

Sustainability Report

TENDAM

GLOBAL FASHION RETAIL

Non-Financial Information Statement

2021



women's secret

SPRINGFIELD

CORTEFIEL

Pedro del Hierro

hoss
INTROPIA

SLOWLOVE

High Spirits

FIFTY

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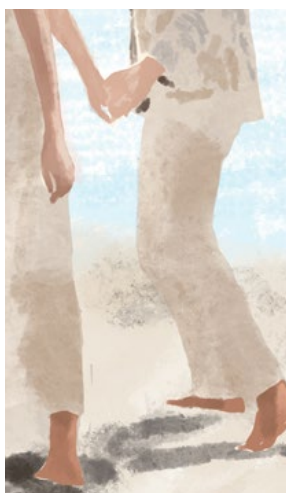
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For more information on
Tendam visit our website:
www.tendam.es/?lang=en



Letter from the Chairman and Chief Executive Officer

Dear stakeholder,

I am pleased to be able to share the Annual Sustainability Report for 2021, which reflects the Statement of Non-Financial Information and Diversity.

As part of the Management Report, it contains the information necessary to assess Tendam's economic, social, environmental and governance performance and progress.

2021 marked the beginning of the company's recovery, reaching sales and earnings levels similar to those recorded pre-pandemic and in line with our forecasts, although the impact of Covid-19 continued to affect both the spring campaign due to mobility restrictions, as well as the Christmas and sales campaigns due to the rebound of a sixth wave.

In these last two years, in a particularly challenging environment, we have proven our ability to protect the company financially and redesign our strategy, accentuating with greater intensity the digital transformation agenda, which is enabling us to consolidate a clear competitive advantage that is sustainable over time.

I firmly believe that Tendam faces the future as a much stronger company and a greater leading company. Not only for its short-term financial capacity but also from the perspective of its long-term business model, which is even more relevant.

We are completing the biggest 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.

As a first step, we opened our websites to third parties under the concept of 'multibrand curated assortment' to capitalise on web traffic and increase penetration by providing greater service to our customers. We have already managed to incorporate 90 brands selling on our digital channel in 2021, well above our initial forecasts and I am confident that we will reach close to 150 brands during autumn-winter of 2022.

We have carried out a sweeping digital upgrade of the brick-and-mortar stores, reinforcing our operational capabilities, providing OMS and RFID to the entire network of stores and advancing in digital functionalities in both logistics and store management. All this has allowed us to move forward in the cross-sectional management of teams and business, stock

management by store personnel and its close connection with the online operation, facilitating notable advances in new forms of sales such as click-shopping.

The launch of new own brands incorporated by the company during the year was accompanied by a structural change based, first, on management by customer segments and, second, on the transversality of operations by allocating CAPEX to digitalisation and omni-channelling.

All the new brands have exceeded our expectations, achieving positive operating results in their first year:

- ◆ Following its new launch in March 2021, the Hoss Intropia brand now operates through the website and with 35 corners and own boutiques in selected Cortefiel stores in Spain and Portugal, beginning its international expansion, incorporating a product which is 30% more sustainable called EcoHoss and consolidating its loyalty club #HossLovers.
- ◆ Slowlove has accelerated its growth, both on the website and in brick-and-mortar stores, and now has 128 points of sale in Cortefiel stores. Slowlove has sustainability at the core of its collections with organic fabrics and recycled fibres and is committed to more sustainable production and circularity.
- ◆ High Spirits was launched in April 2021 as a 100% digital brand with the creative participation of María Pombo and following the great reception received in its first spring-summer campaign has taken a step further by addressing the physical environment with 50 points of sale in Springfield stores.

With operational and organisational changes underway, digital sales growing at rates of over 27% versus 2020 and close to 100% over the pre-covid period, confirming that we are moving in the right direction and reinforcing our commitment to the Tendam 5.0 transformation plan.

Tendam has managed to recover its results and profitability to historically high levels prior to the impact of the pandemic. Accordingly, despite the restrictions still in place at the beginning as well as the impact of the sixth wave of covid at the end of our financial year, which affected the Christmas campaign and the sales, the company recorded a 43.3% increase in revenues, which amounted to €1,113.4 million compared to the €777,181 million achieved in the previous year. With comparable sales at pre-covid levels (-0.3% vs 2019) and strong comparable sales growth in 2021 of +22.9%.

Performance was excellent in all channels. Thus, sales in own-managed brick-and-mortar stores grew by 45.9% in the year and digital sales grew by 27% over the previous year. Franchise sales grew 99.2% versus the previous year.



2021 has been a very positive year for Tendam. A year in which we have resolutely and successfully made progress in our transformation agenda. Creating a differentiated, profitable and high-growth omnichannel retail ecosystem. Where social and sustainability values are incorporated into our strategy in an integrated way.

Gross margin grew by 1.8 percentage points to 62%, thanks to the company's positioning and robust business model with flexible sourcing capabilities and active management of promotions, which helped cushion the impact of inflationary conditions and tensions in international supply chains.

Recurring EBITDA, taking into account the current IFRS16 standard, amounted to €277.2 million, compared with €145.8 million in the previous year. The company's operating profit rose to €122 million after losses of -€83.2 million recorded in 2020 at the height of the pandemic recovering to pre-Covid levels of 2019 when €122.5 million was recorded and which marked record highs for Tendam.

Despite the pandemic, the number of members of the Tendam loyalty clubs has continued to grow, and currently have more than 30 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°C. The company has also actively participated in the activities and progress of The Fashion Pact arising from the G7 summit in the fight to protect the climate, oceans and biodiversity by becoming involved in its operational steering bodies and working groups.

In 2021 we have for the second year, individually reported our evolution and initiatives in greenhouse gas emissions reduction to the Carbon Disclosure Project (CDP), with Climate rising to an A-rating from the B-rating obtained in 2020, valuing our

strategies and policies in favour of decarbonisation above the sector average in leading positions.

Tendam has also improved this year in the evaluation of its Environmental, Social and Governance performance, moving up to the gold medal level from ESG rating agency EcoVadis after the silver level obtained in 2020. This result places the company among the top 4% of companies evaluated and recognises the organisation's work in 4 ESG areas: Environment, Labour Practices and Human Rights, Ethics and Sustainable Purchasing.

Although our progress has been remarkable and we have recorded a compliance level of over 90% in our 2019-2021 ESG (Environmental, Social and Governance) strategic plan, we will continue to increase our participation in Forética and the SERES Foundation to share best practices in social and environmental contribution. The close collaboration with both entities has allowed us to design a new and ambitious ESG strategic plan for the 2022-25 period, incorporating our climate roadmap and GHG reduction targets, as well as the design of a new human rights due diligence system with active listening in the supply chain and support from social agents.

Consistent with climate initiatives, the company has set science-based reduction targets based on benchmarking in 2019 that have been approved by the SBTi (Science Based Targets initiative) acquiring the commitment of carbon neutrality by 2040.

The company has reduced its CO₂ emissions during the year by 21% compared to 2019, with a total of 950,606 equivalent tons.

The supply of energy with certification of renewable origin already reaches 100% of its commercial network, buildings and facilities in Spain, its headquarters and main market, 80% of the energy of its own facilities globally.

Tendam has gone a step further and together with the certified renewable energy supply agreement we add the participation in a PPA that incorporates the development of a solar photovoltaic power generation infrastructure from 2022. In this way, we collaborate in the increase of renewable energy generation capacity.

Also in relation to climate impact, the Springfield brand has made decisive progress in its commitment to the environment with forest regeneration, the #BosqueSpringfield planting campaigns together with CO₂ Revolution. In 2021, the campaign was extended to Galicia, in north-western Spain, as well as to northern Portugal, regions which have been particularly devastated by fires. With the support of drone technology, 90,000 trees have been planted with this initiative, contributing to the elimination of more than 40,000 tonnes of CO₂ equivalent.

The cross-cutting committee called WE CARE, coordinated by Sourcing and Quality, which brings together members of the Design and Purchasing departments of all our brands, as well as other corporate departments to promote and

coordinate procedures, initiatives and proposals related to Textile Sustainability and Innovation, continued its work in 2021, 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.

In the execution of our sustainability growth plans in 2021, we have met our goal of incorporating BCI cotton in our garments as a member of this international initiative and we have also joined the Zero Discharge of Hazardous Chemicals (ZDHC) initiative. Looking ahead to 2022, we will work on product life cycle aspects by initiating the process of joining the Sustainable Apparel Coalition and will continue with the Scope 3 analysis to detect future emission reductions in the value chain.

The activation of these strategies has allowed us to make substantial progress in our product sustainability commitments, bringing forward objectives and goals. In 2021, we achieved a product which is 30% more sustainable compared to the target of 25% and this will probably enable us to bring forward the 50% target we had set ourselves for the medium term to short term.

In 2021, almost all of our denim finishing processes used low water consumption with responsible washing processes or ozone or laser treatment techniques that minimise manufacturing consumption by up to 70%.

We maintain ongoing reviews of both Tendam's third-party social auditing system and Amfori's common social BSCI and environmental BEPI system, organisation to which we belong. This year, social audits have focused on the inspection of 369 factories and we have begun to strengthen environmental monitoring with 118 factories that have already completed the BEPI self-assessment process.

Reinforcing the due diligence aspects in Tendam's value chain and in accordance with the roadmap designed with the collaboration of the SERES Foundation, we have launched a Human Rights Policy proposal whose supervision depends on an ESG and Human Rights Committee, extended the Whistle-blower Channel from the Ethics Line to the Human Rights categories establishing a protocol for attention and follow-up of complaints, already in place since April 2022. We have also signed a global collaboration agreement with the main trade union federations for the supervision and promotion of decent work in our supply chain at international level.

In terms of diversity, 85% of Tendam's employees are women, 59% of whom hold management positions. In 2021, Tendam's Second Equality Plan was approved, which details the objectives and corresponding actions for effective equality of opportunities in all areas of the company. To encourage better proportionality in management positions, in 2019 we launched the Tendam Women Sponsoring Programme, which includes scholarships for advanced training and career plans with the goal of reaching 60% female participation in management positions and 50%

participation in the Management Committee by 2030. In 2021, progress was made on the Board of Directors with the addition of a new female director, bringing the current proportion of women on the company's highest governing body, including the non-director Secretary, to 37.5%.

Despite the restrictions in the third year of the corporate volunteering programme Somos Voluntarios Tendam, employees have taken part in many initiatives, actions to support women with the Quiero Trabajo Foundation, the FOCUS Programme of the Síndrome de Down de Madrid Foundation, the labour integration of people with disabilities with the Argandini Association or the return of the family days of environmental volunteering with a tree planting initiative in the basin of the Tagus River with the collaboration of the Reforesta organisation.

In the area of social action, the brands also signed collaboration agreements and carried out awareness campaigns such as Cortefiel and the Cadete Foundation's "Perfect Imperfects" on disability, the aforementioned #BosqueSprinfield or Women'secret "Real Changers" commitment to provide scholarships and promote equality through testimonials from successful women in areas traditionally reserved for men.

I would like to highlight the efforts of our brands to support the fight of women against cancer, one of the main sensitivities of our customers and employees. This year, along with the Women'secret project #SÍMEIMPORTA in conjunction with the Dexeus Foundation to improve the quality of life of women with breast cancer, Hoss Intropia and Slowlove have launched accessory capsules aimed at financially supporting the campaigns of the Asociación Española Contra el Cáncer and the Contigo Contra el Cáncer Foundation.

The project Involucrados (Involved) aimed at fundraising for social action with the sale of pre-consumer stock had to be adapted to internal sales for employees, and its proceeds, close to €100,000, went entirely to Tendam's collaboration agreement with the Spanish National Research Council, CSIC, for research into new generation treatments and vaccines against Covid-19. In 2022 and with a more secure Covid environment, the call will return to the public sphere with sales open to the public to finance the projects of the winning NGOs in the jury's vote.

We also actively participated in helping those affected by the eruption of the Cumbre Vieja volcano on the island of La Palma, Canary Islands, by donating more than 18,000 garments with an inventory value of more than €202,000, and organized fundraising campaigns to help affected employees who lost their homes. Cortefiel's aid campaign with the sale of the "XLa Palma" organic cotton T-shirt in collaboration with the communicator Andreu Buenafuente and the actress Toni Acosta, which at the end of the campaign raised over €98,000 for the benefit of the victims, is particularly noteworthy.

Our social contribution and our contribution for a better impact of the sector is also focused on academia in collaboration with leading universities and business schools in Spain focused on management and fashion design such as ISEM University of Navarre and CSDMM Polytechnic University of Madrid and at the European level through the European Erasmus + programme for employability in sustainability led by Glasgow Caledonian University in collaboration with other universities across the continent. Along the same lines, we have sponsored new sustainability forums to raise awareness of the sector, such as the third UPM Sustainable Design Conference and the Modaes.es Fashion Sustainability Shot Forum.

In conclusion, 2021 has been a very positive year for Tendam. A year in which we have resolutely and successfully made progress in our transformation agenda. Creating a differentiated, profitable and high-growth omni-channel retail ecosystem. Where social and sustainability values are incorporated into our strategy in an integrated way.

I would especially like to thank the commitment and support of all our collaborators, board, suppliers, customers and franchisees.

There is no doubt that the future will bring new challenges, but also new opportunities to emerge stronger for the good of the company and the community at large.

Jaume Miquel

Chairman and Chief Executive Officer of Tendam



CHAPTER 1

BUILDING THE PRESENT

2021: a challenging year

We are Tendam

Our history

Towards a Tendam 5.0 model

Much more than brands

Worldwide presence

2021: a challenging year

Business



€1,113 million
turnover

79 countries in which we
are present

30.2 million people are members
of our clubs

1,805 points of
sale

14.3% of business revenue
is online

85.6 millions of
garments

26.8% sales growth via the
online channel over the
previous year

C O R T E F I E L

women'ssecret

Pedro del Hierro

FIFTY


SPRINGFIELD

hoss
INTROPIA

SLOWLOVE

High Spirits

The acquisition of **Hoss Intropia** in 2019 and its relaunch in March 2021 was followed by the addition of the **Slowlove** brand, thus expanding the more sustainable product offering, and the growth culminated with the creation of the new own-label **High Spirits**.

In 2020, the company expanded its online platform to third-party brands, and had more than 90 brands on its multi-brand platform by the end of 2021.



People



We are a team of

9,619 people

87% store
personnel

13% corporate
headquarters staff

Women in Tendam

85% women are part of
the team

58.5% of women are
in management
positions

The Second Equality Plan was approved, once again honouring the commitment to equal opportunities for women and men, and even going a step beyond what is required under the relevant legislation.

The company renewed the Diversity Charter for the 2020-2023 period to further promote diversity and respect in the workplace.

After signing the INSERTA Agreement with the ONCE Foundation in 2019 and after three years of work, we renewed our commitment to continue promoting the employment of people with disabilities in our company for another three years.

Environment



EMISSIONS

75% reduction in Scope 1 and 2 emissions compared to 2019 (base year of calculation)

20% reduction in Scope 3 emissions compared to 2019 (base year of calculation)

ENERGY

80% renewable energy in own operations at a global level

16-19% reduction in energy consumption in our stores through energy efficiency programmes

MORE SUSTAINABLE GARMENTS

30% of our branded garments have sustainable features

Our target is to achieve **50%** of garments with sustainable properties by 2025

Science Based Targets, an initiative launched by CDP, the United Nations Global Compact, the World Resources Institute (WRI) and WWF, approved our reduction targets for scope 1, 2 and 3 emissions for 2030, which will enable us to achieve **carbon neutrality by 2040**.

We joined the **Better Cotton** initiative, with the goal of using 50% BCI cotton by 2025, as well as the **Zero Discharge of Hazardous Chemicals (ZDHC)** programme.

We improved our results in ESG assessments, in both the **Carbon Disclosure Project (CDP)**, going from a B to an A- rating, and in **Ecovadis**, going from a silver to a gold medal rating.

We added 40,000 trees to the **Springfield Forest** in Spain and Portugal, bringing the total number of trees planted since 2020 to 90,000, which equates to an emissions offset of more than 40,000 tonnes of CO₂ in 2021.

Suppliers

100% of clothing and accessory suppliers agree to the Code of Conduct

3,296 active suppliers

323 clothing and accessory suppliers

568 factories

A new **Responsible Purchasing Policy** has been approved, which includes three standards to extend to our suppliers our commitment to the environment, working conditions and the production of sustainable garments.

We collaborate with our suppliers on the path to sustainability, working together to implement best practices in the sector and provide them with training and materials for their social and environmental development.

This year, the company signed a **Global Framework Agreement (GFA)** with the UGT and CCOO trade union federations to further promote the implementation of international labour standards in the group's supply chain.

Society



€351,411
invested in society

21 charity initiatives carried out

We collaborated with a donation of close to €100,000 to the **Spanish National Research Council (CSIC)** to support and promote scientific research on Covid-19 by the CSIC.

The Tendam brands provided the authorities and the Red Cross with 18,439 units of clothing and footwear to meet the needs of those affected by the eruption of the volcano on the island of La Palma.

We are Tendam

Tendam is one of Europe's leading fashion sector groups, with a proven track record and experience that spans over 141 years of history. We have a team of more than 9,500 professionals and a solid international footprint with a presence in almost 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, Slowlove, High Spirits and Fifty brands vastly expands the scope and reach of our truly innovative and international company. Our collections are distributed through almost 1,805 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 under 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 two other distribution centres in Spain, one in Tarancón (Cuenca), from which online operations are managed, and another in Seseña (Toledo), launched in 2021 for the Women'secret intimate apparel brand. Internationally, we operate three logistics centres in Hong Kong, Mexico and Russia.

“

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.”

”

Jaume Miquel,
Chairman and CEO of Tendam

79

Markets

1,805

Points of sale

47

Online markets

1,232

Directly managed stores

573

Franchises

Our worldwide presence



Logistics centres:

Spain (Aranjuez, Seseña and Tarancón), Hong Kong, Mexico and Russia.



Head office:

Spain (Madrid).



Sales offices:

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

Americas

234

Points of sale

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.

Our mission



What do we work towards every day? To be a leading worldwide group in the lifestyle fashion sector, focused on meeting the needs of our customers, helping our employees to grow and contributing to the development of society.

Our Vision



The goal we want to achieve is to offer our customers the best fashion; global fashion that is consistent with and committed to their lifestyle, different and diverse, represented by leading international brands.

Our values

How we act reflects who we are and the beliefs that guide our behaviour.

- ◆ Innovation
- ◆ Integrity
- ◆ The customer comes first
- ◆ Excellence
- ◆ Honesty
- ◆ Ambition
- ◆ Collaboration

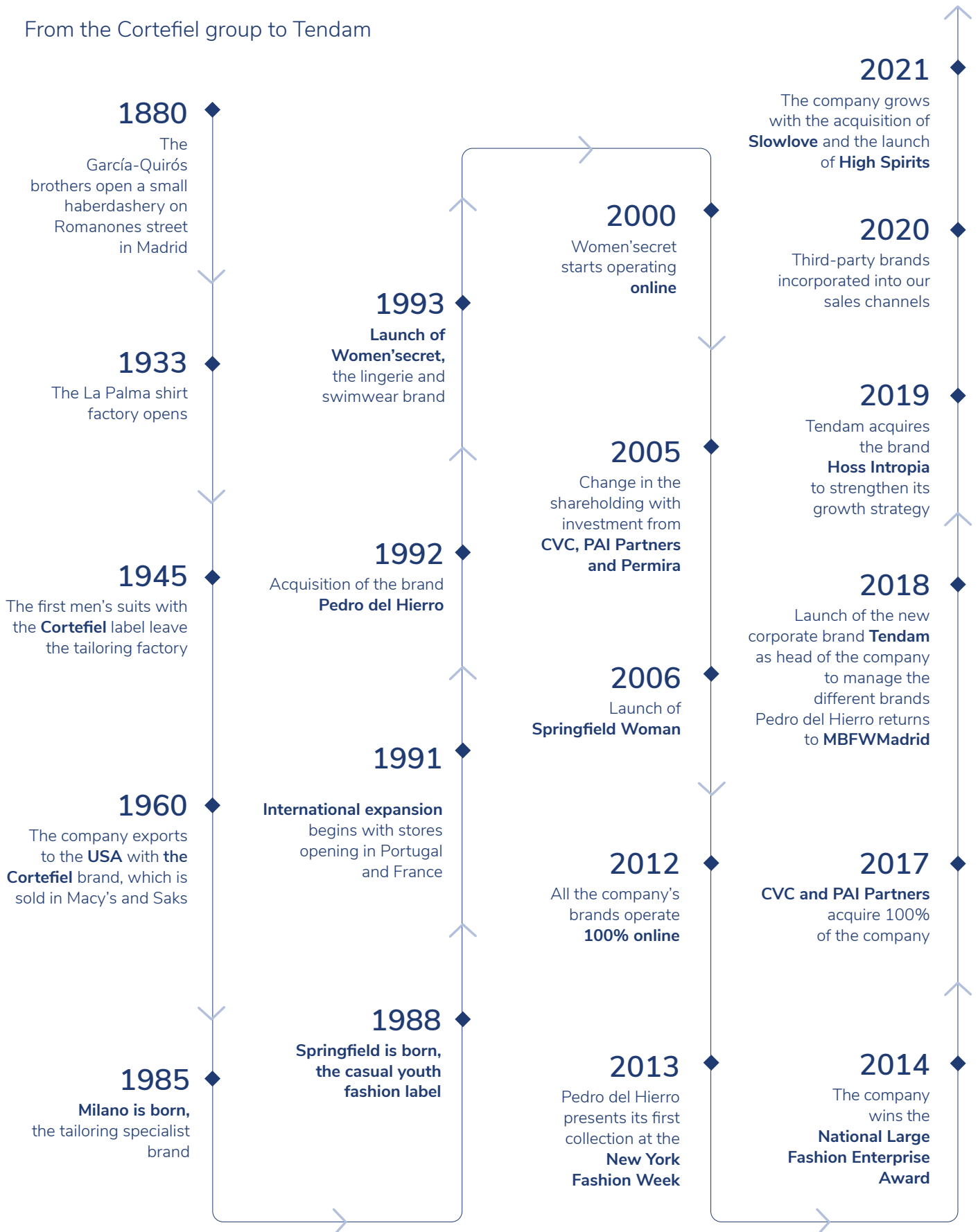


Values
100%
Tendam



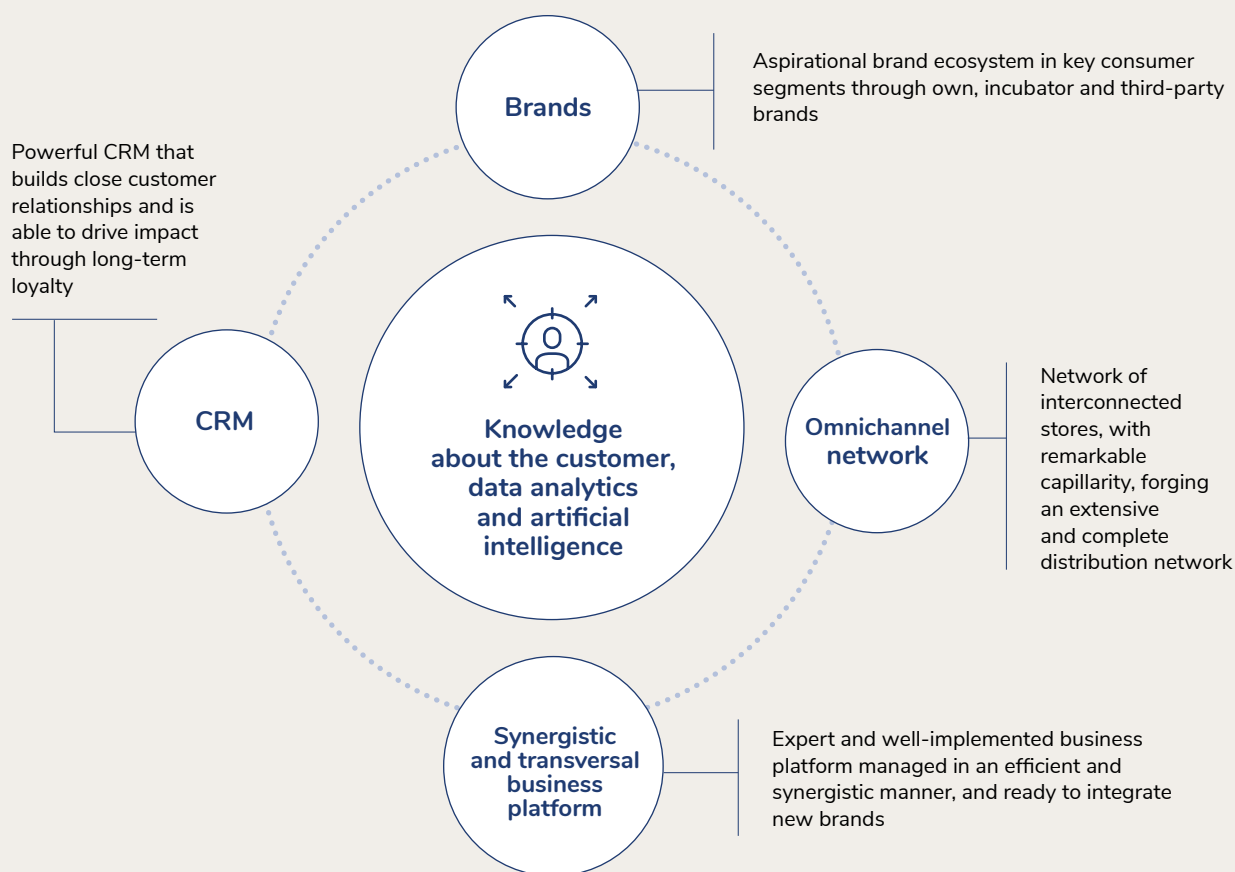
Our history

From the Cortefiel group to Tendam



Towards a Tendam 5.0 model

Our ambition is supported by an aligned and unique business model based on 4 key pillars



The multi-brand platform encompasses 90 third-party brands

Since the end of 2020, our e-commerce business has evolved into a multi-brand digital platform delivering outstanding performance and demonstrating the robustness of the model.

The multi-brand platform gives third-party brands specialised in fashion and complementary to the company's own brands access to the more than 161 million visitors to the group's websites and to its 30 million club members. In the first year of operation, the multi-brand platform exceeded expectations and reached 90 third-party brands, which are distributed through the digital channels of our own brands, Cortefiel, Springfield and Women'secret.

The platform allows customers to benefit from a growing number of carefully selected third-party branded products, with all the advantages and benefits traditionally associated with Tendam's online shopping.

Cross-functional brand management

From an appropriate segmentation of brands to the management of own brands by segments. Under the umbrella of the Tendam 5.0 radical transformation strategy, the company has moved towards a much more cross-cutting central and service structure that allows brands to be managed geographically and functionally.

This strategy has provided the teams of the company's heritage brands, Cortefiel, Springfield and Women'secret, with expanded management capabilities. Differentiated positioning has allowed them to evolve towards management by customer segment and thus incorporate own brands acquired or incubated in the adult or lifestyle, specialist and youth segments.

An interconnected network of stores that form the backbone of the territory. More than half of our stores are located in towns with fewer than 100,000 inhabitants, thus promoting omnichannel operations that protect the commercial fabric and support the territory.

Much more than brands

C O R T E F I E L

ADULT
SEGMENT

This was the first brand created by the group in 1945. It is based on values such as the elegance, quality, comfort and functionality of the garments, proudly upholding its textile tradition, with more than 75 years' experience in garment making and its commitment to society.

More sustainable garments

The Eco-friendly label features a more sustainable collection made from recycled fibres, organic cotton, and manufacturing processes with a lower impact on the environment, such as saving water in denim garments and reducing up to 70% of the chemicals used in their production and finishing.

Cortefiel x La Palma

Cortefiel and Toni Acosta launched the XLaPalma initiative, which involved the sale of 100% organic cotton T-shirts designed by Andreu Buenafuente, the proceeds of which will go entirely to the Red Cross.

#PlayasLimpias

As part of the #PlayasLimpias (clean beaches) campaign, a hundred volunteers managed to collect 226.55 kg of waste and clean 360,800 m2 of garbage from beaches in different parts of the Spanish coastline.

Perfectly Imperfect

Again this year, Cortefiel collaborated on the Cadete Foundation's Perfectly Imperfect project together with well-known Spanish pop artists who created the theme song "Un secreto a tres voces" with the aim of raising awareness about disability.

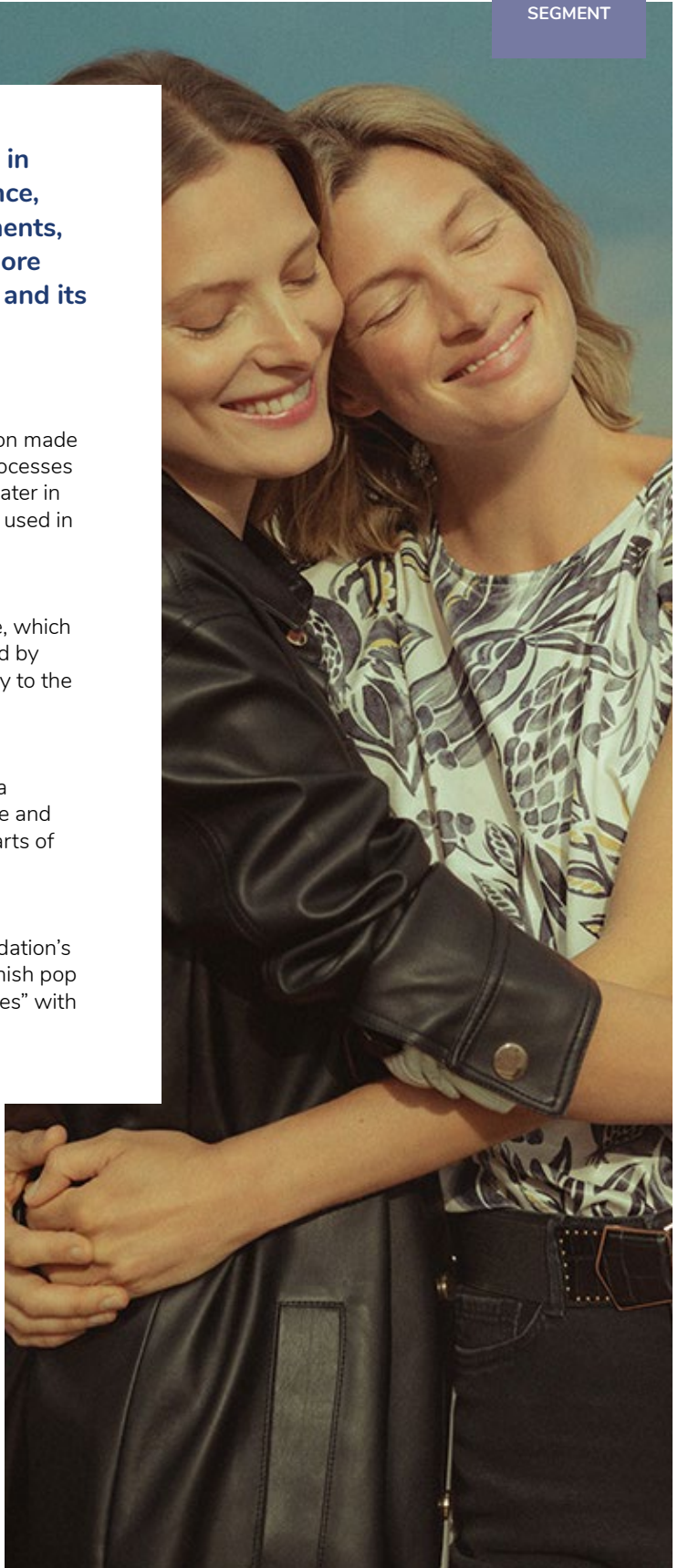
282.77 Million euro in revenues (Includes Pedro del Hierro, Slowlove and Hoss Intropia revenues)

25% of total group revenue

254 Points of sale

47 Countries where it is present

22% of the team works in Cortefiel, Pedro del Hierro, Hoss Intropia and Slowlove.



