

6.2.

Reporting principles

6.2.1. How we report

Inditex presents the information concerning its performance during the financial year 2021 (from 1 February 2021 to 31 January 2022) in a single comprehensive document: this **2021 Integrated Directors' Report**. This report aims to show all our stakeholders how Inditex generates value in the short, medium and long term, as well as to provide truthful, relevant and accurate information on our accountability for the financial year 2021.

The information included in this Report is both financial and non-financial. It therefore includes the Group's Consolidated Annual Accounts, followed by the Integrated Directors' Report, also comprising the Statement on Non-Financial Information (SNFI). The Social Advisory Board (the Group's advisory body on sustainability matters, composed of independent external members) gave a favourable report to this Statement on Non-financial Information.

Act 11/2018 of 28 December, which entered into force in 2018, amends the Code of Commerce, the revised text of the Spanish Companies Act approved by Royal Legislative Decree 1/2010, of 2 July and Law 22/2015, of 20 July on Statutory Audit, as regards non-financial information and diversity (hereinafter, Act 11/2018), which supersedes Royal Decree Law 18/2017, of 24 November which transposed Directive 2014/95/EU of the European Parliament and of the Council, regarding disclosure of non-financial information and information on diversity into the Spanish legal system.

Through the Statement on Non-Financial Information, we fulfil the legislative requirements pursuant to Act 11/2018 on non-financial reporting and diversity, as well as the European Union Taxonomy Regulation (Regulation (EU) 2020/852 of the European Parliament and of the Council on the estab-

lishment of a framework to facilitate sustainable investment) and which modifies Regulation (EU) 2019/2088.

Said Act 11/2018 establishes that certain undertakings, including Inditex, are obliged to prepare a Statement on Non-Financial Information, hereinafter 'SNFI', which must be included in the Directors' Report or in a separate report corresponding to the same financial year. The SNFI must include, among other matters, the necessary information to understand the performance, results and situation of the Group and the impact of its activities in respect of environmental and social issues, respect for human rights and the fight against corruption and bribery, as well as matters regarding the workforce. It must also include, if applicable, such measures taken by the company to promote equal treatment and equal opportunities between women and men, non-discrimination and inclusion of people with disabilities and universal accessibility.

Moreover, Article 8 of the EU Taxonomy Regulation (Regulation (EU) 2020/852) establishes that certain undertakings, including Inditex, are obliged to provide information on how and to what extent the undertaking's activities are associated with economic activities that qualify as environmentally sustainable, and the proportion of their turnover, investments in fixed assets and operating expenditure associated with these environmentally sustainable activities.

The scope of the reported information includes all the companies over which Inditex has control or joint control (contained in Annex I of the Consolidated Financial Statements, where any significant variations in comparison with 2020 is specified). Relevant information is also provided on the Company's supply chain, made up of independent suppliers and manufacturers not owned by the Inditex Group.

In addition to complying with the legislation applicable to the Company, in keeping with the importance we attach to transparency and dialogue with our stakeholders, we also follow the guidelines of the main reporting initiatives and entities:

- International Integrated Reporting <IR> Framework Principles.
- GRI *Sustainability Reporting Standards*.
- The United Nations Global Compact Principles.
- AA1000 APS (2018) ACCOUNTABILITY STANDARD principles.
- Principles of the Sustainability Accounting Standards Board (SASB) framework.
- Recommendations of the Task Force on Climate-Related Financial Disclosures (TCFD).
- The guide *Business Reporting on the SDGs: An Analysis of Goals and Targets*, compiled by the Action Platform for Reporting on the Sustainable Development Goals.
- Recommendations of the European Securities and Markets Authority (ESMA): *European common enforcement priorities for annual financial reports*.
- Recommendations included in the European Commission Communication 2017/C215/01 – Guidelines on non-financial reporting, and in EU Supplement 2019/C209/01 on reporting climate-related information.

Voluntary reporting frameworks, principles and standards

The Inditex Group's 2021 Integrated Annual Report follows the criteria set forth in the **Integrated Reporting Framework** compiled by the International Integrated Reporting Council (IIRC). Inditex is a member of the IIRC Business Network, and has followed its principles since the initiative began, as we took part in the organisation's pilot edition in 2011.

The principles according to which this Integrated Report has been prepared include the use of **Global Reporting Initiative (GRI) Sustainability Reporting Standards**, or GRI standards, as a benchmark. This international reporting framework is cited in article 49.6.e) of the Commercial Code introduced by the aforementioned Act 11/2018.

We have followed the GRI standards since 2007 and are members of the GRI Community, a community of companies from different sectors that collaborate, demonstrate leadership in reporting and share knowledge and best practices.



In determining the contents to be included in the Statement on Non-Financial Information, and how to report on them, the Company has followed the indications provided in GRI 101: Foundation 2016, which establishes the following fundamental reporting principles:

Stakeholder inclusion	Sustainability context	Materiality	Completeness
Inditex identifies its stakeholders and systematically engages with them so as to respond to their expectations and interests.	Inditex contributes, or intends to contribute in the future, to the improvement of economic, environmental and social trends, advances and conditions at a local, regional or global level, all of which are interconnected.	Inditex's reporting covers those issues and indicators that reflect the Organisation's most significant social, environmental and economic impacts or those that substantively influence the assessment and decisions of its stakeholders.	The boundary of material topics affecting Inditex and the definition of the boundary of information must be sufficient to reflect significant social, economic and environmental impacts and to enable stakeholders to assess the Group's performance during the reporting period.

In application of the materiality principle, this Report addresses the issues which reflect significant economic, environmental and social impacts of Inditex and which may substantially affect the assessments and decision-making of its stakeholders. These issues are identified and assessed by means of a materiality exercise involving the main stakeholder groups.

