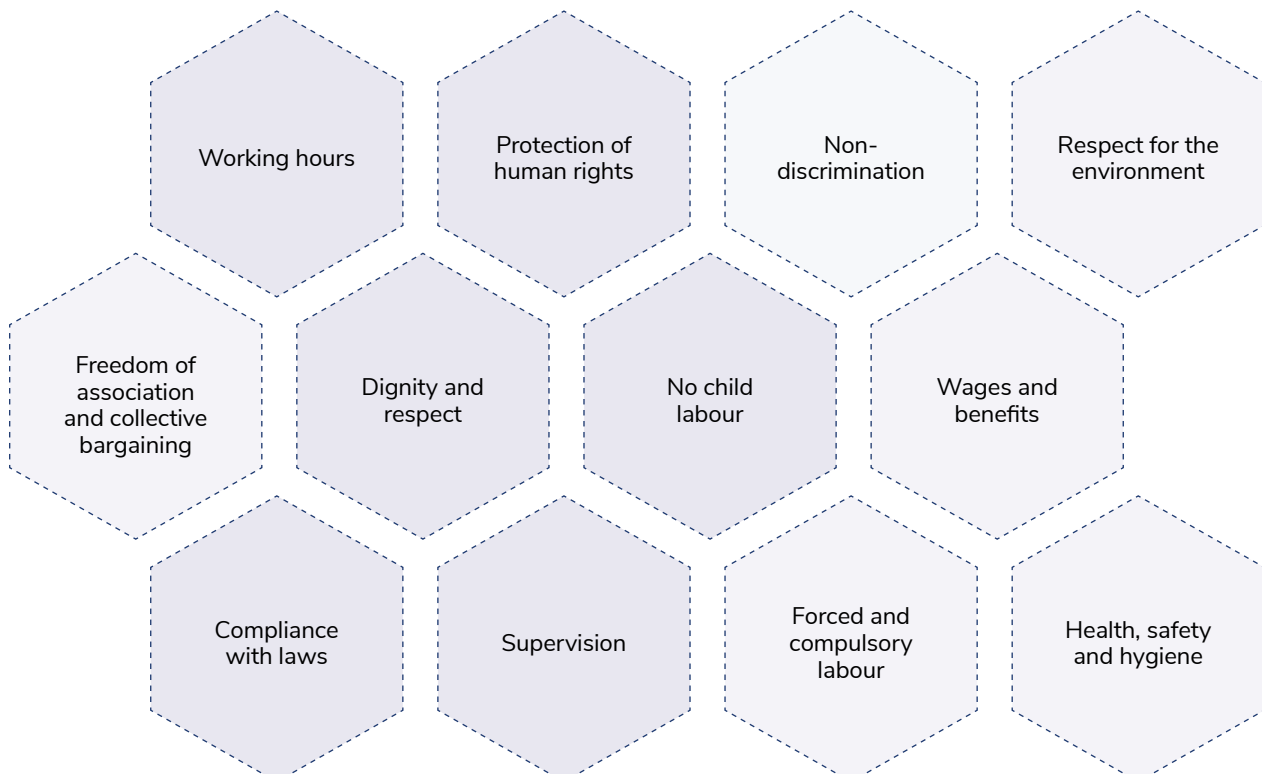
Principles and policy for supply chain management

External Code of Conduct

The criteria and requirements for our suppliers are included in the company's External Code of Conduct. The Code consists of a statement of conduct which all suppliers must adhere to and adopt as their own, and which includes principles of action aligned with the United Nations Global Compact and the guidelines of the International Labour Organisation. The ultimate aim is to ensure ethical compliance and respect for human rights by everyone involved in our supply chain.

Initial contact with any supplier begins with acceptance of our External Code of Conduct as a binding declaration of intent for commercial contracts, with the supplier agreeing to respect the Code's provisions. To ensure the Code is applied effectively, a series of audits and regular monitoring assessments are undertaken.

Through comprehensive and regular monitoring of factories, we ensure the proper functioning of operations and support the ethical and sustainable development of suppliers and their communities.

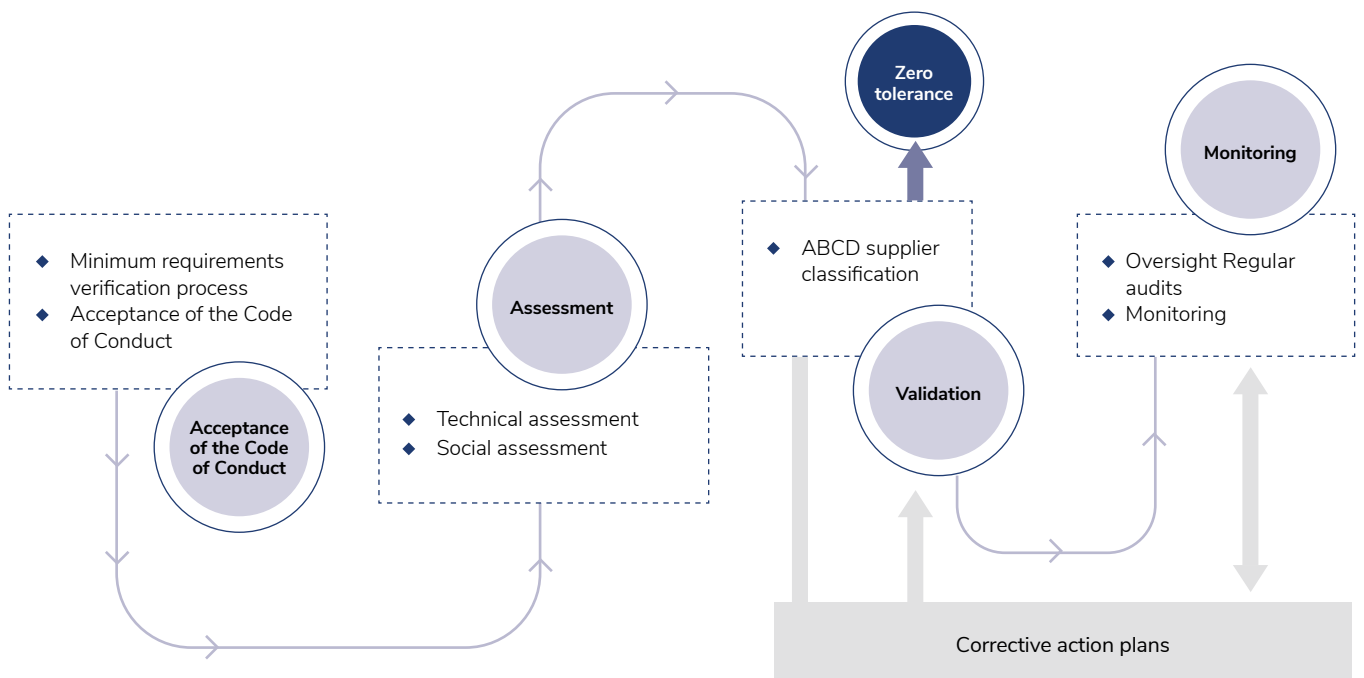


Management mechanisms

Formal procedures

We ensure that our suppliers and all the links in our value chain are fully aligned with our commitments. Before we start working with a new supplier, we ensure that its processes, policies and protocols are in line with our sustainability commitments. A rigorous investigation, evaluation and validation process is carried out to ensure the traceability, ethics and quality of all processes and products.

The first supplier validation stage involves the acceptance of the commitments acquired through the Code of Conduct and the signing of the Code. Through this process, with the support of Amfori, we confirm that suppliers meet our minimum requirements in areas such as ethics and human rights as well as environmental matters.



AMFORI

We joined AMFORI in 2017 to underpin our commitment to responsible supply chain management and our joint efforts with suppliers to continuously improve working conditions and respect for human rights. AMFORI supports and promotes the visibility of responsible production, practices to improve supply chain management and risk minimisation.

The BSCI (Business Social Compliance Initiative) and its integrated approach allows for the monitoring of social performance. The BSCI Code of Conduct has 11 principles ranging from fair remuneration to the absence of child labour.

The transformation is rolled out gradually, allowing companies to undertake constant monitoring, commitment and training.

The AMFORI BEPI (Business Environmental Performance Initiative), in turn, offers a methodological approach to assessing environmental performance, based on 11 relevant aspects of environmental performance in supply chains. This alliance streamlines constant improvement through mapping, analysis and monitoring of progress.



