





# About Inditex

# Milestones 2020

**2020** was a year marked by the pandemic and was key to the transformation of Inditex. Our fully-integrated business model has enabled the Company to adapt to this new environment and continue to satisfy customers across more than 200 markets.



In **Spain**, we made the Company's full logistics and procurement capacities available to the health service for the purchase and transportation of health equipment. **Specifically, we transported more than 177 million units of medical equipment** on 66 flights.

We have endorsed the **initiative Covid-19: Action in the Global Garment Industry**, launched by the International Organisation of Employers (IOE), the International Trade Union Confederation (ITUC) and IndustriALL Global Union, and supported by the International Labour Organisation (ILO).



More than **5,000 million visits** to our websites

More than **200 million followers** on social networks



**Commitment with IndustriALL** to work jointly on global recovery plans for the textile industry in the wake of the covid-19 pandemic.



Creation of the **Global Union Committee**, a new coordinating body representing the various **IndustriALL Global Union** members across our supply chain, as well as the Spanish trade unions **CCOO** and **UGT** within our Global Framework Agreement.



We founded the **MIT Climate and Sustainability Consortium (MCSC)**, to fight climate change in collaboration with several companies.

Through the **Sustainability Innovation Hub**, we have launched our first pilot programme focused on chemical recycling.

We surpassed our target of 25% of the garments we put on the market having the *Join Life* label, with **more than 35%** of our garments with this label. We have increased the use of **sustainable cotton by 90%**.

**CDP Climate Change Report** awarded us, for the 4th consecutive year, an **A- rating** in its climate change programme.

We received the **WDI Supply Chain Data Award**, granted by the Workforce Disclosure Initiative, which promotes **transparency on business practices**, both with own employees and in the supply chain.



We have donated **six million dollars** to our collaboration with **Water.org** providing access to safe drinking water and sanitation for more than 2.3 million people with limited resources in Bangladesh, Cambodia and India.



We renewed our collaboration with **Médecins sans Frontières (MSF)**, allocating a total of **2.5 million euros** to support covid-19 related medical and healthcare activities, provide assistance to refugees and support the MSF Emergency Unit.



**703** social initiatives  
**3.3 million** direct beneficiaries  
**71.8 million euros** in social programmes  
**4.1 million** of items donated for social causes



Our alliance with ACNUR to meet the clothing needs of refugees and displaced persons. Under this alliance, Inditex and its suppliers donated more than **875,000 garments** in 2020 to displaced persons in UNHCR camps in **Rwanda** and **Ethiopia**.



# Key figures

# Outlook and key figures 2016-2020<sup>(\*)</sup>:



Female majority, **generational diversity, horizontal structure, international presence and importance of the store are our defining features.** A workforce in **60 markets** representing **171 nationalities.**

The integration of **sustainability into corporate management** and strategy:

Creation of the **Sustainability Committee** of the Board of Directors and approval of the Group's Sustainability Policy.

**Global contingency plan** to protect our people from the pandemic in our work centres.

Creation of **Well-being Committees** in all the Group's markets, which coordinate actions to improve the quality of life of our employees.

**Workers at the centre 2019-2022:** Strategy for social management of the supply chain.

**+ 1.4 million workers** in our supply chain benefit from the strategy programmes in the last five years.

**Women play an essential role:**

In the 2020 financial year, women accounted for **76% of employees** in the Group and **81% of management** posts.

Programmes related to reducing the environmental impact at the **end-of-life of our products:**

**Zero Waste  
Green to Pack  
Closing the Loop**



Boost **renewable energies: 81% of electricity consumption** at our facilities (headquarters, logistics centres, and stores) comes from **renewable energy**, thereby meeting our target for 2025.

**100% of stores are eco-efficient.**

**The List, by Inditex** programme for improving the quality of the chemicals used in manufacturing is complemented by **The List adhesives**, a list of chemical adhesives from the footwear industry.



(\*) last five years

## Action plans

### Protect

We strive for quality employment, the positive economic impact.

### Drive

To increase the skills of our employees; promote digitisation and transform our supply chain.

### Develop

Promote the efficient use of resources; foster decarbonisation; increase the use of more sustainable materials and develop our commitment to Human Rights.

### Collaborate

We support the communities where we operate, and we maintain alliances and commitments that strengthen our activity.



Our **collections, adapted to the two hemispheres**, are available in 216 markets on **five continents**.

In the last five years:

**+57,000 audits of our suppliers and manufacturers**

**+12,000 traceability audits.**

**for&from:** Social and occupational integration programme for people with disabilities **15 establishments**, more than **200 direct jobs** and over **five million euros** of profit \* that completely reverts to the collaborating entities.

Commitments achieved:

Over 25% of garments under the *Join Life* label.

Elimination of plastic bags from store delivery and online orders.

**Join Life:** Collections made using the **most sustainable raw materials**, manufactured using environmentally-friendly production processes.

More than **28,000 employees trained in sustainability** since 2014.

**100% of our designers have been trained in the principles of circular economy.**

**Investment in the community\*. 200,000 young people** have gained access to **quality education**; **130,000 people** have received **professional training**; And more than **59,000 jobs generated** from social projects.

More than **16 million garments donated** to social causes \* **+255 million euros** in investment to the community **+10 million** direct beneficiaries.

Over **550,000 hours** spent by employees on **social initiatives\***.





# Inditex in figures, main indicators

## a) Economic indicators, evolution over the past five years

	2020	2019	2018	2017	2016
<b>TURNOVER (€ MILLION)</b>					
Net Sales	20,402	28,286	26,145	25,336	23,311
Online sales <sup>(1)</sup>	32%	14%	12%	10%	N.A.
<b>SALES BY BRAND (€ MILLION)</b>					
Zara (Zara + Zara Home) <sup>(2)</sup>	14,129	19,564	18,021	17,449	16,168
Pull&Bear	1,425	1,970	1,862	1,747	1,566
Massimo Dutti	1,197	1,900	1,802	1,765	1,630
Bershka	1,772	2,384	2,240	2,227	2,012
Stradivarius	1,283	1,750	1,534	1,480	1,343
Oysho	522	604	585	570	509
Uterqüe	75	115	101	97	83
<b>SALES BY GEOGRAPHIC AREA (% OF TOTAL)</b>					
Spain	14.6%	15.7%	16.2%	16.3%	16.9%
Europe (excluding Spain)	48.7%	46.0%	45.1%	44.9%	43.9%
Americas	13.5%	15.8%	15.5%	15.6%	15.3%
Asia and Rest of the World	23.2%	22.5%	23.2%	23.2%	23.9%
<b>TOTAL</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>
<b>FINANCIAL STRUCTURE (€ MILLION)</b>					
Equity attributable to the parent	14,520	14,913	14,653	13,497	12,713
Net financial position	7,560	8,060	6,705	6,387	6,090
<b>PROFIT AND CASH FLOW (€ MILLION)</b>					
EBITDA	4,552	7,598	5,457	5,277	5,083
EBIT	1,507	4,772	4,357	4,314	4,021
Net profit	1,104	3,647	3,448	3,372	3,161
Net profit attributable to the parent	1,106	3,639	3,444	3,368	3,157
Cash flow	3,864	6,695	4,378	4,411	4,406
<b>FINANCIAL AND MANAGEMENT RATIOS</b>					
ROE (Return on equity)	8%	25%	24%	26%	26%
ROCE (Return on capital employed)	10%	32%	31%	33%	33%
<b>COMMERCIAL PRESENCE</b>					
Number of markets	216	202	202	96	88
Number of stores	6,829	7,469	7,490	7,475	7,292
Average store area (in m <sup>2</sup> )	707	681	662	634	605
Total retail area (in m <sup>2</sup> )	4,826,566	5,086,732	4,962,081	4,739,427	4,410,896
<b>HEADQUARTERS EFFECT</b>					
Supplier invoices Spain (€ million)	4,221	5,140	5,248	5,177	4,629
Number of suppliers in Spain <sup>(3)</sup>	6,384	7,098	7,220	7,185	7,240

(1) Percentage of online sales over total sales.