① More information in section 4.4.3. *Materiality analysis of this Report.*

To facilitate navigation and as a reference for readers, we include a GRI Content Index in this Report.

① More information in section 6.2.5. *Index of GRI indicators of this Report.*

In this way, our Report has been prepared in accordance with the Comprehensive option of the GRI Sustainability Reporting Standards.

We also adhere to the **principles of the United Nations Global Compact**, of which we have been members since 2001. Thus, this Report also serves as a Communication on Progress, with the GRI Content Index showing the different parts of the document that are related to each of the Global Compact Principles.



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

We welcome feedback on its contents.

Furthermore, we have also used the **Sustainability Accounting Standard Board (SASB)** reporting framework as a reference in preparing this Report. Specifically, the indications of the Apparel, Accessories and Footwear sector standard have been followed and an SASB reference table listing the disclosures and metrics pertaining to this standard has been included.

① More information in section 6.2.4. *SASB reference table of this Report.*

In order to enhance transparency on the risks and opportunities arising from climate change for our Company, in 2020 we expressed our support for the **Task Force on Climate-Related Financial Disclosures (TCFD)**. Thus, in 2021, and for the second consecutive year, we have reported according to the TCFD recommendations. This Report includes a specific chapter on our management of climate change risks and opportunities. To ensure the Report includes the best quality climate data and information, in 2020 Inditex set up a cross-disciplinary working group 'TCFD vision' with the aim of analysing, managing and adapting our framework of climate-related disclosure and management to

the TCFD recommendations. This has enabled us in 2021 to make additional progress in incorporating its recommendations, so as provide our stakeholders with rigorous and verified information on climate change risks and opportunities.

① More information in section 5.10.4. *Climate change: risks and opportunities of this Report.*

In addition, for the fifth consecutive year we have used the guide entitled **Business Reporting on the SDGs: An Analysis of Goals and Targets**, developed by the Action Platform for Reporting on the Sustainable Development Goals, organised jointly by the United Nations Global Compact and the Global Reporting Initiative (GRI), to which Inditex has belonged since its inception and which came to an end in 2020. Accordingly, accurate information is provided on our contribution to the United Nations Sustainable Development Goals (SDGs).

① More information in section 5.10.4. *Climate change: risks and opportunities of this Report.*

Lastly, as an important aspect in the preparation of integrated reports, we have considered the recommendations of the **European Securities and Markets Authority (ESMA)**, published in its report **European common enforcement priorities for 2021 annual financial reports**. In 2021, these referred primarily to the disclosure of information on the impacts of covid-19, climate-related issues and the EU Taxonomy. Information on the above is provided throughout this Integrated Report. Moreover, It has also been prepared with reference to the Recommendations included in the European Commission Communication 2017/C215/01 – Guidelines on non-financial reporting, and in EU Supplement 2019/C209/01 on reporting climate-related information.

External assurance

The information disclosed in this Statement on Non-Financial Information has been subject to the independent verification of Deloitte. The scope and results of this independent verification are described in the Verification Report attached hereto.

This report has been reviewed by Deloitte, S.L. in accordance with the revised International Standard on Assurance Engagements (ISAE) 3000, Assurance Engagements Other than Audits or Review of Historical Financial Information, and with Guideline no. 47 on attestation engagements of the Statement on Non-Financial Information issued by the *Instituto de Censores Jurados de Cuentas* [Institute of Certified Public Accountants] of Spain. Based on these two standards, in addition to the review of the contents required by Act 11/2018, a selection of 42 disclosures from the comprehensive option of the GRI Standards have been reviewed. These disclosures were selected based on the materiality analysis per-

formed by Inditex annually with its stakeholders. These disclosures are listed in the GRI index alongside the symbol:

The outcome of the verification corroborates that the declared GRI Standards application option (In accordance - Comprehensive option) is appropriate.

6.2.2. Balance of material topics

GRI 102-44; 102-46; 102-47 AND 103-1

Material topic	GRI standard	Content	Coverage*	Involvement**
1. Ethical behaviour and governance	GRI 103: Management approach 2016	103-1 to 103-3		
	GRI 205: Anti-corruption 2016	205-1 to 205-3		
	GRI 206: Anti-competitive behaviour 2016	206-1		
	GRI 307: Environmental compliance 2016	307-1		
	GRI 415: Public policy 2016	415-1		
2. Risk management and control systems	GRI 103: Management approach 2016	103-1 to 103-3		
	GRI 418: Customer privacy 2016	418-1		
3. Stakeholder engagement	GRI 103: Management approach 2016	103-1 to 103-3		
4. Responsible Communication	GRI 103: Management approach 2016	103-1 to 103-3		
	GRI 417: Marketing and labelling 2016	417-1 to 417-3		
5. Value chain transparency and traceability	GRI 103: Management approach 2016	103-1 to 103-3		
6. Responsible purchasing practices	GRI 103: Management approach 2016	103-1 to 103-3		
7. Value creation	GRI 103: Management approach 2016	103-1 to 103-3		
	GRI 201: Economic performance 2016	201-1 to 201-4		
	GRI 203: Indirect economic impacts 2016	203-1 to 203-2		
	GRI 207: Tax 2019	207-1 to 207-4		
8. Innovation	GRI 413: Local communities 2016	413-1 to 413-2		
	GRI 103: Management approach 2016	103-1 to 103-3		
9. Customer orientation	GRI 103: Management approach 2016	103-1 to 103-3		
	GRI 406: Non-discrimination 2016	406-1		
10. Diversity, equality and inclusion	GRI 103: Management approach 2016	103-1 to 103-3		
	GRI 405: Diversity and equal opportunity 2016	405-1 to 405-2		
	GRI 406: Non-discrimination 2016	406-1		