Assessment and validation

The assessment process involves analysing technical and production capabilities, social aspects and the environmental impact of each of the factories with which we work. Visits, visual inspections and interviews with employees and managers are carried out to confirm the veracity of the factories' information.

To promote constant improvement, factories with unsatisfactory results are given an extension of up to six months to adapt themselves to the company's demands. As they embark on the commercial relationship with the company, the factories with satisfactory results accept the monitoring and supervision process as part of our Audit Programme to ensure they evolve appropriately



Technical assessment

To ensure quality and efficiency in all our orders, a technical assessment is undertaken at all factories we may work with before we sign a commercial agreement with a supplier. The technical assessment seeks to guarantee the suppliers' ability to meet production expectations: processes, machinery and production capacity. The technical assessment is decisive for the remainder of the assessment process and, therefore, those factories that do not satisfactorily pass it will have their assessment process suspended until they adapt to the requirements.

Supplier traceability and management

The company has an internal management platform for coordination between the procurement and sourcing departments and the company's suppliers. This platform serves as a supervisory space for all information on supply chain assessments and for monitoring sustainability improvements, and is, in general, a strong step towards achieving robust traceability.

Suppliers can also access this platform and view the key issues in their progress and action plans.

In 2020 we continued to expand the platform's functionalities by adapting it to enable environmental audits to be integrated in a way that allows suppliers to monitor their results and improve their environmental performance.

With the help of an external consultant, we implemented a supplier traceability and mapping programme this year to control our supply chain beyond tier 1 in 2021-23.

Now that we have completed the traceability process with our denim suppliers – as a pilot – work is underway on the other product categories, and we intend to cover a large volume of purchases in 2021.



Social assessment

To certify that they have correct working conditions at their factories and that they respect their workers' fundamental rights, suppliers may submit a certificate in accordance with international schemes or undergo accredited independent audits which will be corroborated and verified by the company's experts.

At Tendam we have a formal procedure in place to assess working and social conditions. This procedure ensures respect for the human rights of all those involved in production. It includes respect for decent working conditions, properly informing employees of their rights as workers and fair remuneration and working hours, to name a few.

Regular audits

A system of regular audits allows factories to be monitored and tracked as a mechanism for supervising production and social and environmental development.

Every two years the factories are fully reassessed. The supplier system updates the status of suppliers from the moment they enter the tender process and throughout their professional relationship with Tendam. If a factory ceases to meet the requirements or fails to comply with the corrective plans, the platform voids and blocks production with them until it is reviewed.

Semi-announced audit programme

We have a semi-announced audit programme which is undertaken at factories which have obtained a low score in a previous audit, as well as for factories that have significant production volumes.

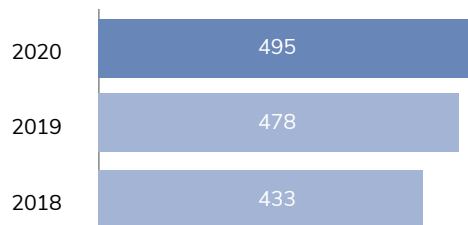
Zero tolerance

Any audit process with a negative outcome on social components will result in Tendam's immediate refusal to work with the supplier. We follow a zero tolerance approach with suppliers that do not respect human rights policies such as physical integrity, forced labour and child labour or the absence of freedom of association. The Social Audit system aims to promote and encourage good practices, so factories can reapply once their situation meets the requirements.

Social audits carried out at factories

| Country | New | Renewals | Total |
|--------------|-----|----------|------------|
| China | 62 | 187 | 249 |
| Bangladesh | 11 | 52 | 63 |
| Ethiopia | 1 | 1 | 2 |
| Myanmar | 13 | 29 | 42 |
| India | 19 | 30 | 49 |
| Italy | | 2 | 2 |
| Turkey | 9 | 16 | 25 |
| Morocco | 2 | 2 | 4 |
| Spain | 5 | 9 | 14 |
| Pakistan | 3 | 9 | 12 |
| Cambodia | | 12 | 12 |
| Vietnam | 3 | 9 | 12 |
| Portugal | | 4 | 4 |
| Sri Lanka | 3 | 0 | 3 |
| Thailand | | 1 | 1 |
| Romania | | 1 | 1 |
| TOTAL | | | 495 |

Number of factories assessed over the last 3 years



Corrective plans

If potential conflicts or areas for improvement are identified, a corrective plan is established at the end of the audit. The corrective plans are tailored to each supplier, depending on its circumstances and conditions. The corrective plan will consist of a mutually agreed document setting out the non-compliance problems and the factory's opportunities for improvement. This document will be used as the agenda of the closing meeting of the audit and must be agreed to by the factory management. Depending on the specific case, a corrective and preventive action plan will be established starting on the day of the audit. Finally, once it has been signed and approved by both the auditor and the factory management, it will serve as a guide for future audits and improvement monitoring.

A, B, C, D, E classification system

For the 598 factories we work with, categories have been defined based on the degree of compliance with the Code of Conduct and following the principles established by Amfori. We currently have five categories, from A to E, with A being the highest score.

A & B > Fit to produce. The audit is renewed every two years.

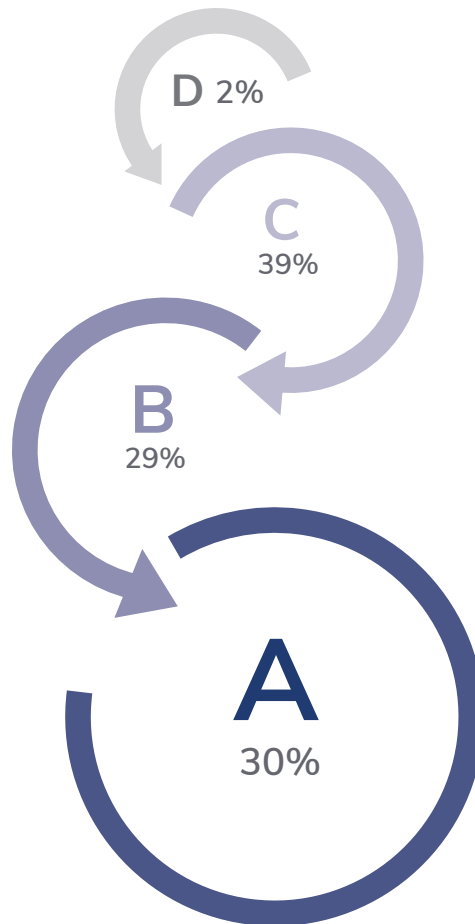
C & D > Fit to produce. The audit will be reviewed annually and a full audit will be repeated in two years.

E > Fit to produce, with corrective plans to be followed up every 6 months.

Zero tolerance > Factories that do not pass the audit satisfactorily may adapt to the requirements and deliver a certificate from accredited bodies corroborating these improvements. Factories that earn a D grade or lower twice in a row will be permanently blacklisted in accordance with the zero tolerance criteria.



Supplier classification



Support measures during the Covid-19 crisis

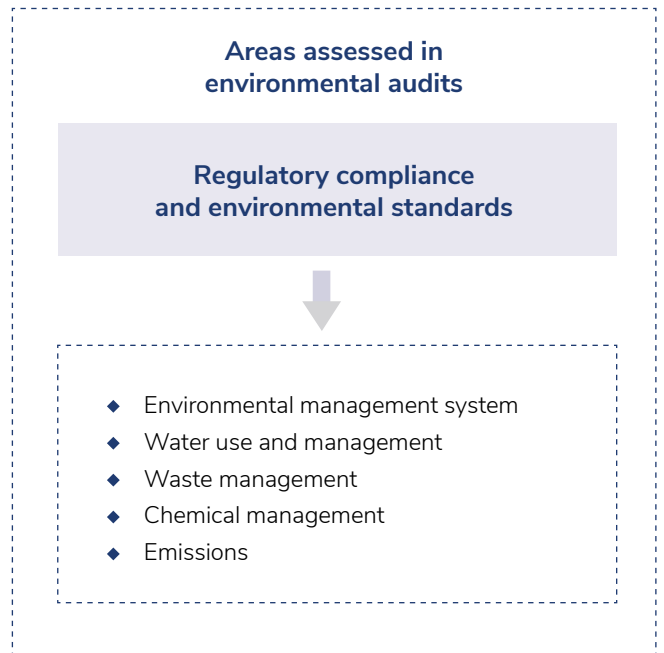
Due to the situation precipitated by the Covid-19 pandemic, drastic measures had to be taken to protect the health of both auditors and factory employees. As a result, in 2020 the following measures were taken in relation to audits:

- ◆ Limited contact and application of social distancing measures
- ◆ Mandatory masks for auditors and all those interacting with them
- ◆ Access to hand sanitiser
- ◆ Arrangement of audited spaces and indoor occupancy limits to preserve social distancing
- ◆ Interviews conducted in private rooms for the sole use of the auditor and the interviewee, maintaining a safe distance.