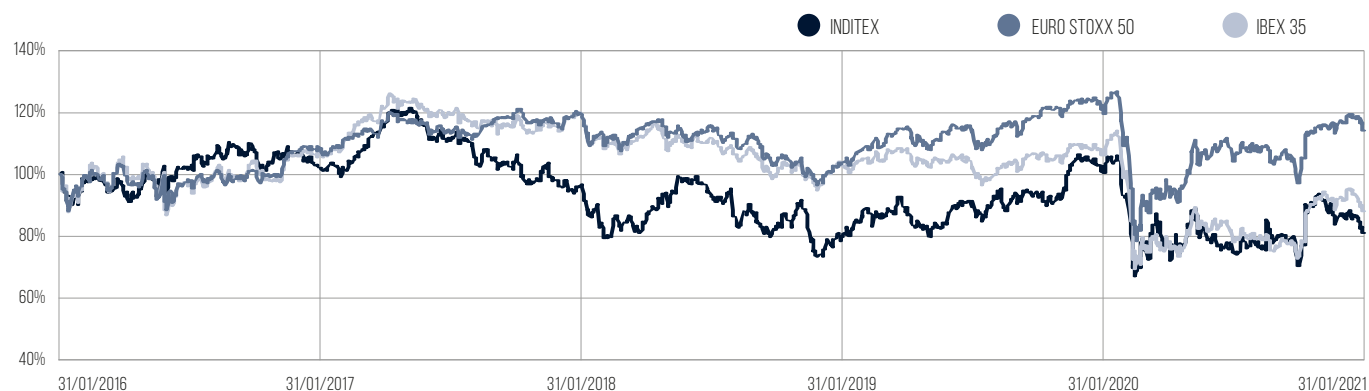
(2) Zara Home sales for all years are consolidated with Zara sales.

(3) Suppliers of both textiles and general services in Spain.

## Tax contribution (€ million)

	2020	2019	2018	2017	2016
<b>TOTAL CONTRIBUTION INDITEX</b>	<b>4,689</b>	<b>6,749</b>	<b>6,166</b>	<b>5,959</b>	<b>5,647</b>
Own taxes	1,916	3,040	2,764	2,712	2,515
Taxes collected	2,773	3,709	3,402	3,247	3,132
<b>TOTAL CONTRIBUTION SPAIN</b>	<b>1,201</b>	<b>1,874</b>	<b>1,692</b>	<b>1,613</b>	<b>1,616</b>
Own taxes	620	1,049	928	1,010	870
Taxes collected	581	825	764	603	746
<b>TOTAL CONTRIBUTION EUROPE (EXCLUDING SPAIN)</b>	<b>2,562</b>	<b>3,398</b>	<b>3,168</b>	<b>3,043</b>	<b>2,781</b>
Own taxes	691	1,023	988	878	844
Taxes collected	1,871	2,375	2,180	2,165	1,937
<b>TOTAL CONTRIBUTION AMERICAS</b>	<b>534</b>	<b>943</b>	<b>760</b>	<b>753</b>	<b>729</b>
Own taxes	357	623	489	479	481
Taxes collected	177	320	271	274	248
<b>TOTAL CONTRIBUTION ASIA AND REST OF THE WORLD</b>	<b>392</b>	<b>534</b>	<b>546</b>	<b>550</b>	<b>521</b>
Own taxes	248	345	359	345	320
Taxes collected	144	189	187	205	201

## Stock market evolution



	2020	2019	2018	2017	2016
<b>DIVIDENDS</b>	<b>0.70</b>	<b>0.35</b>	<b>0.88</b>	<b>0.75</b>	<b>0.68</b>

## Stock market information

Inditex shares closed the 2020 financial year on 31 January 2021 at €24.49 per share. The average daily trading volume was approximately 4.9 million shares in the year to that date. Inditex's market cap stood at €76.3 billion at the end of the period, up 733% on 23 May 2001, when its shares were admitted to trading, while the Ibx 35 fell by 19% in the same period.

## Dividends

In November of 2020, a dividend of 0.35 euros per share corresponding to 2019 was distributed to shareholders.

In 2020, a total of €1.1 billion was paid to shareholders as a dividend for 2019.

The Board of Directors of Inditex will propose to the General Shareholders' Meeting a dividend of €0.70 per share for 2020. It will be composed of an ordinary dividend of €0.22 and an extraordinary dividend of 0.48 euros per share. The dividend consists of two equal payments of €0.35 per share, first payment was made on 3 May 2021 and the second one will be made on 2 November 2021.

Inditex maintains its dividend policy, which combines 60% of ordinary *payout* and extraordinary dividends. The remaining €0.30 in extraordinary dividends will be paid in financial year 2022.

## b) Environmental and social indicators, evolution over the past five years

	2020	2019	2018	2017	2016
<b>ECONOMIC AND SOCIAL DEVELOPMENT OF WORKERS AND THE INDUSTRY INDICATORS</b>					
Number of Workers at the Centre programmes <sup>(1)</sup>	38	45	34	26	25
Number of workers benefiting from the activities developed under Workers at the Centre	1,224,557	1,472,719	994,154	651,464	346,180
Suppliers and factories reached by the activities developed under Workers at the Centre	1,374	1,597	594	487	152
<b>CIRCULARITY INDICATORS</b>					
Stores in the Closing the Loop Programme	100% <sup>(2)</sup>	31%	18%	8%	5%
Garments collected in the Closing the Loop Programme (in tonnes) <sup>(3)</sup>	13,043	15,321	14,825	12,231	7,071
Products recovered for recycling (in tonnes)	16,871	21,298	19,247	18,421	16,848
<b>MINIMISING THE ENVIRONMENTAL IMPACT ACROSS THE VALUE CHAIN INDICATORS</b>					
Global energy consumption (GJ)	4,574,536	6,814,610	7,088,858	6,845,665	6,674,201
Relative energy consumption (MJ/m <sup>2</sup> )	593	855	943	967	998
Group energy needs covered with renewable energy (%)	81%	63%	45%	41%	30%
Scope 1 + 2 emissions (T CO <sub>2</sub> eq)	120,992	350,101	508,012	490,459	561,001
kgCO <sub>2</sub> eq per m <sup>2</sup> (Scope 1 + 2)	16	44	68	69	84
% of eco-efficient stores over total Group own stores	100%	93%	86%	79%	72%
<b>SUSTAINABILITY OF OUR PRODUCTS INDICATORS</b>					
Garments placed on the market (in tonnes)	450,146	545,036	528,797	511,151	446,759
Join Life garments placed on the market (% of total)	38%	19%	9%	5%	3%
More sustainable cotton: Organic, BCI and recycled (in tonnes)	73,874	38,676	18,851	NA	NA
Recycled polyester (in tonnes)	9,594	5,332	1,881	NA	NA
Sustainable linen (in tonnes)	1,245	1,813	266	NA	NA
Sustainable viscose (in tonnes)	8,379	6,692	3,178	NA	NA
Degree of compliance of GtW and StW standards	98.3%	97.4%	97.4%	97.6%	97.1%
<b>PICKING PROGRAMME <sup>(4)</sup></b>					
Inspections	42,856	56,352	63,420	59,687	51,619
Garment analyses	744,404	899,046	933,980	756,265	619,854
<b>SUSTAINABLE SUPPLY CHAIN MANAGEMENT INDICATORS</b>					
Product suppliers with purchase during the financial year <sup>(5) (6)</sup>	1,805	1,985	1,866	1,824	1,805
Factories declared by suppliers <sup>(5) (7)</sup>	8,543	8,155	7,235	7,210	6,959
Rejected suppliers	44	56	50	64	76
Audits of suppliers and manufacturers <sup>(8)</sup>	11,997	12,215	12,064	11,247	10,833
<b>TOTAL NUMBER OF SUSTAINABILITY TEAM MEMBERS</b>					
External	5,422	6,204	4,774	4,756	4,996
Internal	215	200	151	145	135

