

5.6.

Collaborating to safeguard the planet

Related material topics: Stakeholder engagement; Innovation; Climate change; Environmental footprint minimisation; Protection of natural resources.



Our commitment to sustainability permeates all stages of the value chain. Reducing environmental impact and helping to build a more sustainable industry are fundamental objectives for our Group.

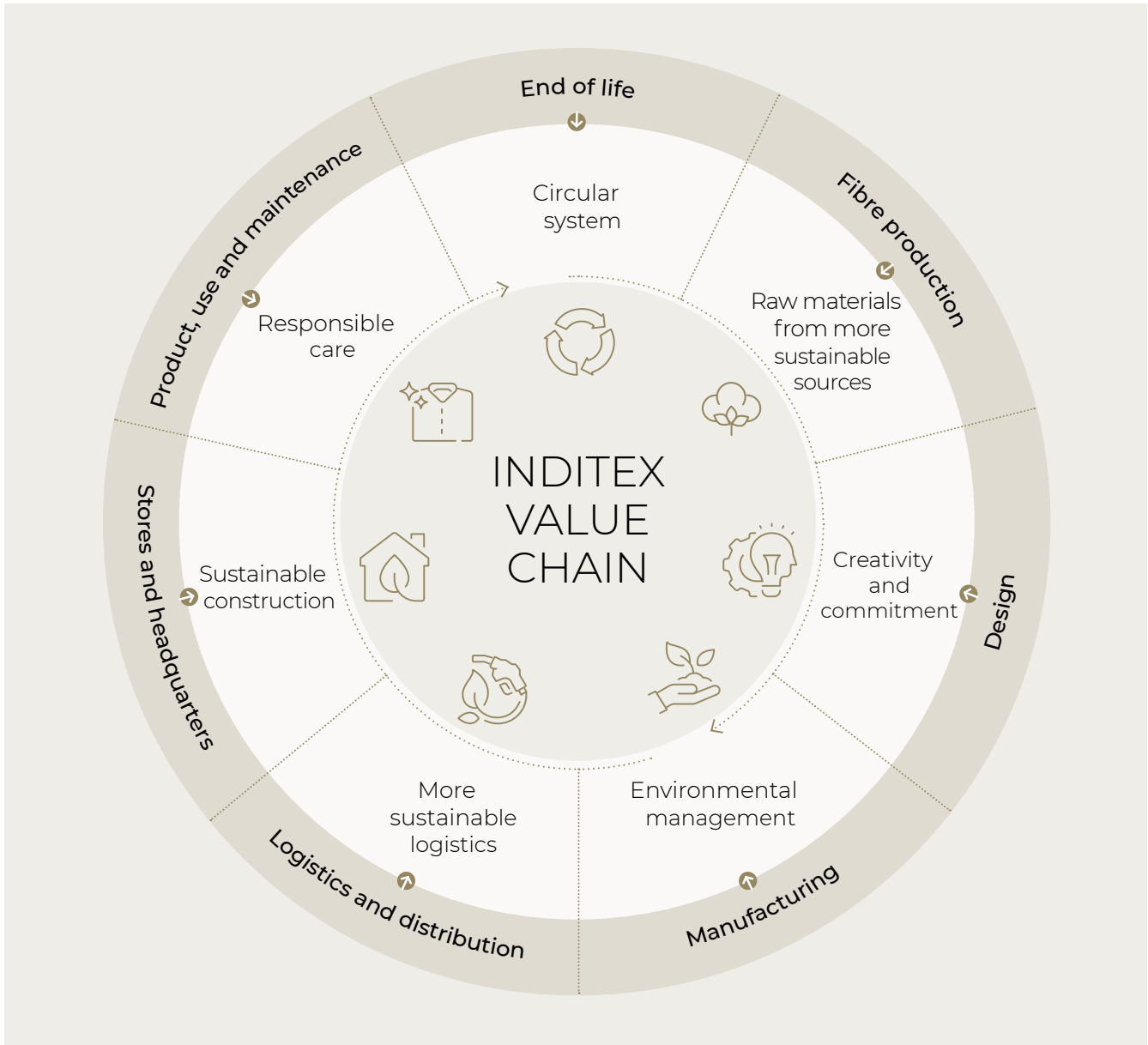
At Inditex we are committed to **caring for the planet, reducing pressure on resources and stopping climate change**. Within this framework of action, we apply a number of measures throughout the value chain to reduce the impact of water and energy consumption through efficient use of resources, protect biodiversity, promote circularity and thus progress towards decarbonisation. Hence, we contribute to the achievement of the Sustainable Development Goals and the Paris Climate Agreement's goal, and firmly pursuing efforts to limit global warming to 1.5°C in line with the latest evidence from the IPCC and the COP26.