Pedro del Hierro

ADULT
SEGMENT

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.

ECO-FRIENDLY Collection

This is the sustainability programme under which the more environmentally friendly garments are produced. Every day, thanks to the involvement of all the people who work in the company, we continue to improve manufacturing processes and the selection of raw materials and suppliers that help us to minimise our environmental impact.

Innovation

The company makes different style proposals focusing on sustainability and innovation in all its collections, both for men and women. Examples include innovative technical finishes such as Non-Iron, the anti-wrinkle treatment used this season in both shirts and trousers; Fresh fabric that combats odours in shirts, socks and jackets; and Premium Flex in denim and chinos for greater comfort.

16 Independent points of sale

The Pedro del Hierro brand is marketed in corner format in 162 Cortefiel stores.

25 Countries where it is present



hoss

INTROPIA

Founded in 1994, Hoss Intropia has been part of Tendam since late 2019 and was relaunched in March 2021. The acquisition of the brand strengthens the company's position in women's fashion in the affordable luxury segment with a boho-chic style.

The brand is back this year with the same essence as always, with its characteristic Mediterranean lifestyle and with women as an endless source of inspiration. More than a fashion brand, it is a lifestyle, a philosophy and way of living.

EcoHoss

Thirty percent of the Hoss Intropia product line is more sustainable. The brand works with organic cotton, recycled materials and responsible washing to achieve increasing sustainability percentages. All T-shirts and sweatshirts are made entirely from 100% organic cotton, as well as some selected garments.

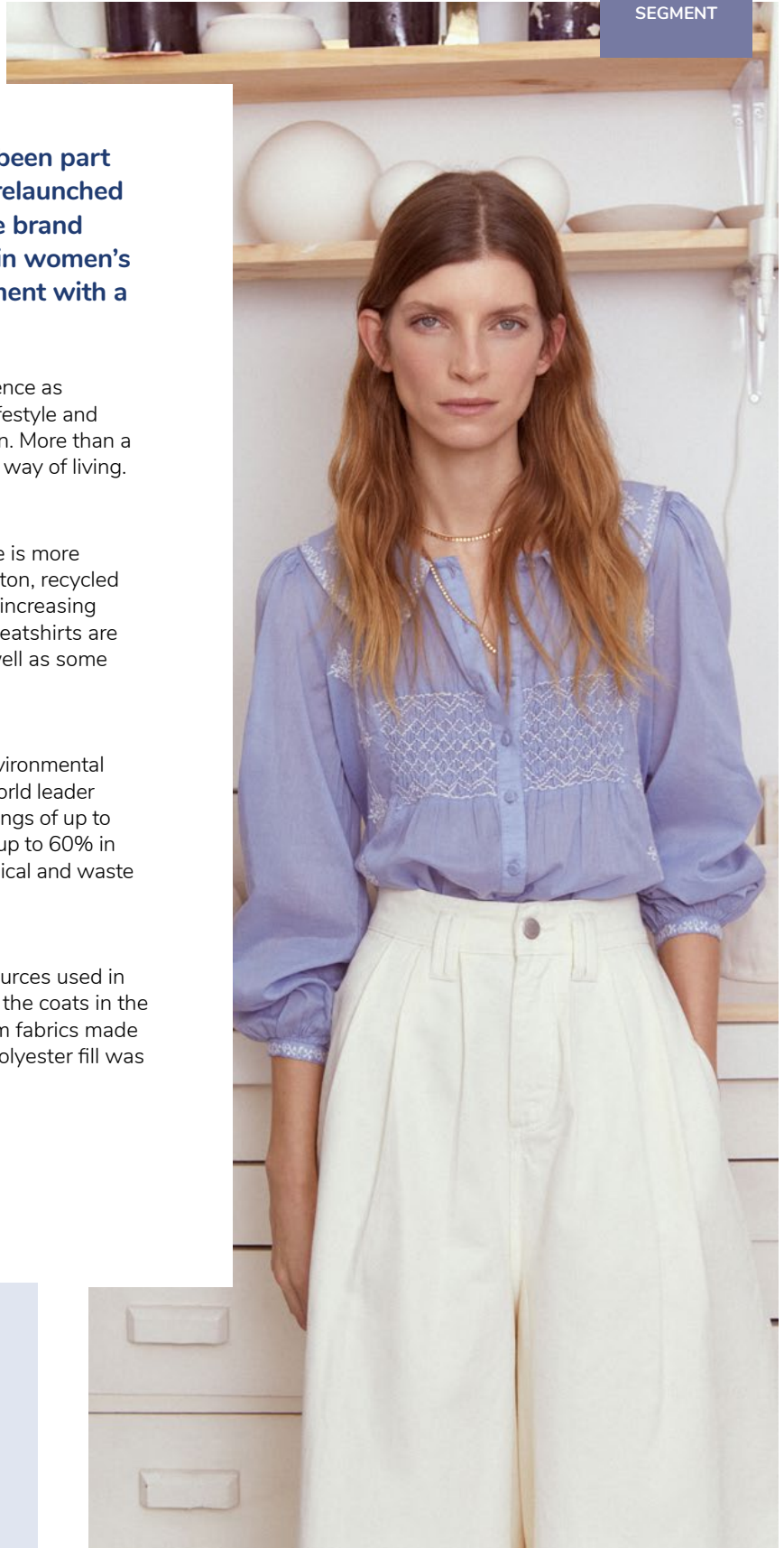
Sustainable denim

All jeans are treated with a responsible, low environmental impact wash. As the denim is produced by a world leader in sustainable manufacturing technologies, savings of up to 55% are achieved in water use and savings of up to 60% in energy during manufacturing. In addition, chemical and waste consumption is reduced by up to 50%.

Circularity

We work to reduce the amount of natural resources used in the manufacture of garments. Sixty percent of the coats in the Autumn-Winter 2021 collection are made from fabrics made from recycled cotton and wool, and recycled polyester fill was used in quilted coats and jackets.

ADULT
SEGMENT



35 Corners in Cortefiel stores

With a presence in Spain and Portugal

SLOWLOVE

Slowlove is a digital brand with a strong commitment to sustainability created in 2015 by Sara Carbonero and Isabel Jiménez. In 2021, it was incorporated as a Tendam brand, keeping Sara and Isabel at the helm of creative management, and integrating the operational part of the brand into the “Adult” segment, which is coordinated by the Cortefiel team.

More sustainable DNA

Sustainability is at the core of the collections. Designs are developed with organic and recycled fabrics, striving for sustainable production and promoting a circular economy. Another goal is to reduce the use of water and chemicals in the case of denim, which is why a sustainable washing system, Responsible Wash, is used.

Brava's Club

Slowlove teamed up with City Confidential to create Brava's Club, a group of strong and courageous women united to support the fight against breast cancer. More than €52,000 have been donated to the *Contigo Contra el Cáncer de la Mujer* Foundation thanks to the sale of the Brava Necklace to support research and stop this type of cancer.

For animals

Committed to the planet and people, the brand launched a very special campaign that also demonstrates its commitment to animals, which aimed to raise awareness about the abandonment of animals together with the Spanish National Association of Friends of Animals (ANAA). Through the “Choca esa Pata” (*High Five with your Paw*) campaign, Slowlove donated €6,833 which was used to purchase food, vaccines, medicines and cover other needs of the Association.

128

Sales spaces in Cortefiel stores

With a presence in Spain and Portugal

ADULT
SEGMENT





SPRINGFIELD

YOUNG
SEGMENT

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.

Stemming from the brand’s concern for the planet and the desire to be more responsible, in 2018 R[ECO]NSIDER was born, the label attached to all garments produced in a more sustainable way.

R[ECO]nsider

With the commitment to produce textiles in a more sustainable and environmentally friendly way by 2021, the brand has achieved 43% more sustainable garments. One of the goals is to ensure that by 2025, 50% of the cotton used in garments is Better Cotton. All jeans carry the ‘Reconsider’ label thanks to the use of technologies that allow savings in water, energy and chemicals, and the use of raw materials grown in a more environmentally friendly way. Currently, 81% of the garments with the ‘Reconsider’ label are made from more sustainable raw materials.

#BosqueSpringfield

The brand continues to move forward with the #BosqueSpringfield initiative launched in 2020, under which 70,000 trees were planted in Spain and 20,000 in Portugal over the past year, which will offset approximately 40,000 tons of CO2.

Tales of the sea

The aim of this project, in which Springfield participated along with the Oceanogràfic Foundation and the Plastic Free Foundation, with the collaboration of Xàvea City Council and Aqualung, was to clean the Granadella beach and seabed in Xàvea with the help of volunteers, and the subsequent release of two turtles recovered under the Oceanogràfic Conservation programme.

385.37 Million euro in revenue
(Includes High Spirits)

35% of total group revenue

737 Points of sale

65 Countries where it is present

34% of the team works in Springfield
and High Spirits



High Spirits

High Spirits was launched this year as a new own-brand conceptualised together with its ambassador: María Pombo. Inspired by the boho style, it was created for women with a dreamy, creative and authentic spirit. It is currently on sale in Spain and Portugal through the Springfield marketplace.

100% digital origin

The brand was conceived as a new fashion concept created for free, digital and very creative spirits. High Spirits was created as a 100% digital brand; however, after the great reception it received in its debut with the SS'21 collection, we have decided to go a step further and bring it to the physical environment through a selection of 50 Springfield stores in Spain.

#HSCreators x María Pombo

This was the concept that gave life to the new launch campaign and united both parties, brand and influencer.

Hard work, perseverance and the importance of finding your own voice were just some of the characteristics that María Pombo defined as essential in her work as a content creator. 'The most important thing is to stay true to yourself, to your values and your ideas,' she says in the video, and also talks about inspiring, sharing and 'taking care of your loved ones in order to tell real stories through real values'.

High Spirits was created as a 100% digital brand; however, after the great reception it received in its debut with the first collection, in-store brand spaces are now available in a selection of **50 Springfield stores in Spain.**

YOUNG
SEGMENT



women'secret

SPECIALIST
SEGMENT

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.

Honest by Women'secret

The brand launched Honest by Women'secret in 2019, a new line of clothing born out of the commitment to society and the planet. We work to improve our processes and source more sustainable raw materials to achieve increasingly environmentally friendly products.

#Simeimporta movement

Eight years ago, the 'Sí me importa' (it does matter to me) movement was created by the Dexeus Foundation to help to normalise the day-to-day lives of women who have undergone breast cancer. This year, the brand donated the proceeds to the Dexeus Women's Foundation programme, which provides psychological support to newly diagnosed patients and their families.

Real Changers

On the occasion of International Women's Day, Women'secret released its first documentary *Real Changers*, which gives voice to three women who excel in activities traditionally considered male-dominated fields. In addition to this initiative, the brand offered a scholarship of up to €10,000 through a contest so that one woman could pursue her dream career or course of study.

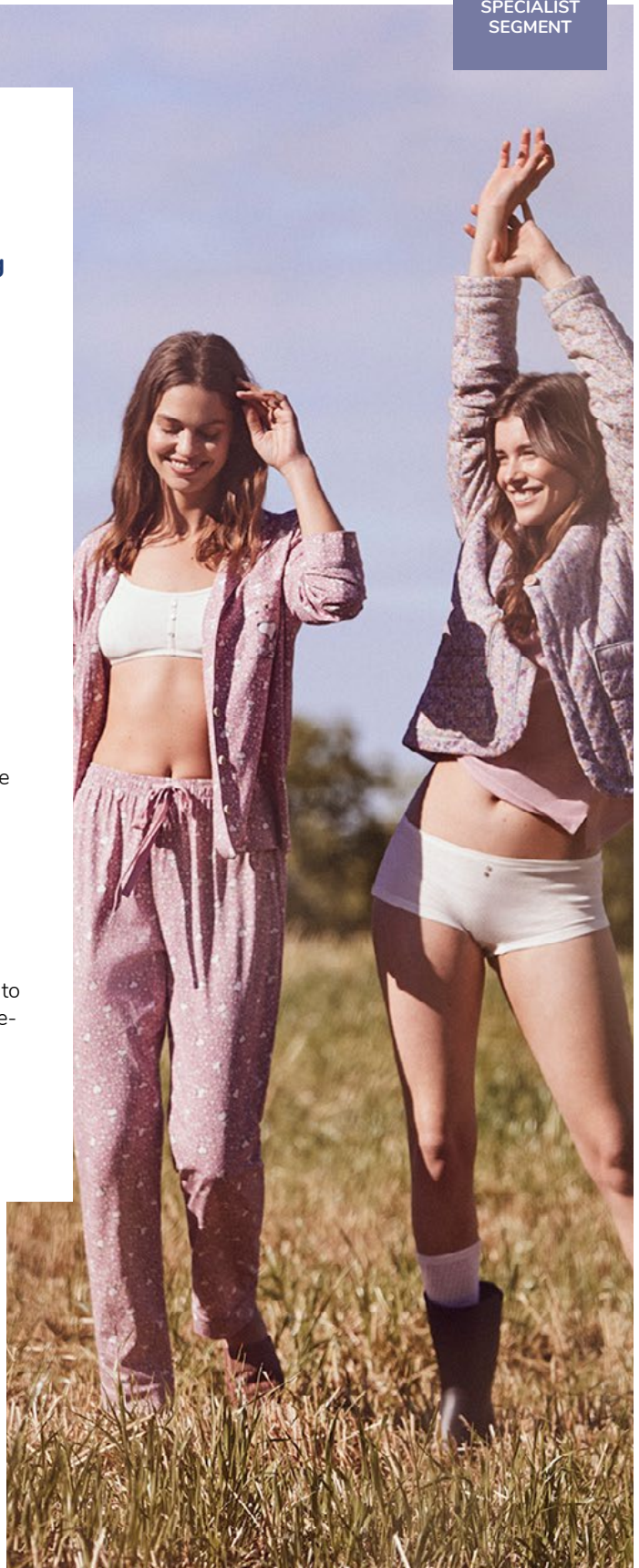
349.42 Million euro in revenue

31% of total group revenue

727 Points of sale

63 Countries where it is present

27% of the team works in Women'secret



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.

Growth and expansion

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. As part of the process of expanding the brand, in 2019 it opened its first stores in Croatia and Mexico. Fifty's activity is decisive for the sustainability of the model as it reintroduces garments from previous seasons into the market and avoids the stockpiling of surplus goods.

Lifeway, more sustainable fashion

Milano launched its 'Lifeway' label, a project designed to encourage people to learn about how to take better care of the planet and make changes to their lifestyle. This seal, identified with a recycled craft label, demonstrates the brand's real commitment to the environment. Responsibility has to begin with the garment creation process and we must ensure that this message is conveyed to the end consumer.

94.94 Million euro in revenue

9% of total group revenue

71 Points of sale

6 Countries where it is present

8% of the team works in Fifty



Worldwide presence

The company manages **1,805 points of sale** for the Cortefiel, Pedro del Hierro, Springfield, Women'secret and Fifty brands. The Hoss Intropia, Slowlove and High Spirits brands are sold in spaces belonging to other group brands and are not counted as company-owned stores, as are the Pedro del Hierro corners located in Cortefiel stores. We currently have a physical presence in 69 countries and an online presence in 47.

Own stores

EUROPE	CTF	PDH	SPF	WS	FF	Total
Belgium	-	-	11	7	-	18
Bosnia	1	-	7	4	-	12
Bulgaria	1	-	1	1	-	3
Croatia	-	-	8	9	1	18
Spain	129	3	281	292	55	760
France	-	-	56	2	-	58
Hungary	-	-	13	12	1	26
Italy	-	-	30	-	-	30
Luxembourg	-	-	4	1	-	5
Montenegro	1	-	1	1	-	3
Portugal	25	-	63	56	11	155
Russia	-	-	-	51	-	51
Serbia	2	-	18	22	1	43

AMERICAS	CTF	PDH	SPF	WS	FF	Total
Mexico	-	-	24	24	2	50



Franchises

AFRICA	CTF	PDH	SPF	WS	Total
Angola	7	-	6	7	20
Ghana	-	-	2	2	4
Réunion	-	-	2	-	2
Kenia	8	-	1	1	10
Mauricio	1	-	1	2	4

AMERICAS	CTF	PDH	SPF	WS	Total
Bermuda	-	-	-	1	1
Bolivia	2	1	2	2	7
Chile	-	-	-	16	16
Colombia	-	-	-	9	9
Costa Rica	1	1	6	6	14
Ecuador	-	-	26	13	39
Guatemala	1	1	1	-	3
Mexico	13	-	22	17	52
Paraguay	-	-	1	1	2
Peru	10	-	14	-	24
Puerto Rico	-	-	1	-	1
Dominican Republic	1	-	2	3	6
Venezuela	2	-	4	4	10

ASIA	CTF	PDH	SPF	WS	Total
Azerbaijan	-	-	-	2	2
Philippines	3	8	6	5	22
Kazakhstan	-	-	3	1	4
Pakistan	-	-	-	2	2
Palestine	1	-	1	2	4

EUROPE	CTF	PDH	SPF	WS	Total
Albania	1	-	1	2	4
Andorra	2	1	4	2	9
Armenia	-	-	1	2	3
Belarus	-	-	1	4	5
Bosnia	-	-	1	-	1
Cyprus	10	-	7	7	24
Croatia	-	-	-	1	1
Slovakia	-	-	1	1	2
Slovenia	-	1	3	2	6
Estonia	2	-	5	4	11
Georgia	1	-	-	2	3
Gibraltar	1	-	1	1	3
Greece	-	-	-	4	4
Ireland	-	-	13	4	17
Latvia	1	-	1	2	4
Macedonia	-	-	3	1	4
Malta	1	-	2	3	6
Montenegro	-	-	-	1	1
Russia	-	-	5	-	5
Serbia	-	-	2	2	4
Sicily	-	-	-	1	1
Ukraine	-	-	5	12	17

MIDDLE EAST AND NORTH AFRICA	CTF	PDH	SPF	WS	Total
Saudi Arabia	-	-	13	37	50
Bahrain	-	-	-	1	1
Egypt	3	-	8	2	13
United Arab Emirates	-	-	10	14	24
Iran	5	-	12	7	24
Iraq	2	-	2	2	6
Jordan	4	-	-	1	5
Kuwait	-	-	-	7	7
Lebanon	11	-	11	4	26
Libya	1	-	1	1	3
Morocco	-	-	-	2	2
Oman	-	-	-	3	3
Qatar	-	-	1	5	6
Tunisia	-	-	5	4	9
Uzbekistan	-	-	-	1	1





CHAPTER 2

TOWARDS A MORE SUSTAINABLE FUTURE

We work with a sustainable vision

Materiality assessment

A value chain moving towards sustainability

Strategic ESG Plan

What matters to our stakeholders

Committed to the 2030 Agenda

Corporate Governance

Ethics and transparency

Our risk management system

Key partners

Respect for human rights

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 141 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 2021, 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 roadmap 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.

To ensure the full integration of sustainability in all processes and decisions, and throughout the value chain, we have different policies and strategies that guide our actions:

Internal Code of Conduct and Disciplinary System

External Code of Conduct for suppliers and franchisees

Responsible Purchasing Policy

Sustainable Product Standard

Worker-Responsible Manufacturing Standard

Environmentally Responsible Manufacturing Standard

Protocol for Social and Environmental Audits of suppliers

Product Quality and Safety Protocol

Corporate Purchasing Policy

THE WAY WE WORK IS REFLECTED IN THE FOLLOWING FIVE PRINCIPLES:

- 1

We integrate sustainability into our business:
we strive to make sustainable fashion the norm.
- 2

We take on new commitments and goals:
we never stop looking for ways to improve.
- 3

We make progress together through partnerships:
we work together with everyone involved in the value creation process in order to extend the positive results beyond our business.
- 4

We work with integrity:
we operate with ethics and transparency.
- 5

We are ambitious about the future we want to achieve:
we do our best to make the best possible products.

CULTURE **WEcare**

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 multidisciplinary 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.

SUSTAINABILITY GOVERNANCE BODIES

This year, a Sustainability and Human Rights Committee was set up with management representatives from the Sustainability, Human Resources, Customer, Internal Audit, Supply Chain and Legal departments. Attached to the Management Committee, the objective is to bring ESG issues closer to senior management and the Committee reports directly to the CEO of the company. Its primary function is to monitor the ESG Strategic Plan.

Our purpose in sustainability “MAKE FASHION THAT MATTERS”

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 are at the people's service

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

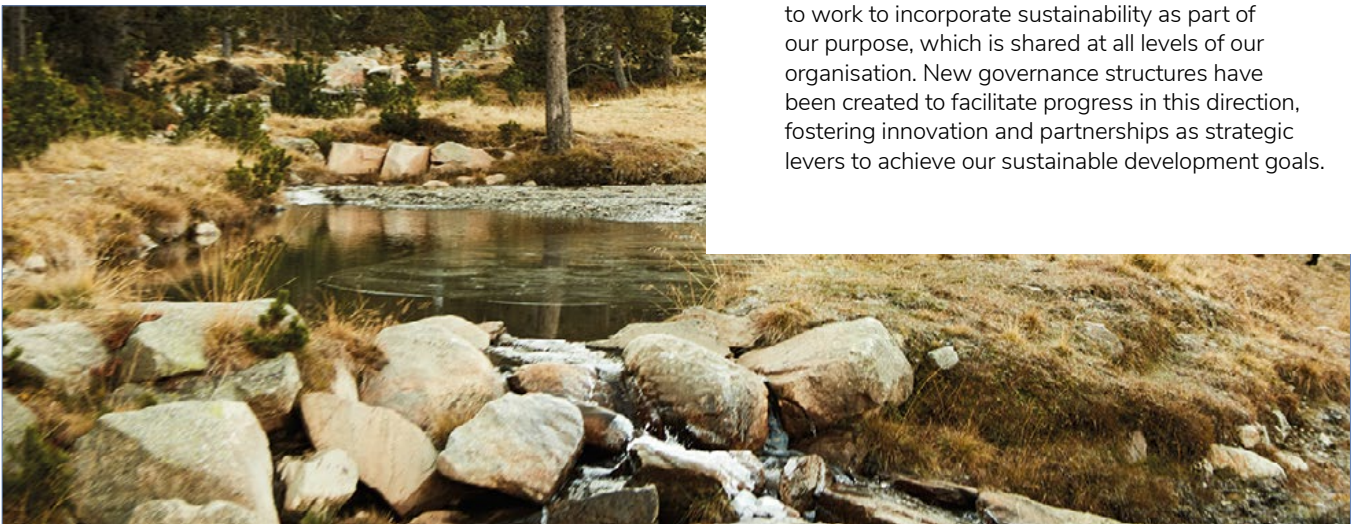
We focus on minimising the environmental impact of our activity, fostering a circular economy and combating climate change. We want to inspire and facilitate a sustainable environment, using the United Nations Sustainable Development Goals as a roadmap.

We trust our team

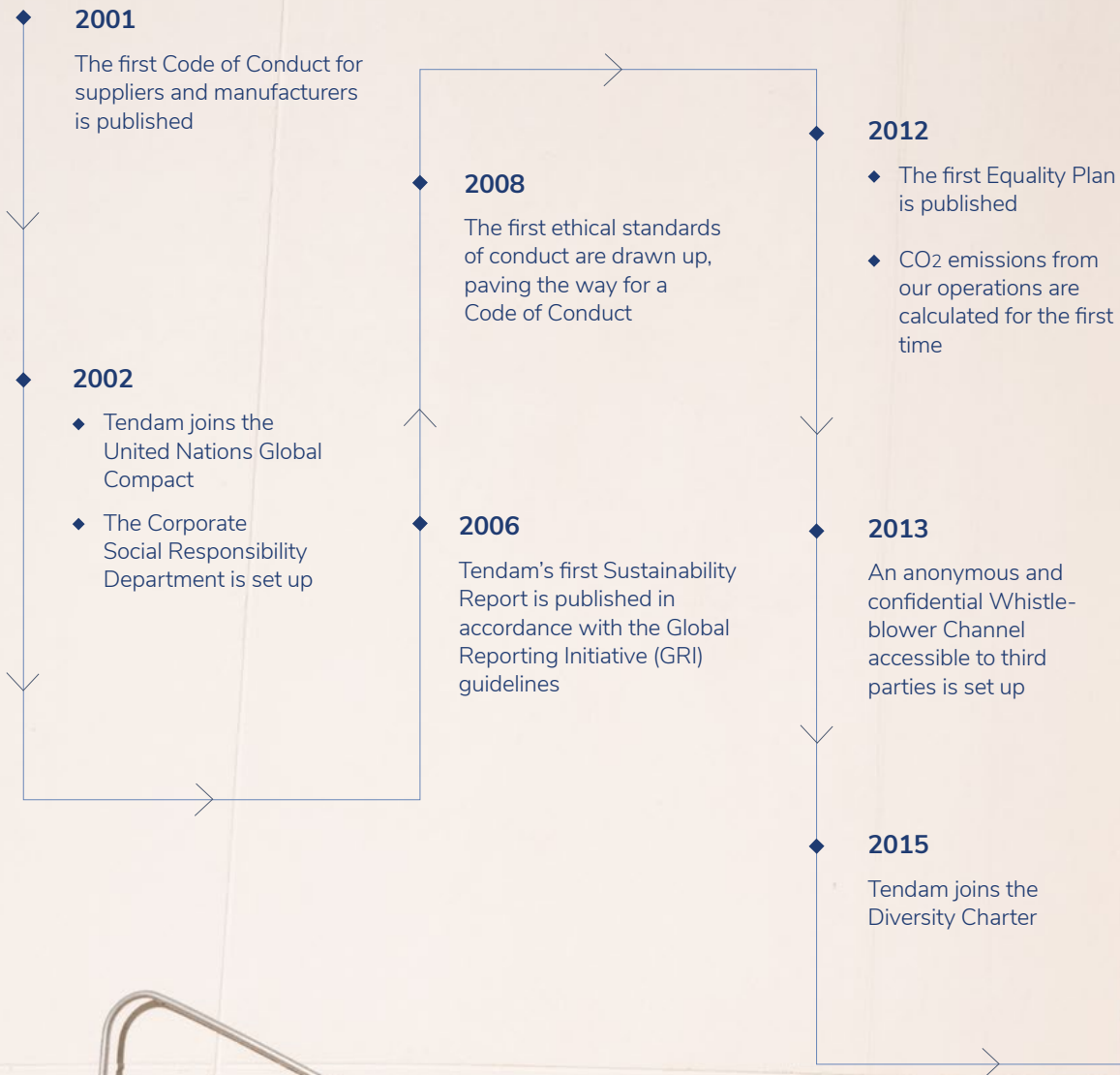
We have a committed team, willing to do their best to fulfil our shared purpose. Keeping our team motivated is key to guaranteeing its commitment and success in contributing to the progress of people and companies.

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 to facilitate progress in this direction, fostering innovation and partnerships as strategic levers to achieve our sustainable development goals.



Key dates in our social and environmental progress



2018

- ◆ Our first collection with sustainable features is developed
- ◆ The company signs an agreement with the ONCE Foundation's INSERTA programme for the hiring of people with disabilities

2017

Tendam becomes a member of the AMFORI network

2019

- ◆ Tendam joins the Fashion Pact to formalise its commitment to biodiversity, oceans and climate change.
- ◆ The company receives Business Ambition for 1.5°C recognition from the United Nations Global Compact during the COP25 in Madrid
- ◆ Tendam signs the Fashion Industry Charter for Climate Action
- ◆ The company joins Forética

2021

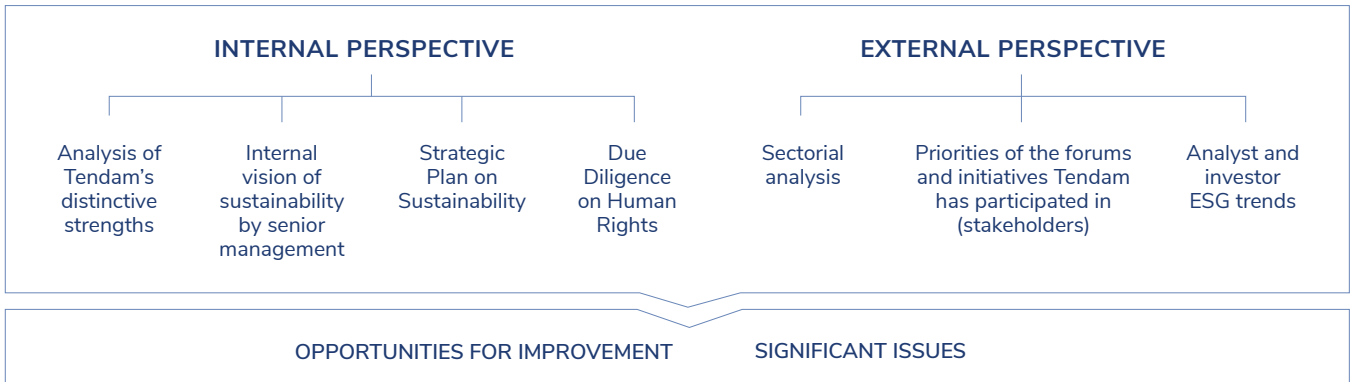
- ◆ Tendam's science-based emissions reduction targets are approved by the Science Based Targets initiative (SBTi)
- ◆ A new Responsible Purchasing Policy is published
- ◆ The company joins the Better Cotton Initiative (BCI) and Zero Discharge of Hazardous Chemicals programme
- ◆ An international agreement is signed with trade unions to work together on concrete actions in the supply chain
- ◆ The Sustainability and Human Rights Committee is set up
- ◆ The company's Second Equality Plan is signed

Materiality assessment

The materiality assessment takes into account the new ESG trends of analysts and investors, the priorities of the company's main shareholders on sustainability issues, the guidelines of Tendam's Strategic Plan on ESG matters, the effect of the pandemic and its influence on the social environment. 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.