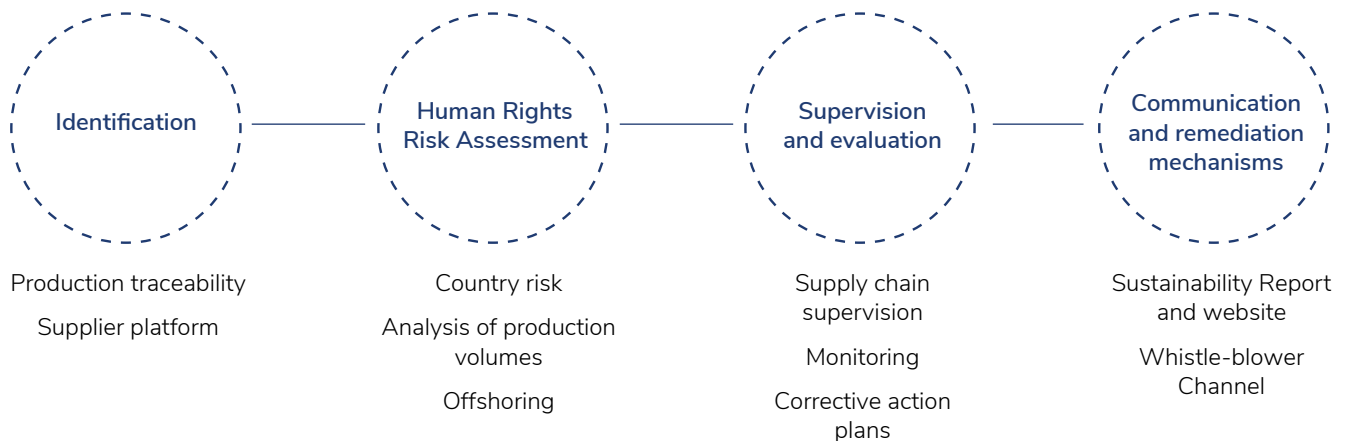
Environmental assessment

In 2020 we launched the environmental audit programme for suppliers based on environmental management criteria. In 2020, 57% of the suppliers analysed obtained the highest score. **The goal for 2021 is to assess twice as many factories as this year.**

The aspects included in this assessment requirement are the environmental management system and responsible management of water chemicals, garments, waste and emissions, among others. The audit reviews not only the factory but also the respective documents on environmental matters: the building permit, the fire prevention system permit, infrastructure authorisations and waste water techniques and tests. It also coincides with the update to the product health and safety test by REACH, which has been updated and included in our criteria






Due diligence mechanisms for human rights



Social responsibility



|  PRIORITIES |  2020 PROGRESS |  TARGETS |
|---------------------------------------------------------------------------------------------------------------------------------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <ul style="list-style-type: none"> ◆ Job creation ◆ Diversity and equality ◆ Forge partnerships for social development | <ul style="list-style-type: none"> ◆ Solidarity initiative launched to mitigate the impact of Covid-19 for the most vulnerable ◆ Our brands have continued to advocate in solidarity with empowerment for women and to promote social inclusion ◆ We joined Forética | <ul style="list-style-type: none"> ◆ Promote corporate volunteering initiatives in the digital environment ◆ Enhance social partnerships with institutions through our brands ◆ Align our social initiatives with the 2030 Agenda |

We strive to have a positive impact on our society, driving positive change and promoting diversity, inclusion, and the well-being of the communities we serve.

2020 brought significant new challenges and a global need for solidarity, which motivated us to continue growing in an environment of constant corporate transformation and adaptation. We have attached great importance to integrating social responsibility criteria into our strategic approach and have worked to generate a positive contribution to society in both the short and long term.

This year we joined Forética to reinforce our commitment to society. This will allow us to make further progress in integrating social, environmental and good governance aspects into the company's strategy and management.

As an active, responsible member of society, we have launched various initiatives to help curb the spread of the virus and mitigate its effects.



Corporate volunteering

Through our corporate volunteering programme, 'Somos Voluntarios', employees can actively participate in various social and environmental programmes, which give them the chance to add value to society. Through this initiative, our talented professionals work with third sector organisations to make an internal and external impact, bringing the company closer to the community.

Support for women

We continue to work with **Fundación Quiero Trabajo** to support employment for women at risk of social exclusion due to their status: migrants, applicants for international protection and refugees, adults over 45, single mothers, etc. During the pandemic, mentoring sessions were offered to users online to help empower them and improve their self-esteem and allow them to participate in recruitment processes with confidence and security.

Training for workforce inclusion

Our volunteers offer workshops to the students on the **Madrid Downs Syndrome Foundation's** FOCUS training programme where young people with disabilities are provided with a space for their personal and educational development once they finish their schooling. As part of the business, hospitality and tourism modules, Tendam's volunteers provide training workshops on personal styling and job interviews for their future incorporation into the labour market.



Support for people affected by Covid-19

As part of the Corporate Volunteering programme, we invited employees to continue helping during these incredibly challenging times. Our volunteers helped prepare clothes to send to hospitals and care homes through 'The thread that connects us', an initiative launched by the company during lockdown. Through the **Altius Foundation** we were able to help distribute primary-need product baskets for vulnerable families affected by unemployment and especially those affected by Covid-19 from a social, human and healthcare perspective.

Promoting workforce integration

Cortefiel has offered the **Argadini Association** personal styling services for students with learning disabilities, donating clothes from the collection to form part of their uniforms for the events they host as part of the association's internship programme.

Strategic initiatives

We are committed to taking action that goes beyond our business activity and gives back to society. This commitment is manifest in the various initiatives in which we participate in support of proper employability, equality and the protection of the environment.

Advocating for sustainability

2nd Conference on Sustainability, Responsibility and Innovation in Fashion

For the second consecutive year, we organised a conference on Sustainability, Responsibility and Innovation in Fashion Design together with the Madrid Higher Fashion Design Centre (CSDMM) of the Polytechnic University of Madrid (UPM), where fashion experts share their knowledge about the reality of the sector.

#BosqueSpringfield

Springfield has launched the #BosqueSpringfield (Springfield Forest) initiative together with CO2Revolution to contribute to the fight against climate change and deforestation. Through this initiative, 30,000 trees were planted in an area near Burgos (northern Spain), where a fire had caused the region to become deforested years ago.

Fashion Sustainability Shots

Together with Modaes, we are sponsoring the creation of a new audio-visual information space where relevant content on sustainability within the fashion industry is publicly shared. Interviews on the topic with prominent industry and textile business professionals are available on this exclusive, dedicated space on the Modaes website.

Training and talent

Tendam Sustainability Classroom with the Polytechnic University of Madrid

The Tendam Classroom on Sustainability, Responsibility, and Innovation in Fashion Design in collaboration with the Advanced Fashion Design Centre of Madrid (CSDMM), affiliated with the Polytechnic University of Madrid, is another example of our commitment to society. It contributes to our training mission with a threefold objective: (i) supporting talented young people, (ii) training professionals and professionalising the sector, and (iii) demonstrating a clear commitment to sustainable innovation from the design process.

Chair at the ISEM Business Fashion School

The Tendam chair at ISEM, at the University of Navarra, the first business school specialising in fashion companies in Spain, focuses on two strategic pillars: supporting young talent and nurturing their professional growth in order to contribute to their employability. Tendam shares the aim of training professionals to work in the fashion industry by building their negotiation and leadership skills.



European University Programme on sustainability and employability

We participate in this sustainability programme as a partner of reference, with the support of Glasgow Caledonian University and financed by the European Erasmus+ programme. The programme aims to provide the next generation of professionals in the sector all the necessary knowledge on sustainability.

We participate in this initiative in collaboration with various academic institutions: The Polytechnic University of Valencia, Villanueva University of Madrid and other schools in Portugal and France.