(1) Main programmes carried out in the field.

(2) Stores located in markets where the initiative cannot be implemented due to local laws or context are excluded.

(3) The data for 2018, 2017 and 2016 have been updated with respect to their respective Annual Reports, including reports that were not available at the time of drafting these reports.

(4) Until 2017, analysis and testing for Tempe articles were not included

(5) Since 2019 the scope of the information compiled has been extended to include information on non-textile articles suppliers. Therefore, the information for the 2018, 2017 and 2016 financial years is not comparable.

(6) Suppliers of fashion items with production volumes of over 20,000 units/year in the 2020 spring/summer and autumn/winter campaigns. Suppliers producing less than 20,000 units account for 0.33% of overall production.

(7) Factories declared by suppliers in the manufacturer's management system for orders in 2020.

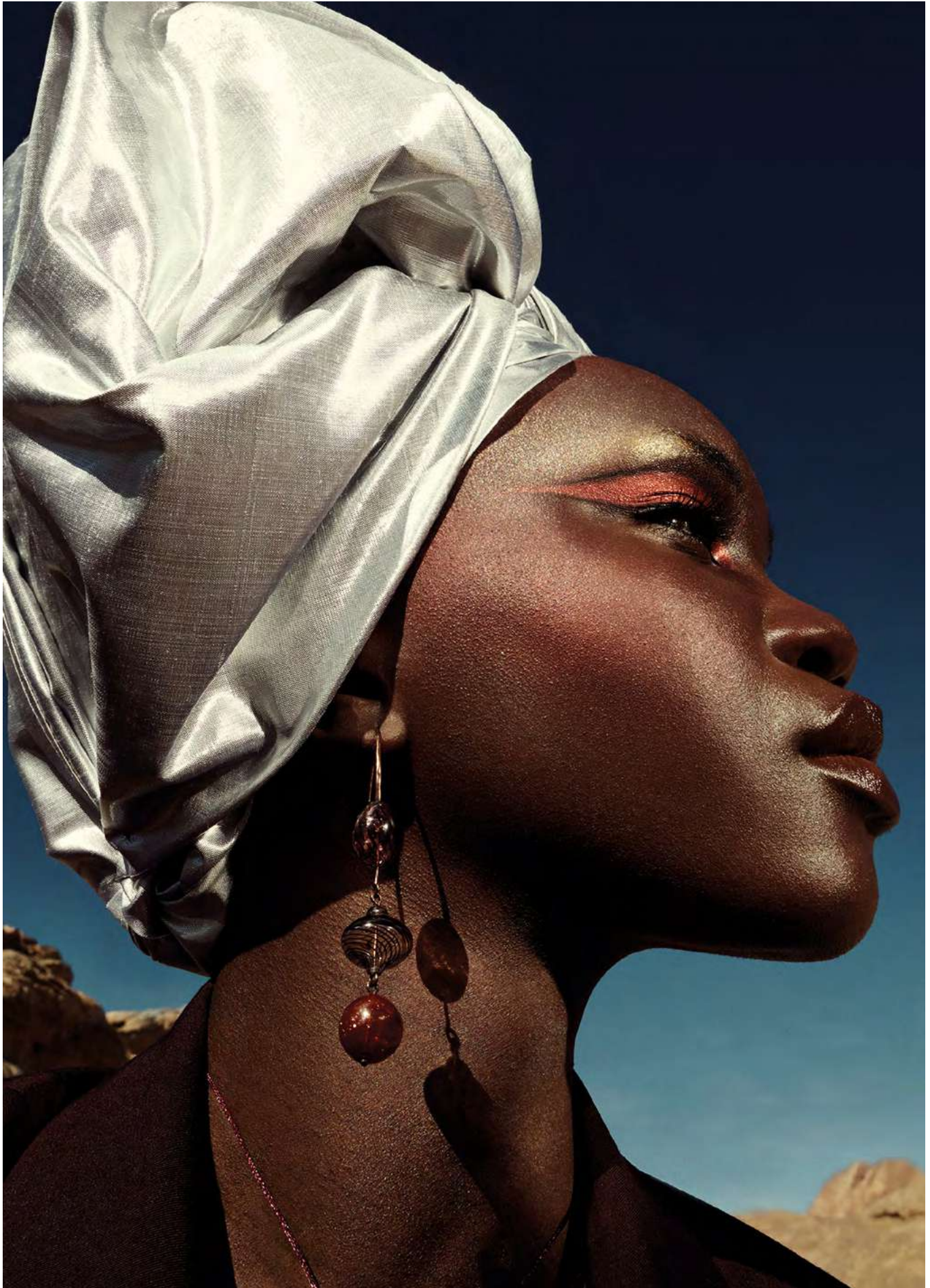
(8) In 2020, traceability, pre-assessment, social, special and environmental audits are included. In previous years, environmental audits are not included, as the modification made in the *Green to Wear* standard does not allow their comparability.

	2020	2019	2018	2017	2016
<b>CORPORATE COMMUNITY INVESTMENT</b>					
Corporate community investment (in euros)	71,803,602	49,231,909	46,218,895	48,129,552	40,042,744
Number of direct beneficiaries	3,313,581	2,441,300	2,425,639	1,584,446	1,584,446
Number of community organisations supported	439	421	413	409	367
Number of community investment projects implemented	703	670	622	594	519
Number of garments donated to social causes	4,114,490	3,164,084	3,225,462	3,673,993	2,083,980
Number of hours spent by employees on community activities during working hours	178,035	122,284	118,077	73,457	64,327
<b>OUR PEOPLE</b>					
Percentage of women / men	76% / 24%	76% / 24%	75% / 25%	75% / 25%	76% / 24%
Number of nationalities	171	172	154	153	147
Average employee age	30.1	28.9	28.7	28.7	28.4
Number of employees	144,116	176,611	174,386	171,839	162,450
<b>TYPE OF CONTRACT</b>					
- Permanent	87%	77%	73%	73%	80%
- Temporary	13%	23%	27%	27%	20%
<b>TYPE OF WORKING DAY</b>					
- Full-time	72%	47%	51%	50%	39%
- Part-time	28%	53%	49%	50%	61%
<b>EMPLOYEES BY ACTIVITY</b>					
- Stores	86%	87%	87%	87%	87%
- Logistics	6%	6%	5%	5%	5%
- Manufacture	1%	1%	1%	1%	1%
- Central Services	7%	6%	7%	7%	7%





# Retail formats



# ZARA

Throughout the year, Zara has incorporated new product categories through launches, including The Female Gaze -its first lingerie collection- that offers an empowering perspective of the notion of intimacy; *The Essential Collection*, timeless pieces of high-end jewellery; and the nostalgic collection **Archive**, which retrieves and reinterprets pieces from collections created in previous years and brings them into the present.