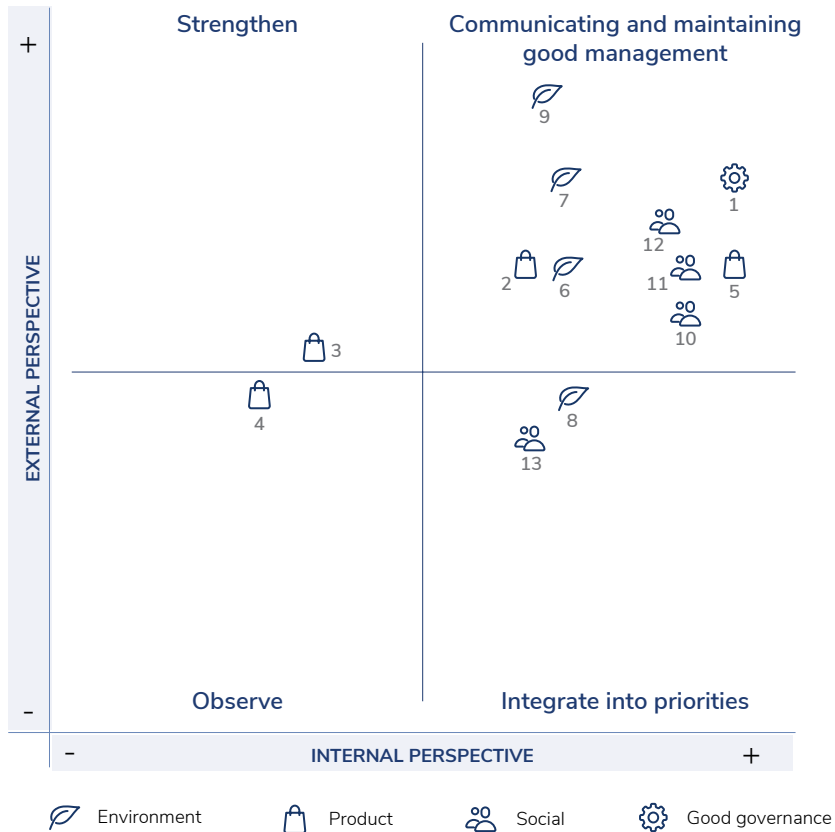


The result is a materiality matrix that highlights our 13 priority issues based on their importance for internal and external stakeholders. Each of the resulting material issues includes different sub-topics that are also taken into account when assessing their materiality.

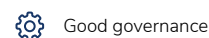
This year, the analysis shows that aspects relating to **minimising environmental impacts** are higher priority than in previous years, along with efficient consumption **of natural resources, recycling, circular economy measures and the replacement of plastic.**

For the company, issues relating to **transparency in the supply chain** have become more important in the past year, with a focus on the new human rights Due Diligence regulation. 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



SIGNIFICANT ISSUES



	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"> Responsible design Use 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"> Guaranteed 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	Impact on the environment	<ul style="list-style-type: none"> Minimise the impact on biodiversity Reduce the use of chemical substances Optimise shipping processes Minimise 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"> Reduce greenhouse gas emissions Use 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 varied capabilities 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 that focus on environmental protection and contribution to society. An analysis of the issues discussed at the various forums and initiatives we participate in has been conducted and was taken into account in the preparation of the materiality matrix.

Consult this section to find out more about the initiatives in which we are involved


A value chain moving towards sustainability

We have the opportunity to inspire a value chain in which sustainability is the central concern and informs decision-making. Accordingly, this new business model allows us to create each garment in an ethically responsible way and seeks to extend our commitment as a brand to sustainable fashion production. This model allows us to improve quality of life and contribute to a healthier future for our employees, consumers, suppliers and society.

STAKEHOLDERS




PRODUCT LIFE CYCLE



DESIGN OF THE GARMENT

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.



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, while reducing our impact on the environment.

We are aware that in order to offer our customers outstanding products, the raw materials used to manufacture them must be safe for them and offer the highest possible standards of sustainability.



SOURCING

The production of more sustainable garments is also achieved through more environmentally friendly processes. Our brands encourage the search for new manufacturing processes through 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.

WE WORK ON SUSTAINABILITY AT EVERY STAGE OF THE VALUE CHAIN

- | | | |
|--|--|--|
| <ul style="list-style-type: none">◆ Circularity begins with design◆ We promote good use of garments by consumers◆ We offer sustainability training to designers and buyers◆ We aim to meet the demands of our customers | <ul style="list-style-type: none">◆ We apply the principles of our Responsible Purchasing Policy◆ We promote innovation in fabrics◆ We seek responsible management of raw materials in a more sustainable way◆ We work in partnership with other entities | <ul style="list-style-type: none">◆ We strictly monitor the use of chemicals◆ We ensure the quality of the final product◆ We are moving towards full supply chain traceability◆ We promote the implementation of best practices in sustainability in the supply chain |
|--|--|--|

STRATEGIC PILLARS WHICH WE PROMOTE TO BECOME A MORE RESPONSIBLE AND SUSTAINABLE COMPANY



The customer at the core

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.

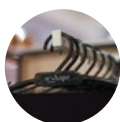
STAKEHOLDERS

FRANCHISEES

COMMUNITIES

INVESTORS

PRODUCT LIFE CYCLE



LOGISTICS AND SHIPPING

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.



ONLINE CHANNELS

With the outbreak of the pandemic, our customers have continued to seek us out online, valuing our differentiation and our brand proposition. The sector is undergoing major transformations, and the customer is asking us to take care of online shopping, creating quality digital experiences. We offer more than 90 third-party brands and a wide range of products via our websites. In 2021 our online channel grew by 26.8% to represent 14.3% of the group's total sales.



POINT OF SALE

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. 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.

WE WORK ON SUSTAINABILITY AT EVERY STAGE OF THE VALUE CHAIN

- ◆ We choose the mode of transport with less impact
- ◆ We plan the purchase so as to have time to choose the least polluting mode of transportation
- ◆ Efficiency in box filling and shipping
- ◆ Plastic reduction in the supply chain

- ◆ We ensure the privacy of our customers' data
- ◆ We seek responsible use of Artificial Intelligence
- ◆ We provide quality information on consumer purchases

- ◆ We use renewable energy in our Spanish stores
- ◆ We seek more sustainable construction
- ◆ We use our touch points to raise customer awareness about sustainability
- ◆ We use resources responsibly (energy efficiency and consumption optimisation)

SUPPLY CHAIN

SOCIAL CONTRIBUTION

HUMAN RIGHTS

Strategic pillars

By undertaking the materiality assessment, we have been able to better focus our sustainability agenda and to establish six 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 strategy’s implementation timeline and the achievement of the targets have been affected by Covid-19, but the direction and foundations of our strategy remain sound.

Throughout 2021 the company has been influenced by the environment, being strongly hit by the global pandemic two years after its onset, and by the direction the Group is taking, making great strides in the fulfilment of commitments acquired as a result of alliances with third parties, primarily focused on the impact on society and the environment.

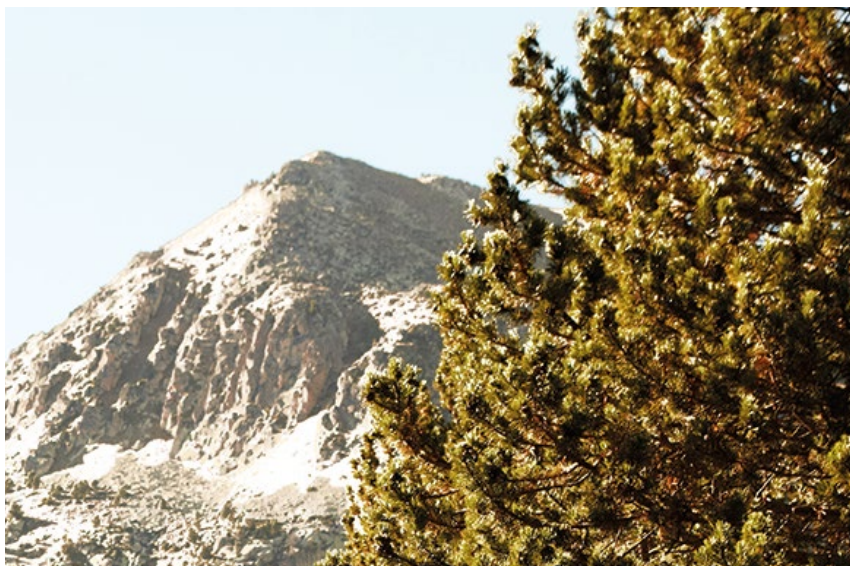
In turn, external volatility affected our overall performance as new regulations emerged impacting some of our areas of activity. In response, we updated our holistic, company-wide strategy to fulfil our vision, under the sustainability goal that we are pursuing, #MakeFashionThatMatters, enhancing our strategic plan with the incorporation of two new strategic levers.



PEOPLE	ENVIRONMENT	GOVERNANCE
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.	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.	To promote the implementation of a responsible and sustainable business management model based on integrity and transparency, and on direct participation and value creation for stakeholders.

PRIORITIES

Equality Diversity and inclusion Talent and development	Sustainable purchasing Emissions Energy efficiency Reduction of consumption Waste Circularity	Good governance Transparency Ethical commitment
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SUPPLY CHAIN

Proper monitoring of suppliers in the supply chain. Raise awareness of social responsibility among those involved in the Group's procurement process. Ensure that the Purchasing Policy is consistent with the other policies in place and encourage collaboration with suppliers to further improve 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.

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.

PRIORITIES

Human rights

Traceability

Social and environmental audits

Contribution to the 2030 Agenda

Corporate volunteering

Positive social impact

Due diligence

Regulatory compliance

Extension to the value chain

Training and awareness

Strategic ESG Plan

This year saw the completion of the 2019-2021 ESG Plan setting out the five pillars that guide our strategy, aligned with the UN Guiding Principles on Business and Human Rights, the UN Sustainable Development Goals (SDGs) and the Paris Agreement on Climate Change. Despite the harsh impact of Covid-19, **more than 90% of the plan has been implemented.**

The following table shows the issues and the level of achievement of the 2019-2021 ESG Plan:

	Issue	Target	Description	Achievement
ENVIRONMENT	Emissions	Reduction of GHG emissions	Extension of Scope 3 GHG (Greenhouse Gas) emissions.	●
			Development of an emissions reduction plan with specific commitments to reduce CO ₂ emissions (SBTi).	●
	Energy efficiency	Energy efficiency plan	Establish a new Energy Efficiency Plan for stores and central offices.	●
	Waste and circularity	Waste management strategy	Implementation of selective collection systems at headquarters and warehouses: packaging, electrical and electronic devices, textile waste, etc.	●
			Introduction of additional measures through the implementation of a circularity programme for clothing and product collection and recycling, where appropriate (Springfield's pilot test is scheduled to begin in May 2022).	◐
	Product	Sustainable product	Definition of a common Group commitment on sustainable materials. In 2021, 30% of our garments were sustainable compared to the 25% target set - 2025 Target: 50%.	●
			Creation of a Technical Committee (WE CARE).	●
	Sustainable purchasing	Responsible Purchasing Policy	Provide specific environmental training to designers and buyers.	●
			Development of a map of 'sustainable' suppliers.	◐
	Consumption	Reduce paper consumption by 30%	Implementation of a new digital signature system for documents.	●
			Replacement of individual printers with efficient shared printers.	●
SOCIAL	Diversity	Disability Integration Plan	Promotion of direct hiring of people with disabilities.	◐
			Awareness-raising plan.	●
			Agreement with the Inserta Foundation- ONCE (renewed in February 2022 for another three years).	●
	Talent attraction	Gender parity	Approval of the Second Equality Plan.	●
			Conduct of a detailed study of the wage gap between men and women.	●
		Gender equality	Retention and development of female talent through training scholarships.	●
			Tendam's women sponsorship programme to promote women in the company - 59% female representation in management positions.	●
			Establish a plan for well-being activities and sports activities for employees.	●
	Well-being programme		Negotiate benefits for employees in external activities.	●
				●
EXTERNAL PARTNERSHIPS	TRANSPARENCY	Improved reporting	Inclusion of non-financial information in the annual management report and adaptation to new legal requirements.	●
			In 2021, the company signed an agreement on industry initiatives with the UGT and CCOO trade unions and their federations (Supply Chain).	●
			Improvement of communication channels with stakeholders.	●
		Traceability in the supply chain	Adopt industry best practices in supply chain transparency. 80.66% of the supplier database incorporated into a PLM (traceability map of the production chain + sustainable product).	●
			Create a supplier social risk map (AMFORI).	◐
			Extension of the BSCI programme in our supply chain and standardisation of social audit certificates.	●
			Application of the new REACH standard.	●
			Increase the extension of the Environmental Audits Programme - 2021: 7% of suppliers audited.	●
		Align with the SDGs	Agreements with foundations aligned with the brand profile and the SDGs.	●
			Creation of the new Corporate Volunteering Plan.	●
			Promotion of individual employee volunteering.	◐
	SUPPLY CHAIN	Audits		●
				●
				●
		Social contribution		●
				◐

* GOVERNANCE








Completed ● In progress ◐ Pending ○

In 2021, we worked on the proposal for a new ESG strategic plan for the 2022-2025 period with the aim of continuing to evolve and make progress in corporate sustainability. The new plan takes as a reference some of the actions pending reinforcement in the previous ESG Plan and also incorporates the commitments undertaken by the company in sustainability issues in recent years.

The following table shows a summary of some of the lines proposed for the 2022-2025 ESG plan aligned with the SDGs:

The **2022-2025 ESG Strategic Plan** sets three main objectives: improve transparency and reporting to all stakeholders, align the strategy with new regulatory demands and ensure Tendam's corporate leadership.

The plan is structured around three main axes: ESG (E - environment, S - social and G - governance) and an overarching External Alliances axis that aims to support the achievement of the objectives in all areas for maximum compliance with the plan.

	Issue	Target	Related SDG
ENVIRONMENT	Climate change	Develop a plan to reduce greenhouse gas emissions from operations in compliance with the targets approved by the SBTi.	
		Perform an analysis to identify the needs of our stakeholders and determine climate risks and opportunities aligned with TCFD recommendations.	
	Efficiency and resource optimisation	Map water consumption along the value chain. Minimise waste generation and promote the use of renewable energy.	
	Sustainable product	Increase the sustainable product line, promote circularity initiatives and responsible consumption by raising customer awareness of the product's life cycle.	
SOCIAL	Training and talent	Train our employees in ESG matters for the development of sustainable best practices and promote internal communication to ensure two-way communication.	
	Diversity and inclusion	Promote the representation of women in management positions, reduce the wage gap and hire more people with disabilities.	 
GOVERNANCE	Corporate policies and procedures	Update and expand corporate policies and procedures, including those related to human rights and environmental aspects. Improve ESG reporting and adapt it to the new regulatory requirements.	 
	Remuneration system	Implement a remuneration system linked to sustainability performance.	
EXTERNAL PARTNERSHIPS	Supply chain	Achieve traceability and develop a risk map with sustainable criteria. Extend the commitments made in the area of chemical control (Zero Discharge of Hazardous Chemicals).	
	Multi-stakeholder initiatives and sustainable finance	Seek out strategic alliances with global impact and improve financing conditions linked to sustainable criteria.	
	Human Rights	Monitor human rights and implement a Due Diligence process.	

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 participate on their management committees and working groups where we 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.

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.

CUSTOMERS		Our customers are at the centre of the company's strategy, and at the centre of the way we work.	
TOOLS	SIGNIFICANT ISSUES	2021 MILESTONES	
<ul style="list-style-type: none">◆ Corporate website◆ Brand websites◆ Commercial channels◆ Loyalty Clubs◆ Customer service◆ Social media◆ The media	<ul style="list-style-type: none">◆ Satisfactory shopping experience◆ Product and service quality◆ Customer services and loyalty◆ Protecting health through quality clothing and increasing our sustainable offering◆ Data privacy and security protection	<ul style="list-style-type: none">◆ We serve almost 80 markets◆ 30% more sustainable garments in our collections◆ We serve more than 30.2 million members through our Loyalty Clubs	
EMPLOYEES		We offer equal employment opportunities in a workplace that nurtures each and everyone's talent.	
TOOLS	SIGNIFICANT ISSUES	2021 MILESTONES	
<ul style="list-style-type: none">◆ Corporate intranet◆ Whistle-blower Channel◆ Works councils◆ Social media◆ Internal marketing	<ul style="list-style-type: none">◆ Protection of human rights◆ Quality of employment◆ Employee benefits and work-life balance◆ Occupational health and safety◆ Training and professional development	<ul style="list-style-type: none">◆ Signing of the Second Equality Plan◆ New flexitime measures◆ Promotion of wellness and mental health in the aftermath of the pandemic	

SUPPLIERS

We adopt a collaborative approach to working with them, to heighten our positive impact.

TOOLS

- ◆ Supplier Portal
- ◆ Whistle-blower Channel
- ◆ Corporate website
- ◆ Periodic meetings and visits
- ◆ Trade unions

SIGNIFICANT ISSUES

- ◆ Relationship based on trust and teamwork
- ◆ Human rights compliance
- ◆ Commitment to sustainability and innovation
- ◆ Stability in trade relations
- ◆ Fair contracting and payment arrangements

2021 MILESTONES

- ◆ New Responsible Purchasing Policy
- ◆ Signing of a Partnership Agreement with the trade unions
- ◆ Good social and environmental practices shared with suppliers

FRANCHISEES

They are one of the fundamental pillars of our business model, spreading new values throughout our commercial network.

TOOLS

- ◆ Newsletter
- ◆ Communication platforms
- ◆ Seasonal conventions
- ◆ Training and advice

SIGNIFICANT ISSUES

- ◆ Comprehensive management service
- ◆ Smooth and ongoing communication
- ◆ Training and advice
- ◆ Transparent relationship

2021 MILESTONES

- ◆ We continue to expand our brands into new markets. This year we opened stores in three new countries and brought our new brands to our franchisees: Hoss Intropia and High Spirits

COMMUNITIES

We look after the environment and the people around us.

TOOLS

- ◆ Corporate website
- ◆ Whistle-blower Channel
- ◆ Social media
- ◆ Agreements and partnerships
- ◆ Participation in forums and associations
- ◆ The media

SIGNIFICANT ISSUES

- ◆ Innovation
- ◆ Employment promotion
- ◆ Diversity and equality
- ◆ Sustainable use of resources
- ◆ Energy efficiency
- ◆ Commitment to ecodesign and the use of sustainable raw materials

2021 MILESTONES

- ◆ More than €351,411 donated through our social giving programme
- ◆ 18,439 garments donated to the victims of the volcano eruption on the island of La Palma
- ◆ Nearly €100,000 donated to CSIC for Covid-19 research
- ◆ We improved our CDP climate score from a B to an A- rating, and in Ecovadis, from a silver medal to a gold medal

INVESTORS

We generate profitability and economic growth.

TOOLS

- ◆ Corporate website
- ◆ Investor relations
- ◆ Results reporting
- ◆ Press releases

SIGNIFICANT ISSUES

- ◆ Financial and economic stability
- ◆ Corporate governance
- ◆ Sustainability and Corporate Social Responsibility
- ◆ Transparency and ethics

2021 MILESTONES

- ◆ The company repaid the entire ICO loan granted in 2020 (€132.5 million) in advance
- ◆ S&P Global upgrades Tendam's rating to 'B+' with a stable outlook

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.



Focusing on our priority SDGs



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 recruiting and retaining talent, ensuring we adhere to the principles of equal opportunities and non-discrimination .	Our team made up of is 85% women .
5.5 Ensure women's full and effective participation and equal opportunities for leadership at all levels of decision-making 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. ◆ We signed the Diversity Charter for the 2020-2023 period to further promote diversity and respect in the workplace. 	58.5% of women hold management positions.
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.	<ul style="list-style-type: none"> ◆ The Second Equality Plan was approved, once again honouring the commitment to equal opportunities for women and men, and following the guidelines laid down in the legislation. ◆ Different procedures focused on the protection and empowerment of women are promoted: Equality Plan, measures to facilitate breastfeeding, protocol for the prevention of sexual harassment and protocol on inclusive language and on the use of the image of women in advertising. 	In 2021, 28.6% of Board members were women (14.28% in 2020).



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 and child labour

Attraction and retention of talent

- ◆ Hiring profiles that can adapt, are resilient, and have business acumen
- ◆ Be a job-creating brand
- ◆ Development, training and long-term compensation schemes

Impact on society

- ◆ Direct, indirect and induced job creation

PRIORITY TARGETS

ACTIONS

KPI'S

8.3 Promote development-oriented policies that support productive activities, decent job creation, entrepreneurship, creativity and innovation, and encourage the formalisation and growth of micro, small and medium-sized enterprises, including through access to financial services.

- ◆ 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 **BelHealthy 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. This year, one **remote working** day per week was introduced on a permanent basis as a measure to facilitate work-life balance.

9,619 people are part of the Tendam team.
3,316 employees trained.
23,824 hours of training.
100% of the people who join head office receive training on the **Internal Code of Conduct**.

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.

- ◆ We renew the collaboration agreement that we signed in 2019 with the **ONCE Foundation** to join the INSERTA Programme to make clear our commitment to create jobs for people with disabilities.
- ◆ We support young talent by creating opportunities through our **Professional internship plan**.

We collaborate close to **300 entities** seeking to promote the inclusion of young people and groups at risk of exclusion in the labour market.

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.

- ◆ 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.

369 social audits and 66 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.

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.

- ◆ This year, the company signed the first **Global Framework Agreement (GFA)** with international trade unions to further promote the implementation of international labour standards in the group's supply chain.
- ◆ Through our **Health Protection Plan**, we contribute to safety and well-being via: cardiac-protected spaces, medical service and occupational risk prevention services.

100% of the workforce is covered by a collective agreement and the corresponding labour law.
100% of the group's facilities are covered by the **Health and Safety Policy**.

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:

- ◆ Responsible design
- ◆ Application of new materials

Product quality and safety:

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

PRIORITY TARGETS

ACTIONS

KPI'S

12.2 To achieve sustainable management and efficient use of natural resources by 2030

- ◆ 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.
- ◆ 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**.

30% of our garments meet sustainable criteria. **Our objective is to reach 50% in 2025.**

We are proud to be a member of the Better Cotton Initiative (BCI).

Our goal is to source 50% of our cotton from Better Cotton by 2025, thereby supporting more responsible cotton farming. Better Cotton aims to transform global cotton production.

11,778 models analysed.
99.3% favourable analysis.

12.5 By 2030, substantially reduce waste generation through prevention, reduction, recycling and reuse

- ◆ Selective collection system at headquarters and stores, and reduction of single-use plastic.
- ◆ New packaging for online business composed of 70% virgin material and 30% PEFC-certified recycled material in the case of paper envelopes, and 70% FSC-certified recycled cardboard for boxes. Both are reusable and recyclable.
- ◆ We are promoting pilot projects in different fields, focused on the collection of customer garments in stores, repair services and donations that allow the reuse or recycling of unsaleable garments.

29,550 garments have been donated to charities for a value of €197,000.

Pick-up agreements have been signed and implemented with management companies to recycle textile waste and other waste categories.

100% reusable and recyclable paper and cardboard for online packaging.
94% of in-store bags are made of paper.

12.6 Encourage companies, especially large and transnational companies, to adopt sustainable practices and to integrate sustainability information in their reporting cycle

- ◆ Inclusion of public information on sustainability in different channels: websites, social networks, Sustainability Report, clothes labels, etc.
- ◆ Through the brands' communication channels, we provide information on the impact of our garments once in the hands of the customer, raise awareness of the impact on the environment and provide advice on how to extend the product's life cycle.

We improved our results in ESG assessments, in both the **Carbon Disclosure Project (CDP)**, going from a B to an A- rating, and in **Ecovadis**, going from a silver to a gold medal rating.

13 CLIMATE ACTION

MATERIAL MATTERS

Mitigation and adaptation to climate change:

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

Environmental impact:

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

Replacement of plastic:

- ◆ Generating alternatives to plastic in products, packaging and store furnishings

PRIORITY TARGETS

ACTIONS

KPI'S

13.1 Strengthen resilience and adaptive capacity to climate-related hazards and natural disasters in all countries

- ◆ 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.
- ◆ In 2020, we began to align our reporting with the **Task Force on Climate-related Disclosures (TCFD)** recommendations and are working to strengthen our climate-related risk and opportunity disclosures in the coming years.

Given the growing importance of climate change, in 2021 we incorporated the **Climate Roadmap** into the company's ESG 22-25 Plan.

PRIORITY TARGETS	ACTIONS	KPI'S
13.2 Integrate climate change measures into national policies, strategies and planning	<ul style="list-style-type: none"> ◆ Participation in environmental initiatives: Fashion Pact, Business Ambition 1.5° C, UN Fashion Charter for Climate Action and UN Global Compact. ◆ SBTi approved our reduction targets for Scope 1, 2 and 3 emissions for 2030. ◆ We improved our results in ESG assessments, in both the Carbon Disclosure Project (CDP), going from a B to an A- rating, and in Ecovadis, going from a silver to a gold medal rating. ◆ A new Responsible Purchasing Policy has been published, which includes three standards to extend to our suppliers our commitment to the environment, working conditions and the production of sustainable garments. 	<p>One of our most ambitious climate change objectives is to achieve carbon neutrality by 2040.</p> <p>100% renewable energy consumption in our stores, offices and logistics centres in Spain, which represents 80% of our worldwide operations.</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
16.5 Substantially reduce corruption and bribery in all their forms	<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>Special training modules are made available to employees, including a set of instructions and guidelines for the creation of an internal control environment to prevent situations in which fraud and corruption may occur.</p> <p>86 employees have been disciplined for breaching the Code of Conduct.</p>
16.6 Develop effective, accountable and transparent institutions at all levels	<ul style="list-style-type: none"> ◆ Our ethical principles are included in our Code of Conduct, which demands an ethical commitment and strict compliance with the law when performing our activity, rejecting any unlawful 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
17.16 Enhance the global partnership for sustainable development, complemented by multi-stakeholder partnerships that mobilise and share knowledge, expertise, technology and financial resources, to support the achievement of the sustainable development goals in all countries, in particular developing countries	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.	In 2021, we joined the Better Cotton Initiative and the Zero Discharge of Hazardous Chemicals (ZDHC) programme. We are proud to have joined the Fashion Pact, Business Ambition 1.5° C, the UN Charter for Climate Action, the UN Global Compact, the SERES Foundation and others.

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 2020 financial year was held on 30 August 2021.

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 oversees compliance with ESG policies.

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.

Two of the Board's members are women, representing 28.6% of the total (and 37.5% 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.

28.6% women on the Board of Directors

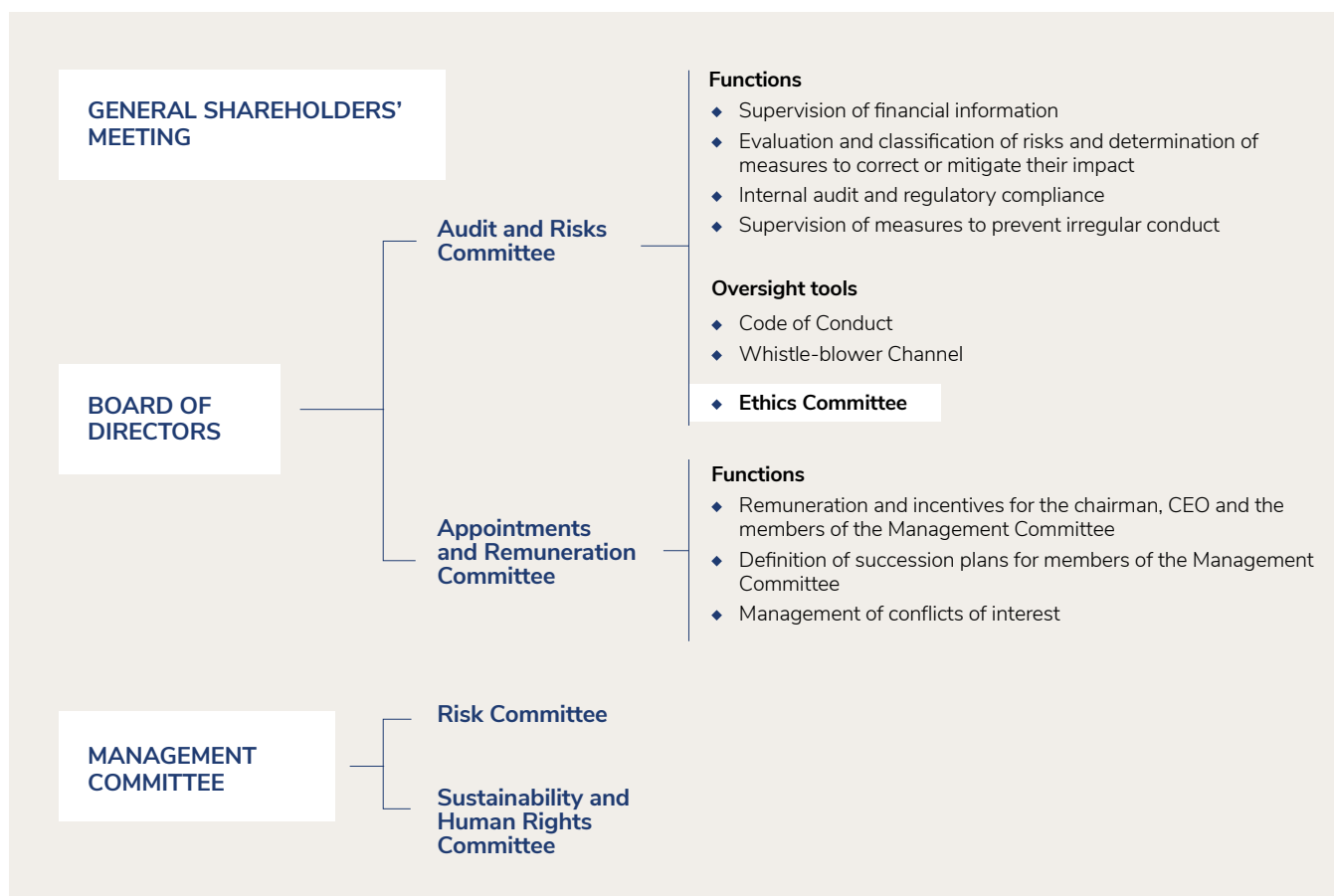
The share capital of Tendam Brands, S.A. totals €5,000,000, represented by 5,000,000 shares of 1 euro par value each, belonging to a single class and series. The company is 50% owned by CVC and PAI Partners through the company Castellano Investments, S.a.r.l.

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.

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 Armendáriz	Director	Member of the Audit and Risks Committee Member of the Appointments and Remuneration Committee
Julie Gautier	Director	
Álvaro Sendagorta Cudós representing Theatre Directorship Services Delta, S.A.R.L.	Director	Member of the Audit and Risks 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	Secretary - Non-director	Secretary of the Audit and Risks Committee and of the Appointments and Remuneration Committee



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 management sections has its own committee for the management of the group's different brands.

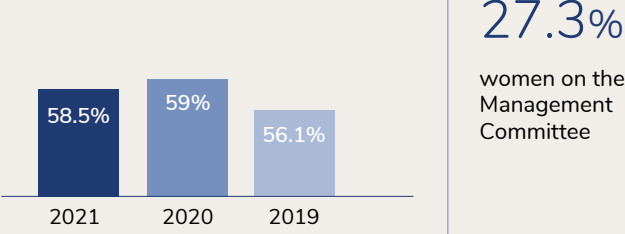
The Management Committee comprises 11 members; three of whom are women (i. e. 27.3% female representation).