2021 MILESTONE

New sustainability commitments

The Group approves new sustainability targets at its Annual General Meeting and brings forward its commitment to achieve net zero emissions by ten years to 2040. The pledges announced include:

- In 2022, 100% of the energy consumed at our own facilities will come from renewable sources.
- By 2025, water consumption throughout the supply chain will have been reduced by 25%.



The principles of environmental action at Inditex are provided in our Sustainability Policy⁸¹. Among these stand out the consideration of environmental variables in the planning and development of our activities and those of our partners and suppliers, promotion of environmental awareness; and compliance with applicable environmental legislation (as well as other obligations that may be established). The Policy also establishes as a fundamental principle the preservation of the environment through the implementation of continuous improvement actions in aspects such as emissions, consumption of resources, use of chemicals and waste management.

These principles are embodied in our three environmental strategies –Energy, Water and Biodiversity– as well as in the commitments to forest products, as set out in our Forest Product Policy.



FOR MORE INFORMATION
on our Forest Product Policy.

① More information in section 4.2. *Sustainability, the basis for transformation of this Report.*

FOREST PRODUCT POLICY



Guide for the selection and use of raw materials sourced from forests aimed at ensuring that they come from sustainably managed forests and with the commitment to protect primary and endangered forests.

81. Our Sustainability Policy replaces the previous Environmental Sustainability Policy, the amendment of which was approved by the Board of Directors on 14 December 2020.

ENVIRONMENTAL STRATEGIES



Global Energy Strategy

Guidelines for promoting sustainable energy practices.



Global Water Management Strategy

Guidelines and actions for promoting sustainable water management.



Biodiversity Strategy

Guidelines and actions for promoting the protection, conservation and development of biodiversity throughout the Inditex value chain.



FOR MORE INFORMATION
on our Global Energy Strategy.



FOR MORE INFORMATION
on our Global Water Management Strategy.



FOR MORE INFORMATION
on our Biodiversity Strategy.

These strategies are applied throughout our value chain. They are binding on all our facilities, on the design and manufacture of our products and, in short, on all our activities. In this regard, a more efficient use of resources is a constant that we apply to our products as well as to all of our operations.

The significance of sustainability in our business model has led us to undertake new commitments to add to our Sustainability Roadmap:

- Bringing forward by 10 years, to 2040, our goal of **net zero greenhouse gas (GHG) emissions**.
- Achieve in 2022 that 100% of the energy used at our own facilities comes from **renewable sources**.
- Reduce **water consumption** in the supply chain by 25% in 2025.

These goals evidence our commitment to advancing towards a low-carbon economy. This has been a clear aim at Inditex since we began developing our environmental sustainability strategy, but it has notably accelerated in recent years.

An example of this is the milestone approval in August 2020 of our **science-based targets** (SBTs) by the Science-Based Targets initiative (SBTi):

- A 90% reduction in our Scope 1 and 2 emissions by 2030 compared to 2018.
- A 20% reduction in our Scope 3 emissions (in the purchased goods and services category), by 2030 compared to 2018.

In the process of defining our SBTs we worked with a number of experts, industry organisations and the SBTi initiative itself in order to model our reduction scenarios. This complex process culminated not only in their validation by SBTi, but also in

the organisation describing them as “ambitious”, as the proposed reductions are more stringent than the most ambitious emission reduction pathways available at the time.