Other notable collections are **ZARA WO(MAN)**, which unifies styles in search of perfect *minimal* wardrobe staples for women and men, as well as various capsule collaborations such as those created by the *Pantone Color Institute* or with *The Josef and Anni Albers Foundation*, members of the Bauhaus School.

For the third consecutive year, **ZARA SRPLS** renews its commitment to a more functional and contemporary wardrobe. And the Join Life collections, present in all sections, have now arrived in perfumery with the launch of a collection of unisex fragrances.

[www.zara.com](http://www.zara.com)

  
**14,129**  
net sales (€ million)

  
**212**  
markets

  
**106.1 M**  
Social media  
followers

  
**3500 M**  
Websites visits





# PULL&BEAR

Pull & Bear began 2020 by accompanying its digital community through **#StayInPullAndBear**, which brought its content followers closer to the world's most relevant names in music, digital trends and urban art. In addition, as part of its partnership with **Primavera Sound**, the brand gave life to *Pull & Bear Sounds*, the concert programme on social networks that brought its followers close to different international artists.

Through collaborations with musical talents **Lunay and Nicki Nicole**, as well as collections inspired by **TATE, Smiths Law, Stranger Things** or **The Paper House** the brand has strengthened its link with the world of art, music and entertainment.

In addition, Pull & Bear paid tribute to all of its *staff* around the world through the **"Our People, Our Soul" campaign**, where the workers themselves modelled the season's collection preview. The FW20 collection was unveiled through a **virtual fashion show**, in line with current visual trends.

The commitment to sustainability is another of the key areas that has marked this financial year, in which Pull & Bear has prioritised the production **Join Life**.

[www.pullandbear.com](http://www.pullandbear.com)





## Massimo Dutti

Massimo Dutti presented the **Movement Study. The FW20 Limited Edition Collections Men & Women**, an initiative that represents a further step in the brand's journey in organising fashion shows marked by creativity and technology. The brand maintains a strictly defined artistic concept and a creative discourse based on the principles of quality, exclusivity and coherence, which are inherent to the DNA of the firm.

The commercial accent in 2020 is placed on **Capsule Collections**, whose common denominator is cities and which combine the firm's essence - simplicity, exclusivity and minimalism. New **Join Life** collections have also been launched, which strengthen the brand's responsibility for the environment and sustainability.

Once again, in all collections, everything connected to **daily wear** takes on a leading role: Distinctive, classy and easy-to-wear pieces that stylishly complement each other.

[www.massimodutti.com](http://www.massimodutti.com)



**1,197**

net sales (€ million)



**215**

markets



**12.1 M**

Social media  
followers



**131 M**

Websites visits



# Bershka

Bershka continues to unite the world of music and fashion by co-creating capsule collections with global artists such as Billie Eilish and Conan Gray. It also has an alliance with the **NBA** through the **Stay Unite** collection, with Join Life garments inspired by **street style** and American **sportswear**.

The **more sustainable collections** also stand out, with projects such as **Hack Denim**, with unique pieces made 100% from garment waste and offcuts and with the **Join Life Re-Made** label, and **B3**, a timeless, unisex collection.

Another notable milestone is the approach to the world of **gaming** through a collaboration with the *Top Gamers Academy* television programme, as well as the **Manga** aesthetic collections, with licences such as *Sailor Moon* and *Dragon Ball*.

[www.bershka.com](http://www.bershka.com)



**1,772**

net sales (€ million)