Promoting Diversity

We are convinced that diversity in all its facets and at all levels of the organisation is an essential factor in ensuring the company's competitiveness and a key element of our Corporate Governance strategy.

The Appointments and Remuneration Committee is responsible for ensuring that the recruitment procedure is inclusive and that the selection of female directors is encouraged, with the goal of meeting the 50% target by 2030.

Women in management positions



Management Committee



Governance of climate issues at senior management level

The Chairman of the Board of Directors and Chief Executive Officer plays a leading and active role in the definition, development and promotion of sustainability strategies, especially those related to climate, as well as in the provision of adequate financial, human and strategic resources for their proper implementation.

The CEO is responsible for reporting on sustainability and climate issues to the Board and the Audit and Risk Committee at least twice a year. During the meetings, the Board monitors the implementation and achievement of the targets set in the company's ESG Strategy (which incorporates climate and sustainability-related objectives) and proposes changes and updates as necessary.

The Management Committee will identify deviations from climate and sustainability-related targets and, where necessary, will appoint a team to develop immediate action plans. In addition, it is important to highlight the CEO's participation in several international initiatives related to sustainability and climate change, such as the Fashion Pact, where he is a member of the Management Committee, and the CEOs Call to Action promoted by CSR Europe.

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.

Therefore, the Chairman and CEO is the only member of the Board who receives compensation for his executive duties, consisting of a fixed amount plus a variable amount based on targets. He is also entitled to compensation upon termination of the employment relationship with the company and for 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 2021 financial year, the remuneration for the chairman and CEO and the directors of the company, for all components, amounted to a total of €8,326,396 (gross). By gender, it is a total of €824,041 gross per year on average for men and €578,024 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. Likewise, they are banned from conducting activities, on their own behalf or on behalf of a third party, which entails competition with the company.

Shareholder and investor relations

Throughout 2021, the company maintained continuous contact with analysts and investors in order to meet their needs regarding the group's overall performance. This contact with the market was mainly through non-face-to-face meetings due to the health crisis.

We report on a regular basis on the company's financial and non-financial information in a consistent and transparent manner, thus enabling the company's activity and growth to be monitored. Currently, we hold four sessions a year with investors, and publish results on a quarterly, semi-annual and annual basis. The Investor Relations Department is in permanent contact with the market through phone calls, trips, investor conferences, etc., to keep the investment community informed of the company's performance.



Ethics 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 our 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 conduct in the workplace.

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

- ◆ An **Internal Code of Conduct**, which includes the basic principles for all company employees.
- ◆ A **Code of Conduct for suppliers and franchisees**, which extends our ethical culture to the supply chain. Signing this is mandatory for all suppliers and franchisees that work with us.
- ◆ **Specific training plan** for certain groups within the organisation, including training on the Code of Conduct and other ethics and compliance issues and on corruption and fraud prevention, especially for store personnel.
- ◆ A **Whistle-blower Channel** that allows employees and third parties to directly submit queries and report possible irregular non-ethical behaviour, confidentially or anonymously, and in any language.
- ◆ The **Ethics Committee** is the highest competent body within the company governing the administration of the Code of Conduct.
- ◆ The company has a **Crime Prevention Model** that describes the principles of crime management and prevention in order to prevent and mitigate the risk of crime in the different areas of the company.

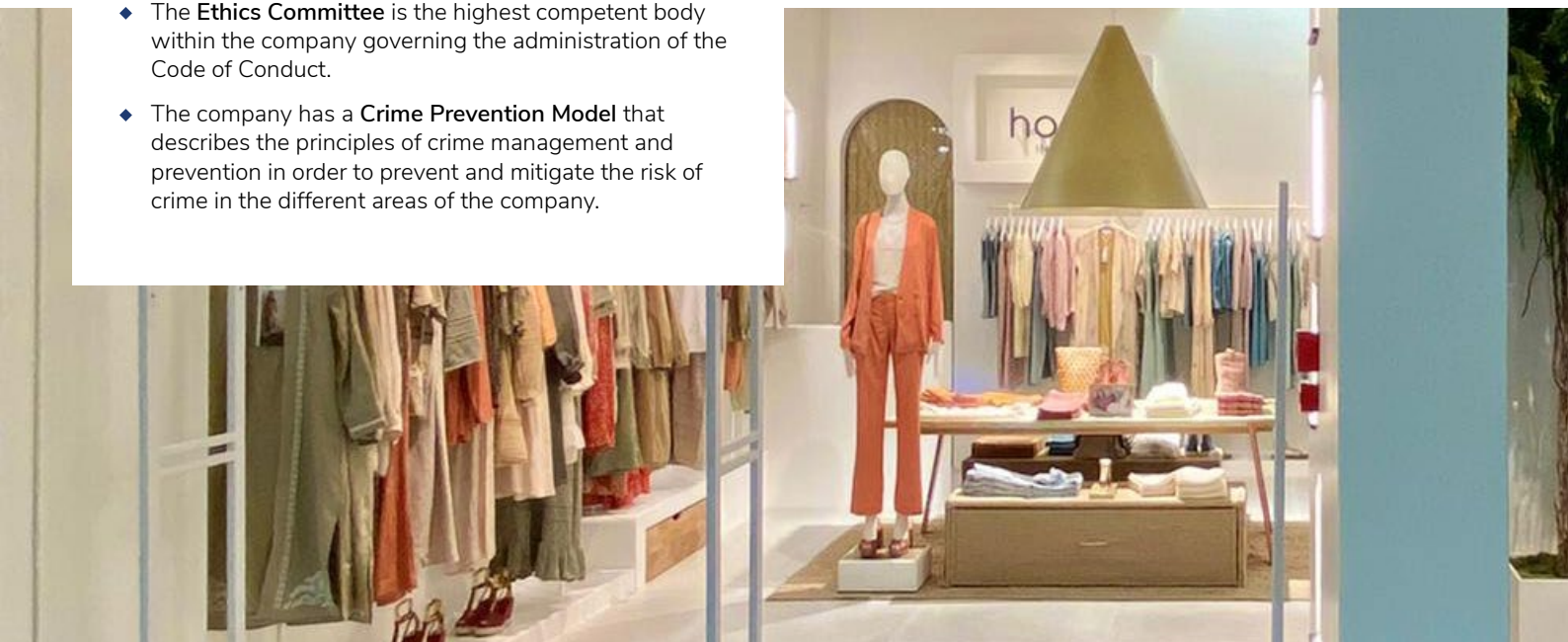
Ethics Committee

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 reports to the Audit and Risks 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. This body is empowered to supervise compliance with the key areas of the Compliance System: the Internal Code of Conduct, the Conflict of Interest Procedure, the Code of Conduct and the group's Crime Prevention Model, among others.

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.

The Ethics Committee meets on an ad hoc basis, as and when required. In 2021, three meetings of the Ethics Committee were held.



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.

The Code of Conduct is available in 13 languages and is at the disposal of all stakeholders. The document also applies to the personnel of centres that operate for the company.

All employees in Spain accept, upon signing their contract of employment, a specific clause stating that they are familiar with the Code of Conduct. In addition, they agree to take a general training course on the Internal Code of Conduct when they join the company.

This year, a new employee induction process was introduced at head office to ensure that employees receive this training in the onboarding sessions. For store personnel in Spain, an audiovisual pill was produced to disseminate the contents of the Code of Conduct in a more creative way. The audiovisual short is expected to be rolled out internationally and will be translated into Portuguese to be shared with store employees.



[Access the Internal Code of Conduct](#)



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

◆ COMPLIANCE WITH THE LAW

◆ COMMITMENT TO HUMAN AND LABOUR RIGHTS

◆ RESPECT FOR PEOPLE

◆ HONESTY, INTEGRITY AND EXCELLENCE

◆ RESPECT FOR THE ENVIRONMENT

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
- ◆ Personal data privacy
- ◆ Bribery and corruption
- ◆ Intellectual and Industrial Property

The Internal Code of Conduct is regularly updated, and the current version was approved by the Board of Directors on 26 July 2019.

Dissemination and training in ethics and conduct

The company has an online training tool, Be!Talent, for all employees, which provides them with online courses on various subjects. Since 2016, a specific continuous training programme on the Code of Conduct has been in place.

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 continuously communicated to employees and have been published on the company's intranet and website.

In addition, the following courses related to the area of ethics and conduct are also made available to employees on an ongoing or ad hoc basis:

- ◆ Prevention of Criminal Offences
- ◆ General Data Protection Regulation
- ◆ Information Security
- ◆ Internal Control training programme for the prevention of fraud and corruption in stores

60% of the workforce in Spain has been trained on the Code of Conduct



	2021	2020	2019
Employees trained in the Code of Conduct	597	486	1,592
Hours of training	1,194	972	3,184

Employees in Spain

Programme for Store Managers and Assistant Managers

Special training modules are made available to these employees, including a set of instructions and guidelines for the creation of an internal control environment to prevent situations in which fraud and corruption may occur, thus improving the execution of work.

	2021
Employees trained on Internal Control	154
Hours of training	3,696

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 **Corporate Purchasing Policy** 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.



[Access our External Code of Conduct](#)

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 reports received are forwarded to the appropriate manager, depending on the matter to which they refer. 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 2021, the Whistle-blower Channel received 577 visits and 43 incidents were reported and validated. The number of visits increased by 1% over the previous year. 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.

Category	Related matters	No. of reports
HR	Harassment, discrimination and abuse	18
	Conduct contrary to corporate standards	14
	Other categories	6
Fraud	Theft or removal of company property by employees and/or suppliers	1
	Corruption with suppliers or customers	1
	Other legal or regulatory breaches	1
Rejected*		8

* They were rejected due to the lack of legal basis for the claim.

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	Travel and Expenses Policy
	Occupational Risk Prevention Plan
	Protocol to prevent sexual harassment
	Pregnancy and breast-feeding protocols
	Equality Plan*
Governance	Internal Code of Conduct
	External Code of Conduct for suppliers and franchisees
	Contract Approval and Signing Procedure
	Franchise Contracting Procedure
Supply chain	Protocol for Social and Environmental Audits of suppliers
	Recruitment Policy
	Responsible Purchasing Policy*
	Environmentally Responsible Manufacturing Standard*
	Worker-Responsible Manufacturing Standard*
	Sustainable Product Standard*
Customer	Third-Party Due Diligence Procedure
	Product Quality and Safety Protocol
	Safety information Policy
Business	Corporate Purchasing Policy*
	Internal control guidelines in stores
Social	Policy on donations to entities for social purposes

*Upgrades or new approvals

Zero tolerance for unethical behaviour

Tendam is a company which is 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 €1,000 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.

83.59%

of stores are audited at least once a year to detect possible internal control breaches

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.

When selecting entities in the third sector, we use the Lealtad Foundation's transparency analysis

The purpose of the Lealtad Foundation is to assess the suitability of the entities with which we wish to form partnerships, choosing in most cases certified entities.



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 an external data protection officer (DPO) who is in regular contact with all the relevant members of the company.

We have security protocols in place to prevent, identify and remedy potential 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 the customer), Data Protection Policy in the workplace, Procedure for the management of security breaches and the Business Continuity Plan (BCP), which includes, among other things, IT continuity measures.

Given the importance Tendam places on privacy, an external data protection audit was arranged with a third party in July 2021. To conduct the audit, meetings were arranged with the different Tendam groups involved in data processing with the support of the Internal Audit Department, the Legal Department and the DPO. As a result of the audit, a GDPR FY2022-2023 Action Plan was developed with different actions to be carried out during that financial year.

In 2021, some employees were offered GDPR training and an awareness programme, with two themes: Social Engineering, Consent and the duty to inform, and Privacy by Design.



	Employees trained	Hours of training
Social Engineering, Consent and the Duty to Inform	511	1,022
Privacy by design	638	1,276
Training GDPR	1,017	3,051

Cybersecurity training was provided to 19 people from outside the company who are part of the CSD



Our risk management system

Governance and supervision of risks

The group's strategy takes into account the risks and 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.



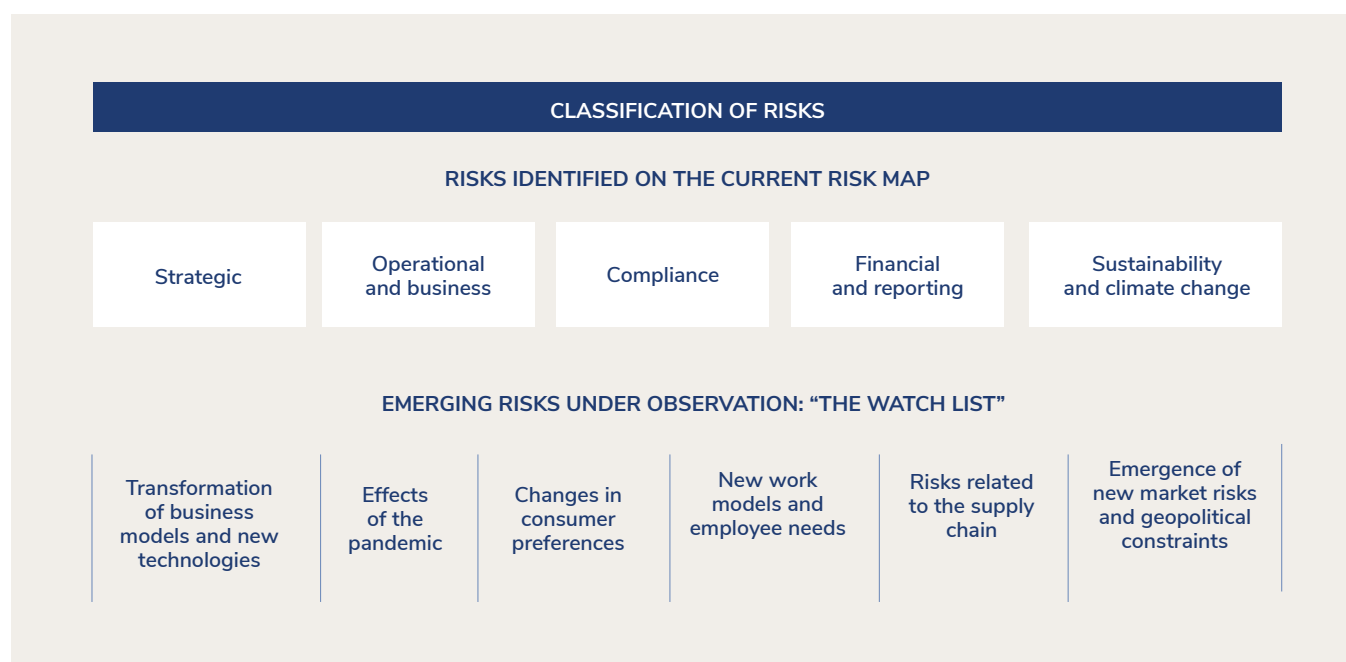
Both risk appetite and risk tolerance are key elements in the assessment and implementation of effective risk prevention and mitigation measures, ensuring proper alignment with the company's strategy

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.



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. In addition, new risk scenarios have been included, including the outbreak of the Covid-19 pandemic, and these were reviewed again in 2021.

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. 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.



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 cyberattacks.
- ◆ The impact on talent retention and engagement.
- ◆ Risks related to reputation, public positioning and brand damage.

MEASURES ADOPTED

- ◆ With regard to security breaches and cyber attacks, 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 **Internal and External Codes of Conduct** setting out ethical standards 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 or 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 facilities in Spain (which account for approximately 80% 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.



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.

2021 Alliances



This year we joined the Better Cotton Initiative (BCI) to improve cotton production worldwide by decreasing the impact on climate through less intensive farming. BCI is a non-profit group that connects people and organisations in the cotton sector around the world, from the field to the stores, and is characterised by carrying out one of the most prominent programmes in sustainable cotton production. Its goal is to make global cotton production better for the people who produce it, better for the environment it grows in, and better for the sector's future. As part of our commitment to improving cotton farming practices worldwide, we have set ourselves the target of sourcing at least 50% of the cotton used in our own brands from Better Cotton by 2025.



Through Forética, we signed the open letter to G20 heads of state and government urging them to be more ambitious in the fight against climate change, and to redirecting public spending to achieve the goal of keeping the increase in the average global temperature below 1.5°C. The initiative, led by We Mean Business and presented at the COP26 United Nations Climate Change Conference, is a call for countries to halve emissions and phase out coal-fired power generation by 2030, among other measures.



CORPORATE CLIMATE ACTION

This year, the Science Based Targets initiative (SBTi) approved our emissions reduction targets: emissions reduction of 46.2% by 2030 over 2019 for Scope 1 (direct emissions generated by the company) and Scope 2 emissions (indirect emissions generated by the company's energy consumption); and a reduction in intensity of 62% per million euro of turnover in Scope 3 emissions (primarily generated by external logistics and supplier processes) by 2030. SBTi, which Tendam joined in 2019, is a partnership between Carbon Disclosure Project (CDP), the United Nations Global Compact, the World Resources Institute (WRI) and the World Wildlife Fund (WWF), and has been in operation since 2015.



We joined the Roadmap to Zero programme as a partner in the ZDHC initiative. This programme brings together companies and producers in the textile and footwear industry that are committed to reducing the chemical footprint in the production of clothing through a better understanding of the substances likely to be present in the process and knowledge of the commercial chemicals used throughout the value chain. The knowledge generated in this initiative will allow us to optimise our product health and safety and environmental sustainability standards.

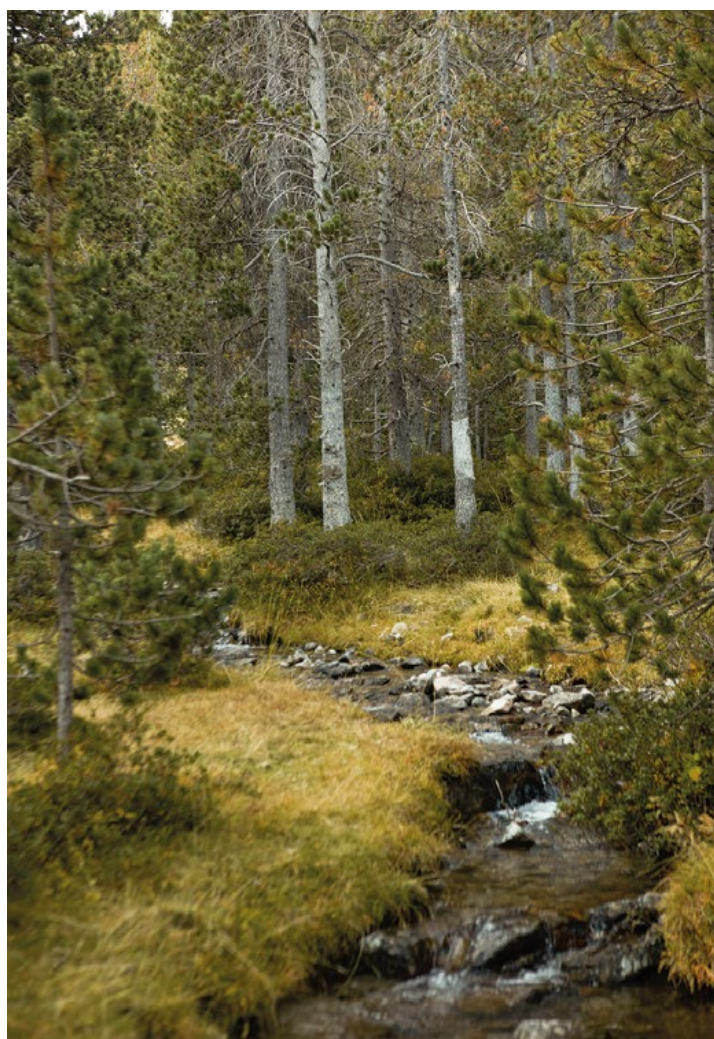


APOYAMOS
AL PACTO MUNDIAL



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 Association of the United Nations Global Compact)
- ◆ EBCA (European Branded Clothing Alliance)
- ◆ FEDECON (Spanish Federation of Confection Companies)
- ◆ FMRE (Forum of Renowned Spanish Brands)
- ◆ Inserta-Once Forum
- ◆ Social Forum for the Fashion Industry




Respect for human rights

Respect for human rights is one of the pillars on which our activity is based. Accordingly, we strictly comply with the legislation and establish standards based on best practices to uphold human rights throughout our value chain.

Tendam has worked continuously to stay ahead of the regulation and prepare to operate in an environment where human rights are increasingly important.

This year, human rights have become more prominent on the public agenda due to the publication of the proposed EU Human Rights Due Diligence Directive, which obliges European companies to take responsibility for the impact of their activities on human rights throughout their value chain.

Our commitment to human rights has been formalised since 2012 in our Code of Conduct, which sets out our commitments in relation to the people who are part of our value chain, including Tendam employees, employees of collaborators and suppliers, customers and the people in the communities in which we operate. Through the Code, we assume responsibility for the impact we have on the people with whom we interact through our operations, regardless of the country in which they are located.



In 2020, as a first step, the company carried out a maturity assessment of how relevant human rights issues are being managed in order to identify opportunities in relation to those people whose fundamental rights are or could be directly or indirectly impacted by our activity, i. e. our right holders, and to detect potential risks in the value chain and design responses to mitigate them accordingly, following the SERES LabS methodology.

EXTERNAL INITIATIVES

Tendam is part of several multi-stakeholder initiatives to address major human rights challenges:

Cross-disciplinary

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

Social

- ◆ 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
- ◆ Diversity Charter

Environmental

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

Global agreement with trade unions

In 2021, the company signed a global partnership agreement with UGT and CCOO and their international federations to develop a common work plan with projects and priorities for action. These include the exchange of information on suppliers by Tendam and visits to the workplaces by the unions with the common objective of promoting respect for human, labour, social and environmental rights throughout the supply chain, and the resolution through dialogue of any incidents or breaches that may be identified.

The results obtained have contributed to the development of our strategic plan to continue advancing in the fulfilment of our commitments to human rights wherever we are, and to include the new challenges in our business processes. This inclusion process is led by Tendam's senior management, overseen by the governing bodies, and managed and coordinated by the heads of department.

In 2021, a **Sustainability and Human Rights Committee** was set up for the implementation and monitoring of the Human Rights Policy and subsequent Due Diligence.

EXTERNAL REFERENCE FRAMEWORK

- ◆ International Bill of Human Rights International Labour Organisation (ILO) Declaration
- ◆ The United Nations Guiding Principles on Business and Human Rights
- ◆ OECD Guidelines for Multinational Enterprises
- ◆ The United Nations Global Compact
- ◆ Human Rights Due Diligence Directive

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 of relations with third parties
- ◆ Responsible Communication Policy
- ◆ Draft Human Rights Policy

COMPLAINT MECHANISMS

Through our Whistle-blower Channel, which can be accessed via both the intranet and the website, we ensure that anyone affected by our activities can report conduct contrary to Tendam's Code of Conduct in an anonymous, confidential and secure manner.

We received no third-party complaints about human rights violations in 2021.

Over the coming years, we will move forward in consolidating redress mechanisms to improve our responsiveness and exemplarity in our actions.

Human Rights and Due Diligence Policy

In 2021, the company worked on a proposal for a Human Rights Policy, setting out the commitment to respect for human rights and the proposed due diligence procedures for identifying, preventing, mitigating and managing actual and potential impacts that the company's operations may have on the fundamental rights of people, including effective grievance, redress and compensation mechanisms, in line with the United Nations Guiding Principles on Business and Human Rights. The company expects this to be formalised in the next few months of 2022.

Our Right Holders*

We have identified the people whose fundamental rights are or could be directly or indirectly impacted by Tendam's activities by conducting a maturity assessment of the issues that are relevant to each of our Right Holders, and of the relationship framework in which we want to develop with each of them.

	Our employees	Supplier employees	Customers	People from local communities
RELEVANT ISSUES	Fair hiring and remuneration	Fair hiring conditions and freedom of association (ILO compliance)	Health and safety (product use)	Environmental protection and safety (use of chemicals)
	Health and safety		Responsible, transparent and inclusive communications, generating conscious consumers	Inclusive business
	Freedom of association	Traceability and supplier control		Dialogue with communities
	Diversity and equality	Traceability and control of the supply chain back to raw materials	Data privacy and use	Promoting effective governance
		Responsible purchasing practices		
		Local empowerment		
RELATIONSHIP FRAMEWORK	Mutual respect, trust, equity, fair treatment and zero tolerance for abuse of authority or harassment	Stable, long-lasting and trusting relationships	Security, transparency and data protection	Positive contribution to local development
	Positive and stimulating work environment	Collaboration for continuous improvement of environmental, labour and human rights issues		

*Right Holders are the persons whose fundamental rights are or could be directly or indirectly impacted by our activities

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. In 2021, the company's Second Equality Plan was approved, presenting a set of measures to continue promoting equal treatment and opportunities for women and men in order to eliminate gender discrimination.

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 reasonable manner based on their capacity, thus avoiding indirectly causing harm to their employees' working conditions.

We continue to strengthen our ties with our suppliers, being there for them in difficult times and supporting measures that guarantee their profitability, with financial aid, pre-financing or better conditions.

In 2021, the company signed a global agreement with trade unions to further promote the monitoring and promotion of human rights and labour standards in the supply chain. 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 a large part of what we have achieved to them and we give it back to them in the form of a strong commitment to the protection and promotion of their fundamental rights, which in their case 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 make a positive local impact is through a commitment to the development of our local suppliers. However, we go a step 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, emissions reduction, chemical management and responsible use of water.

Extension of the Whistle-blower Channel

In 2022, we worked to promote access by third parties to the human rights categories of the Whistle-blower Channel. Accordingly, we developed a new process for the handling of reports received from suppliers' employees, as well as a protocol for action, involving the Supply Chain and Sustainability departments.



CHAPTER 3

OUR PEOPLE

Committed to people

Safety, health and well-being

Work-life balance

Equality, diversity and inclusion

Talent management

Training and development

Committed to people



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, ensuring a culture of leadership and excellence in everything we do. More than 9,500 professionals form a diverse and talented team that performs 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 ensures personal motivation and satisfaction.
- ◆ To implement a remuneration system that helps to attract and motivate people.
- ◆ To promote inclusive hiring, which allows us to select top talent.
- ◆ To have 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 2021:

9,619 people on the Tendam team

8,218 (85%) **1,401** (15%)
Women Men

236 (2%) Senior management

2,397 (25%) Middle management

6,986 (73%) Specialists and shop assistants

Evolution of the number of employees by country

Country	2021	2020	2019
Bangladesh	6	5	5
Belgium	79	107	139
Bosnia	71	78	93
Bulgaria	16	15	18
Croatia	103	97	102
France	121	129	153
Germany	-	7	13
Hong Kong	51	52	53
Hungary	175	155	185
India	10	11	12
Luxembourg	24	26	26
Mexico	273	242	276
Montenegro	18	19	21
Portugal	1,270	1,150	1,317
Russia	356	395	682
Serbia	248	249	259
Spain	6,798	6,792	7,381

Number of employees by gender, age and professional category

		2021		2020		2019	
		Workforce	%	Workforce	%	Workforce	%
Gender	Men	1,401	14.6%	1,491	15.65%	1,711	15.94%
	Women	8,218	85.4%	8,038	84.35%	9,024	84.06%
	Total	9,619		9,529		10,735	
Age range*	Under 25	1,911	19.9%	1,785	18.73%	2,205	21.93%
	Between 25 and 35	4,123	42.9%	4,378	45.94%	4,627	46.03%
	Between 35 and 50	2,988	31.1%	2,785	29.23%	2,689	26.75%
	Over 50	597	6.2%	581	6.1%	532	5.29%
	Total	9,619		9,529		10,053*	
Professional category	Managers	236	2.5%	251	2.63%	262	2.44%
	Middle management	2,397	24.9%	2,381	24.99%	2,070	19.28%
	Specialists	6,986	72.6%	6,897	72.38%	8,403	78.28%
	Total	9,619		9,529		10,735	

* 2019 Scope: 93.6% of the workforce

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 workforce in Spain, Belgium, Luxembourg, France, Mexico and Portugal is fully covered by their respective collective bargaining agreements (representing 89% of the total workforce). 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 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 300 staff delegates and committee members. In 2021 there were 39 meetings with labour representatives in Spain and 22 in other countries. Fluid and constant communication is made possible through effective and confidential channels to report any infringement or breach in this regard, ensuring permanent listening and dialogue.

100% of the workforce is covered by a collective agreement or the corresponding labour law



All employees in Spain are represented by a trade union

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 the safety and well-being of all our team.

With an action plan as a roadmap, guided by the recommendations of the World Health Organization (WHO) and the national health authorities, we have worked over the past two years to ensure the safety of all employees. To this end, various measures have been implemented to minimise the risk to which our employees may be exposed, anticipating in several countries some of these measures based on our experience in Spain.

These measures include, among others, the following:

- ◆ Manual for corporate headquarters and stores.
- ◆ Supply and delivery of personal protective equipment.
- ◆ Guidelines for action in the event of possible infection.
- ◆ Remote working and assessment of workplace set up for teleworking.
- ◆ 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.

Cardiac-Protected Spaces

We have committed to creating cardiac-protected spaces that have automated defibrillators at the headquarters in Madrid, in 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 general medical consultations	7,473
No of nursing interventions	6,590
No. of medicines dispensed	2,737
No. of employees vaccinated against flu	100
No. of employees vaccinated with other vaccines	48
No. of medical examinations	1,183

	Spain		International		
	Men	Women	Men	Women	Total
Accidents with sick leave					
Minor	15	101	8	41	165
Serious or very serious	0	0	0	0	0
Days missed due to accidents	693	2,672	110	454	3,929
Accidents without leave*	20	111	-	-	131

* This information covers 71% of the workforce

The Health and Safety Policy is applied in all of our facilities and covers the entire workforce.

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 the pandemic:** in 2020, supporting the emotional and mental well-being of our employees was a key focus. 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.
- ◆ **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 64 health and safety officers distributed across 23 provinces, representing 5,853 employees in OHS matters. Quarterly meetings are held with the 26 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 2021:

- ◆ Revisions of Covid-19 procedural manuals.
- ◆ Control and monitoring of Covid-19 health inspections carried out in stores.
- ◆ Detecting, studying and preventing possible problems in the work environment at the work centres with 31 assessments of psychosocial factors, both in stores and at the headquarters.
- ◆ Carrying out and/or reviewing the risk assessments and the Evacuation and Emergency Plans in 292 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.

Occupational accidents

	Men	Women
Frequency Rate *	9.14	10.49
Severity Rate **	0.32	0.23
Days missed due to accidents	803	3,126

* Frequency rate = (No. of accidents with sick leave at the workplace + commuting x1,000,000) / Hours worked

** Severity index = (days of sick leave per accident in the workplace + commuting x1,000) / Hours worked

Health and Safety Training (data for Spain)

Employees who received training in OHS	Men	Women	Total
Managers	35	270	305
Associates	266	1,945	2,211
ORP hours of training	1,715	12,962	14,677

Number of hours of absenteeism*

	2021	2020	2019
Men	129,207	145,380	108,455
Women	1,135,970	1,056,472	817,258

* 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.

We ensure the safety of the employees hired by our local service providers

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.