Atelier by ISEM

Tendam collaborates on the Atelier by ISEM project, the start-up accelerator run by the ISEM Business School, Universidad de Navarra's business school focused on the fashion industry. In this third year of the project, we have joined up with other major companies to promote new alliances with entrepreneurs and start-ups. The initiative also aims to add new technologies that will contribute to the industrial fabric of the retail industry specialising in fashion.



Photo taken from the last session held in person before COVID-19

Supporting integration and diversity

Business Women Empowerment

We sponsor this initiative, organised by Cinnamon News, which aims to contribute to the empowerment of women in the economic and business community. Within this framework, Woman2Woman is a mentoring programme focused on searching for women who have the drive to spearhead a new phase of change and greater equality in the world of business.

EngageMEN, getting men engaged

Our CEO has participated in the EngageMEN challenge, a Mujeres&Cia initiative, which clearly embraces the challenge to facilitate women's access to management positions. As a result of this commitment, we have launched a new internal project to promote female leadership in middle and senior management and to work towards greater equality.



Projects with a social impact

We maintain a strong commitment to our social programmes as a means to contribute to the UN's SDGs and the well-being of the global community.

We pay special attention to developing programmes that help improve people's personal and professional skills, reflecting our commitment to our employees and our willingness to take part in personal growth and development.

#Simeimporta (#IDOCARE) movement for breast cancer prevention

Since beginning their collaboration in 2013, Women'secret and the **Dexeus Mujer Foundation** have taken another step towards preventing hereditary breast cancer. The Post Surgery Bras project was created seven years ago to support and contribute to making the lives of women who have suffered from breast cancer easier. It is a line of lingerie and swimwear designed to be adaptable so it can be worn with a prosthesis or post-surgery

This year, we unveiled the SIEMPRE SÍ (always yes) initiative with which the brand calls on all women to join the #SÍMEIMPORTA (I do care) movement, which aims to improve the quality of life of women with cancer, removing any stigmas or social barriers related to the disease.

This year's International Breast Cancer Day campaign arranged the sale of an intimate-wear collection to obtain funds to facilitate free access to genetic testing for women with a hereditary predisposition to cancer. Armed with this information, women who learn they are at risk of developing the disease or passing it on to their children are in a position to take the necessary preventive measures.

 € 39,249 raised in Spain and Portugal

 54 women have benefited from the genetic testing



Perfectly Imperfect to raise awareness about disabilities

For yet another year, Cortefiel has supported the **Cadete Foundation** with the Perfectos Imperfectos (Perfectly Imperfect) project, in which we participate to further our commitment and support to diversity and to positively highlight how children born with disabilities are perfectly different and original.

As a part of this collaboration, the brand sold a capsule collection in which the Foundation's boys and girls helped design the collection in a 'free painting technique' session held by Cortefiel at the beginning of the year.

During the event, the children created sketches that the Cortefiel team of designers subsequently adapted for the final design, validating the key role the children played in a project created by and for them.

This partnership aims to promote the social integration of children and young people with disabilities, by providing access to psychotherapy, speech therapy, physical therapy and occupational therapy treatment. Thanks to the donations received, 36 children and young people were awarded scholarships to continue their treatment for 10 months at specialised centres.



 €29,600 raised

 36 children and young people have been awarded scholarships to continue

In-kind donations

At Tendam, there is a firm social commitment to making the most out of our defective samples and garments that cannot be sold on the market. We thus do our part to avoid destroying unused apparel and the consequent generation of waste.

As a part of this commitment, 15 years ago we established a social programme that finds a purpose for these products through two mechanisms: via in-kind donations to non-profits and the Involucrados (involved) Project, which helps fund social projects by selling these items in charity markets, socially maximising the value of these out-of-market resources.

The most direct way of using these leftovers is donating them, but we also use them to generate economic resources that contribute to initiatives that generate a much greater benefit to society. In this way, resources that the company would not benefit from in its regular commercial management are maximised, whilst also averting additional textile waste.



| | Garments donated | Monetary value |
|------|------------------|----------------|
| 2020 | 26,730 | €178,200 |
| 2019 | 23,430 | €156,200 |
| 2018 | 17,700 | €118,000 |

Other work with charities

Sponsors of the 2020 TELVA Solidarity Awards

This year we sponsored the TELVA awards again, as we have for the last ten years. In a year that has been very difficult for some groups, we sponsored the first prize for the national category, which was awarded to Casa Caridad Valencia for its mission: delivering urgent solutions in response to the consequences Covid-19 has had on children's schools.



Partnership against cancer with the AECC

On 19 October 2020, we joined World Breast Cancer Day by collaborating with the Spanish Cancer Association (AECC) and supporting the fight against breast cancer through direct donations. Each employee's contribution to the cause was doubled by the company. Meanwhile, Fifty launched a campaign in its stores and contributed to the cause by selling 7,000 AECC bracelets to its customers.

Brisas de ilusión & sonrisas al sol project

Fifty launched the 'Brisas de Ilusión & Sonrisas al Sol' (Promising Breeze & Sunny Smiles) charity project to help the Blas Mendez Ponce Foundation, with its mission of supporting boys and girls who have been diagnosed with cancer and other illnesses that are difficult to cure. The project aims to improve their quality of life using funds raised by selling a capsule collection created by the brand.



Purchase of healthcare material

The company made its global procurement network available to authorities and other companies and bodies to acquire health and medical supplies through its international supplier network. It managed the transfer of more than €1 million in healthcare materials (2.5 tonnes) to Spain, in partnership with other companies such as Openbank and CLH.

Manufacture of protective equipment for senior care homes

A collaboration between our patternmaking teams and our network of suppliers resulted in the production of personal protection equipment (hospital gowns and face masks) to be sent to senior care homes. To date, 2,000 hospital gowns have been delivered. Another collaboration – this one with the Universidad Francisco de Vitoria's fashion school – supplied pre-cut fabric to be used to make 7,000 masks.

Taking care of our elderly with the Red Cross

Our Pedro del Hierro label has partnered with the Red Cross to participate in the ENRED@TE programme, which aims to provide the elderly companionship, reducing the sense of loneliness and isolation they might be suffering. The brand has designed a sweatshirt in solidarity with the cause, which is sold to raise funds. 100% of the proceeds are donated back into the Red Cross' programme.

Evolution of direct donations to the third sector (€)

| 2020 | 2019 | 2018 |
|-----------|----------|----------|
| € 392,186 | €298,230 | €215,327 |

Helping out the Lesbos refugees

Last September a fire destroyed the Moria Refugee Camp on Lesbos, the largest refugee camp in Europe. To assist with this emergency, we donated a total of three pallets with shelter items, an activity organised by the Olvidados Association.

“Súmate, Operación Solidaria” (S.O.S)

We joined this initiative (Join In, Solidarity Operation) coordinated by the KPMG Foundation and channelled through the Food Bank of Madrid, Diocesanal Caritas of Madrid and the Red Cross with the support of the Madrid regional government and the Spanish army. The foundation launched the initiative to bring together the efforts of private companies, public authorities and charities to multiply the distribution of food and essential products to people without resources.

Fashion 2nd Life - No memory forgotten

In December we held a charity sale at the company's showroom, the profits from which were used for the 'Fashion 2nd Life' project initiated in 2019 by Pedro del Hierro. This initiative contributes to the financing of the Alzheimer's disease research project carried out by the University of Navarra's Centre for Applied Medical Research.

Visits with the Magi

Once again, we joined the 'Real Magi' campaign in a year in which, more than ever, good cheer is essential. More than 120 people from the central headquarters participated in the initiative to collect 170 gifts, both for children and the elderly living in senior care homes.

Collaboration with a soup kitchen

For the third consecutive year, part of the Fifty team visited the María Inmaculada School's Hijas de la Caridad soup kitchen, dedicated to the poor and the homeless, providing a gift of close to 100kg of clothing and a financial gift of €1,500, plus the participation of our volunteers.



Donations to charities in 2020

| Chain | For | Recipient charity | Economic Contribution |
|------------------|------------------------------------------------|-----------------------------------------------------|-----------------------|
| Tendam | Telva Solidarity Awards | Casa Valenciana de la Caridad | 9,000 € |
| Cortefiel | Perfectly Imperfect | Cadet Foundation | 29,574 € |
| Tendam | 'International Breast Cancer Day' Campaign | AECC | 5,880 € |
| Women'ssecret | #Simeimporta movement | Dexus Women's Foundation | 42,822 € |
| FIFTY | 'Brisas de ilusión y sonrisas al sol' campaign | Blas Méndez Ponce Foundation | 6,095 € |
| Pedro del Hierro | 'Fashion Second Life' Project | UNAV Foundation for Applied Medical Research (CIMA) | 7,100 € |
| Tendam | The 'El hilo que nos une' initiative | Various charities | 216,965 € * |
| Women'ssecret | Donation of masks | ASION | 750 € |

* Value at cost. The market value amounted to EUR 1 million.