**215**

markets



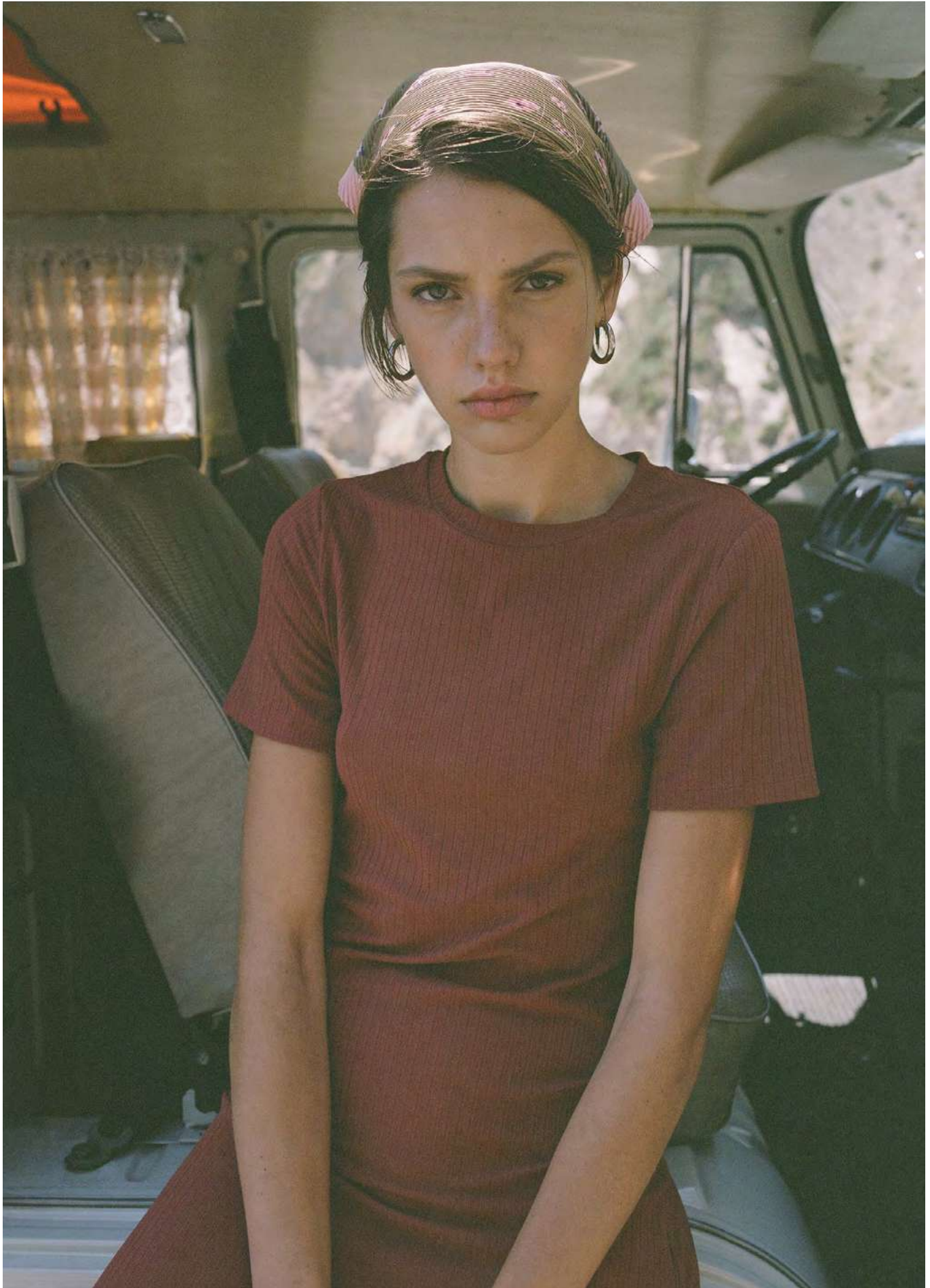
**23.3 M**

Social media  
followers



**451 M**

Websites visits



## Stradivarius

In early 2020, Stradivarius launched **Music To Stay Home**, a musical talent support project. A little later **Dress To Go Nowhere** arrived on the scene, an action that managed to give a boost to fashion through the creation of content from home. Both campaigns managed to personalise the brand and connect it with its audience at such an unprecedented and special time.

New ways of shopping have also been explored thanks to **Stradishoppers TV**, the live stream shopping channel that transformed online shopping into **OnLive** shopping. The brand closed the year with a positivism message with **Just Be You Always You** and recovering the tradition of writing postcards with **#APostcardTo**. Danna Paola, in her role as the year's ambassador, added the trendy touch to Stradivarius while maintaining the brand's female image.

[www.stradivarius.com](http://www.stradivarius.com)

  
**1,283**  
net sales (€ million)

  
**215**  
markets

  
**13.9 M**  
Social media  
followers

  
**399 M**  
Websites visits





# OYSHO

OYSHO continues to focus on the world of sport through its collections and its **Train With Us** training programme, which offers free online sessions of active yoga and functional training, both on its website Oysho.com and on its social networks.

In addition, during the summer months, it has offered outdoor training in several European cities, with a team of ambassadors from various sporting disciplines. It also continues to collaborate with the *Women's Race* in Spain and the *Race for the Cure* in Greece and Italy.

Join Life sustainable garments have accompanied all collections, especially in the swimwear line, designed with recycled polyester and polyamide. The launches of **new product categories**, such as the meditation collection or the first line for personal care *Self Care*, as well as collaborations with international brands such as Bala, SiSeN, Foreo and Glacce, are also noteworthy.

[www.oysho.com](http://www.oysho.com)



**522**

net sales (€ million)



**215**

markets



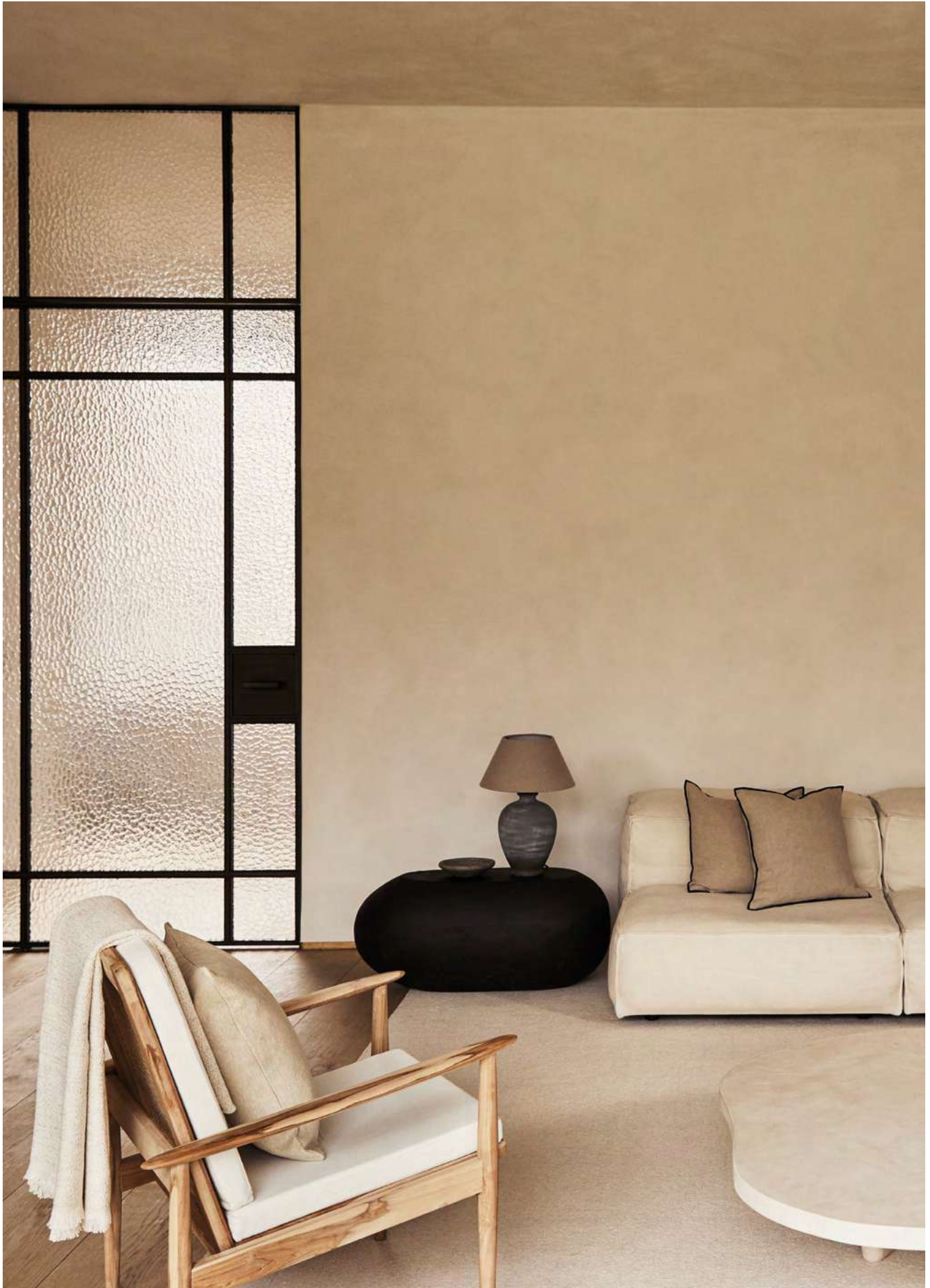
**10.1 M**

Social media  
followers



**116 M**

Websites visits



## Z A R A H O M E

Zara Home continues to inspire customers to decorate their homes, with a **timeless style and organic textures and shapes** that are committed to the quality of materials and their durability. Its collections are designed to cover everyday household needs, with **new specific categories** for the kitchen, a special edition of painting and music, and even a collection for pets. The new collection of wooden furniture is also noteworthy, which is combined with cashmere blankets and *vintage* textured objects.