Work-life balance

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 programme 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 vouchers
- ◆ 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 in 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	2,507	26,970	90	48,391

Leaves of absence (data for Spain)

Number of employees	Men	Women	Total
MATERNITY/PATERNITY LEAVE			
Maternity and paternity leave	42	331	373
Risk during pregnancy	-	280	280
REDUCED WORKING HOURS / LEAVES			
Reduction for legal guardianship of a child under 12 years of age	14	838	852
Reduced hours to care for family members	0	16	16
Reduced hours for personal reasons	1	23	24
Reduction for care of sick minor children	1	10	11
LEAVE			
Voluntary	33	133	166
For caring for family members	0	1	1
Maternal/Parental	2	35	37



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 2021, we took great strides to achieve and promote the diversity of our team:

- ◆ We approved the **Second 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 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.

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

PRESENT



27%



73%



BY 2030



50%



50%

Second Tendam Equality Plan

The company's Equality Plan presents a set of measures, adopted after an assessment of the situation, to continue promoting equal treatment and opportunities for women and men in the company in order to eliminate gender discrimination. The Plan approved sets specific goals, establishes the strategy and actions to be taken, and monitoring systems to enable the assessment of the goals set.

The Equality Plan will apply to all company staff, without distinction of any kind.

MONITORING

During this phase, the progress on the goals and actions set forth in the Equality Plan will be monitored to gauge their impact on the various fields of action and the results obtained. The **Equality Plan Monitoring Committee** will be a joint committee with representatives of the company and representatives of the relevant trade unions.

ASSESSMENT

This is the instrument that provides information on the level of achievement of the equality objectives set out in the Plan. The different members of the Monitoring Committee and the responsible agent will participate in this phase, as well as the members of the **Equality Committee** and/or those responsible for the development or coordination of the Plan.

Commitments to Equal Opportunities

The company recognises its commitment to society and makes it public through various official policies and procedures, referring in this case to the Internal and External Code of Conduct. They include specific references to equality:

- ◆ Commitment to human and labour rights
- ◆ Integrity
- ◆ Support and respect for the protection of human rights in its sphere of influence
- ◆ Non-discrimination

Objectives of the Equality Plan

LONG-TERM

- ◆ Ensure equal treatment and opportunities for women and men in recruitment, hiring, promotion and training, work-life balance, occupational health, sexual and/or gender-based harassment, gender-based violence, communication and company culture.
- ◆ Prevent and address gender-based discrimination in the workplace, especially indirect discrimination.
- ◆ Facilitate the work-life balance of the people who make up the company's workforce, promoting shared family responsibilities between women and men.
- ◆ Apply the gender perspective to all areas, policies and decisions of the company (gender mainstreaming).
- ◆ Train key positions on sexual and gender-based harassment and gender-based violence.
- ◆ Standardise equality criteria and gender perspective in all areas of Human Resources policies.
- ◆ Ensure equal pay for work of equal value.

SHORT-TERM

Considering the general objectives set, goals and actions are developed which in some cases involve the application of positive action measures. The short-term objectives and areas of action focus on the following areas:

- ◆ Commitment to equality
- ◆ Working conditions
- ◆ Recruitment and selection
- ◆ Promotion and professional development
- ◆ Remuneration policy
- ◆ Continuous training
- ◆ Organisation of work time, work-life balance and shared family responsibilities
- ◆ Occupational health
- ◆ Prevention and handling of sexual harassment
- ◆ Communication: awareness and equality
- ◆ Gender violence

Wage gap

The company's goal is to guarantee the same salary compensation to all its employees, regardless of gender, race or religion. In order to adapt the valuation exercise to the characteristics of the organizational units, the analysis has been structured by segmenting the positions of corporate services and stores. Currently our percentage of adjusted wage gap¹ in Spain is 0.8% in Corporate Services and 0.8% in stores, considering normalized remuneration (equivalent to 100% working hours).

The data used to calculate the gap refers to the company's situation as of February 28, 2022 and was validated by the Human Resources Department.

¹ The adjusted wage gap is the difference in the remuneration of men and women "other things being equal" or triggering factors such as the level of "equal value", age, seniority, geographical location..., and It is obtained through statistical analysis of multiple linear regression to isolate the possible effect of gender on wage differences.

	2021	2020	2019*
Corporate Headquarters	0.80%	1.80%	-
Stores	0.80%	1.10%	-

Data obtained for Spain (71% workforce)
* In 2019 the salary gap was not calculated

Inclusive employment

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 2019, the company signed a partnership agreement with the ONCE Foundation, whereby it joined the INSERTA Programme, and after three years of work, we renewed our commitment to continue promoting the employment of people with disabilities in our company for another three years.

At the end of the year, there were 43 employees with disabilities on staff: 35 women and 8 men. During the last two years, given the situation resulting from the Covid-19 pandemic, it was not possible to progress with 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 2021, 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.

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.

59 Office promotions

48 Store promotions

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 with 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.

Since 2020, the internship programme has been affected by the health crisis of the last two years, but we hope to be able to resume it in 2022.

	Corporate Headquarters	Stores
Students on work experience placements	73	0*
Subsequent hiring of students during the year	26%	16%

Information for Spain only

* Due to the impact of the pandemic on the store, no internship positions have been added, but employees from the previous year's work experience programme have been hired.

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 Programme

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.

Quiero trabajo Foundation

We continue to work with the Quiero Trabajo Foundation 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. We also collaborate by sending garments from our brands to be worn by the Foundation's users when attending job interviews.

We have established close to

60 partnerships with entities for the hiring of 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 2021, we continued to expand 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.

Since 2020, with the impact of 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.

23,824 hours of training

8,348 participants in the various training activities

3,316 employees trained

Training received by:	16%	84%
	Men	Women



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 (online) 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. Accordingly, the company has 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 point of sales 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.

Hours of training by professional category and its development*

		2021	2020	2019
Hours of training	Corporate Services	Managers	153 h.	180 h.
		Middle management	935 h.	1,315 h.
		Specialists	3,101 h.	3,652 h.
	Stores	Managers	14,010 h.	9,472 h.
		Sales Staff	5,625 h.	6,526 h.
	Total		23,824 h.	21,145 h.
				41,776 h.

* Only includes data on training carried out in Spain, as there was no classroom and/or e-learning training outside Spain in 2021, only training through the gamification APP

Training through gamification in stores

We also work with gamification methodologies using the Be!Player 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 implemented for the training of store personnel in Spain, Portugal, Russia, Hungary, Croatia, Mexico and Serbia, with very good results. The results are very positive and employees greatly appreciate participating in this form of learning.

Training through gamification

	Store employees	Hours of play
Spain	1,684	1,321
Croatia	62	841
Portugal	945	2,617
Russia	406	2,837
Serbia	140	1,742
Hungary	221	3,295
Mexico	259	1,817

Our team in figures

Distribution of staff and annual average by type of contract

			2021		2020		2019	
				Average		Average		Average ²
Permanent contract	Gender	Men	1,163	1,174	1,258	1,285	1,286	952
		Women	6,073	6,011	6,199	6,164	6,041	3,957
	Professional category	Managers	236	238	244	255	253	209
		Middle management	2,314	2,290	2,306	2,370	2,025	1,465
		Specialists	4,686	4,658	4,907	4,824	5,049	3,235
	Age range ¹	Under 25	895	772	929	914	1,121	336
		Between 25 and 35	3,019	3,028	3,338	3,240	2,969	2,279
		Between 35 and 50	2,737	2,780	2,616	2,687	2,074	1,858
		Over 50	585	605	574	608	481	440
Temporary contract	Gender	Men	238	256	233	318	425	354
		Women	2,145	2,333	1,839	2,426	2,983	2,352
	Professional category	Managers	-	6	7	9	9	7
		Middle management	83	74	19	87	45	19
		Specialists	2,300	2,509	2,679	2,648	3,354	1,858
	Age range ¹	Under 25	1,016	1,013	856	1,059	1,084	1,204
		Between 25 and 35	1,104	1,303	1,040	1,398	1,658	1,306
		Between 35 and 50	251	262	169	271	615	185
		Over 50	12	11	7	17	51	10

Distribution of staff and annual average by type of work contract

			2021		2020		2019	
				Average		Average		Average ²
Full-time employment	Gender	Men	887	905	944	984	1,026	775
		Women	3,465	3,480	3,448	3,678	3,883	2,230
	Professional category	Managers	218	224	237	241	237	194
		Middle management	2,032	2,008	2,036	1,194	1,766	1,194
		Specialists	2,102	2,153	2,901	2,302	2,901	1,617
	Age range ¹	Under 25	493	426	427	503	621	243
		Between 25 and 35	1,766	1,832	1,938	1,941	1,866	1,362
		Between 35 and 50	1,652	1,676	1,604	1,741	1,521	1,077
		Over 50	441	452	423	480	376	324
Part-time employment	Gender	Men	514	526	547	609	685	530
		Women	4,753	4,864	4,590	4,849	5,141	4,079
	Professional category	Managers	18	20	18	22	20	22
		Middle management	365	356	104	335	308	291
		Specialists	4,884	5,014	4,774	5,092	5,502	4,296
	Age range*	Under 25	1,418	1,360	1,358	1,447	1,584	1,298
		Between 25 and 35	2,357	2,499	2,440	2,579	2,761	2,224
		Between 35 and 50	1,336	1,367	1,181	1,265	1,168	966
		Over 50	156	164	158	168	156	121

¹ 2019 Scope: 93.6% of the workforce

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

Dismissals by gender, age and professional category and its development

			2021	2020	2019*
No. of dismissals	Gender	Men	135	122	131
		Women	556	613	508
	Professional category	Managers	23	11	9
		Middle management	177	211	150
		Specialists	491	513	480
	Age range*	Under 25	162	332	99
		Between 25 and 35	299	264	222
		Between 35 and 50	188	118	110
		Over 50	42	22	12

* 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	
Bangladesh	16,029	0	7,315	9,370	7,605	0	7,119	7,605	16,029	8,777
Belgium	62,685	39,287	25,464	32,311	30,771	24,080	25,189	35,473	32,152	30,971
Bosnia	0	9,498	7,990	25,792	8,186	8,536	7,510	10,422	26,151	8,702
Bulgaria	0	8,605	7,828	6,938	8,292	10,472	7,250	4,545	0	8,251
Croatia	92,287	11,411	8,787	10,320	10,801	8,987	10,807	13,517	0	10,787
Spain	65,396	29,627	20,232	31,114	22,762	19,030	21,138	27,019	33,070	24,180
France	98,023	32,177	24,169	34,946	27,099	25,897	25,067	27,621	47,804	28,728
Hong Kong	84,584	51,022	31,481	49,396	39,724	34,845	26,866	50,183	41,016	43,301
Hungary	46,480	14,259	10,652	13,039	12,738	10,880	11,738	17,633	18,432	12,784
India	16,672	6,190	5,782	8,545	7,335	2,267	6,307	9,956	0	7,892
Luxembourg	0	40,422	32,780	26,953	34,937	32,214	31,081	38,748	0	34,918
Mexico	29,944	13,147	7,817	11,108	10,742	7,649	10,457	16,387	0	10,844
Montenegro	0	10,981	6,803	0	8,736	6,989	7,941	9,912	0	8,736
Portugal	84,332	18,102	13,373	19,476	14,735	13,450	14,145	18,913	19,597	15,312
Russia	25,385	4,457	4,300	16,171	4,504	4,215	4,690	7,359	0	4,765
Serbia	69,096	9,645	7,068	17,509	8,088	6,956	7,121	12,365	21,738	8,867

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



CHAPTER 4

WE ACT FOR THE CLIMATE

Towards a future with less environmental impact

Cross-sector collaboration

Climate change

More responsible garments

Environmental profile of stores

Waste management

Towards a future with less environmental impact



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.

The impact of Covid-19 on people, communities and the economy over the past two years has reaffirmed our commitment to transforming our business. We are focusing our actions for the coming years on the areas where we can make the greatest difference: reducing our impact on climate change by contributing to the restoration and regeneration of nature and biodiversity, and supporting communities that are part of the value chain.

Our vision of environmental 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.

We orchestrate our activities in relation to the environment through **five action measures** aimed at all our stakeholders:

Promoting cross-sector collaboration

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

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.

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.

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.

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 these assessments are used to conduct an internal deep-dive into our performance with a view to detect opportunities for process improvement.

Our 2021 results in the Carbon Disclosure Project (CDP) are particularly noteworthy: our work combating climate change earned an A- grade, surpassing the B-grade we got in 2020. This year, we also progressed from the silver medal in 2020 to receive the gold medal from Ecovadis for our commitment to sustainability, ethics and transparency in the company's good practices.



Training and environmental awareness

Also this year, together with the Polytechnic University of Madrid and within the framework of 'Aula Tendam-CSDMM', we organised the Third conference on 'Sustainability, Responsibility and Innovation in Fashion Design'. The conference addressed the challenge of redesigning the way clothes are made, marketed and worn. The industry professionals who attended the event emphasised the need to work together to further how sustainability, responsibility and innovation can create new opportunities for equitable, diverse and inclusive growth.



Together with Modaes, in 2020 we launched a new joint project called Fashion Sustainability Shot. This is an informative project that allows us to explore sustainability in the fashion industry through interviews with recognised professionals.



Over these months we have had managers, experts and entrepreneurs from the industry speak about their vision of sustainability and the future of sustainability in the industry. We have established a meeting place to develop new models of collaboration and create an environment for sharing knowledge that addresses the sustainability challenge. Fashion Sustainability Shot was born out of this vocation.



Cross-sector collaboration



In order to meet the goals we have set, 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.

The Fashion Pact

We have been part of the Fashion Pact 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.

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

THE FASHION PACT: KEY PRINCIPLES



Climate

We are committed to reducing emissions with the adoption of Science Based Targets initiative (SBTi) for our business.

- ◆ We commit to implementing the 16 principles of the UN Fashion Industry Climate Charter with the aim of achieving science-based targets.
- ◆ We support climate adaptation and resilience through sustainable sourcing of key raw materials with a target to produce 50% of garments with more sustainable attributes by 2025.
- ◆ We have achieved 80% of energy coming from renewable sources and have set a target to reach 100% by 2030.



Biodiversity

We want to ensure our contribution to the protection and restoration of ecosystems and the conservation of key species.

- ◆ In the coming years, we will develop biodiversity strategies that identify where we should prioritise intervention in our supply chains.
- ◆ Protecting and sustainably managing forests is a priority for us.



The oceans

We are committed to significantly reducing the negative impacts we can have on the marine environment, in collaboration with other leading initiatives.

- ◆ Our strategy includes measures to reduce 'single-use plastic' in B2C packaging by 2025 and in B2B packaging by 2030.
- ◆ We are committed to producing plastic packaging with a higher proportion of recycled material in the coming years.

United Nations Global Compact Business Ambition 1.5°C

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 main goal is to reduce emissions by 2030, with each company free to follow the proposals contained in the Charter. We are therefore following the recommendations regarding the implementation of measures and the steps necessary to achieve these targets.

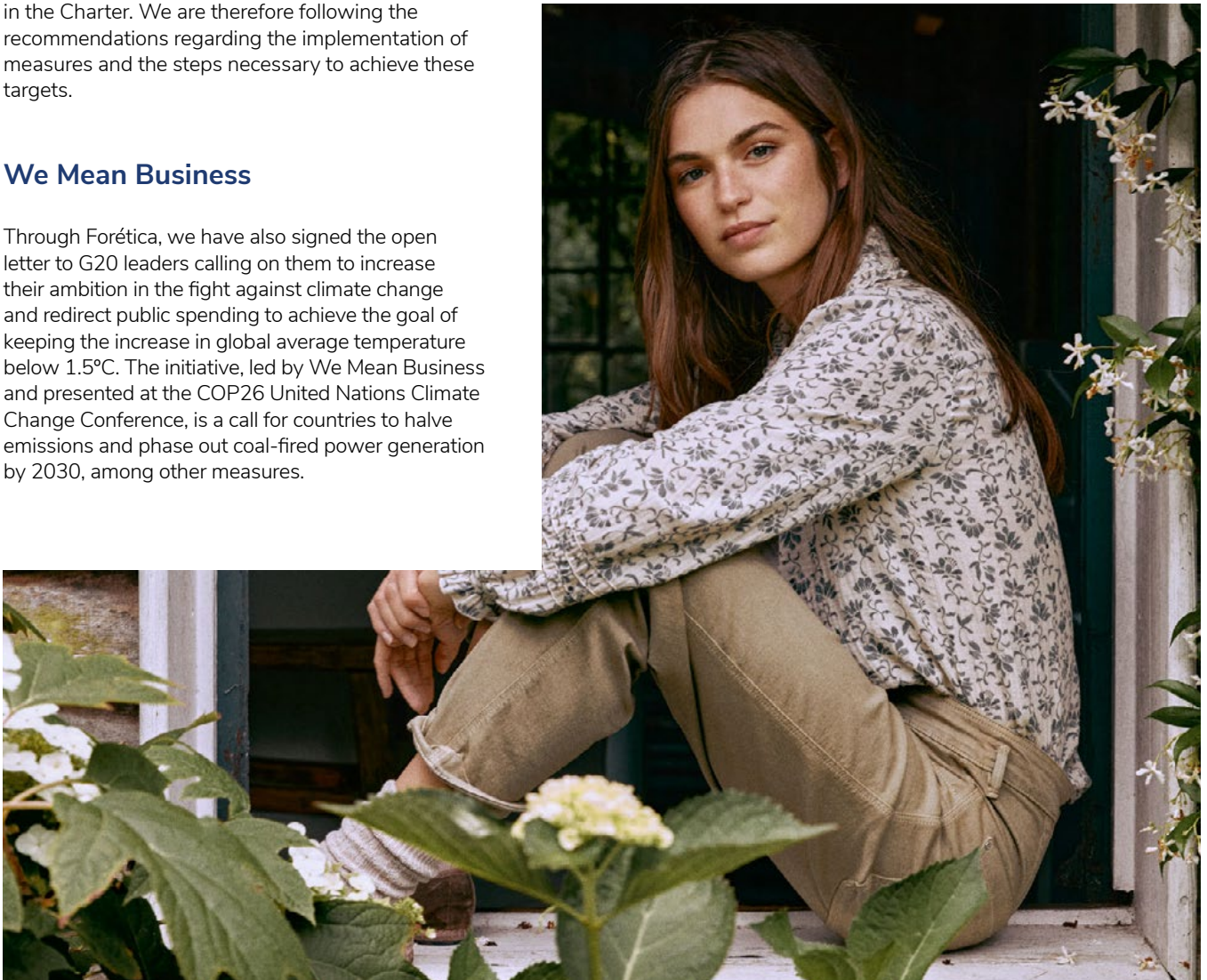
We Mean Business

Through Forética, we have also signed the open letter to G20 leaders calling on them to increase their ambition in the fight against climate change and redirect public spending to achieve the goal of keeping the increase in global average temperature below 1.5°C. The initiative, led by We Mean Business and presented at the COP26 United Nations Climate Change Conference, is a call for countries to halve emissions and phase out coal-fired power generation by 2030, among other measures.

forética

In 2021, we joined the **Climate Change Cluster** as a member of Forética. This is a tool to raise the ambition of our climate strategy and reflects the company's commitment.

We are approaching this year with important social, environmental and good governance challenges, but also business opportunities that have shaped the sustainable development agenda. Participation in this working group has therefore enabled us to continue to address the fundamental issues that shape the global climate change agenda.



Climate change



We are committed to reducing our carbon emissions to improve the resilience of our business to climate-related risks. 2020 was an unprecedented year in which we launched our Climate Action Plan. Teams were mobilised to shape the climate change strategy and make sustainability a key driver of our work, engaging all employees as agents of change to pave the way for the next decade.

In our last Sustainability Report, we published in our detailed Climate Action Plan, committing to mobilise and transform the company in line with the goals of the Paris Agreement on climate change announced in December 2015.

In 2020, we worked to develop science-based emissions reduction targets, which were approved by SBTi this year. 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.

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



Governance

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

The sustainability team works closely with the different departments of the company, especially those involved in the product and marketing of our brands, as well as with the human resources, supply chain, customer and legal departments.

The Audit and Risk Committee is responsible for overseeing the company's risk management and mitigation activities for a variety of risks, including environmental risks.

In 2021, the group set up a Sustainability and Human Rights Committee with representation from the heads of supply chain, sustainability, legal, customer and internal audit. This Committee reviews sustainability and human rights objectives and is responsible for monitoring the ESG strategy and setting policies and priorities.

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.

Risks and opportunities

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.

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.

To better understand and report on our climate-related risks and opportunities, we have adopted the recommendations of the **Task Force for Climate Financial Disclosure (TCFD)**. To help us broaden the scope of our climate risk assessment and estimate how climate change impacts the company's operations, we are conducting an in-depth study of our business.

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, agricultural 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 goals, approved in 2021.

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&I to identify new, more sustainable manufacturing processes and alternative materials.

ACUTE

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.

Climate strategy

We are aware of our responsibility as a relevant player in the sector and are committed to the environment by developing our operations in such a way that sustainable development is at the heart of our decisions. Thus, both the Strategic Sustainability Plan 2019-2021 and the plan that will come into force for 2022-2025 cover objectives related to the circular economy, energy efficiency and the reduction of carbon emissions.

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.

1

Corporate governance and climate change strategy

Target:

Develop internal sustainability policies and the creation of a high-level, organisation-wide climate change issue responsibility map.

Actions:

- ◆ 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

Target:

Monitor the carbon footprint and define reduction strategies.

Actions:

- ◆ 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.
- ◆ Increase 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

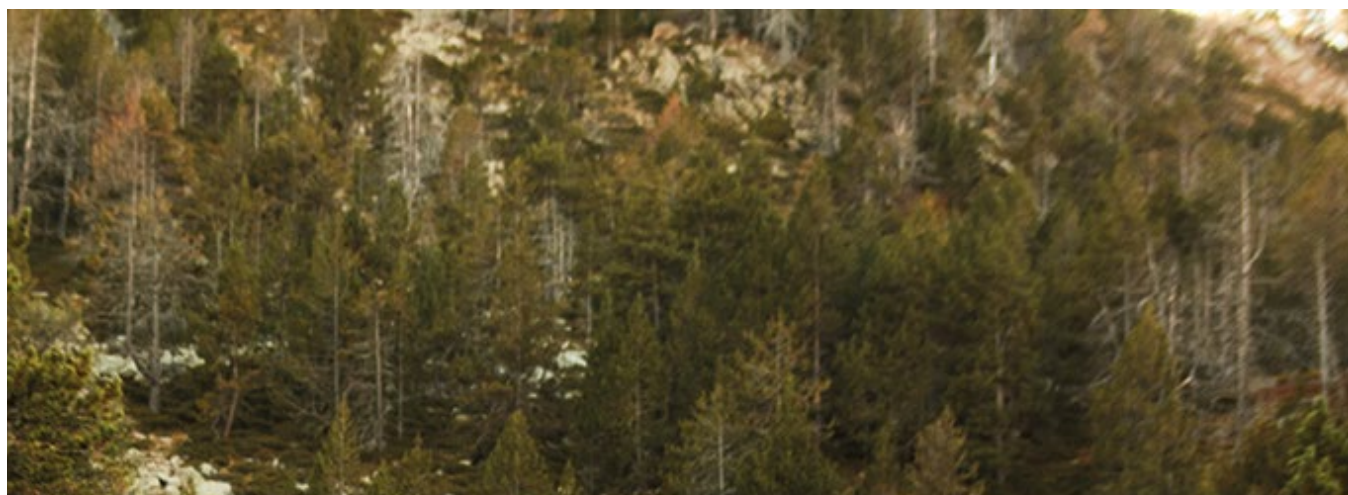
Circular economy

Target:

Expand sustainable product lines and develop sustainable design tools. Use of recycled materials and promoting recycling of our products at the end of their life cycle.

Actions:

- ◆ Implement a sustainable materials monitoring tool.
- ◆ Develop a Responsible Design Policy and a methodology that takes into account the criteria assessed in the material selection tool.
- ◆ Implement sustainable design training programmes for the responsible departments.
- ◆ Develop a global waste reduction programme for the stages that produce most waste.



4

Commitment

Target:

Promote climate awareness among Tendam's stakeholders and promote transformation in all phases of our value chain, internally and externally.

Actions:

- ◆ 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

Target:

Promote transparency as the basis of our commitment to positive performance.

Actions:

- ◆ 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.



Progress: main metrics



Renewable energy

In 2021 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 700 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 in this area for both renewable electricity purchases and assessing other alternatives to keep us in line with our 2030 target.

Since January 2022, the company has been participating in a Power Purchase Agreement (PPA) under which it purchases part of its total energy consumption in Spain during the year from a solar farm.

Target



Achieve 100% renewable energy in our operations by 2030.

80% renewable energy worldwide

100% renewable energy in our stores, offices and logistics centres in Spain

Energy efficiency

Energy efficiency plays an essential role in our efforts to achieve our climate change target. Fostering consumption models based on clean energy, 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 2021.

LED Lighting

We have been using LED technology in new stores and renovations since 2015 to reduce consumption of electricity through lighting systems with eco-efficient features. We have now implemented this technology in 31% of our stores, providing up to 80% more efficiency and a 10% to 20% reduction in electricity consumption.

IOT in shops

Several of the group's shops in Madrid, Andalusia, and Valencia have implemented an energy efficiency system that measures and manages energy consumption, and which achieves savings of between 16% and 19%, depending on the region where the shop is located.



Transport and logistics

Transport is another key focus area in our journey towards low-carbon choices. The company is stepping up its efforts to minimise the impact of transport and logistics on the environment.

In 2021, we decided to prioritise land transport and, in some cases, sea transport from our logistics centres (Aranjuez, Tarancón, Seseña, Mexico, Hong Kong and Russia) to our own shops and online shipments, which will directly reduce the CO₂ emissions caused by the shipping of goods.

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.

Last-mile logistics has seen major improvements. The company works with leaders in the logistics sector to take measures that have less negative impact on the environment. Our main freight forwarders have an ISO 14001-certified environmental management system and are implementing several initiatives to reduce emissions from their vehicles: including increasing the fleet of environmentally friendly vehicles, reducing plastic and paper consumption and improving waste management. They also implement climate programmes to offset the carbon footprint caused by their logistics and transport activities and have set themselves the goal of becoming carbon neutral.

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

70% of the boxes that reach us from the supplier are reused to transport the goods to the stores again.

The pallets we use in the logistics centres in Aranjuez and Tarancón, from which the goods are distributed to other logistics centres, are:

66% made from recycled wood

34% made from recycled plastic

Sustainable mobility



ECO TAXIS

Using the Join Up application, 78.55% of the official journeys requested by employees were made using vehicles with the ECO label, reducing CO₂ emissions by 48.9% compared to conventional vehicles.



ELECTRIC VEHICLES

In some management positions, staff are given the option of driving electric or hybrid vehicles.



ELECTRIC VEHICLE CHARGING

This year we installed charging stations in our Madrid offices where our employees can charge electric vehicles free of charge.

Greenhouse gas emissions

In order to work on improving the company’s climate impact and calculate its carbon footprint, we must first measure the greenhouse gas emissions (GHG) that occur along the value chain. We have been working for years to improve the information we have about our emissions to provide more accurate data that will enable us to set measurable and achievable reduction targets.

In the last two years, we have made progress in calculating our carbon footprint, expanding the Scope 3 from 3 categories in 2019 to 10 this year, out of a total of 15 categories in the GHG Protocol.

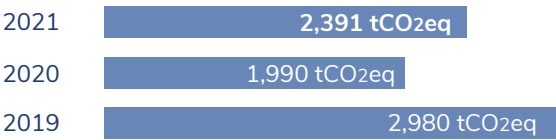
In 2021, we started developing a tool to analyse the life cycles of garments to identify key environmental priorities.

The work carried out this year has enabled us to reflect on the group’s activity in a more realistic way, including new categories with the aim of broadening our scope and making our impact more visible. This has produced great changes in our carbon footprint, which, compared to those presented in previous years, shows a considerable increase in its GHG emissions results. Improvements have also been made in data collection and calculation methods to reflect greater consistency with our daily activity.

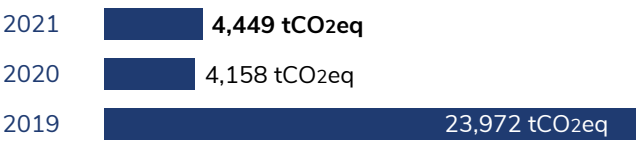
In addition, the advances made in the analysis of the life cycle of our products have allowed us to obtain real data based on our activity and not on literature.

In 2020, we worked on developing science-based emission reduction targets, which were approved by the SBTi (Science Based Targets initiative) this year. 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.

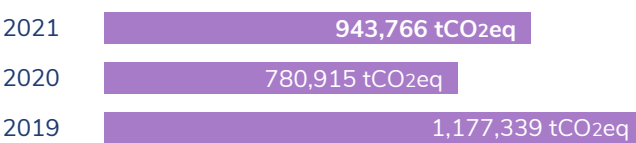
SCOPE 1



SCOPE 2



SCOPE 3



Targets



46.2% absolute emission reductions in Scope 1 and 2 in FY2030-31 (FY2019-2020 baseline)

62% emissions reduction per €M of Scope 3 revenue in FY2030-31 (FY2019-2020 baseline)

Springfield Forest

We have added 40,000 trees to the Springfield Forest in Spain and Portugal. Since the project began in 2020, we have planted a total of 90,000 trees, offsetting more than 40,000 tonnes of CO₂ by 2021.

Scope 1 (direct emissions):

- ◆ **Fugitive emissions - Refrigerants:** fugitive emissions from refrigeration equipment in stores.
- ◆ **Stationary combustion:** emissions originating from use of heating fuel in stores and facilities.
- ◆ **Mobile combustion:** emissions from fuel consumption of vehicles (since we do not have our own fleet, only leased vehicles are considered).

Scope 1

— **76.05%** Fugitive emissions - Refrigerants
Consumption: **1,029.20 kg**

— **21.24%** Mobile combustion

— **2.71%** Stationary combustion
Consumption Natural Gas: **27,269 m³**

Scope 2 (indirect emissions associated with the amount and consumption of electricity):

- ◆ **Electricity:** emissions derived from electricity consumption at the Head Office, logistics centres and warehouses, offices in other countries and the entire network of own-managed stores.

Scope 1 and 2 emissions have been reduced by 75% with respect to the base year 2019, as a result of the commitment to renewable energies and other energy efficiency measures.

This year we have achieved an 80% green energy supply, thus reducing some 16,000 tonnes of CO₂eq approximately.

In 2021 and in line with our commitment to climate action, we have developed a process to expand the carbon footprint study in its Scope 3, including new categories.

Scope 3 emissions have been reduced compared to the base year 2019 by 20%.