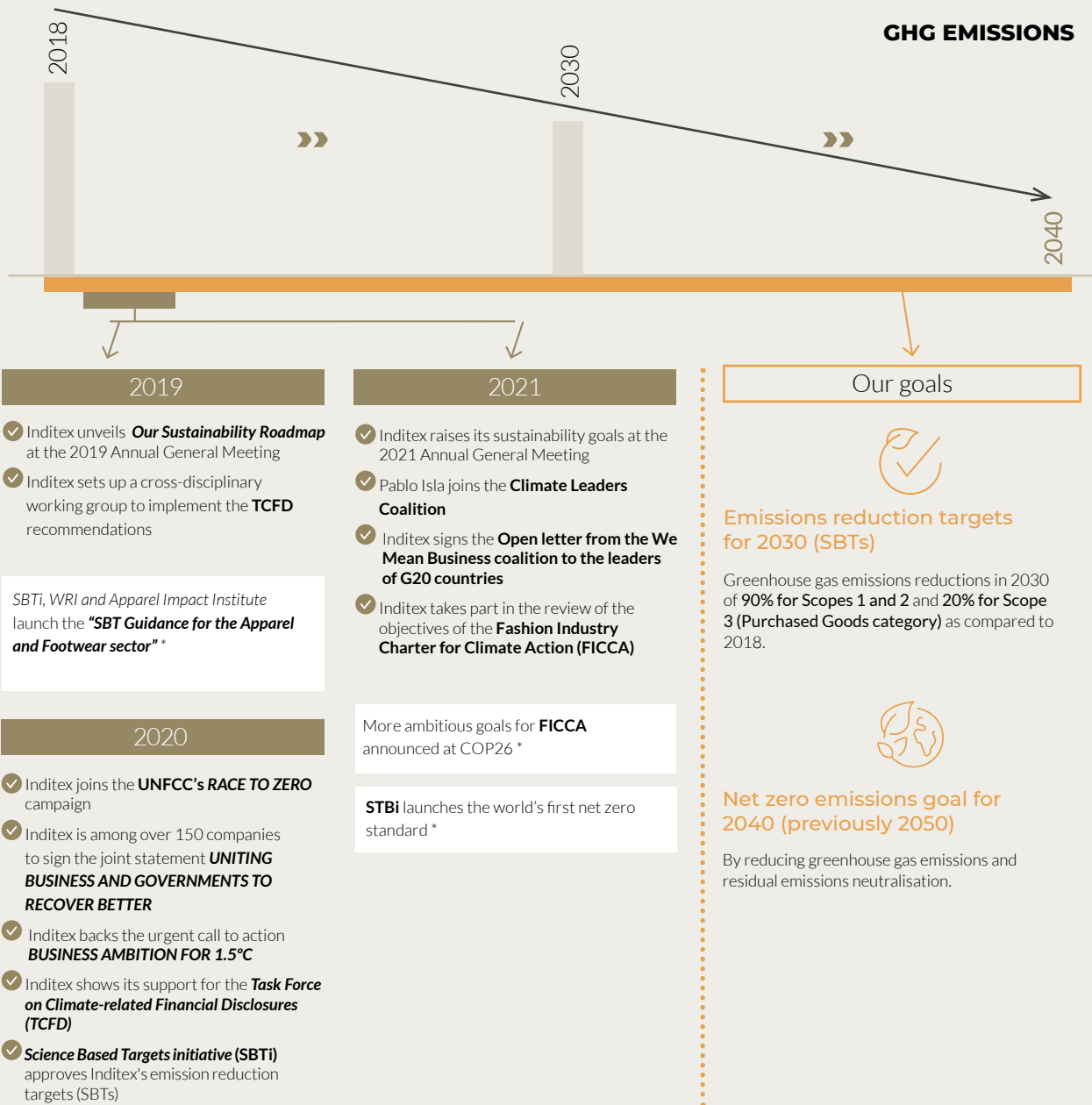
We are also committed to using more sustainable raw materials, to the circularity of our products and to efficiency in our activities and those of our suppliers and manufacturers, all of which are key to attaining our decarbonisation targets.

More information in section 5.4. Collaborating to transform through sustainable management of our products of this Report.

We are aware of how rapidly environmental challenges and opportunities evolve, and in particular those related to decarbonisation. Furthermore, we want to play an active part in the necessary change that need to be made in order to make progress in this area. Our reduction targets and scenarios are therefore regularly reviewed to ensure that they are consistent with our own internal ambition, the expectations of our stakeholders and the latest scientific evidence.