In its FW20 campaign, the brand stepped into the world of surrealism with a highly cinematic campaign featuring the iconic actress Charlotte Gainsbourg. **Exposure** is a short film written and directed by Fabien Baron, which relates the story a photographer -interpreted by Gainsbourg- who documents her day in an almost obsessive search for herself. Her home is the testimony of her search, the cold shadows on bed linen contrast with the warmth of materials such as velvet and linen.

[www.zarahome.com](http://www.zarahome.com)



**INTEGRATED IN ZARA**  
net sales (€ million)



**215**  
markets



**9.9 M**  
Social media  
followers



**169 M**  
Websites visits



# UTERQÜE

Uterqüe's commitment remains true to its contemporary and avant-garde aesthetics. Within this constant evolution and innovation, the brand has presented revealing collections such as **IN/OUT**, which changes the way of understanding the daily wardrobe through a concept that allows us to move from house to street without changing clothes. The fusion of fashion and cosmetics is also being promoted thanks to the partnership with cosmetic firm **Bobbi Brown**, which completes the brand's constantly original proposal through bags and leather vanity cases with the brand star products.

[www.uterque.com](http://www.uterque.com)



**75**

net sales (€ million)



**215**

markets



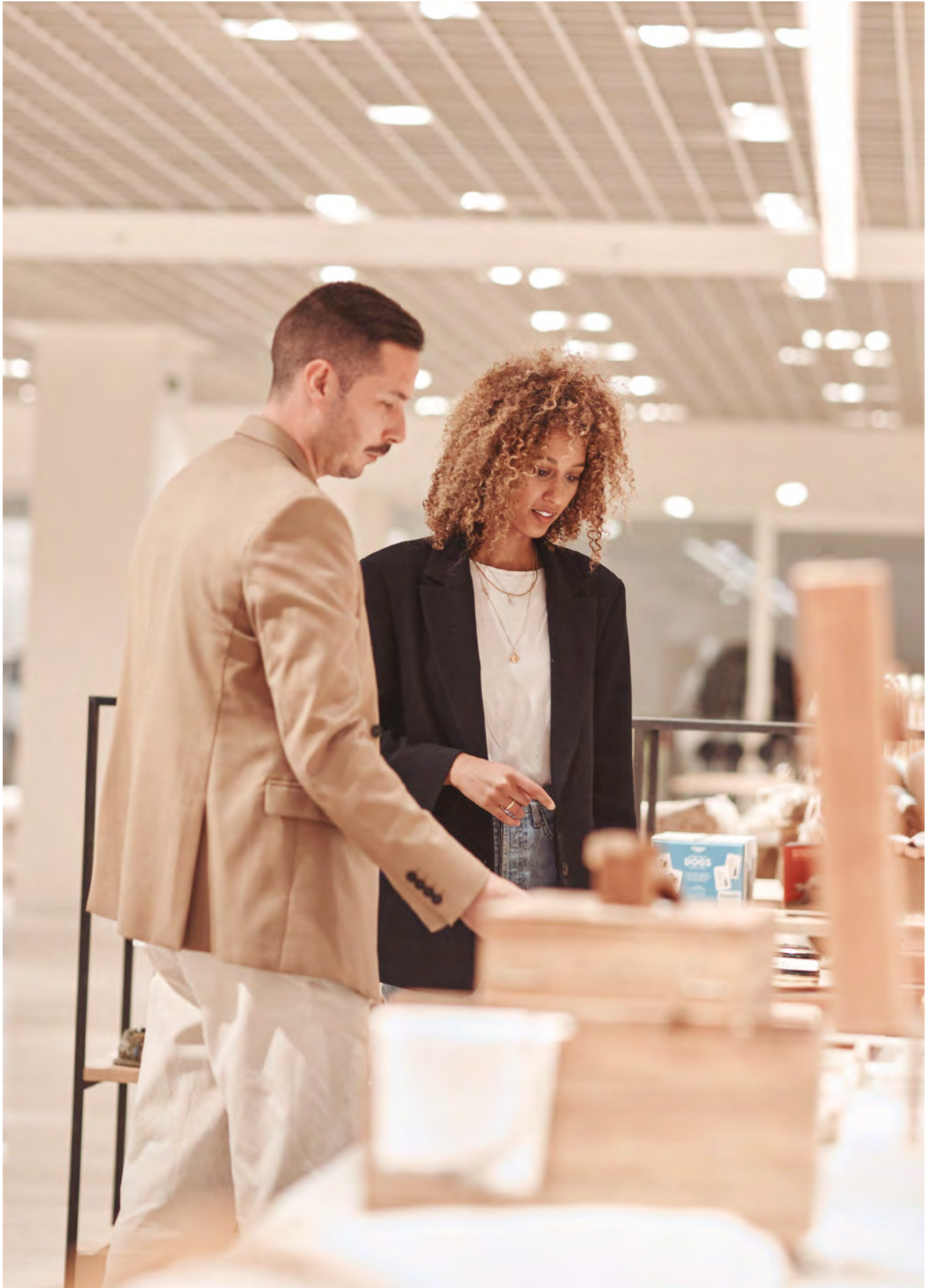
**1.1 M**

Social media  
followers



**30 M**

Websites visits



# Business model



# Sustainable business model

The Inditex business model, characterised by **integration, sustainability** and **innovation** in all phases of the value chain aims to meet our customers' expectations and offer them **quality fashion** with the highest standards of **sustainability and product health and safety**.

The execution of this business model, and the exercise of our activity as a Company in itself, are based on a series of **action principles** validated and endorsed by the Board of Directors of Inditex, as well as a series of **values** that define our corporate culture.

With them, and by virtue of the transparency and constant dialogue with our **stakeholders**, we work to promote **Human Rights**, the **Sustainable Development Goals** and, in a special way, the **creation of value** and the generation of **positive impact** on society.

ZARA PULL&BEAR Massimo Dutti Bershka Stradivarius OYSHO ZARA HOME UTERQUE


## Corporate values

- Flexibility
- Proactiveness
- Diversity
- Creativity
- Nonconformity
- Environmental Awareness
- Respect for Human Rights
- Contribution to Sustainable Development

## Guiding principles

- Human Rights Policy
- Diversity and Inclusion Policy
- Corporate Citizenship Policy
- Procurement Policy
- Tax Strategy Policy
- Sustainability Policy
- Compliance Policy
- Criminal Risk Prevention Policy
- Health and Safety Policy
- Sustainability Roadmap
- Code of Conduct for Manufacturers and Suppliers
- Code of Conduct and Responsible Practices

## Stakeholders

					
Customers	Employees	Suppliers	Community	Environment	Shareholders

**Customers**

Listening to our customers is the starting point of an essential activity to know what products they require and offer them at the right time and place. Only with the proper blending of these three elements (*listening – identification of needs – offer*) can the customer have the best purchasing experience.

**Value chain**

Our business model is characterised by the integration of all phases of the value chain, allowing quick decision-making and constant adaptation to operational reality. As a result, we manage the Company with a low level of inventory.

**Human Rights**

For the promotion and respect of Human Rights in all areas of our activity, Inditex has a strategy based on the Guiding Principles on Business and Human Rights.