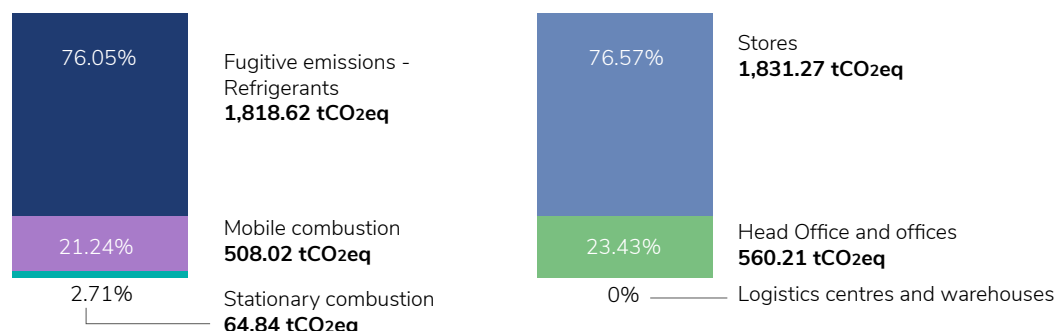
◆ Goods and services: emissions from the purchase of goods and services (garments).	42.58%
◆ Capital goods: emissions produced in the extraction, production and transportation of capital goods purchased or acquired by the company.	4.68%
◆ Fuel and energy-related activities (not included in Scopes 1 or 2) emissions from the upstream phase (extraction, production and transport), not accounted for in Scopes 1 or 2.	0.50%
◆ Upstream transportation: emissions derived from the transportation of goods from suppliers to the Hong Kong and Aranjuez (Madrid) logistics centres.	1.52%
◆ Business travel: emissions arising from employee's business travel.	0.06%
◆ Employee commuting: includes emissions from transporting employees from their home to their place of work.	0.90%
◆ Downstream transportation: emissions derived from the transportation of goods from logistics centres to the entire network of own-managed stores to franchises and online sales merchandise.	0.48%
◆ Use of products sold: emissions from the use by consumers of the goods and services sold.	47.73%
◆ End-of-life of products sold: includes emissions from the treatment of products sold by the company at the end of their useful life.	1.00%
◆ Franchises: includes emissions from energy consumption from the operation of franchises not included in Scope 2.	0.54%

Calculation period: fiscal year 2021 (1 March 2021 to 28 February 2022).

Calculation method: the structure and methodology proposed by ISO14064 have been followed for this study, although concepts and recommendations of regulations and guidelines such as the Corporate Accounting and Reporting Standard have been taken into account. Greenhouse Gas Protocol (GHG Protocol).

Scope 1

Direct GHG emissions by source and facility type



Scope 2

Type of facility	Evolution of electricity consumption (kWh)			GHG emissions 2021
	2021	2020	2019	tCO ₂ eq
Stores*	72,710,363	63,919,885	94,054,997	4,426.57
Head Office and offices	2,705,883	2,592,081	2,848,431	21.61
Logistics centres and warehouses	2,188,768	2,439,948	2,671,605	0.49
Total	77,605,014	68,951,914	99,575,033	4,448.68

* The electricity consumption in the company's own stores (without corners) represents 99.76% of the total commercial area of the company's own stores.

As the following table shows, this year we continued to make progress in improving our Scope 2 reporting by making use of the GHG Protocol's recommendations regarding location-based (Scope 2 based on the country's electricity mix) and market-based (Scope 2 based on

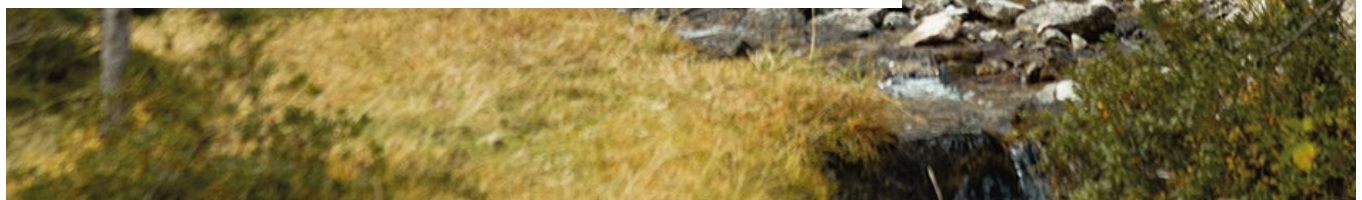
data reflecting the actual emissions of the suppliers chosen by Tendam). In our case, the market-based figure is the one that gets closer to Tendam's reality due to the efforts and decisions we are making in terms of electricity supply. This has considerably reduced our Scope 2.

Consumption ratios and indirect emissions from the use of electricity in stores

Countries	Total area	Electricity consumption	tCO ₂ eq	kWh/m ²	kg CO ₂ eq/m ²
Spain	269,479	62,015,590	-	230.13	-
France	3,946	622,544	21.17	157.77	5.36
Belgium	4,719	1,011,286	171.21	214.30	36.28
Bosnia	2,956	47,817	32.27	16.18	10.92
Bulgaria	702	98,278	39.10	140.00	55.70
Croatia	3,960	610,995	105.21	154.29	26.57
Hungary	5,903	941,886	339.08	159.56	57.44
Luxembourg	1,153	253,492	28.82	219.85	25.00
Mexico	2,974	1,743,908	922.77	586.38	310.28
Montenegro	620	-	-	-	-
Portugal	46,839	9,027,833	2,166.68	192.74	46.26
Russia	5,871	543,785	165.04	92.62	28.11
Serbia	7,303	687,600	457.32	94.15	62.62
Total	356,425	77,605,014	4,448.68	217.73	12.48

Energy consumption by country (kWh)

Countries	2021	2020	2019
Spain	62,015,590	56,747,647	80,352,604
Belgium	1,011,286	971,507	1,208,207
Bosnia	47,817	nd	nd
Bulgaria	98,278	44,789	95,500
Croatia	610,995	396,600	570,000
France	622,544	608,770	910,050
Hungary	941,886	1,003,895	1,202,089
Luxembourg	253,492	233,476	272,799
Mexico	1,743,908	1,321,320	1,525,793
Montenegro	nd	nd	nd
Portugal	9,027,833	6,583,941	12,206,541
Russia	543,785	733,729	916,000
Serbia	687,600	306,240	315,450
Total	77,605,014	68,951,914	99,575,033

Scope 3 (tCO₂eq)

By category	2021	2020	2019
Goods and services purchased	401,827.35	332,419.56	485,191.36
Capital goods	44,213.82	32,699.51	88,997.62
Fuel and energy-related activities	4,719.87	2,614.63	3,291.00
Upstream transportation	14,388.81	7,300.05	11,703.07
Business travel	553.59	253.92	1,489.98
Employee commuting	8,511.80	2,611.88	10,504.49
Downstream transportation	4,492.07	2,304.77	4,570.25
Use of products sold	450,470.35	387,432.66	554,303.42
End-of-life of products sold	9,473.86	7,854.76	11,297.75
Franchises	5,114.51	5,423.65	5,990.53
Total	943,766.02	780,915.39	1,177,339.47

More responsible garments



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. Today, 30% of the group's total production is produced under more sustainable conditions. This means that we have exceeded the target of 25% that we had set ourselves for this year. We cultivate a collaborative environment and work together with our suppliers to promote improvements in areas such as chemical management, water use reduction and waste recycling. Together we pave the way towards circularity.

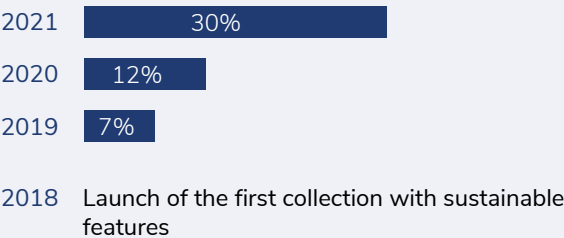
Reducing the footprint of our products

In order to reduce Scope 3 emissions, we recognise that we need to focus on reducing the footprint of our end products, primarily by reducing emissions related to raw materials and the use of the garment in the hands of the customer.

These are the two criteria that make our garments sustainable:

- ◆ The selection of raw materials with the most sustainable origin and treatment. The product must contain between 15% and 50% of this type of fabric, depending on the composition of the product.
- ◆ The production of more sustainable garments is also achieved through more environmentally friendly processes, which include the reduction of chemical products in our garments and good water management.

Products with sustainable features



Target



Achieving 50% more sustainable garments by 2025



Raw materials and processes

We work to achieve lower impact production, with our priorities covering five major areas:

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

We have focused on working especially on the treatment of cotton, polyester and cellulose-based fibres, as these are the main raw materials we use.

More sustainable cotton

Cotton is one of the most widely used fibres in the sector. We promote the use of cottons that are processed in a more responsible way, such as Organic Cotton or BCI Cotton.

We are proud to be a member of the Better Cotton Initiative (BCI). Our goal is to source 50% of our cotton from Better Cotton by 2025, thereby supporting more responsible cotton farming. The initiative aims to transform global cotton production through more sustainable cotton development. Better Cotton garments are sourced through a mass balance system and therefore may not contain Better Cotton.

Recycled polyester

Recycled polyester, unlike original polyester which is derived from petroleum, is a fibre made from recycled materials (plastics, original polyester fabrics, etc.). It retains all the technical properties of the original polyester, but has the advantage of having less of an impact on the environment.

How does recycled polyester help the environment? Recycled polyester does not use virgin petroleum like original polyester, which reduces the need for petroleum and means there is less of an environmental impact. CO₂ emissions into the atmosphere are reduced by up to 75%. As the recycling process restores the fibre at the molecular level, there is no difference between recycled and original polyester.

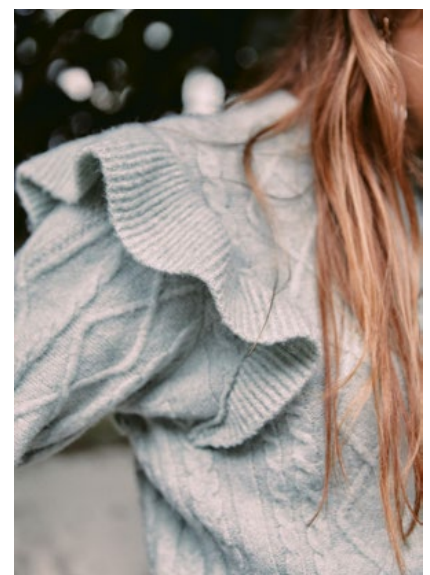
Cellulose fibres

We work closely with our key suppliers to closely monitor wood-derived fabrics. We know how important it is to trace the origin of the cellulose fibres (viscose, lyocell, modal, etc.) that we use in our collections.

We promote the use of different raw materials that allow us to control the origin of their cellulose fibres. These include cellulose fibres such as Tencel™ Lyocell or EcoVero™, which are obtained from wood from sustainably managed forests and whose manufacturing processes are more environmentally friendly compared to the traditional manufacturing processes of these fibres.



20.14% BCI cotton in 2021



We promote the sustainability of the product from these points of view:			
PRODUCT	CLIMATE IMPACT	SUPPLY CHAIN	IMPACT ON THE PLANET
<ul style="list-style-type: none">◆ More responsible design◆ Selection of sustainable raw materials◆ Traceability in the creation of garments	<ul style="list-style-type: none">◆ Reduce CO₂ emissions linked to the value chain◆ Product life cycle◆ Circularity	<ul style="list-style-type: none">◆ Selection of responsible suppliers◆ Detection of risks and critical issues◆ Due diligence and human rights	<ul style="list-style-type: none">◆ Preserving biodiversity and combating deforestation◆ Animal welfare◆ Respect for local communities

Special care with Denim



Our jeans are more sustainable thanks to innovative technologies and the inclusion of environmentally friendly raw materials

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 the **Eco Wash** or **Responsible Wash** programmes, for the treatment of our brands' denim garments, which have been made with a reduction of water in the textile production processes, thus avoiding the waste of hundreds of litres per year, as well as the reduction of energy and the use of 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.

We also use other, more innovative technologies such as Dry Indigo or Dry Black Seamless, which enable dry denim dyeing, saving 100% of the water in the dyeing process and reducing the use of chemicals by 89% and energy consumption by 65%.



Traceability

In recent years, 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.

Work has also been done to establish a traceability and verification procedure for sustainable products with three main objectives:

- ◆ Establish a process to track and review all sustainable initiatives at product level.
- ◆ Standardise the sourcing strategy for all brands.
- ◆ Establish transparency and traceability of units at all stages of production.

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.

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. We have endeavoured to properly monitor the certification process and apply the strictest standards in the supply chains.

To do so, a collaborative platform has been created to share market trends and spread knowledge for the transition towards a more sustainable model. In parallel, the departments have been working on creating a **Sustainable Products Standard** that defines the sustainable certifications and licences that support all brands by setting clear criteria for the documentation required and the different stages of implementation of each of these standards/certifications.

Circularity

Our pursuit of product quality implies respect for the environment, which means that we work with a vision focused on conserving natural resources and avoiding waste.

We promote pilot projects in various areas, focusing on in-store collection of customer clothing, repair services and donations that enable the reuse or recycling of unsaleable garments. As part of our strategy, we also focus on finding alternative materials that have a lower environmental impact.

Biodiversity

The care and protection of biodiversity includes the treatment of plants, animals and microorganisms. The negative effects of globalisation on biodiversity are causing major problems. We therefore need to do more to help protect and restore biodiversity and avoid overexploitation of natural resources.

We set out to identify challenges along the value chain and set targets in line with our commitment to the Fashion Pact.

We are currently working on these measures:

- ◆ We are assessing the impact of our raw materials on biodiversity and working with organisations that use responsible agricultural practises, such as the Better Cotton Initiative and Cotton for Africa.
- ◆ We strive for animal welfare in some fabrics such as wool or leather and seek certifications that guarantee their responsible use, such as the Responsible Down Standard (RDS).
- ◆ For the first time, we have included the principles of biodiversity and in particular deforestation and animal welfare in our **Responsible Sourcing Policy**, which we send to our suppliers of garments and accessories.
- ◆ We continue to promote materials (packaging and labels) made of cellulose fibres with FSC or PEFC certification, which guarantee sustainable management of the forests where the raw materials used come from.

These are our first steps, but we anticipate going further in our strategic plan to strengthen the commitment we have made.

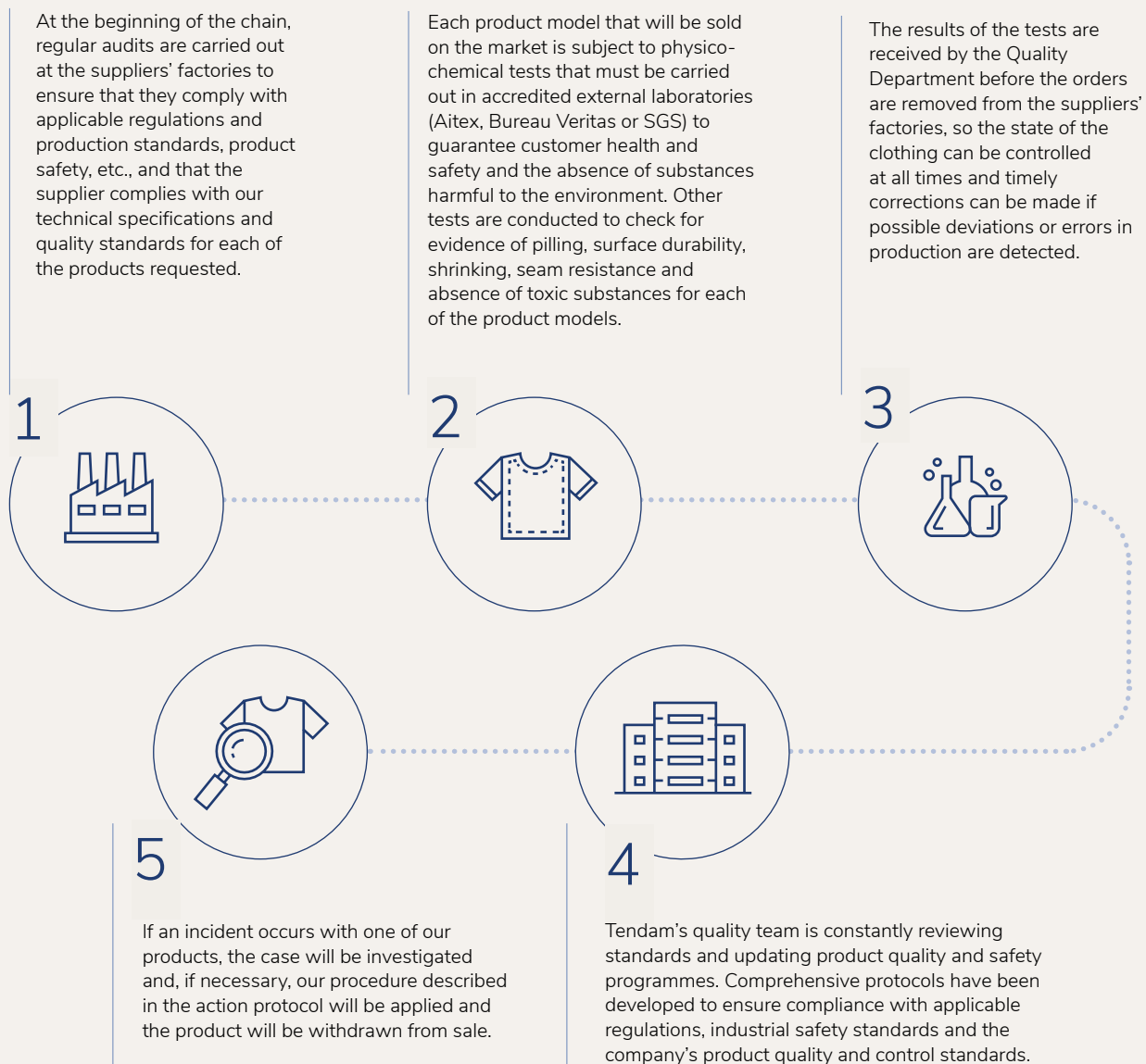


Garment safety and quality

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.

We continue to live up to our commitment to eliminate the use and release of unwanted chemicals throughout the process of creating our clothes. 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.



ZERO DISCHARGE OF HAZARDOUS CHEMICALS



In 2021, we joined ZDHC to implement a roadmap to help us avoid the use of restricted substances in production and manufacturing and to ensure that the final product complies with the health and quality regulations of the countries where we market our products.

Steps implemented in 2021:

- ◆ Onboarding meeting and communication with suppliers about our decision to join.
- ◆ Inform suppliers about our Manual for our joint work.
- ◆ Extend this information along the value chain, including the different tiers.

Next steps:

- ◆ Extend our commitment to ZDHC MRSL and assess the presence of MRSL among suppliers.
- ◆ Provide specific training on this topic.
- ◆ Establish goals and practises to be implemented jointly with suppliers.

ZDHC Manufacturing Restricted Substance List (MRSL)

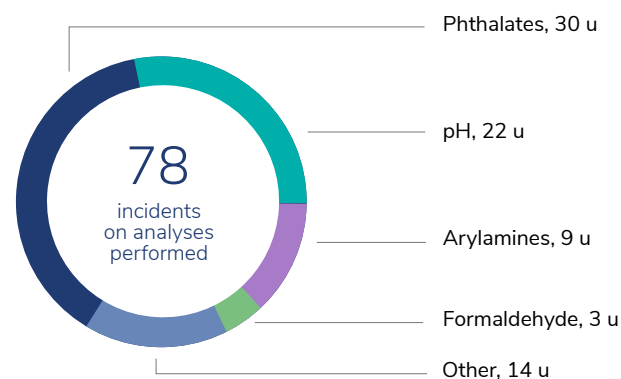
The ZDHC Manufacturing Restricted Substances List (MRSL) is a list of chemicals that are banned in facilities that process textiles, footwear and other materials. The company has joined the ZDHC and subscribed to the MRSL. This enables us and our suppliers to ensure that no banned chemicals are used in production and manufacturing processes.

The ZDHC MRSL goes beyond traditional approaches to restricting chemicals that only apply to end products. It provides an approach that minimises the potential impact of banned hazardous chemicals on production workers, local communities and the environment.

<https://mrsl.roadmaptozero.com/>



Chemical incidents



11,778
models analysed

99.30%
favourable chemical trials

Numbers of models analysed:

2021	11,778
2020	8,128
2019	11,242

Tendam's chemical standard

PARAMETERS	APPLICABLE LIMITS	APPLICATION AREA
Alkitenols	100 ppm	Textiles and leather
Antimony	5 ppm	Polyester textiles
Arsenic	Not detected (0.06 ppm)	All products
Azo dyes (Arylamines)	20 ppm	All products
Benzenes and toluene-carriers	1.0 ppm	Polyester, silk and wool textiles
Biocides	Not detected (1.0 ppm)	Natural textile fibres
Cadmium	5 ppm	Textiles, excluding synthetic leather
	75 ppm	Natural synthetic leather, metal products
Chrome	3 ppm	Leather products
Dimethyl Fumarate (DMFU)	Not detected (0.1 ppm)	Textiles and leather
Allergenic disperse dyes	50 ppm	Synthetic textile fibres
Formaldehyde	16 ppm	All textile and leather products for babies
	75 ppm	All textile and leather products, in direct contact with the skin
	300 ppm	All textile and leather products that are not in contact with the skin
Lead	5 ppm	Textile products excluding synthetic leather
	90 ppm	Synthetic leather, natural leather and metals
Mercury	Not detected (0.006 ppm)	All products
Nickel	Not detected (0.2 µg/cm ² /week)	Metals that can enter the human body
	0.5 µg/cm ² /week	For other metal products
Organic tin compounds (TBT, DBH TPhT, DOT)	Not detected (0.5 ppm)	Textile products
Pesticides	Not detected (0.05 ppm)	Natural textile and leather fibres
PFCs (Perfluorocarbons)	1 µg/cm ² PFOS	Textile products
	Others: 0.1 ppm	
Phenolic compounds (PCP, TeCP)	0.05 ppm	Textiles and leather for babies
	0.5 ppm	Textiles and leather > 3 years
Phthalates	One: 500 ppm Sum ≤ 1,000 ppm	PVC articles, flexible plastics and plastisol prints
Polycyclic aromatic hydrocarbons	1 ppm	Synthetic fibres, plastic articles, and coated materials
	0.5 ppm	Synthetic fibres, plastic articles and coated materials for infants, in direct contact with the skin
Short-chain chlorinated kerosenes	Not detected (100 ppm)	In textiles and leather
Solvent residues	Benzene: 5 ppm	In textiles and leather
	Others: 3,000 ppm	

Environmental profile of 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.

- ◆ 100% renewable energy in Spain
- ◆ 80% renewable energy globally

Energy efficiency

In 2020, as part of a pilot project, we installed Eco Smart solutions based on the Internet of Things (IoT) aimed at consuming less energy and achieving greater comfort by offering the optimal lighting and temperature at all times. Energy consumption was reduced by 16-19% in the Cortefiel, Pedro Hierro SlowLove and Hoss Intropia stores in Madrid, Andalusia and Valencia where it 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.

Efficient shop windows

A pilot project has been developed in Springfield's shops, where the shop windows have been equipped with a new technology that allows the light to be adjusted according to the amount of light in the environment. In this way, energy consumption is reduced by adjusting the light needed at any given moment.

Updating the air conditioning systems

In newly opened shops and during renovations, older air conditioning systems are replaced with new systems that allow for better adaptation and greater energy efficiency in the shop.

Adapted spaces

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



Waste management

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.

Our most important projects related to the reduction of environmental impact in our value chain are detailed below:

Optimisation of online packaging

In 2020, 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.

This new packaging for online retail consists of 70% virgin material and 30% PEFC-certified recycled material for the paper envelope, and 70% FSC-certified recycled cardboard for the cardboard box. Both are recyclable and reusable and have been designed so that the customer

can reuse them if they are returned, as they have a double self-adhesive seal. They are also printed with water-based inks that do not contain heavy metals or abrasive chemicals.

By implementing this initiative, **we have avoided a total of 364,089 kg of plastic.**



100% recyclable and reusable paper and cardboard packaging online



Classification by waste type and destination*

		Total (kg)	Recycling	Reuse	Recovery	Landfill
Non-hazardous waste	Cardboard - Paper	897,750	100%			
	Voluminous	179,475				100%
	Wood	127,406	43.50%	56.50%		
	Plastics and packaging	18,205	99.70%		0.30%	
	Textiles	6,941	2.50%	97.50%		
	Other	4,499				100%
Hazardous waste		11,224	38.60%	1.30%	4.30%	55.90%

* Information for Spain

Customer bags

In recent years, commercial plastic bags have been replaced by paper, containing between 70%-80% recycled paper. 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.



94% of the bags are made of paper

Plastics in the supply chain

We have made progress in the use of polyethylene bags used in the supply chain with 50% recycled plastic. The plastic collar supports used in shipping shirts have also been replaced by paper collar supports.

Direct textile donation

As part of our commitment to the circular economy of textiles, we implement initiatives that enable us to reuse garments in good condition and recycle them when they cannot be reused, so that we do not waste resources and minimise the generation of textile 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.

This year, 29,550 items with a value of €197,000 were donated directly. Another 6,941kg of textile waste was processed through an authorised waste management provider, of which 2,49% was recycled, 97,51% was reused.



We have started a pilot project in Springfield shops for the collection of customer clothing, to be implemented in 2022.

Replacement of plastic

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 several single-use plastics elimination initiatives at our head offices. The canteen uses cardboard containers and is working on minimising the use of other plastic items. Water tetra bricks have also been made available in vending machines.

Paper use

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

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 physical stores.

At our head offices, there was a surplus of printers 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%.

Management and reuse of Electric and Electronic Equipment

In 2021, a total of 10,429 kg of waste electrical and electronic equipment (WEEE) was disposed of. Most were small appliances (28%), followed by desktop PCs (20%), LCD screens (20%) and ferrous waste (19%).

The removal of obsolete equipment from installations and stores by an authorised waste management provider includes safely erasing all information stored in the equipment's memory. Equipment that can be used again is then recovered, prioritising reuse as the best waste management option. A total of 40% of the weight of the equipment collected could be recycled and reused, preventing the emission of 11.6 tonnes of CO₂. This is equivalent to the CO₂ emissions of a vehicle with a mileage of 57,155 km or the energy consumption of 14 households in one year.



CHAPTER 5

SUPPLY CHAIN

Taking care of our supply chain

Principles and policies for responsible management

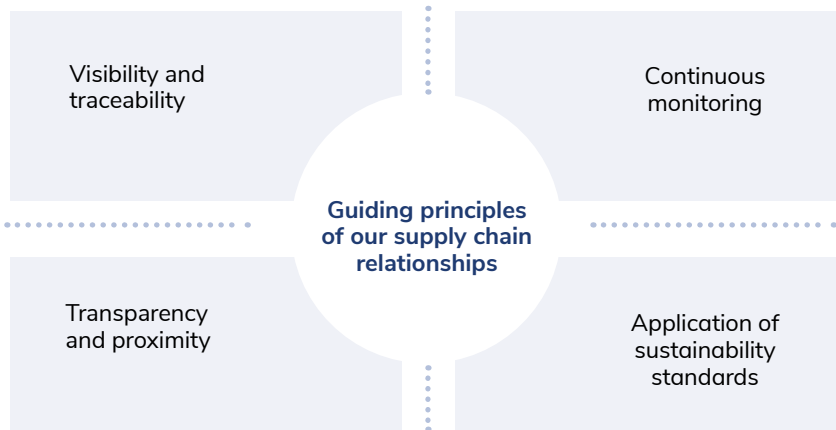
Management mechanisms



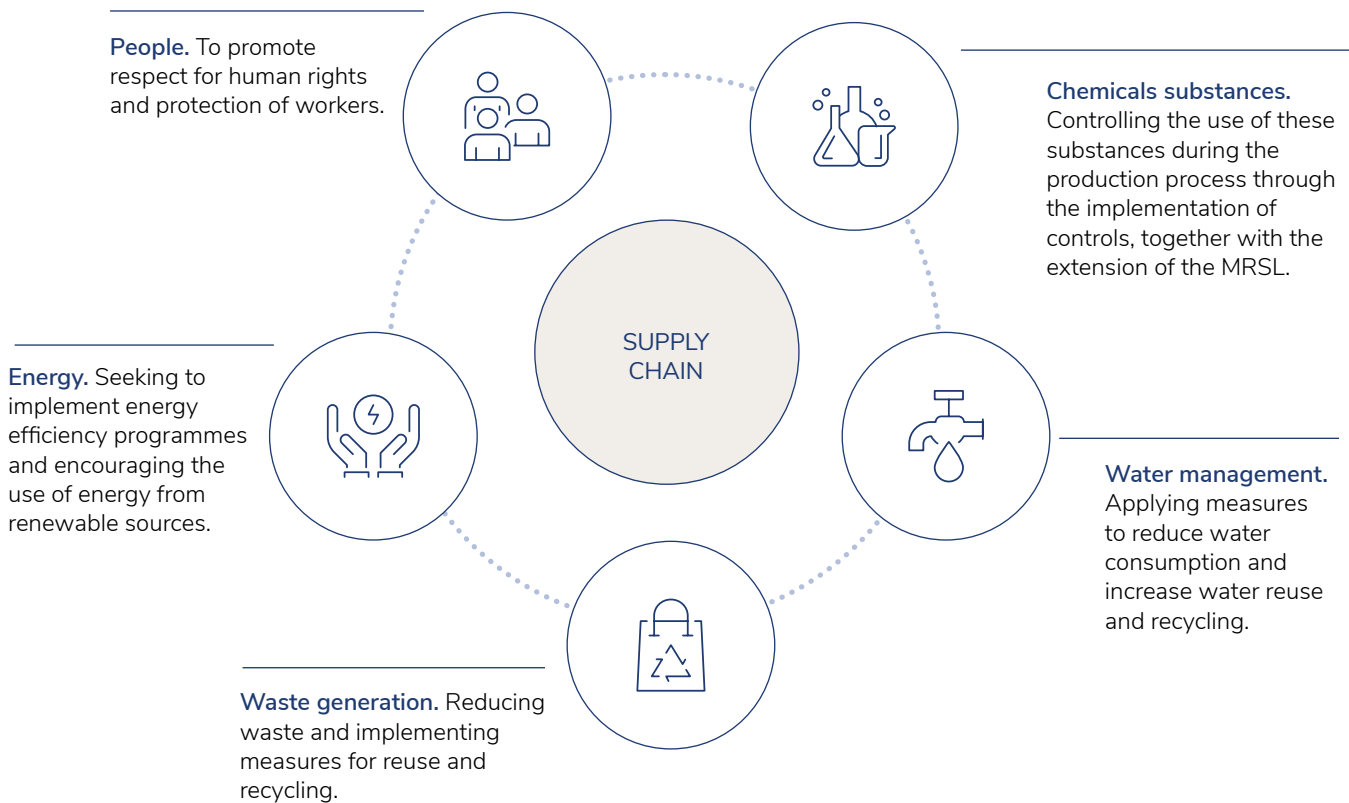
Taking care of our supply chain

We have close working relationships with 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 the different links in our supply chain.

At Tendam, we work together with suppliers to promote 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.