OUR APPROACH TO DECARBONISATION



* External actions

In addition, we continue to work on the integration of the recommendations of the Task Force on Climate-Related Financial Disclosures (TCFD). We analyse future climate scenarios and the associated risks and opportunities to pursue a decarbonisation strat-

egy that is in line with science, resilient and competitive in the short, medium and long term.

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

To fulfil our commitments, it is essential to extend the culture of sustainability to all of **our teams**. In 2021, we continued to provide environmental sustainability training to teams at our headquarters, logistics centres, own factories and stores. Training was conducted both in Spain and in the markets where we have a commercial presence, such as China, Turkey, India, Mexico, Germany, Argentina, Brazil, Bangladesh, Australia and France, among others. More than **14,000 employees** have received training on environmental sustainability in 2021.

① More information in section 5.4. *Collaborating to transform through sustainable management of our products of this Report.*



Commitment to external initiatives

We believe that cooperation with other companies and organisations is necessary to address common challenges facing not only our industry, but also society as a whole, such as climate change and the preservation of natural resources, among others. Our aim is to join forces to change the current paradigm and align ourselves with **shared goals and commitments**. That is why we have joined several collaboration initiatives.

In this regard, in May 2021 the Inditex's Executive Chairman, Pablo Isla, joined the Alliance of CEO Climate Leaders, a global community of chief executives from different economic sectors and geographic areas. The purpose of the partnership, which is part of the World Economic Forum, is to ramp up commitment to sustainability and facilitate the transition to a net-zero emissions economy.

Main external initiatives

We mean business coalition

This initiative, involving 778 companies, is aimed at accelerating action to fight climate change. The organisation proposes to halve emissions by 2030 and reach net zero by 2050 at the latest, end carbon energy financing, align public finances with the goal of limiting the global temperature rise to 1.5°C,

and strengthen adaptation and resilience measures. In the last quarter of 2021, the coalition urged more ambitious measures from the leaders of the world's major economies, meeting at the G20 summit in Rome, and from the countries participating in COP26 in Glasgow.

Race To Zero

Campaign under the umbrella of the United Nations Framework Convention on Climate Change (UNFCCC) aimed at driving the change to a decarbonised economy. It is the largest partnership in history committed to achieving net zero carbon emissions by 2050, at the very latest.

Business ambition for 1.5°C by the United Nations

Urgent call to action by a global coalition of UN agencies and business and industry leaders, in partnership with the Race to Zero initiative. Its aim is for companies to set science-based emission reduction targets that follow the 1.5°C pathway.

The fashion industry charter for climate action

We are signatories of the Fashion Industry Charter fostered by United Nations Climate Change. In 2021 we took part in the review of this partnership's decarbonisation targets to make them more ambitious and consistent with the latest scientific evidence. The new goals were unveiled at COP26 in Glasgow.

Uniting business and governments to recover better by the United Nations

Declaration signed by more than 150 companies that collaborate with SBTi, including Inditex, to urge governments worldwide to align their recovery efforts to combat the crisis caused by covid-19 and work on economic aid in relation to the latest climate science.

Partnership for sustainable economic recovery (*Alianza por una recuperación económica sostenible*)

Promoted by *Ecodes* and *Grupo Español de Crecimiento Verde*, among others, the objective of this partnership is to defend the effectiveness of stimulus policies from an economic and social point of view, and their alignment with sustainability and biodiversity policies.

The Fashion Pact

Inditex is a founding member of The Fashion Pact, an agreement between leading textile and fashion companies to promote environmental sustainability in the sector. Its main lines of action are aimed at stopping climate change, caring for the oceans and conserving biodiversity.

Carbon disclosure project (CDP)

We are participants in CDP, a non-profit organisation that created a global environmental impact disclosure system for investors, companies, cities, states and regions. In 2021, Inditex obtained a score of A- in its climate change programme.

Sustainable Apparel Coalition (SAC)

We are active members of the SAC, a coalition of stakeholders in the textile industry with the goal of developing common sustainability tools that evaluate the performance of brands, retailers, manufacturers and products. Driven by our involvement in the SAC, we are also working with The Policy Hub to accelerate the circular transformation of the sector.