**Contribution to Sustainable Development**

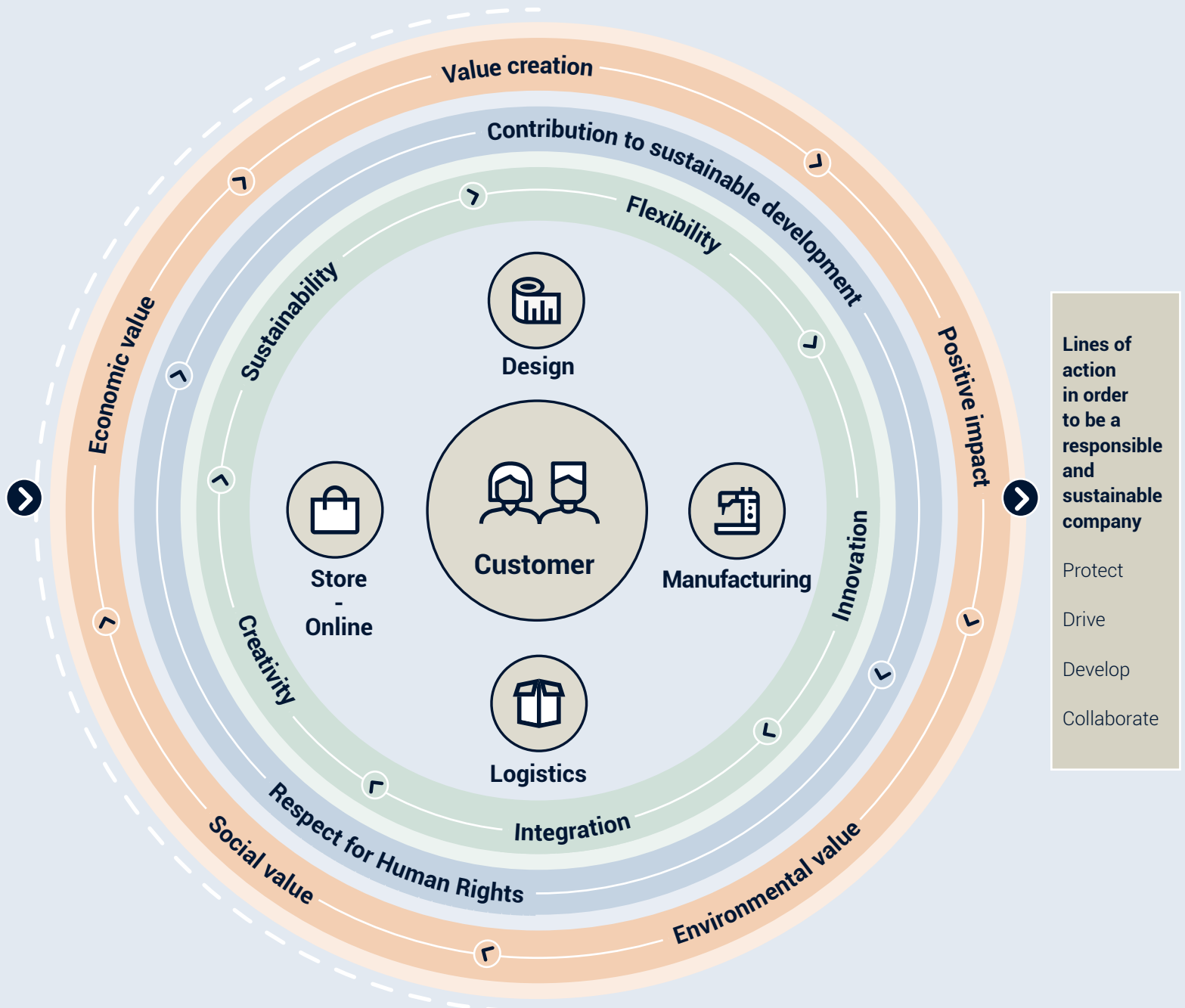
Our commitment to the Sustainable Development Goals of the 2030 Agenda is even more relevant in the current context. The SDGs will be fundamental in the recovery of the economy and society after the pandemic.

**Creating value**

At Inditex, our commitment to creating economic, social and environmental value for our stakeholders, generates a positive impact and contributes to the development of society and care for the planet.

**Positive impact**

We regard sustainability as a means to achieving a fairer society and in balance with the limits of the planet. A context where, as a responsible company, we move forward together with our stakeholders.



**Inditex is a global fashion, design, distribution and retail company** which aims to offer our customers fashion items (clothing, footwear, accessories and home textiles) that meet the most demanding design, safety, sustainability and quality standards, at affordable prices. This activity takes place within a framework of respect and transparency, with ongoing dialogue with our stakeholders, and in line with our commitment to human rights; with the ultimate aim of generating a positive impact on our customers, society, industry and environment.

Inditex Group (hereinafter, the "Group") is made up of **eight commercial formats**: Zara, Zara Home, Pull&Bear, Massimo Dutti, Bershka, Stradivarius, Oysho and Uterqüe. Each brand has its own distinct personality, style and design team, with an integrated and directly managed sales model across physical and online stores. We are present in more than **200 markets** on the five continents.

 More information on the markets where we operate in the *Consolidated directors' report of the 2020 Financial Statements*.

Our activities in the distribution and sale of fashion items are organised through an international group of companies, led by **Industria de Diseño Textil, S.A.** listed on Spain's four stock exchanges and which, together with its subsidiaries, forms Inditex Group. The corporate structure as of 31 January 2021 is set out in detail in Annex I of the Annual Report of Inditex Group's Consolidated Annual Accounts.

**People** are the key element of our business model: on the one hand, the customers who demand our products, and on the other, those who place their talents at the service of our customers: our workers. 144,116 people of 171 nationalities, working with the utmost commitment and inspired by the values that make up the Group's founding drivers: enthusiasm, entrepreneurial spirit, non-conformism, innovation, inclusion and humility.

The changing nature of fashion, together with our desire for continuous improvement, have led us to define a business model differentiated in our sector. From the outset, our main tool for identifying trends has been **listening** to our customers, which has also enabled us to identify emerging needs that we have gradually introduced in the form of new products, services, technologies or channels.

Over time, we have developed a unique business model characterised by flexibility, integration, sustainability, creativity and innovation. Key to our management is the ongoing, centralised analysis of information on business development. It allows for agile decision-making, with decisions adapted to the business reality, with the potential for ongoing adaptation to the operational reality, whether due to shifting trends or changes in the environment. Because we have an active presence at all stages of the value chain, including design, production,

logistics, stores and customers, we can ensure these ongoing changes are implemented globally.

This integrated business model gives us a unified view of our customers, and guarantees a uniform shopping experience, offered to them via the multiple touchpoints. Our strategy is based on **digitalisation** (including the adoption of new data acquisition and analysis capabilities), **differentiating our commercial space** (allowing us to integrate new technological tools), and **sustainability** (with the aim of contributing to the wellbeing of all our stakeholders) and has been key for our performance in 2020.

Due to the emergence of the pandemic and its social and economic consequences, the year 2020 posed a challenge in terms of constant adaptations. To confront this situation, our actions have been centred on protecting the health and well-being of our employees, customers, supply chain workers, and all the people who provide us (directly or indirectly) with the goods or services required for the business to operate, introducing preventive measures or the appropriate mitigation efforts, where necessary. The constant evolution of restrictions on mobility, opening hours, store capacity, etc., have required continuous efforts to update in all the markets in which we operate.