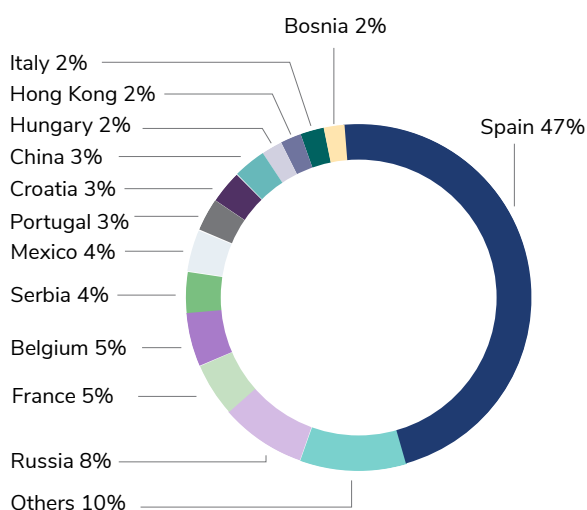
The company focuses its strategy on the following areas to achieve more responsible supply chain management:



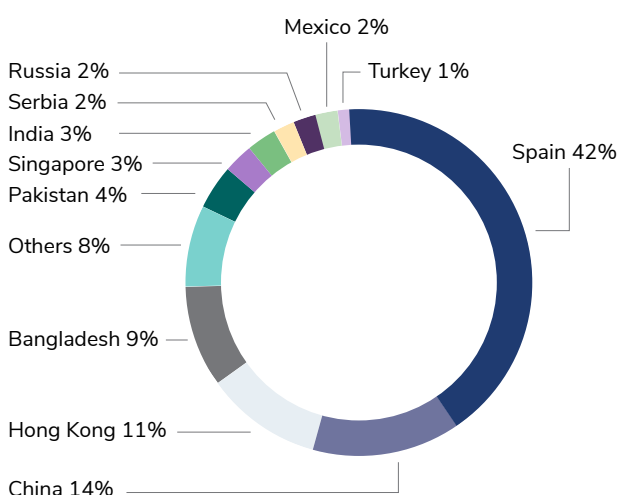
In 2021 we have worked on a new **ESG Strategic Plan** with actions to be deployed in 2022-2025. Our specific supply chain management roadmap is included in this plan with the aim of maximising the use of processes that result in significant savings in water, energy and the use of chemical substances. To achieve this, we are working with our suppliers to implement measures that will enable us to work together to extend the application of practises that respect people and the environment in order to achieve sustainable development.

Profile of our suppliers **3,296** suppliers

Number of active suppliers (garments, products and services)



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



Garment and accessory suppliers

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

Since 2020, we also paid special attention to environmental factors, striving for excellence in respectful, clean and responsible production. This is achieved through the strictest inspection and monitoring of suppliers, to identify and improve their practices.

All of our suppliers of garments and accessories have previously been tested and approved according to technical and social criteria. In addition, products under the sustainable flag are subject to regular checks and audits according to strict social, chemical and environmental controls as per the 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.

323

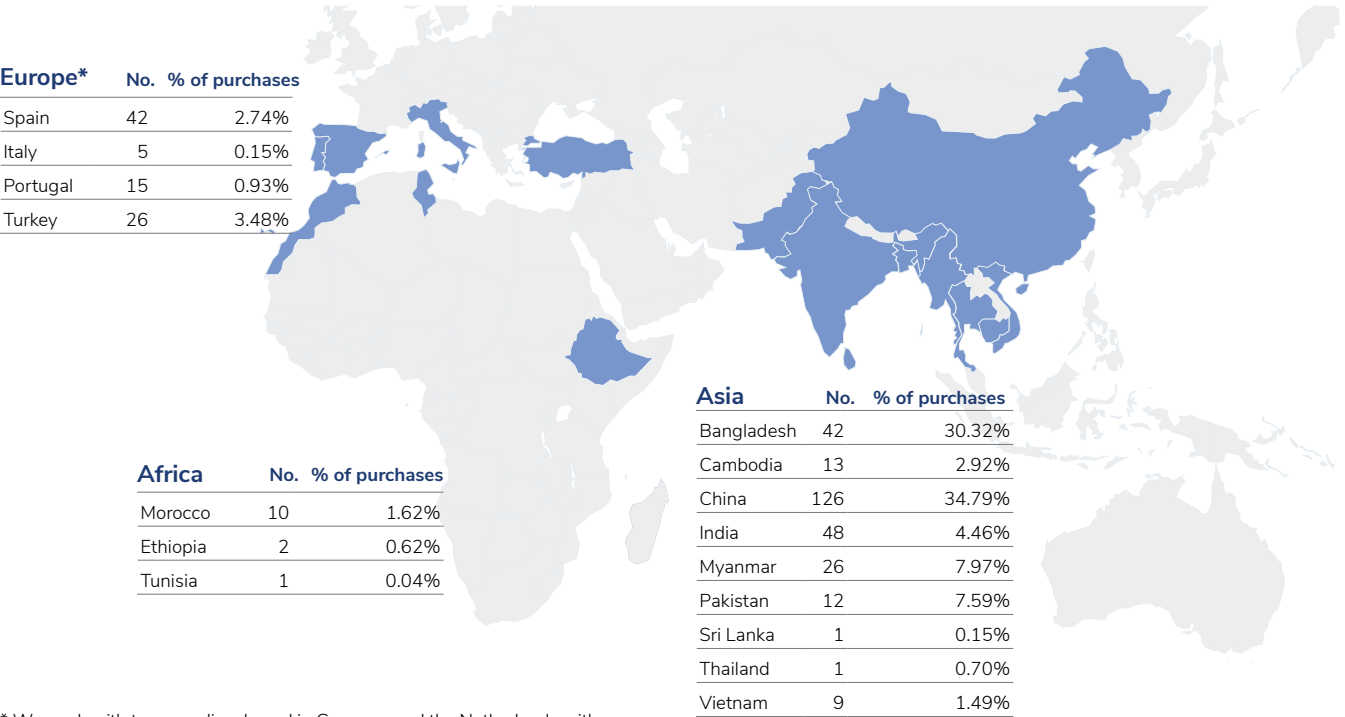
garment and accessory
suppliers

568

factories



Clothing suppliers classified by source and distribution of purchases



* We work with two suppliers based in Germany and the Netherlands with an insignificant purchasing volume (no more than 0.00%) so they are not included in the map.

Communication and relationship with our suppliers

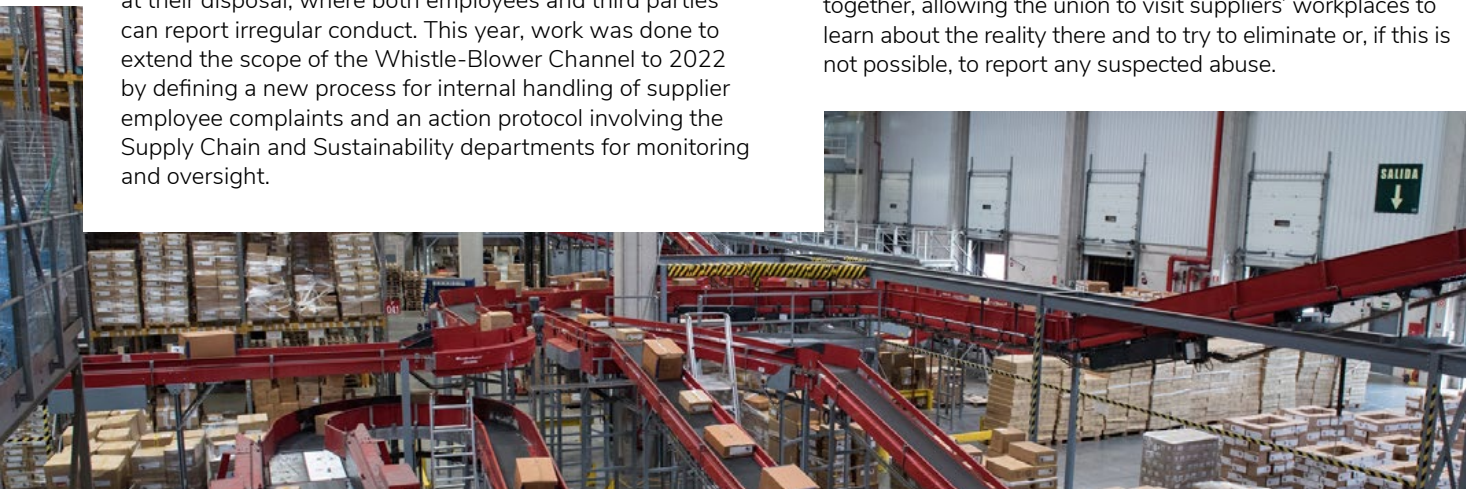
To ensure the proper functioning of the supply chain, the Hong Kong, Bangladesh, India and Madrid sourcing offices promote transparency and communication. They are responsible for monitoring both during contracting and during the provision of the service. To facilitate this, we have a PLM supplier portal 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 the agents involved in the value chain, suppliers have a **Whistle-Blower Channel** at their disposal, where both employees and third parties can report irregular conduct. This year, work was done to extend the scope of the Whistle-Blower Channel to 2022 by defining a new process for internal handling of supplier employee complaints and an action protocol involving the Supply Chain and Sustainability departments for monitoring and oversight.

Social dialogue and human rights

We take a holistic approach by respecting human rights and cultivating social dialogue to create a resilient supply chain that respects workers.

This year, the company signed a **Global Framework Agreement (GFA)** with the UGT and CCOO trade unions and their international federations to further promote the application of international labour standards in the group's supply chain. This agreement opens up new ways of working together, allowing the union to visit suppliers' workplaces to learn about the reality there and to try to eliminate or, if this is not possible, to report any suspected abuse.



Training and best practises

Through a communication platform that allows us to connect with the supplier network, we share with them best practises to be implemented.

The Sourcing team engages with them on a daily basis and provides awareness programmes on ESG aspects such as the Code of Conduct, audit protocols and environmental issues. Our compliance team communicates our contractual requirements to our existing suppliers, promotes compliance with internal policies, and enables continuous improvement of production standards, especially with regard to compliance with current and future laws and regulations.

Positive impact on local communities

The company is committed to becoming carbon neutral by 2040, reducing single-use plastics in our value chain and implementing a circular economy to protect natural resources and protect the health of the communities in which we operate. In the coming year, we will drive forward the strategy and targets to be achieved by 2030.

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 six 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 consignee by the National Safety Agency. Goods are distributed from the centre to the company's own stores and 70% of its franchises. Stock for all e-commerce operations is stored in Cuenca (Tarancón) and Women'secret brand products are stored in Seseña (Toledo).

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 conducted outside business hours.



Principles and policies for responsible management

To further our commitment to responsible supply chain management, we have a set of policies and standards to ensure understanding and compliance with our standards of ethical behaviour towards employees and the environment.

The company's contract terms require compliance with the Code of Conduct for external suppliers throughout the supply chain.

Our management and control programmes confirm compliance with our standards, monitor activities, identify issues and take prompt remedial action in the event of violations. Using a rigorous supplier validation process and an extensive audit programme (social and environmental) we promote that our suppliers meet our performance standards and operate to a high ethical standard.

By implementing this framework, we are able to guarantee that the operations of our supplier network comply with the company's social and environmental standards as well as

relevant health and safety standards for both products and employees, thus achieving a high level of sustainability. To achieve this excellence and ethical commitment, the following policies and procedures are applied throughout the supply chain.

100% of agreements with our apparel and accessories suppliers include clauses with environmental, labour and human rights requirements.

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 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.



Access the External Code of Conduct for suppliers

12 principles of the Code of Conduct:

- ◆ Corporate support and respect for human rights
- ◆ No abuse of rights by suppliers
- ◆ Health, safety and hygiene in the workplace
- ◆ Pay and benefits in accordance with the minimum requirements set out in applicable legislation
- ◆ Control over working hours and overtime pay
- ◆ Defence of freedom of association and the right to collective bargaining
- ◆ Elimination of all forms of forced and compulsory labour
- ◆ No child labour
- ◆ No discrimination on any grounds
- ◆ Respect for the environment
- ◆ Compliance with the law and zero tolerance for corruption, bribery or extortion
- ◆ Monitoring compliance with the Code of Conduct

The Code of Conduct was last updated in 2018. A new version is expected to be adopted in 2022.

Responsible Purchasing Policy

This new policy was adopted in 2021 and articulates certain minimum standards that each member of our product supply chain must adhere to. This policy develops the application of the principles set out in the company's external Code of Conduct.

In addition to this policy, all suppliers must also comply with the following company standards for Sustainable Products, Environmentally Responsible Manufacturing and Responsible Manufacturing for Workers.

The following measures are listed in this policy:

- ◆ Respect human rights as defined by the United Nations.
- ◆ Promote full compliance with the law and public engagement by complying with applicable anti-corruption and anti-bribery laws.
- ◆ Protect intellectual property and handle personal data responsibly.
- ◆ Extend the commitment to compliance not only to the direct supplier of the product, but also to all its partners and commercial collaborators.
- ◆ Establish minimum requirements in the different areas of employees' working conditions in line with the Code of Conduct.
- ◆ Commit to comply with all applicable laws relating to the health and safety of products.
- ◆ Respect animal welfare by all suppliers.
- ◆ Act and operate in an environmentally friendly manner in accordance with the legislation of the country in which they are located.

Group Purchasing Policy

This document enables the validation and monitoring of purchases of goods and services made at group level (not for garments and accessories). Departments, especially those with contractual authority, must be aware of and comply with this policy. Internal Audit, in collaboration with the Corporate Sourcing department, will conduct regular audits to verify compliance with this policy and take necessary action in case of non-compliance.

The Corporate Sourcing department is responsible for monitoring arrangements related to procurement and contracting for the company in accordance with this policy.

This year, the policy was updated to include a specific clause defining the company's sustainable sourcing strategy. It is explicitly stated that environmental criteria play a very important role when awarding contracts or approving tenders. This enables the company to have suppliers that are in line with the Sustainable Development Goals and the principles of the United Nations Global Compact.



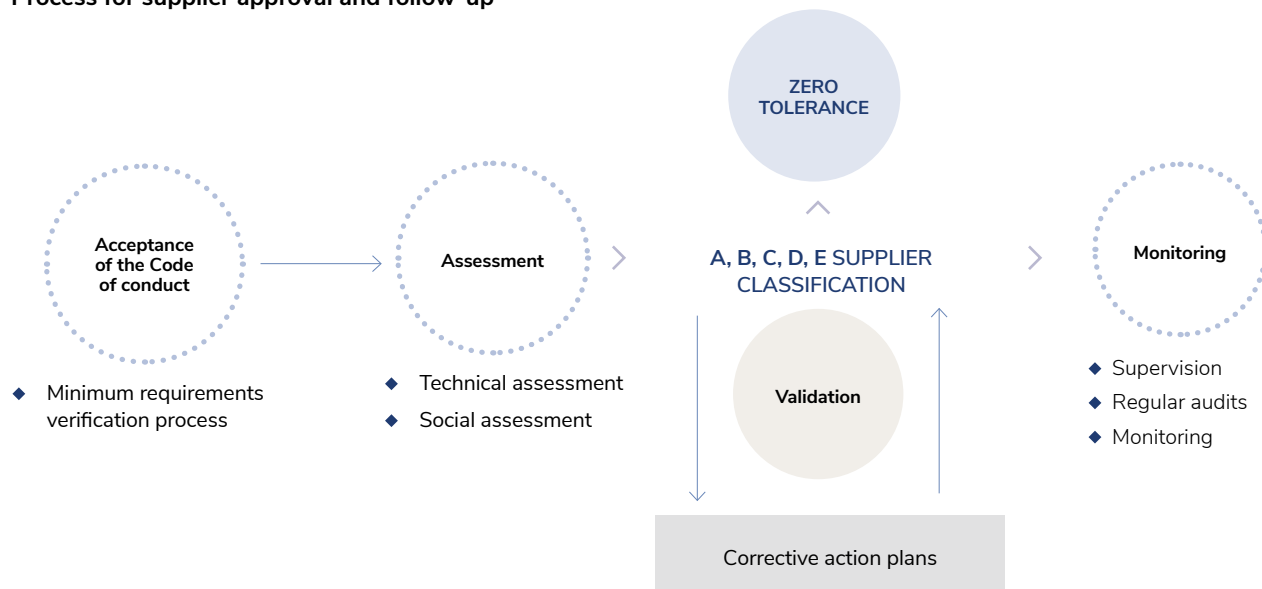
Management mechanisms

We encourage our suppliers and the different links in our value chain are fully aligned with our commitments. Before we start working with a new supplier, we check that its processes, policies and protocols are in line with our sustainability commitments.

At Tendam a rigorous investigation, evaluation and validation process is carried out to validate the traceability, ethics and quality of all processes and products. The first supplier validation stage involves the acceptance of the commitments acquired in 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.

Process for supplier approval and follow-up



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.

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.

We are currently expanding the implementation of AMFORI BEPI (Business Environmental Performance Initiative) to evaluate environmental performance. This alliance streamlines constant improvement through mapping, analysis and monitoring of progress.



Suppliers assessment

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 guarantee they evolve appropriately.

In this first stage, two types of evaluations are carried out:

Technical assessment

To promote quality and efficiency in 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.

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.

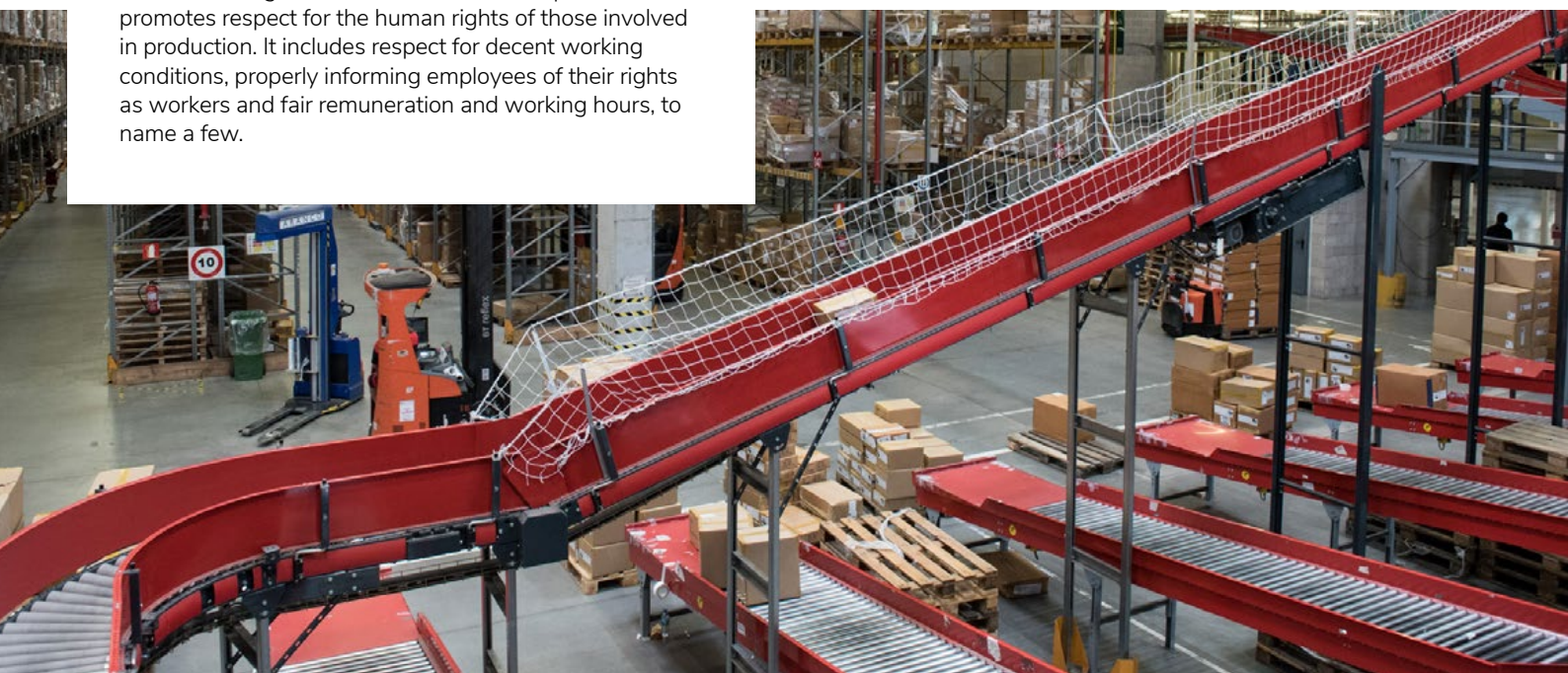
At Tendam we have a formal procedure in place to assess working and social conditions. This procedure promotes respect for the human rights of those involved in production. It includes respect for decent working conditions, properly informing employees of their rights as workers and fair remuneration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

Environmental assessment

To promote environmental sustainability in the supply chain, some suppliers are asked to complete the AMFORI BEPI (Business Environmental Performance Initiative) self-assessment, which provides a methodical approach to assessing suppliers against 11 relevant aspects of environmental performance in supply chains. This alliance streamlines constant improvement through mapping, analysis and monitoring of progress.

118 factories

have completed BEPI
self-assessment in 2020-2021



Validation and follow-up

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.

20% of suppliers conducted a semi-announced audit in 2021

Environmental Audits Programme

In 2020, we launched the Environmental Audits Programme for suppliers that meet management's criteria in this area. In 2021, 7% of the supplier network with at least one facility was audited on environmental issues. In 2022, 25 more suppliers are to be added.

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 not only checks the factory, but also the environmental documentation: technical environmental documentation, such as permits for wastewater discharge, confirmation that the plant has an environmental impact assessment, verification of agreements with hazardous waste managers, and more.

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.

Number of audited factories (over the last 3 years)

Year	Total
2021	369
2020	495
2019	478

Social audits carried out at factories

Countries	Total
Bangladesh	57
Cambodia	8
China	202
India	29
Morocco	6
Myanmar	19
Pakistan	13
Portugal	4
Rwanda	1
Spain	7
Tunisia	1
Turkey	17
Vietnam	4
Egypt	1
TOTAL	369

A, B, C, D, E classification system

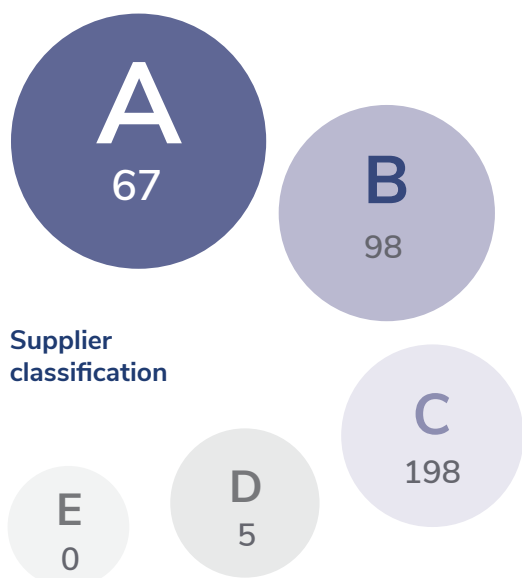
For the 568 factories we work with, categories have been defined based on the degree of compliance with the Code of Conduct and following the principles established by Amfori. We currently have five categories, from A to E, with A being the highest score.

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 after 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.



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.

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.

Since 2020, we continued to expand the platform's functionality 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.

Also, with the help of an external consultant, we are working on a supplier traceability and mapping programme this year to control our supply chain beyond Tier 1 in 2021-23.





CHAPTER 6

CARING

FOR COMMUNITIES



Community investment

Corporate volunteering

Close to our customers

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.

We are committed to the well-being of our fellow human beings and have the opportunity and responsibility to inspire society by implementing projects with positive social impact. As part of the community, we engage and share its challenges, aspirations and needs.



Community investment

We contribute to communities through monetary and in-kind donations, as well as in our direct involvement in corporate volunteering. We strive to bring out the best in the people who are part of our team by making our assets and skills available to people.

2020 was a year full of new challenges, marked by a global demand for solidarity that has motivated us to continue growing this 2021, in an environment that is in a constant process of business 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 the long term.



€351,411
invested in
society in
2021

21 initiatives
carried out

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.

We act in emergency situations



All of us together for La Palma

The brands of Tendam have provided the authorities and the Red Cross with 18,439 items of clothing and footwear available at the warehouses and stores of the Autonomous Community to meet the needs of people affected by the eruption of the volcano on the island of La Palma. The material has an inventory value of more than €300,000. Our logistics company Rhenus has participated in this solidarity initiative.

Crowdfunding for Nayra in La Palma

Last October, lava reached the home of our colleague Nayra who works at Women'secret, leaving her homeless. The company launched a fundraising campaign so that all employees in Spain could help her in this difficult situation. The company has pledged to donate the equivalent amount as that donated by employees during the campaign.

Cortefiel for La Palma

The XLaPalma T-shirt is an initiative of Cortefiel, Toni Acosta, Andreu Buena Fuente and the Red Cross to support those affected by the eruption of the Cumbre Vieja volcano. The volcano has since quietened down, but help is needed more than ever. The collaboration consists of the sale of 100% organic cotton T-shirts designed by Andreu Buena Fuente, with all proceeds going to the Red Cross.

Marathon for India

The second wave of Covid-19 broke out dramatically in India. The Indian healthcare system had reached its limits, and an internal fundraising campaign was launched in collaboration with the Mumbai Smiles Foundation. Thanks to employee donations, to which the company contributed the same amount, 95 oxygen masks and 80 heparin injections were provided for patients at the Nair Charitable Hospital in Mumbai.

Supporting refugees from Afghanistan in Spain

In August 2021, war broke out in Afghanistan, forcing thousands of people to flee the country. Faced with this situation, we offered our help to the Red Cross, to work with and help the refugees who had arrived in Spain. We mobilised the donation of coats, jumpers, trousers, pyjamas, socks and underwear in response to requests from the different centres that took them in.

Action for Ukrainian refugees

Following the start of the mobilisation of Ukrainian refugees, the company quickly responded to clothing requests from various organisations and opened employee donation channels for the International Red Cross, which was matched by a €100,000 donation from the company*.

*The donation was made in the 2022 financial year.



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 (UPM), 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 aim of the programme is to equip the next generations of professionals in the sector with all the necessary knowledge in the field of sustainability. We are participating in this initiative in collaboration with various academic institutions: the Polytechnic University of Valencia, Villanueva University in Madrid and other centres in Portugal and France.

Third Sustainability Conference

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.

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.

Fashion Sustainability Shots

We are the sponsors of the creation of a new audiovisual information space with Modaes. Through an exclusive section on the Modaes website, we will provide relevant content on sustainability in the fashion industry, in the form of interviews with leading professionals from the industry and the textile business.



We inspire women



#Simeimporta movement

Eight years ago, the *Sí me importa* (it does matter to me) movement was created by the Dexeus Foundation to help to normalise the day-to-day lives of women who have undergone breast cancer. This year, the brand has donated the proceeds to the Dexeus Mujer Foundation programme, which provides psychological support to newly diagnosed patients and their families.

Brava's Club

Slowlove teamed up with City Confidential to create Brava's Club, a group of strong and courageous women united to support the fight against breast cancer. More than €52,000 have been donated to the *Contigo Contra el Cáncer de la Mujer* (With you Against Cancer affecting Women) Foundation thanks to the sale of the Brava Necklace to support research and stop this type of cancer.

"Real Changers" scholarship

On the occasion of International Women's Day, Women'secret released its first documentary *Real Changers*, which gives voice to three women who excel in activities traditionally considered male-dominated fields. In addition to this initiative, the brand offered a scholarship of up to €10,000 through a contest so that one woman could pursue her dream career or course of study.

A solidarity scarf

To mark Breast Cancer Awareness Month, Hoss Intropia has designed a solidarity scarf to raise funds and join this cause. All proceeds will go to the Spanish Association Against Cancer (AECC), which works with various research projects and programmes to provide comprehensive care for people with breast cancer.

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.

Mujeres&CIA

This year we collaborated with MujeresyCia in sponsoring five Wise Breakfasts and a joint event aimed at increasing the visibility of the company's women leaders, sharing experiences and providing leading information in the sector. These meetings have helped to create synergies with women leaders from other companies and work on co-creating new roles and players in the management of the companies.



Other projects creating impact



We are collaborating with CSIC on Covid-19 research

We have participated with a donation of almost €100,000 to the Spanish National Research Council (CSIC) to support and promote scientific research on the Covid-19 disease being carried out at the CSIC.

Perfectos Imperfectos (Perfectly Imperfect) to raise awareness of disabilities

Again this year, Cortefiel collaborated on the Cadete Foundation's Perfectos Imperfectos (Perfectly Imperfect) project together with well-known Spanish pop artists who created the theme song "Un secreto a tres voces" with the aim of raising awareness about disability.

Arrival of the Three Kings

Once again, we joined the 'Real Three Kings' campaign in a year in which, more than ever, good cheer is essential. More than 100 people from the central headquarters participated in the initiative to collect 160 gifts, both for children and the elderly living in senior care homes.



Hoss Intropia in support of the Mediterranean

The brand and the Save Posidonia Project are working together to preserve Posidonia oceanica meadows, a World Heritage Site at UNESCO and one of the planet's most important green lungs. Thanks to the donation of 1% of all your summer purchases, the brand contributes to the preservation of this marine plant that only grows in the Mediterranean.

Telva Solidarity Awards

We have been sponsors of the TELVA Solidarity Awards for 11 years and this time it could not be any other way. This year we sponsored two projects: the Mozambique Sur organisation for their project "Agricultural equipment to secure food for orphans in Casa do Gaiato de Maputo" and the Amigos de Ouzal Foundation for their project "An incubator for premature babies".

Bottle tops for a new life

Since 2016, we have been working with the Seur Foundation in their project Tapones para una nueva vida (Tops for a new life). In this project, the foundation collects plastic bottle tops to give children with rare diseases access to medical treatment. In 2021, we collected 141.43 kg of tops. This means that we have collected a total of 1,060 kg since the beginning, providing help to 15 children.

The UNICEF blue gift

This Christmas, the company joined Unicef blue gift by filling its headquarters with Christmas trees that will help vaccinate 468 children against measles in different parts of the world.

Women'secret joins the Juegaterapia Foundation

Women'secret has included the Juegaterapia Foundation's Baby Pelones collection on its website and is offering these dolls for sale to encourage its followers to make this solidarity gift. With this purchase, they can contribute to the purchase of Kiciclos. This is a tricycle with a built-in carrier so that sick children can play and move around in the hospital while receiving chemotherapy.



Slowlove against animal abandonment

Committed to the planet and people, the brand launched a very special campaign that also demonstrates its commitment to animals, which aimed to raise awareness about the abandonment of animals together with the Spanish National Association of Friends of Animals (ANAA). Through the ¡Choca esa Pata! (High Five that Paw!) campaign. The amount raised was used to buy food, vaccines, medicines and other needs of the association.



Collaboration with a soup kitchen

For the fourth consecutive year, part of the Fifty team visited the María Inmaculada School's Hijas de la Caridad San Vicente de Paúl soup kitchen, dedicated to the poor and the homeless, providing a gift of close to 300kg of clothing and a financial gift of €2,000, plus the participation of our volunteers.