Other donations to charities in 2020

| | | |
|-------------------|--------------------------|------------------|
| Annual membership | SERES Foundation | 19,000 € |
| Annual membership | LEALTAD Foundation | 5,000 € |
| Tendam Chair | Univ. Navarra-ISEM | 30,000 € |
| Tendam Classroom | Polytechnic U. of Madrid | 20,000 € |
| Total | | 392,186 € |

Charity in-kind donations: 26,730 items, valued at €178.200, to 101 beneficiaries

Respect for human rights



Respect for human rights is an integral part of Tendam’s ethos and influences how we live and what we understand our role in society to be. We insist on following the letter of the law, but we have even higher standards for ourselves. When it comes to our commitment to caring for people, we adopt best practices as our guiding principles.

We are prepared to work in an environment where human rights are gaining greater importance in public and private agendas.

In recent years, human rights have become more prominent in the public agenda. The recently announced forthcoming EU Human Rights Due Diligence Directive, which will oblige EU companies to take responsibility for the impact of their activity on human rights across their value chains, is the clearest example. The challenge encourages us to double down on the commitment that defines us, and that we consider to be our duty: to care for people and extend this mission across our value chain and to our stakeholders.

In order to make resolute progress in this area, we believe it is essential to understand our starting point. To this end, in 2020 we decided to analyse the maturity of our human rights management practices. The analysis had a twofold purpose:

- ◆ To identify opportunities in relation to those people whose fundamental rights are directly or indirectly affected by our activity, i.e. our **rights-holders**.
- ◆ To detect **possible risks in our value chain** and define responses to mitigate them.

Different departments of the company (Purchasing, Human Resources, Compliance and Sustainability), actively participated in the assessment, which was carried out following SERES’s human rights LabS methodology, based on the recommendations of the Guiding Principles, the Danish Institute, the OECD’s due diligence guide and the [SHIFT](#) maturity analysis. We will use the results – shared in this report – as input into the development of a roadmap that will further our human rights management model, putting us in a position to successfully address the challenges ahead.



A responsible human rights management model based on our culture

Our commitment to human rights has been a formal part of our Code of Conduct since 2012. It specifies our commitment to the people in our value chain: our employees, our suppliers' and associates' employees, our customers and the individuals in the communities we serve.

We are responsible for the impact we produce on the people with whom we are connected through our operations, regardless of the country where they are located. This people-based approach arises from our purpose, which is intrinsic to all the brands that make up the company. We continuously enrich our approach with recommendations from external frameworks and multi-stakeholder initiatives through which we are able to identify – and in turn make progress addressing – new challenges that arise from recent initiatives, such as digitalisation, that have an impact on the people in our ecosystem.

We incorporate any new challenges that are identified in our analysis into our regulatory framework – where our internal and external codes of conduct are the leading components – and in doing so we ensure our business integrates adequate responses that will be complied with. This integration process benefits from the participation of Tendam's senior management team; it is supervised by the company's governing bodies, and coordinated and managed by the company's department heads.

Initiatives we take part in

We are aware that addressing human rights issues is complex, and we cannot take it on single-handedly. This is why we have not limited our efforts – on behalf of raising the standards of respect and championing human rights – to within the company. We have also joined multi-stakeholder initiatives to bolster the fulfilment of our mission.

This is demonstrated by our participation in the following collaborations:

Cross-disciplinary initiatives

- ◆ Company LabS and Human Rights of the SERES Foundation, which we have belonged to since its foundation in 2018

Social initiatives

- ◆ AMFORI (Trade with Purpose), Business Social Compliance Initiative (BSCI).
- ◆ ASEPAM (Spanish Association of the United Nations Global Compact).
- ◆ Call to Action in the Global Garment Industry of the ILO to address fallout from Covid-19
- ◆ Inserta-Once Forum
- ◆ Business Women Empowerment.
- ◆ Fashion Social Forum

Environmental initiatives

- ◆ The Fashion Pact,
- ◆ UN Fashion Industry Charter for Climate Action Global Climate Action

EXTERNAL REFERENCE FRAMEWORK

- ◆ International Human Rights Charter
- ◆ Declaration of the International Labour Organisation (ILO)
- ◆ The United Nations Guiding Principles on Business and Human Rights
- ◆ OECD Guidelines for Multinational Companies
- ◆ United Nations Global Compact

INTERNAL REGULATORY FRAMEWORK

The Code of Internal Conduct is the backbone of our corporate culture and ethics model. It is an integrated framework adapted to the relevant business issues, complemented by other tools:

- ◆ Code of Conduct for suppliers and franchisees
- ◆ Responsible Purchasing Procedure
- ◆ Due Diligence and Audit procedures for third parties
- ◆ Responsible Communications Policy

Complaint mechanisms

We have a whistle-blowing channel, that can be accessed both on the corporate intranet and on our website. This channel allows any employee or third party to report – anonymously, confidentially and safely – possible violations of the Tendam Code of Conduct. We received no complaints about human rights violations in 2020.

An integral part of our commitment to an ethical culture translates into the need for an immediate and exemplary response if a critical situation arises. We aim to establish repair mechanisms to address these types of incidents.

Looking ahead





Our commitment, complemented by an unwavering sense of rigor, keeps us looking toward the future, and in the coming years we will take strides towards a strategic human rights management model that will generate even stronger relationships with our stakeholders.

We will work on four areas of action:

| | | | |
|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------------------------------------------------------------|---------------------------------------------|-----------------------------------------------------------------------------------|
| Design and publication of a human rights policy and integration of said policy into the company's regulatory framework, together with the existing codes of conduct and policies | Formalisation of the due diligence process in the value chain | Formalisation of dialogue with stakeholders | Extension of our values across our entire value chain and to all our stakeholders |
|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------------------------------------------------------------|---------------------------------------------|-----------------------------------------------------------------------------------|

Rights-holders: those at the centre of it all

In the maturity assessment process, we identified those people whose fundamental rights are directly or indirectly affected by our activity – **rights-holders** – and we have elaborated on those areas where our relationship with them is most relevant

| |  |  |  |  |
|------------------------------|-------------------------------------------------------------------------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------|
| RIGHT HOLDERS | Our employees | Employees of suppliers | Customers | People from local communities |
| Cuestiones relevantes | Fair hiring and remuneration Health and safety Freedom of association Diversity and equality | Fair hiring conditions and freedom of association (ILO compliance) Traceability and control of suppliers Traceability and control of the supply chain back to raw materials Responsible purchasing practices Local empowerment | Health and safety (product use) Responsible, transparent and inclusive communications, generating conscious consumers Data privacy and use | Environmental protection and safety (use of chemicals) Inclusive business Dialogue with communities Promoting effective governance |



Our employees

Mutual respect and trust are the keys to managing our professionals. We promote a positive, stimulating and safe working environment. Our Code of Ethics and human resource policies establish a framework for relationships based on respect for human dignity, equity, fair treatment and zero tolerance of abuse of authority or harassment.

The diversity of our teams is a competitive factor for the company as it reflects the diversity of our markets and customers and helps us better understand our business and consolidate our long-term growth.

Safeguarding the health and safety of our employees was one of the main challenges in 2020. We worked tirelessly to guarantee the safety of our professionals without affecting our customer service. And we managed to overcome the challenge thanks to everyone's commitment.



Employees of suppliers

At Tendam we have our own style of relationship with our suppliers. We have a limited selection of suppliers who we know well and with whom we share long-lasting and trusted relationships. We plan our orders reasonably based on their capacity, thus avoiding indirectly causing harm to their employees' working conditions.

The 10% turnover rate we had in 2020 is evidence of this commitment and a guarantee of stability.

In 2020 we were closer than ever to our suppliers, standing together with them throughout the Covid-19 crisis, supporting measures to guarantee their health and safety, with aid for financing, pre-financing and improvement of conditions. We also hired the employees of a supplier that was affected by the pandemic and continue to trust in our various suppliers even after production was interrupted for months.

We also have a risk identification and management system to ensure supply chain compliance with our human rights protection commitments.