The **main initiatives** linked to protecting people in response to the global challenges arising from covid-19 are as follows, and are developed further throughout this Annual Report: protecting our people's health and safety; safeguarding permanent employment; protecting the workers in our supply chain; implementing measures in retail areas; drive an immediate response in communities and a sustainable recovery with actions such as logistical support or donations, among others.

In such an environment, the agility of our decision-making process and the **flexibility of our business model** have allowed us to operate normally. We have forged ahead with digitisation in recent years, with the implementation of RFID technology-based tools connected with our integrated stock management system (SINT), allowing strong sales growth through the online channel, with online orders processed using stock located in physical stores. The coordination of all the phases of our value chain also allows us to operate with low inventory levels and to minimise leftovers at the end of the season. This is, therefore, a clearly differentiating factor of our business model compared to the rest of the sector.

Similarly, we have played a very active role in managing our supply chain, promoting the **Covid-19: Action in the Global Garment Industry**, launched by the International Organisation of Employers (IOE), the International Trade Union Confederation (ITUC) and IndustriALL Global Union, and supported by the International Labour Organisation (ILO), to promote measures to protect suppliers and workers from the impact of the pandemic.



The flexibility and integration of our business model stems from our control over the various phases of the value chain:

### **a) Design**

The creative process starts with more than 700 designers across all our brands: a significant added value in the Inditex business model. They are part of the commercial

teams, who are responsible for in-depth analysis of our customers' preferences, and they represent the first level of the Company's commitment to sustainability, selecting the most suitable processes and materials for our products. These endeavours are embodied in our collections, that constantly incorporate new products over the course of the season; in the window displays; and in the digital content we published over the course of the financial year, unique in the fashion world. Our stores and online teams are in constant contact with our team of designers through the Product Management



*Our actions to confront the pandemic have centred on protecting the health and well-being of our employees, our customers, supply chain workers, and all the people involved in the running of our business.*

Department, and this combined with our capacity to react means we can capture customers' preferences at all times. The active work we do in searching out and promoting increasingly sustainable materials and production processes also contributes to raising quality standards and making progress on the circular economy model.

## b) Manufacturing and supply

Manufacturing and supply are based on socially responsible supply chain management that guarantees decent working conditions for all workers. Our supply chain has a global presence, organised across 12 clusters, although there is a significant emphasis on supply in the areas nearest to our design centres. This gives us the ability to adapt our commercial offering to any emerging shifts in trends and instantly tailor our garment production levels to actual demand, an aspect of our model that has been particularly key to 2020. It means we can minimise the production of surplus goods, thus contributing to responsible stock management in line with both our commercial objectives and especially our sustainability goals. In this vein we are continuing to innovate and use more hard-wearing, environmentally-friendly materials, develop more efficient production processes and share all this information in line with the best communication and transparency standards.

## c) Logistics and distribution

This stage is adapted to commercial decisions on an ongoing basis, a level of flexibility that has proven essential to our performance in the context of 2020. Each brand has its own centralised logistics centres where stock is held and dispatched to stores and online stockrooms all over the world. This efficient integration of our online/store operations throughout the storage, transport and distribution processes is possible thanks to tools including our proprietary inventory management system based on the radio frequency identification (RFID)

of each and every garment. This way, our customers will ultimately be able to make their decisions in their preferred environment - online or brick-and-mortar store - and enjoy an integrated shopping experience with ongoing technological innovations tailored to their needs.

## d) Online

Our shopping space, whether in-store or online, is characterised by our search for quality. Our brick-and-mortar spaces are dedicated to customers enjoying experiencing the best locations in the world's most prominent shopping streets, in carefully architecturally designed settings and with the right technology to ensure they receive the best customer service. The online environment for each of our brands seeks to extend this fashion experience to make it available at anytime and anywhere via mobile devices, with the added convenience of customers being able to choose to receive their products at the location most convenient for them. It is about removing the barriers between the physical and virtual worlds, and ensuring our designers' products reach both settings as efficiently as possible. Our digital integration process, which has been under development in recent years, has gained the most **momentum** in the historic moment we find ourselves in. This has only added to our determined commitment to technological innovation. This will undoubtedly entail innovative solutions that can be flexibly adapted to continuous changes.

The strengths of our **flexible, integrated and innovative model** give us a competitive edge in our analysis and response in the short, medium and long-term. This has become particularly clear in managing the business in a context defined by unprecedented uncertainty arising from the global health crisis. We have made ourselves available to institutions, and our logistics and distribution centres have contributed their purchasing expertise, searching for medical materials and protective equipment. We continue to **collaborate** with different national and international entities to support the communities we operate in and society in general: not only from a health



*Our digital integration process, which has been under development in recent years, has gained the most momentum in the historic moment we find ourselves in.*

perspective but also taking a holistic approach, on top of our commitment to sustainability, to drive a potential exit and address the socio-economic consequences of the outlook the pandemic has caused.

Ultimately, we have succeeded in **developing** a distinctive business model: a never-ending creative and productive circle, which must - now more than ever - tackle new challenges in responsibility and safety, to generate confidence and accompany our customers and workers on a **journey of hope and recovery**.

Our business model has been shaped by our objective of mitigating the risk stemming from operating in a sector characterised by the dynamic shifts in the trends our customers seek. This is why **risk management** is inherent to our business model, and directly addresses the precautionary principle throughout our value chain, the responsibility of which falls to each and every member of the Group. This precautionary approach with which the Group works across its entire business model allows it to manage the different risks identified during the planning of its operations and the development and marketing of new products. The development of our business is exposed to financial, geopolitical, technological, environmental, social and governance risks. Systematic identification, assessment, recording and monitoring processes have been established with the aim of ensuring the best possible management in our attempt to achieve our objectives, based on the tolerance levels established by Senior Management. Risk management is a continually evolving process: many threats are emerging, and we must try to anticipate their potential impact. Our Integrated Risk Management System, described in Section E of the Annual Corporate Governance Report, is issued by the Board of Directors and focuses on standards aimed at managing various scenarios.

In parallel, we have a **robust Compliance System** at Inditex, more specifically, a corporate governance structure that ensures compliance with the standards, recommendations and best practices in this area. Our **corporate governance system** is designed to promote the Company's proper, transparent and sustainable management. We can therefore achieve maximum

competitiveness and generate confidence amongst our shareholders, investors and all other stakeholders, with honesty and integrity at the core.

Whilst the crisis brought about by the pandemic may have restricted the functioning of our governing bodies, limiting the potential for physical meetings, we have overcome these issues by using technological tools to facilitate constant communication. Our board members have received regular updates on the development of the macroeconomic and social environment resulting from the global health crisis and its impact on the Group's activity, as well as the main risk indicators and the different contingency plans and measures put in place to minimise negative impacts.

Faced with the existence of specific measures restricting mobility in certain parts of Spain, our principal headquarters and market, the **Ordinary General Shareholders' Meeting** was held with shareholders attending physically and remotely for the first time in its history. We also implemented the necessary preventive measures to protect the health of all individuals involved in its organisation and that of our shareholders who chose to physically attend the meeting at our Arteixo headquarters.

The Annual Corporate Governance Report for the 2020 financial year, available on our corporate website, provides full and detailed information on the Company's structure and governance practices.



For more information, see section 1.6.3. *Good Corporate Governance*, from the 1.6. *Robust Compliance architecture* chapter of this Annual Report.