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	Requests processed
2021	29,550	€197,000	105
2020	26,730	€178,200	101
2019	23,430	€156,200	102

Helping the situation on La Palma with our garments

The Tendam brands provided the authorities and the Red Cross with 18,439 units of clothing and footwear to meet the needs of those affected by the eruption of the volcano on the island of La Palma.

Monetary value of the donated garments

Cruz Roja	€19,207
El Paso Town Council	€19,495
Los Llanos de Aridane Town Council	€164,159

Contributions to non-profit entities

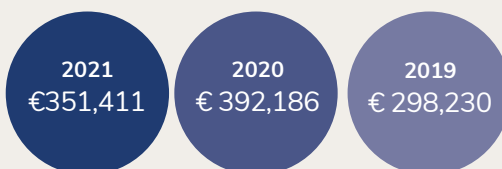
Concept	Chain	Entity	Amount (€)
TELVA Solidarity	Tendam	Mozambique Sur	5,000
		Amigos de Ouzal	4,000
Perfectos Imperfectos (Perfectly Imperfect) Campaign	Cortefiel	Cadete Foundation	20,000
International Day Against Breast Cancer	Hoss Intropia	AECC	2,572
	Slowlove	Contigo Foundation	50,354
	Women'ssecret	Dexus Foundation	39,249
Cortefiel X La Palma	Cortefiel	Cruz Roja	88,635*
Christmas Donation	Fifty	Hijas de la Caridad de San Vicente de Paúl	2,000
Fundraising campaign	Tendam	Tendam employee from La Palma	2,350
Marathon for India (Covid-19)	Tendam	Mumbai Smiles	1,146
Real Changers Scholarships	Women'ssecret	International University of La Rioja	10,000
Special Edition <i>Involucrados contra la Covid-19</i>	Tendam	CSIC	99,450
"Choca esa pata" campaign	Slowlove	Asociación Nacional Amigos de los Animales	6,833
Save Posidonia Project	Hoss Intropia	Island Council of Formentera	19,822
Total			351,411

*After the end of fiscal year 2021, this donation has been completed for a total amount of €91,810

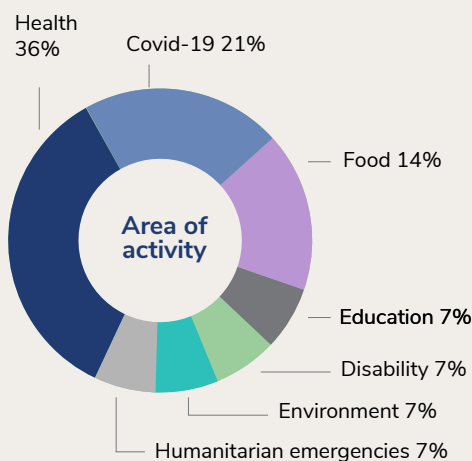
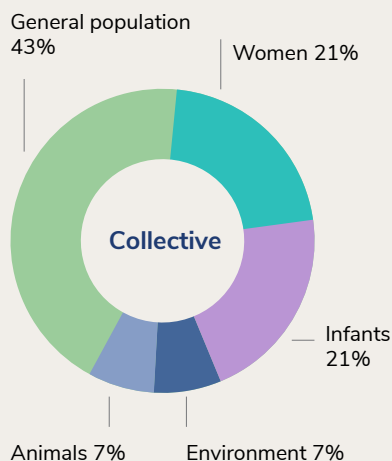
Other contributions

Concept	Amount (€)
Annual contribution to the SERES Foundation	19,900
Annual contribution to the Lealtad Foundation	5,000
Tendam Chair - Univ. of Navarra-ISEM	30,000
Tendam Chair - Polytechnic University of Madrid	20,000
Total	74,900

Contributions made to non-profit organisations



Positive social impact



Impact generated by SDGs to which they contribute



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 the **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 jobs

Our volunteers offer workshops to the students on the **Síndrome de Down de Madrid 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 volunteers provide training workshops on personal styling and job interviews for their future incorporation into the labour market.

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.

We celebrated an environmental family day



Thanks to the commitment of our volunteers and with the support of the Reforesta Association, last December we held an environmental volunteer day with families who participated in the reforestation of the Tagus River basin in the village of Villamanrique de Tago, 50 km from Madrid.

With this environmental initiative, we have contributed to the reforestation of this area and the protection of its biodiversity. Together we planted 32 kermes oaks, 28 holly oaks, 20 hawthorns, 13 palo verde and 9 pines, a total of 102 specimens whose estimated absorption over 30 years, according to the MITECO calculation tool, is 2.76 tonnes of CO₂.

There was also a pot planting workshop that day, another bird feeder workshop for the children and we took the opportunity to collect rubbish.



Close to our customers

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. Moreover, 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 physical stores and online, harnessing the complementary nature of the two channels.

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 30.2 million members who have joined our loyalty clubs.

In 2021, our online sales increased by **26.8%** accounting for 14.3% of our total business.

We are present in 47 countries with our own online distribution. In 2021, we arrived in Mexico as a new digital sales market and launched the Hoss Intropia website.



If you would like to know what measures have been taken in our stores with regard to environmental impact, read this section.

A customer-centric model

WE KNOW OUR CUSTOMERS

We use the data from and knowledge about our customers to create a value proposal 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.

COMMITMENT FROM MANAGEMENT

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.

Building an omni-channel experience

The 'Easy Shopping' concept

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.

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 amount is reimbursed on a store credit card.

Brick-and-mortar stores

1. We have built in technological and innovative mechanisms to support **customer-assisted in-store sales** via a tablet that provides information about stock and its availability. The system 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.
2. All our brands have active **APPS** with features that are regularly updated to enhance the in-store shopping experience by allowing customers to scan a product's label and get all the information they need from the garment or accessory's website, view in-store stock, reserve or buy online.
3. The **multi-brand collection** is available in more than 134 stores in Spain and Portugal and offers customers the opportunity to pick up online orders of our brands at a Springfield store. This enhances service accessibility in the most remote cities, where not all brands have retail outlets. This service was used for 36,530 orders.
4. This year we tested **RFID technology** in some of our stores in Spain. This technology allows us to read a code (usually associated with a product, box or other element) at high speed and without visual contact, using radio frequency identification. In 2021, the project was launched in the company and in 2022 rollout will begin in selected stores.

Online channel

5. With the aim of **reducing emissions from shipping online orders from the logistics centre**, this year we added the option to respond to online orders from the physical stores if the destination is close to the shop of origin and the store has stock.
6. For some of our brands, the **"shop the look"** option has been activated, presenting customers with different options for garments and accessories to complete their purchase, and in many cases offering discounts. Customers are also offered personalised recommendations on the website when they view a particular product.
7. 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. We have saved **more than 5 million receipts online** since the launch of this initiative.
8. We use **new packaging for online purchases** consisting of 70% virgin material and 30% PEFC-certified recycled material for the paper envelope, and 70% FSC-certified recycled cardboard for the cardboard box. Both are recyclable and reusable and have been designed so that the customer can reuse them if they are returned, as they have a double self-adhesive seal. Thanks to this new paper and cardboard packaging format, we saved 364,089 kg of plastic.

Third-party brands incorporated into our websites

The company has integrated third-party brands into the e-commerce of its brands, which currently account for 10% of the group's online sales with 90 brands. This project is one of the main drivers of the company's transformation plan, which aims to strengthen the appeal of the group's digital shops and improve omni-channel through the introduction of new brands, a refocusing of investments and a new structure.

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.



Close to our partners

The loyalty clubs of each of the brands are our most important asset. We currently have more than **30.2 million members** in the Cortefiel, Pedro del Hierro, 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.

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 2021, a total of 3,432,435 customer service operations were carried out through the different channels available, with a service level of 71%. The company takes its customers' opinions into consideration and strives to respond to all their comments satisfactorily. 1,480 complaints were received, 1,120 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. 97.5% of the cases have been resolved in less than 15 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.

Customer service

Present in **20 countries**

Service in **9 languages**

7 communication channels

In 2021:

1,077,167 customers served

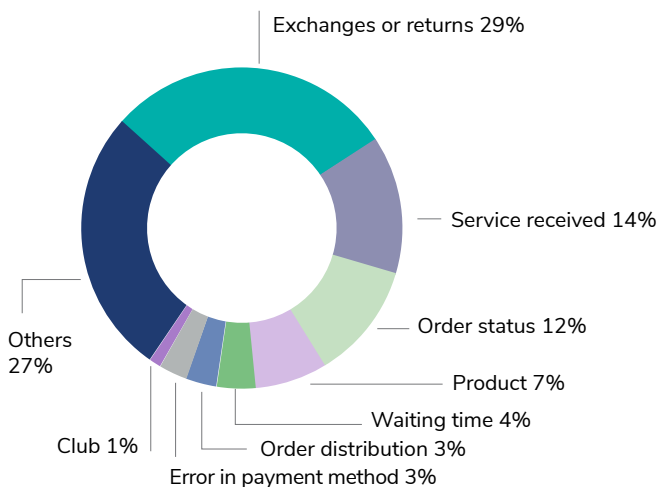
88% of users considered that the **service** provided by the agent deserved a **score of above 8**.

Among the most used channels, **32%** of contacts were handled by **email** and **22%** by **telephone**.

Customer Service Channels

- ◆ E-mail accounts
- ◆ International toll-free telephone lines
- ◆ Social media accounts
- ◆ SMS message accounts
- ◆ WhatsApp contact numbers
- ◆ Chats integrated in the online web-store
- ◆ Ordinary post

Complaints by type



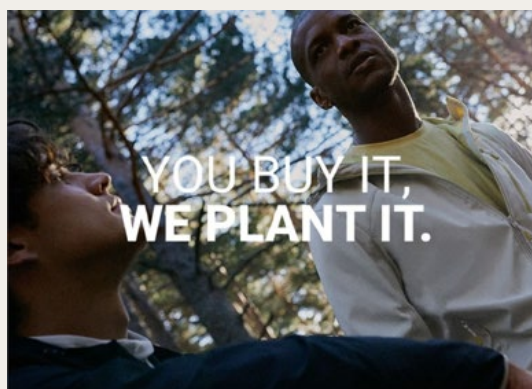
Environmental communications for the customer

We believe that transparency helps our customers make informed choices. We want to enable them to be aware of the impact of our business and, in particular, our products, so that they can make informed choices that are in line with their values.

Through our communication, we also want to help consumers reduce their environmental footprint. Therefore, through our communication channels, we provide information about the impact of our garments in the hands of customers and how to extend the life cycle of the product.

We also run campaigns where we engage with them first-hand as agents of change. An example of this is Springfield's "You buy it, we plant it" campaign, where the brand launched an appeal on Instagram that managed to share 20,000 hashtags among users and plant 1 tree in a deforested area in Galicia for every hashtag shared.

Our brands publish messages on their websites and in their newsletters to raise awareness about the functionality of the most sustainable fabrics and where they come from. They also provide information about the use of water and chemicals in the production process, as well as the more responsible care we should take with garments. An example of outstanding good practise is the "Ecofriendly news" initiative launched by Cortefiel, where all the brand's environmental sustainability news is shared with customers in the form of newsletters.





CHAPTER 7

ABOUT THIS REPORT

The report's scope and coverage

Economic contribution

European Taxonomy

Principles of the United Nations Global Compact

Spanish Law 11/2018 correlation table

Independent verification

The report's scope and coverage

The report includes the consolidated Statement of Non-financial Information of the company and its group for the year from 01 March 2021 to 28 February 2022. It is submitted as a separate report included in the company's – and its group's – consolidated management reports.

The 2021 Sustainability Report has been prepared by the Board of Directors of the company and was signed by all its members on 27 May 2022. 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.

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 is present 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 2022 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.



Economic contribution

Main figures (Millions of euros)

	2021	2020	2019
Non-financial assets	1,270.08	1,299.85	1,382.08
Financial assets	34.46	20.82	21.70
Stocks	145.84	155.86	154.31
Customers	13.50	10.23	24.91
Trade suppliers	285.88	250.00	228.36
Total operating income	1,113.39	777.18	1,187.28
Gross margin/income	62.04%	60.26%	61.97%
Operating profit	122.00	-83,285	122,562
Recurring EBITDA	277.22	145.83	296.97
Inventories/Sales	13.20%	20.43%	13.08%
Customers/Sales	1.22%	1.34%	2.11%
Suppliers/Sales	25.87%	32.76%	19.36%

Income (Millions of euros)

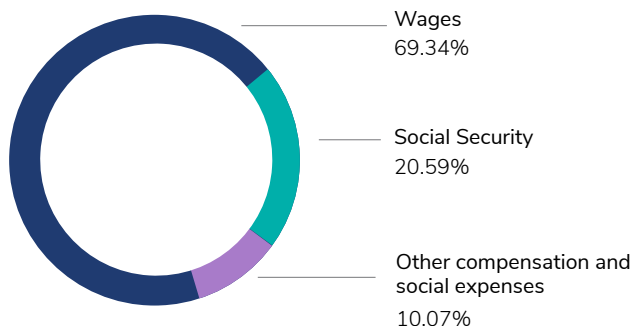
	2021	2020	2019
Cortefiel, Pedro del Hierro, Slowlove and Hoss Intropia	282.77	179.80	315.93
Women'secret	349.42	261.85	336.31
Springfield	385.37	275.19	446.02
Other income (Fifty)	94.94	58.96	87.44
Corporate Unit	0.89	1.39	1.58



Distribution of expenditure (Millions of euros)

	2021	2020	2019
Employee salaries	222.15	213.61	235.16
Procurements	422.63	308.86	451.50
Other operating expenses	195.17	159.36	205.50

Employee salaries 2021



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

	Feb. 2022	Feb. 2021	Feb. 2020
Spain	50.67	-101.4	64.98
Portugal	10.28	-1.59	11.41
France	2.47	-10.59	-0.30
Mexico	1.24	-5.97	-2.29
Russia	0.08	-7.29	-3.74
Others	4.4	-9.87	2.34
	69.14	-136.72	72.41

*After Corporation Tax

Corporate taxes paid:

In the 2021/22 financial year, a total of €906 thousand was posted as paid corporate tax.

Public grants:

This includes grants totalling €2,182 thousand (€10,922 thousand at 28 February 2021) received in Spain as social security contributions credits received for placing employees in the Covid-19 force majeure furlough scheme (ERTE) (€8,988 thousand at 28 February 2021) as well as in certain aid for subsidiaries from various national governments in relation to Covid-19.

The company received €74.857 thousand 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 no environmental provisions. 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.

Application of the European Taxonomy

1. Regulatory Context

The European Union's Action Plan on Financing Sustainable Growth includes the European Green Taxonomy, a tool to classify economic activities according to their potential impact and contribution to sustainability.

The development of this regulation is currently limited to the environmental sphere. This framework seeks to identify economic activities that can contribute to climate change mitigation and adaptation. The regulation establishes a series of requirements aimed at enabling companies to qualify their activities according to sustainability criteria, allowing companies, investors and regulators to obtain more uniform information regarding the activities that contribute to the achievement of environmental objectives.

The regulatory framework of the Taxonomy consists of the following regulations:

- ◆ **Regulation (EU) 2020/852** on establishing a framework to facilitate sustainable investment.
- ◆ **Delegated Regulation (EU) 2021/2139** laying down the technical selection criteria for determining the conditions under which an economic activity is deemed to contribute substantially to climate change mitigation or adaptation and for determining whether that economic activity does not cause significant harm to any of the other environmental objectives.
- ◆ **Delegated Regulation (EU) 2021/2178** specifying the content and presentation of information to be disclosed by companies regarding environmentally sustainable economic activities and specifying the methodology for complying with the disclosure obligation.

Reporting requirements derived from the Taxonomy

According to Article 8 of Regulation (EU) 2020/852 non-financial companies considered as Public Interest Entities with more than 500 employees shall publish in their NFI for the financial year 2021:

- ◆ Eligibility rate of turnover
- ◆ Eligibility rate of investments in fixed assets (Capex)
- ◆ Eligibility rate of operating expenses (Opex).

It also includes qualitative and contextual information that enables the understanding of the results of these indicators.

In this context, it is important to clarify two key concepts:

- ◆ **Eligible activities** (reported in this report): activities that are included within the list included in Annexes I (mitigation) and II (adaptation) of the Delegated Regulation (EU) 2021/2139.
- ◆ **Aligned activities** (to be reported in the 2022 report): eligible activities that meet the following requirements:
 - ◆ Substantially contribute to at least one of the six objectives defined in the Regulation¹:
 - Climate change mitigation
 - Adaptation to climate change
 - Sustainable use and protection of water and marine resources
 - Transition to a circular economy
 - Pollution prevention and control
 - The protection and restoration of biodiversity and ecosystems
 - ◆ Comply with the principle of not causing significant harm to the other objectives¹.
 - ◆ That they comply with minimum social safeguards in line with the OECD Guidelines for Multinational Enterprises and the UN Guiding Principles on Business and Human Rights.

Below is a description of the process undertaken for the **calculation of the 3 key performance indicators**, covering key aspects relating to **accounting policy, compliance with Regulation (EU) 2020/852 and related background information**.

1. Technical criteria included in Annexes I (Mitigation) and II (Adaptation) of Delegated Regulation (EU) 2021/2139

2. Scope of the report

In the application of the European Taxonomy, the activity of **Tendam Brands, S.A. and Subsidiaries** (hereinafter Tendam Group) has been considered in accordance with the perimeter included in its consolidated annual accounts.

The **calculation made** by Tendam for the financial year 2021 corresponds to the eligibility analysis of the activities carried out, in accordance with the provisions of the regulations in force. For this financial year, only sustainable activities have been considered for the first two environmental objectives (mitigation and adaptation to climate change) in accordance with the provisions of Delegated Regulation 2021/2139.

For the year 2022, a review will be carried out and adjusted to meet the alignment requirements and additional guidelines issued by the European Commission.

3. Scope of the Taxonomy

In the preparation of this first exercise, the current regulatory developments have been taken into account, which include only the activities considered according to their potential contribution to climate change mitigation and adaptation.

Following the analysis based on the available accounting and management breakdown of revenues, investments and expenditures, the following eligible activities covered by the Taxonomy have been identified for each of the three key indicators:

- ◆ Activities that can substantially contribute to climate change adaptation²:
 - ◆ 7.2. Renovation of existing buildings
 - ◆ 7.3. Installation, maintenance and repair of energy-efficient equipment
 - ◆ 8.1. Data processing, hosting and related activities

	Taxonomic Activities	Tendam Group Activities
Activities that can substantially contribute to climate change adaptation	7.2. Renovation of existing buildings	Investments associated with renovation and maintenance projects for air-conditioning equipment in the Group's commercial facilities
	7.3. Installation, maintenance and repair of energy-efficient equipment	Investments associated with the installation, renovation and maintenance of lighting and air-conditioning projects in the Group's commercial facilities.
	8.1. Data processing, hosting and related activities	Investments and expenses associated with computer applications for data management and administration.



2. Identification of activities corresponding to Annex II of the Disclosure Delegated Regulation (EU) 2021/2139

4. Methodology and results

4.1 General considerations

Based on the consolidated Financial Information of the Group which includes in its scope all the companies that consolidate, and based on the corporate criteria of management control relating to income, Capex and Opex, Tendam has carried out an exercise to identify the items of the three indicators that correspond to activities contemplated by the Taxonomy.

Carried out analysis

Throughout the work process, the necessary considerations have been taken into account to avoid double counting.

The main sources of information are accounting and management information, used for the consolidated income statement. In the analysis of this accounting information, subtotal checks have been carried out to ensure that all the information is included.

4.2 Turnover eligibility rate

This indicator shows the **relative weight of the net turnover** from products or services associated with economic activities covered by the Taxonomy on the Net Turnover (INCN).

To determine the **denominator**, Tendam has analyzed the concepts included in Note 21 of the Group's Consolidated Annual Accounts. The Group's net turnover corresponds to the sale of articles of clothing, footwear and accessories of the brands it operates, through different distribution channels, such as shops directly operated by the Group, franchises, e-commerce or the wholesale channel.

Regarding the **numerator**, none of the Group's economic (revenue-generating) activities are covered by the delegated climate act. Therefore, for this first financial year, Tendam Group has considered the income numerator to be zero.

The results on the **percentage of turnover eligibility are presented below:**

Taxonomic Activities	Turnover eligible rate
Turnover eligibility rate	0%
Turnover non-eligible rate	100%
Total (A + B)	100%

4.3 Capex eligibility rate

This indicator shows the **proportion of Capex** (investments in fixed assets) **in line** covered by the Taxonomy.

Additions to property, plant and equipment at cost (note 5) (in accordance with IAS 16 Property, plant and equipment, paragraph 73) and additions to intangible assets at cost (note 6) (in accordance with IAS 38 Intangible assets, paragraph 118), before depreciation, amortisation and possible revaluations, have been considered in the **denominator**. The considerations for investment property, agriculture and leases according to the accounting standards IAS 40, IAS 41 and IFRS 16 respectively are not applicable. In addition, additions to rights of use (note 7) have been considered.



Investments in **tangible fixed assets** such as property, plant and equipment, **related to air conditioning and lighting projects in new openings and refurbishments of existing shops**, are considered in the numerator. Likewise, additions in **intangible assets** linked to computer applications (data storage, software, etc.) have also been considered eligible.

In 2021, Tendam Group's investments considered eligible were those linked to the following activities:

7.2. Renovation of existing buildings

7.3. Installation, maintenance and repair of energy-efficient equipment

8.1. Data processing, hosting and related activities

The **results of the Opex eligibility rate** for the financial year 2021 are presented below:

A. Eligible activities according to the taxonomy	Capex eligible rate (%)
Taxonomy eligible activities for Capex	
7.2. Renovation of existing buildings	5%
7.3. Installation, maintenance and repair of energy-efficient equipment	
8.1. Data processing, hosting and related activities	
B. Non-eligible activities according to the taxonomy	
Non-taxonomic CAPEX	95%
Total (A + B)	100%

4.4 Opex eligibility rate

Refers to the percentage of operating expenses **related to activities** covered by the Taxonomy.

The **denominator** includes non-capitalized direct costs related to maintenance and repairs, (note 20 paragraph d), as well as **leases, feed and royalties** (note 20 paragraph d).

Regarding the eligible activities, the company has identified activities within its expenditures on computer applications for

the efficient management of the online business (data storage, software, etc.).

In 2021, Tendam Group's expenses considered eligible were those linked to the following activities:

8.1. Data processing, hosting and related activities

The results of the Opex eligibility rate for the financial year 2021 are presented below:





A. Eligible activities according to the taxonomy	Opex eligible rate (%)
Eligible OPEX activities	
8.1. Data processing, hosting and related activities	3%
B. Non-eligible activities according to the taxonomy	
Non-taxonomic CAPEX	97%
Total (A + B)	100%

Principles of the United Nations 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 2021 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).



AREA	PRINCIPLES OF THE UNITED NATIONS GLOBAL COMPACT	SRS STANDARDS
 HUMAN RIGHTS	Principle 1. Businesses should support and respect the protection of internationally proclaimed Human Rights.	GRI 103-2, GRI 410-1, GRI 411-1, GRI 412-1, GRI 412-2, GRI 412-3, GRI 413-1, GRI 413-2
	Principle 2. Business should make sure that they are not complicit in human rights abuses.	GRI 414-1, GRI 414-2
	Principle 3. Businesses should uphold the freedom of association and the effective recognition of the right to collective bargaining.	GRI 102-41, GRI 407-1, GRI 402-1
 LABOUR REGULATIONS	Principle 4. Businesses should uphold the elimination of all forms of forced and compulsory labour.	GRI 409-1
	Principle 5. Businesses should uphold the effective abolition of child labour.	GRI 408-1
	Principle 6. Businesses should uphold the elimination of discrimination in respect of employment and occupation.	GRI 102-8, GRI 103-2, GRI 202-1, GRI 202-2, GRI 404-1, GRI 414-2, GRI 406-1
 ENVIRONMENT	Principle 7. Businesses should support a precautionary approach to environmental challenges.	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
	Principle 8. Businesses should undertake initiatives to promote greater environmental responsibility.	GRI 307-1, GRI 308-1, GRI 308-2, GRI 103-2
	Principle 9. Businesses should encourage the development and diffusion of environmentally friendly technologies.	GRI 302-4, GRI 302-5, GRI 305-5
 ANTI-CORRUPTION	Principle 10. Businesses should work against corruption in all its forms, including extortion and bribery.	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	Page of the Report
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 10-25 Pages 34-39
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 28-29 Pages 34-41 Pages 50-61
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 53 Pages 56-61 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 56-61
INFORMATION ON 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 86-109
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 86-99
CIRCULAR ECONOMY AND PREVENTION AND MANAGEMENT OF WASTE		
Measures to prevent, recycle and reuse other forms of waste recovery and disposal; actions to combat food waste.	306-2	Pages 108-109 (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 100-103 Pages 108-109
Energy: direct and indirect consumption; measures taken to improve energy efficiency, use of renewable energy.	302-1, 302-1, 302-3	Pages 94-99

(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	Page of the Report
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 96-99
The measures adopted to adapt to the consequences of climate change.	201-2	Pages 86-99
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 38-39 Pages 86-99
PROTECTION OF BIODIVERSITY		
Measures taken to preserve or restore biodiversity.	304-3	Pages 88 Pages 103
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 82
Number of dismissals by gender, age and professional category.	401-1	Page 83
Average remuneration and its trends broken down by gender, age and professional classification. Wage gap, the remuneration for equal jobs and the company's average.	405-2	Page 77 Page 83
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 gender.	405-2	Page 55
Implementation of work disconnection policies.	103-1; 103-2; 103-3	(4)
Employees with disabilities.	405-1	Page 77
ORGANISATION OF WORK		
Organisation of working hours: number of absentee hours.	403-2	Page 73
Measures aimed at facilitating a work-life balance and to encourage co-responsibility for the benefit of both parents.	401-3	Page 74
HEALTH AND SAFETY		
Occupational health and safety conditions.	403-3	Pages 72-73
Workplace accidents, in particular their frequency and severity as well as occupational diseases; broken down by sex.	403-2	Page 73

(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 formalised.

NON-FINANCIAL INFORMATION TO BE REPORTED	Approximate equivalence to GRI Standards	Page of the Report
SOCIAL RELATIONSHIPS		
Organisation of the social dialogue, including procedures to inform and consult the staff and negotiate with them.	102-43, 402-1	Page 71
Percentage of employees covered by collective bargaining agreements, by country.	102-41	Page 71
Summary of collective bargaining agreements, particularly in the field of occupational health and safety.	403-4	Page 71
TRAINING		
Training policies implemented.	404-2	Pages 80-81
The total number of training hours by professional category.	404-1	Pages 80-81
UNIVERSAL ACCESSIBILITY		
Universal accessibility for people with disabilities.	103-1; 103-2; 103-3	Page 107
EQUALITY		
Measures adopted to promote equal treatment and opportunities for women and men.	404-2	Pages 75-77
Equality plans (Chapter III of Spanish Organic Law 3/2007, of 22 March, for effective equality between women and men, 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	Page 76
The policy against all types of discrimination and, where necessary, for the management of diversity.	406-1	Pages 75-77
INFORMATION REGARDING HUMAN RIGHTS		
Implementation of due diligence procedures on the subject of human rights.	103-2, 103-3, 102-15, 412-1	Pages 64-67
Prevention of risks associated with human rights violations and, where necessary, measures to mitigate, manage and remedy possible abuses committed.	412-1	Pages 64-67
Complaints about cases of human rights violations.	103-1; 103-2; 103-3	Pages 64-67
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 51 Pages 64-67 Pages 116
INFORMATION ON THE FIGHT AGAINST CORRUPTION		
Measures adopted to prevent corruption and bribery.	103-2, 103-3, 102-15, 205-2	Pages 50-54
Measures to fight money laundering.	205-2	Page 54
Contributions to non-profit foundations and associations.	201-1	Page 54

NON-FINANCIAL INFORMATION TO BE REPORTED	Approximate equivalence to GRI Standards	Page of the Report
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 42-45 Pages 71 Pages 124-131
The impact of the company's activity on local and regional populations.	413-1	Pages 42-45 Pages 124-131
Relations with stakeholders from the local communities and types of dialogue with them.	102-43	Pages 40-41 Pages 71
Association or sponsorship actions.	103-1; 103-2; 103-3	Pages 124-131
SUBCONTRACTING AND SUPPLIERS		
The inclusion of social, gender equality and environmental elements in the procurement policy.	103-2, 103-3	Pages 116-117
Consideration of suppliers' and subcontractors' social and environmental responsibility.	308-1, 414-1	Pages 112-121
Oversight mechanisms, audits and their results.	308-2, 414-2	Pages 118-121
CONSUMERS		
Measures for consumer health and safety.	416-1	Pages 104-106
Complaints systems, complaints received and resolutions.	418-1	Pages 134-135
TAX INFORMATION		
Profits obtained country by country.	207-4	Page 139
Corporate taxes paid.	207-4	Page 139
Public subsidies received.	201-4	Page 139

Independent verification



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Independent Assurance Report on the Sustainability Report of Tendam Brands, S.A. for 2021

(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 2021 (hereinafter the Report), that includes the Consolidated Non-Financial Information Statement (hereinafter NFIS) for the year ended 28 February 2022 of Tendam Brands, S.A. (hereinafter the Parent) and subsidiaries (hereinafter the Group), which is presented as a separate report but forms part of the consolidated Directors' Report of the Group for 2021.

The Sustainability Report 2021 includes additional information to that required by prevailing mercantile legislation concerning non-financial information, which has not been the subject of our assurance work. In this respect, our work was limited exclusively to providing assurance on the information contained in the "Spanish Law 11/2018 correlation table" included in the Sustainability Report.

Directors' responsibility

The Directors of the Parent are responsible for the content and 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) based on each subject area in the "Spanish Law 11/2018 correlation table" included in the aforementioned Sustainability Report.

This responsibility also encompasses the design, implementation and maintenance of 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.



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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 was comprised of 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 tests, which are 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 2021 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 2021.
- Review of the information relative to the risks, policies and management approaches applied in relation to the material aspects presented in the NFIS for 2021.
- Corroboration, through sample testing, of the information relative to the content of the NFIS for 2021 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.



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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 2021 of Tendam Brands, S.A. and subsidiaries for the year ended 28 February 2022 has not been prepared, in all material respects, in accordance with prevailing mercantile legislation and selected GRI Standards based on each subject area in the "Spanish Law 11/2018 correlation table" of the aforementioned Sustainability Report.

Emphasis of Matter

Regulation (EU) 2020/852 of the European Parliament and of the Council of 18 June 2020 on the establishment of a framework to facilitate sustainable investment stipulates the obligation to disclose information on how and to what extent the undertaking's activities are associated with economic activities that qualify as environmentally sustainable in relation to climate change mitigation and climate change adaptation. This obligation applies for the first time for the 2021 fiscal year, provided that the Non-Financial Information Statement is published from 1 January 2022 onwards. Consequently, the NFIS included in the attached Report does not contain comparative information on this matter. Additionally, certain information has been included in respect of which the Directors of the Parent have opted to apply the criteria that, in their opinion, best allow them to comply with the new obligation, and which are those defined in section "Application of the European Taxonomy" of the NFIS included in the accompanying Report. Our conclusion is not modified in respect of this matter.

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

27 May 2022

women'ssecret



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