This is formalised in a Code of Conduct – which is mandatory for all companies (suppliers and franchisees) that work

with us – and in a regulatory framework. The pillars of this framework are:

- ◆ Due diligence and audits of third parties, in certain markets and suppliers.
- ◆ Our Responsible Procurement Principles, which lay out the principles for integrating social and environmental aspects into this process.
- ◆ System for the traceability, control and monitoring of our suppliers through social audits.



Customers

Our customers are the force that drives us to be better every day. We owe them a large part of what we are; we pay them back in the form of a solid commitment to protecting and promoting their fundamental rights, which, where applicable, adopts three fundamental principles:

- ◆ Protecting their health and safety, by controlling what their clothes are composed of, and complying with required quality standards and levels.
- ◆ Inclusive, transparent communications committed to diversity.
- ◆ Ensuring the safe, responsible and transparent use of personal data, particularly those obtained via our loyalty club.



People from local communities

We believe that the best way to generate a positive local impact is through a commitment to the development of our local suppliers, but we go further and work to create a positive impact on the people in the communities we serve.

Based on our values and purpose, we establish specific environmental commitments in the areas of plastic reduction, emission reduction, chemical management and responsible water use management.

5. About this report





The report's scope and coverage

This 2020 Sustainability Report comprises all the activities of Tendam Brands S.A., the parent company and the companies it directly or indirectly controls, which together comprise the Tendam Group.

The report includes the consolidated statement of non-financial information of the company and its group for the year from 1 March 2020 to 28 February 2021. It is submitted as a separate report included in the company's – and its group's – consolidated management reports.

The 2020 Sustainability Report has been prepared by the Board of Directors of the company and was signed by all its members on 31 May 2021.

The contents of this report have been produced in accordance with international standards such as the Global Reporting Initiative, following the guidelines and the principles established in the SRS Standards (Comprehensive application level).

The report includes all the information required by Spanish Law 11/2018, of 28 December, which amended the Commercial Code [Código de Comercio], the consolidated text of the Spanish Corporate Enterprises Act [Ley de Sociedades de Capital] approved by Legislative Decree 1/2010, of 2 July, and Spanish Law 22/2015, of 20 July, on account auditing, in relation to non-financial information and diversity [Ley 22/2015, de auditoría de cuentas, en materia de Información No Financiera y Diversidad].

Relevant environmental and social aspects of the business in the significant geographical footprint where it has activity have been taken into account in producing the report. Any limitations on certain content are detailed in the

corresponding section of the report or in the corresponding index, and there is a commitment to continue working on internal data management to present the most complete information.

The characteristics of the organisation and the expectations of its stakeholders have been taken into account.

The basic principles followed to produce this report are:

- ◆ The information reported was submitted on 28 February 2021 unless expressly indicated otherwise.
- ◆ For comparison purposes, quantitative information is included from the previous year, either in the contents of each chapter or in the Main KPIs table of the same section.
- ◆ All the information and data obtained from Tendam's various internal management systems was provided by the heads of the various departments.
- ◆ The information is not limited exclusively to quantitative indicators, but rather supplementary qualitative information makes it possible to reflect an adequate overview of our sustainability.
- ◆ All the images and graphic resources used are company specific or have been duly licensed or assigned for this report.



TENDAM
GLOBAL FASHION RETAIL

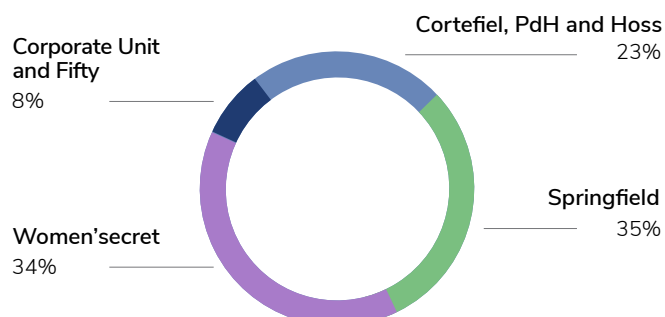
Economic contribution

Main Statistics (Millions of euros)

| | 2020 | 2019 | 2018 |
|------------------------|----------|----------|----------|
| Non-financial assets | 1,299.85 | 1,382.08 | 1,015.78 |
| Financial assets | 20.82 | 21.70 | 21.57 |
| Stocks | 155.86 | 154.31 | 157.67 |
| Customers | 10.23 | 24.91 | 15.40 |
| Trade suppliers | 250.00 | 228.36 | 223.40 |
| Total operating income | 777.18 | 1,187.28 | 1,150.83 |
| Gross margin/income | 60.26% | 61.97% | 61.74% |
| Operating profit | -83,285 | 122,562 | 119,316 |
| Recurring EBITDA | 145.83 | 296.97 | 161.71 |
| Inventories /Sales | 20.43% | 13.08% | 13.79% |
| Customers/Sales | 1.34% | 2.11% | 1.35% |
| Suppliers/Sales | 32.76% | 19.36% | 19.55% |

Income (Millions of euros)

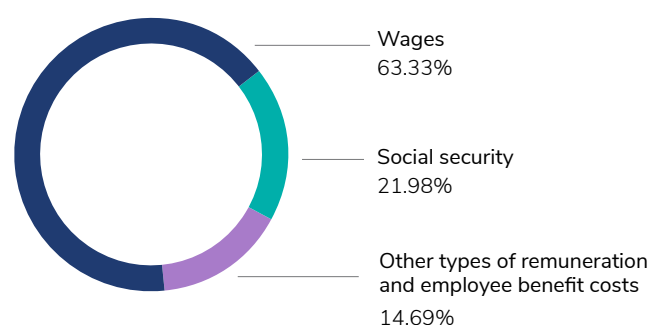
| | 2020 | 2019 | 2018 |
|--------------------------------------|--------|--------|--------|
| Cortefiel, Pedro del Hierro and Hoss | 179.80 | 315.93 | 312.92 |
| Women'ssecret | 261.85 | 336.31 | 312.21 |
| Springfield | 275.19 | 446.02 | 444.21 |
| Other income (Fifty) | 58.96 | 87.44 | 79.41 |
| Corporate Unit | 1.39 | 1.58 | 2.08 |



Distribution of expenditure (Millions of euros)

| | 2020 | 2019 | 2018 |
|--------------------------|--------|--------|--------|
| Employee salaries | 213.61 | 235.16 | 220.97 |
| Procurements | 308.86 | 451.50 | 440.35 |
| Other operating expenses | 159.36 | 205.50 | 328.37 |

Employee salaries 2020



Profit/(loss) before tax * (Millions of euros)

| | Feb. 2020 | Feb. 2021 |
|----------|--------------|----------------|
| Spain | 64.98 | -101.4 |
| Portugal | 11.41 | -1.59 |
| France | -0.30 | -10.59 |
| Mexico | -2.29 | -5.97 |
| Russia | -3.74 | -7.29 |
| Other | 2.34 | -9.87 |
| | 72.41 | -136.72 |

*After Corporation Tax

Corporation tax paid: In the 2020/21 financial year, a total of €2.79 million was posted as paid corporation tax.

Public grants: This includes grants totalling €10,922,000 received in Spain as social security contributions credits received for placing employees in the Covid-19 force majeure furlough scheme (ERTE) (€8,988,000) as well as in certain aid for subsidiaries from various national governments in relation to COVID-19.

The company also received €129,020 in employment training in Spain as a credit for social security contributions (Fundae) and other amounts arising in this regard.

Environmental provisions: The company has not taken any provisions with relation to the environment. It believes that any damages and/or liabilities that could result from incidents of this nature are sufficiently covered by the insurance policies taken out by the group.

Principles of the Global Compact

Since Tendam joined the United Nations Global Compact in 2002, it has submitted annual progress reports to inform both its stakeholders and society at large of its progress on the commitments it agreed when joining the Global Compact Principles.





In accordance with the Global Compact's report preparation best practices and given the relevance of the materiality analysis undertaken as part of this 2020 Sustainability Report, we have integrated the aspects that are aligned with the 10 Global Compact principles in this document. They can be found at different points throughout the report and are linked in the index to the indicators required by the Global Reporting Initiative (GRI).



COMMUNICATION ON PROGRESS

This is our **Communication on Progress** in implementing the principles of the **United Nations Global Compact** and supporting broader UN goals.

We welcome feedback on its contents.

| AREA | PRINCIPLES OF THE UNITED NATIONS GLOBAL COMPACT | SRS STANDARDS |
|------------------------------------------------------------------------------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------|---------------------------------------------------------------------------------------------------|
|  <p>HUMAN RIGHTS</p> | <p>Principle 1. Businesses should support and respect the protection of internationally proclaimed Human Rights.</p> | GRI 103-2, GRI 410-1, GRI 411-1, GRI 412-1, GRI 412-2, GRI 412-3, GRI 413-1, GRI 413-2 |
| | <p>Principle 2. Make sure that they are not complicit in human rights abuses.</p> | GRI 414-1, GRI 414-2 |
| | <p>Principle 3. Businesses should uphold the freedom of association and the effective recognition of the right to collective bargaining.</p> | GRI 102-41, GRI 407-1, GRI 402-1 |
|  <p>LABOUR</p> | <p>Principle 4. The elimination of all forms of forced and compulsory labour;</p> | GRI 409-1 |
| | <p>Principle 5. The effective abolition of child labour</p> | GRI 408-1 |
| | <p>Principle 6. The elimination of discrimination in respect of employment and occupation</p> | GRI 102-8, GRI 103-2, GRI 202-1, GRI 202-2, GRI 404-1, GRI 414-2, GRI 406-1 |
|  <p>ENVIRONMENT</p> | <p>Principle 7. Businesses should support a precautionary approach to environmental challenges.</p> | GRI 201-2, GRI 301-1, GRI 302-1, GRI 303-1, GRI 305-1, GRI 305-2, GRI 305-3, GRI 305-6, GRI 305-7 |
| | <p>Principle 8. Undertake initiatives to promote greater environmental responsibility</p> | GRI 307-1, GRI 308-1, GRI 308-2, GRI 103-2 |
| | <p>Principle 9. Encourage the development and diffusion of environmentally friendly technologies</p> | GRI 302-4, GRI 302-5, GRI 305-5 |
|  <p>ANTI-CORRUPTION</p> | <p>Principle 10. Businesses should work against corruption in all its forms, including extortion and bribery.</p> | GRI 102-16, GRI 102-17, GRI 205-1, GRI 205-2, GRI 205-3, GRI 415-1 |

Spanish Law 11/2018 correlation table

| NON-FINANCIAL INFORMATION TO BE REPORTED | Approximate equivalence to GRI Standards | Report page |
|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------------------------------------------|-----------------------------------------------------------|
| GENERAL INFORMATION | | |
| A brief description of the group's business model, which will include its business environment, its organisation and structure, the markets it serves, its objectives and strategies, and the main factors and trends that may affect its future performance. | 102-2 102-3, 102-4, 102-6, 102-7, 102-15 | Pages 18-31 Pages 38-43 |
| A description of the policies that the group applies to these issues, which will include the due diligence procedures in place for the identification, assessment, prevention and mitigation of significant risks and impacts and procedures for verification and control, including the measures that have been adopted. | 102-2 102-3, 102-4, 102-6 102-15 | Pages 34-35 Pages 38-45 Pages 54-63 Page 130-133 |
| The results of these policies, which must include key indicators of relevant non-financial results that allow for the monitoring and assessment of progress, and that favour comparability between companies and sectors, in accordance with the national, European and international frameworks of reference used for each issue. | 102-2 102-3, 102-4, 102-6 102-15 | Pages 10-11 Pages 54-59 Pages 112-121 |
| The main risks related to these issues linked to the group's activities, including, when relevant and proportionate, its commercial relationships, products or services that may have negative effects in these areas, and how the group manages these risks, explaining the procedures used to detect and assess them in accordance with the national, European and international frameworks of reference for each issue. Information on the impacts detected must be included, offering a breakdown of these, especially about the main risks in the short-, medium- and long-term. | 102-15 | Pages 54-59 |
| INFORMATION ABOUT ENVIRONMENTAL ISSUES | | |
| Detailed information on the current and foreseeable effects of the company's activities on the environment, health and safety, the environmental assessment and certification procedures, the resources dedicated to the prevention of environmental risks, the application of the precautionary principle and the quantity of provisions and guarantees for environmental risks. | 103-2, 103-3, 102-11 102-15 307-1 | Pages 86-105 Page. 137 |
| POLLUTION | | |
| Measures to prevent, reduce or remedy carbon emissions that seriously affect the environment, taking into account any specific form of atmospheric pollution of an activity, including noise and light pollution. | 305-6, 305-7 | Pages 86-97 |
| THE CIRCULAR ECONOMY AND PREVENTION AND MANAGEMENT OF WASTE | | |
| Measures to prevent, to recycle and to reuse other forms of waste recovery and disposal; actions to combat food waste. | 306-2 | Pages 104-105(1) |
| SUSTAINABLE USE OF RESOURCES | | |
| Water: the consumption and supply of water in keeping with local limitations. | 303-1 | (2) |
| Consumption of raw materials and the measures adopted to improve the efficiency of their use. | 301-1 | Pages 98-101 |
| Energy: direct and indirect consumption; measures taken to improve energy efficiency, use of renewable energy. | 302-1, 302-1, 302-3 | Pages 94-95 |

(1) Food waste does not apply to the company's activity.

(2) In accordance with the results of our materiality analysis, we believe that the indicators relating to water consumption are not material in retail activity.

| NON-FINANCIAL INFORMATION TO BE REPORTED | Approximate equivalence to GRI Standards | Report page |
|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------------------------------------|----------------------------|
| CLIMATE CHANGE | | |
| The important elements of emissions of greenhouse gases generated as a result of the company's activities, including the use of the goods and services it produces. | 305-1, 305-2, 305-3 | Pages 96-97 |
| The measures adopted to adapt to the consequences of climate change. | 201-2 | Pages 86-97 |
| The voluntary reduction targets established in the medium- and long-term to reduce emissions of greenhouse gases and the methods implemented for that purpose. | 305-5 | Pages 42-43 Pages 86-97 |
| PROTECTION OF BIODIVERSITY | | |
| Measures taken to preserve or restore biodiversity. | 304-3 | Pages 88-89 |
| Impact caused by activities or operations in protected areas. | 304-2 | (3) |
| INFORMATION ON CORPORATE AND PERSONNEL MATTERS | | |
| EMPLOYMENT | | |
| Total number and distribution of employees by gender, age, country and personal classification. | 102-8, 405-1 | Page. 71 |
| Total number and distribution of contract types and annual average of permanent contracts, temporary contracts and part-time contracts by: sex, age and professional classification. | 102-8 | Page. 84 |
| Number of dismissals by gender, age and professional category. | 401-1 | Page. 85 |
| Average remuneration and its trends broken down by gender, age and professional classification. Wage gap, the remuneration of equal jobs and the company's average. | 405-2 | Pages 78, 85 |
| The average remuneration of the directors and executives, including variable remuneration, allowances, indemnifications, payments into long-term savings and benefits schemes and any other payments broken down by sex. | 405-2 | Page. 53 |
| Disconnecting from work policies. | 103-1; 103-2; 103-3 | (4) |
| Employees with disabilities | 405-1 | Page. 79 |
| ORGANISATION OF WORK | | |
| Organisation of working hours: number of absentee hours. | 403-2 | Page. 76 |
| Measures aimed at facilitating a work-life balance for the benefit of both parents. | 401-3 | Page. 72 |
| HEALTH AND SAFETY | | |
| Occupational health and safety conditions. | 403-3 | Pages 74-76 |
| Workplace accidents, in particular their frequency and severity as well as occupational diseases; broken down by sex. | 403-2 | Page. 76 |

(3) There have been no direct impacts on protected areas caused by the company's direct activity, but there is a commitment to working to protect biodiversity, as the indirect effects of its activities have a global impact.

(4) The disconnection policies have not yet been formalized.

| NON-FINANCIAL INFORMATION TO BE REPORTED | Approximate equivalence to GRI Standards | Report page |
|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------------------------------------|----------------------------|
| SOCIAL RELATIONSHIPS | | |
| Organisation of the social dialogue, including procedures to inform and consult the staff and negotiate with them. | 102-43, 402-1 | Page. 73 |
| Percentage of employees covered by a collective bargaining agreements, by country. | 102-41 | Page. 73 |
| Summary of collective agreements, particularly in the field of occupational health and safety. | 403-4 | Pages 74-76 |
| TRAINING | | |
| Training policies implemented. | 404-2 | Pages 82-83 |
| The total number of training hours by professional category. | 404-1 | Pages 82-83 |
| UNIVERSAL ACCESSIBILITY | | |
| Universal accessibility for people with disabilities | 103-1; 103-2; 103-3 | Page. 103 |
| EQUALITY | | |
| Measures adopted to promote equal treatment and opportunities for women and men. | 404-2 | Pages 77-79 |
| Equality plans (Chapter III of Spanish Organic Law 3/2007, of 22 March, for effective equality between women and men [Ley Orgánica 3/2007, para la igualdad efectiva de mujeres y hombres]), measures adopted to promote employment, protocols against sexual and gender-based harassment, integration into the labour market and the universal accessibility of people with disabilities | 404-1 | Pages 77-79 |
| The policy against all types of discrimination and, where necessary, for the management of diversity. | 406-1 | Page. 63 Pages 77-79 |
| INFORMATION ON RESPECT FOR HUMAN RIGHTS | | |
| Implementation of due diligence procedures on the subject of human rights | 103-2, 103-3, 102-15, 412-1 | Pages 130-133 Page. 121 |
| Prevention of risks associated with human rights violations and, where necessary, measures to mitigate, manage and remedy possible abuses committed. | 412-1 | Pages 130-133 Page. 121 |
| Complaints about cases of human rights violations | 103-1; 103-2; 103-3 | Pages 130-133 |
| Promotion and compliance with the fundamental conventions of the International Labour Organisation related to respect for the freedom of association and the right to collective bargaining; the removal of job and employment discrimination; the abolition of forced or mandatory labour; and the effective abolition of child labour. | 408-1, 409-1 | Pages 130-133 Page. 73 |

| NON-FINANCIAL INFORMATION TO BE REPORTED | Approximate equivalence to GRI Standards | Report page |
|------------------------------------------------------------------------------------------------|------------------------------------------|------------------------------------------|
| INFORMATION ON THE FIGHT AGAINST CORRUPTION | | |
| Measures adopted to prevent corruption and bribery. | 103-2, 103-3, 102-15, 205-2 | Page. 64 |
| Measures to fight money laundering. | 205-2 | Page. 64 |
| Contributions to non-profit foundations and associations. | 201-1 | Page. 64 Pages 122-129 |
| GENERAL INFORMATION ON THE COMPANY | | |
| THE COMPANY'S COMMITMENTS TO SUSTAINABLE DEVELOPMENT | | |
| The impact of the company's activity on employment and local development. | 103-2, 103-3 ,413-1 | Pages 46-49 Page. 71 Pages 122-129 |
| The impact of the company's activity on local and regional populations. | 413-1 | Pages 46-49 Pages 122-129 |
| Relations with stakeholders from the local communities and types of dialogue with them. | 102-43 | Pages 44-45 Page. 73 |
| Association or sponsorship actions. | 103-1; 103-2; 103-3 | Pages 122-129 |
| SUBCONTRACTING AND SUPPLIERS | | |
| The inclusion of social, gender equality and environmental elements in the procurement policy. | 103-2, 103-3 | Page. 116 |
| Consideration of suppliers' and subcontractors' social and environmental responsibility. | 308-1, 414-1 | Pages 112-116 |
| Oversight mechanisms, audits and their results. | 308-2, 414-2 | Pages 117-121 |
| CONSUMERS | | |
| Measures for consumer health and safety. | 416-1 | Page. 102 |
| Complaints systems, complaints received and resolutions. | 418-1 | Page. 111 |
| TAX INFORMATION | | |
| Profits obtained country by country | 207-4 | Page. 137 |
| Corporate taxes paid | 207-4 | Page. 137 |
| Public subsidies received | 201-4 | Page. 137 |

Independent Verification



KPMG Asesores, S.L.
Pº de la Castellana, 259 C
28046 Madrid

Independent Assurance Report on the Sustainability Report of Tendam Brands, S.A. for 2020

(Translation from the original in Spanish. In case of discrepancy, the Spanish language version prevails.)

To the shareholders of Tendam Brands, S.A.:

Pursuant to article 49 of the Spanish Code of Commerce, we have performed a limited assurance review of the Sustainability Report 2020 (hereinafter the Report), that includes the Consolidated Non-Financial Information Statement (hereinafter NFIS) for the year ended 28 February 2021 of Tendam Brands, S.A. (hereinafter the Parent) and subsidiaries (hereinafter the Group) which forms part of the Group's 2020 consolidated Directors' Report, attached hereto.

The Sustainability Report 2020 includes additional information to that required by prevailing mercantile legislation concerning non-financial information, which has not been the subject of our assurance work. Our work was limited exclusively to providing assurance on the information contained in "Spanish Law 11/2018 correlation table" in the Sustainability Report attached hereto.

Directors' responsibility

The Directors of the Parent are responsible for the preparation and the authorisation for issue of the NFIS included in the Group's consolidated Directors' Report. The NFIS has been prepared in accordance with prevailing mercantile legislation and selected Sustainability Reporting Standards of the Global Reporting Initiative (GRI Standards) and based on the content indicated for each subject area in "Spanish Law 11/2018 correlation table" included in the aforementioned Sustainability Report 2020.

This responsibility also encompasses the design, implementation and maintenance of the internal control deemed necessary to ensure that the NFIS is free from material misstatement, whether due to fraud or error.

The Directors of the Parent are also responsible for defining, implementing, adapting and maintaining the management systems used to obtain the information required to prepare the NFIS.

Our independence and quality control

We have complied with the independence and other ethical requirements of the International Code of Ethics for Professional Accountants (including international independence standards) issued by the International Ethics Standards Board for Accountants (IESBA), which is founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behaviour.



(Translation from the original in Spanish. In case of discrepancy, the Spanish language version prevails.)

Our firm applies International Standard on Quality Control 1 (ISQC1) and accordingly maintains a comprehensive system of quality control including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

The engagement team comprised professionals specialised in reviews of non-financial information and, specifically, in information on economic, social and environmental performance

Our responsibility

Our responsibility is to express our conclusions in an independent limited assurance report based on the work performed.

We conducted our review engagement in accordance with the requirements of the Revised International Standard on Assurance Engagements 3000, "Assurance Engagements other than Audits or Reviews of Historical Financial Information" (ISAE 3000 Revised), issued by the International Auditing and Assurance Standards Board (IAASB) of the International Federation of Accountants (IFAC), and with the guidelines for assurance engagements on the Non-Financial Information Statement issued by the Spanish Institute of Registered Auditors (ICJCE).

The procedures performed in a limited assurance engagement vary in nature and timing from, and are less in extent than for, a reasonable assurance engagement, and consequently, the level of assurance provided is also lower.

Our work consisted of making inquiries of management, as well as of the different units and areas of the Parent that participated in the preparation of the NFIS, reviewing the processes for compiling and validating the information presented in the NFIS and applying certain analytical procedures and sample review testing described below:

- Meetings with the Parent's personnel to gain an understanding of the business model, policies and management approaches applied, the principal risks related to these matters and to obtain the information necessary for the external review.
- Analysis of the scope, relevance and completeness of the content of the NFIS for 2020 based on the materiality analysis performed by the Parent and described in the "Materiality assessment" section, considering the content required in prevailing mercantile legislation.
- Analysis of the processes for compiling and validating the data presented in the NFIS for 2020.
- Review of the information relative to the risks, policies and management approaches applied in relation to the material aspects presented in the NFIS for 2020.
- Corroboration, through sample testing, of the information relative to the content of the NFIS for 2020 and whether it has been adequately compiled based on data provided by the information sources.
- Procurement of a representation letter from the Directors and management.



(Translation from the original in Spanish. In case of discrepancy, the Spanish language version prevails.)

Conclusion

Based on the assurance procedures performed and the evidence obtained, nothing has come to our attention that causes us to believe that the Sustainability Report 2020 of Tendam Brands, S.A. and subsidiaries for the year ended 28 February 2021 has not been prepared, in all material respects, in accordance with prevailing mercantile legislation and the GRI Standards selected and based on the content indicated for each subject area in "Spanish Law 11/2018 correlation table" included in the aforementioned Sustainability Report.

Use and distribution

This report has been prepared in response to the requirement established in prevailing mercantile legislation in Spain, and thus may not be suitable for other purposes and jurisdictions.

KPMG Asesores, S.L.

(Signed on original in Spanish)

Ramón Pueyo Viñuales

31 May 2021

C O R T E F I E L

Pedro del Hierro

SPRINGFIELD

women'ssecret

FIFTY

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