MIT Climate and Sustainability Consortium (MCSC)

The MIT Climate & Sustainability Consortium (MCSC) brings together global leaders from vari-

ous industrial sectors to accelerate the necessary transition to reduce greenhouse gas emissions and use resources sustainably. The MCSC is fuelled by a range of perspectives regarding the climate, sustainability and climate justice. This unlocks new opportunities for collaboration that extend and broaden MIT's current endeavours, while empowering the industry to adapt and thrive in a decarbonised economy and world.

In 2021, within the framework of the MCSC, a number of opportunities for concerted action by members were identified through a series of workshops. As a result, the following key areas for collaboration were established: decarbonising freight transport, improving value chain resilience, reducing carbon capture risk, enhancing natural carbon sinks and boosting materials' circularity, along with two cross-cutting topics, namely data availability and the social dimensions of climate and sustainability solutions.

There was also significant engagement by the MIT community through the Consortium, harnessing MCSC financing in MIT's Undergraduate Research Opportunities Program (UROP). In November 2021, the first annual MCSC symposium was held at MIT and online, using a hybrid formula. This was a chance to involve the MIT community, MCSC member companies and other enterprises in the Consortium's work. In the future, the Consortium will continue to work on the initial key themes, as well as organising workshops and events and improving educational opportunities.

[More information in section 4.4.2. Partnerships of this Report.](#)

MINIMISING ENVIRONMENTAL IMPACT IN THE SUPPLY CHAIN



Commitment to external initiatives

→ To fulfil our environmental commitments, we implement ongoing improvement measures and we also adhere to external initiatives that enable us to share best practices and align ourselves with more ambitious goals.



Decarbonisation and energy management



Water management



Biodiversity

→ Our environmental management encompasses three broad areas (energy, water and biodiversity) on which the strategies deriving from our Sustainability Policy focus. In each sphere we strive to monitor our impacts, implementing initiatives to minimise those impacts and identify opportunities to generate positive effects, not only in our own operations, but also throughout our value chain.

5.6.1. Our approach to decarbonisation and energy management

GRI 103-2; 103-3; 302-1; 302-2; 302-3; 302-4; 302-5; 305-1; 305-2; 305-3; 305-4; 305-5; 305-6; AF5; AF21; 308-2 AND 304-2

2021 MILESTONE

In 2021, **91%** of energy consumption at our own facilities (headquarters, logistics centres, factories and stores) came from renewable sources.

In order to progress towards our decarbonisation commitments, we are implementing actions based on reducing emissions, including increased efficiency in

energy and resource use, as well as a strong drive for the use of renewable energies.

In the long term, focusing on our goal to be **net-zero emissions by 2040**, we are taking a holistic approach that includes improvements throughout our entire value chain, from our headquarters and stores, to the design of our products and their use and end of life.

In 2021, this commitment materialised in the form of progress in two areas of action that we consider to be key: reducing greenhouse gas emissions and increasing the use of renewable energy.

Inditex's Global Energy Strategy constitutes one of the main pillars of our commitment to sustainability and decarbonisation. Its purpose is to promote the rational and efficient use of energy throughout the value chain. At the same time, we propose to reduce greenhouse gas emissions and help mitigate their effects.

DECARBONISATION AND ENERGY MANAGEMENT



Internal framework



Global Energy Strategy

- One of the cornerstones of the corporate commitment to environmental sustainability.
- It seeks to foster the rational and efficient use of energy throughout the entire value chain, so as to reduce GHG emissions and mitigate the risks associated with climate change.



Monitoring of consumption and associated emissions

- ✓ Monitoring of energy consumption (electricity, natural gas, gas oil, etc.) and the associated emissions at corporate headquarters, own factories, logistics centres and own stores.
- ✓ Downward trend in consumption in absolute and relative terms.



Sustainable consumption alternative

- ✓ Strong commitment to renewable energies, through the generation and purchase of energy from renewable sources.
- ✓ Upward trend in the percentage of energy from renewable sources.
- ✓ Generation of renewable energy through solar photovoltaic panels, wind, geothermal and solar thermal sources.



Energy management initiatives

- ✓ Internal corporate framework: Environmental Management System and Risk Management and Control Policy.
- ✓ Efficiency and certifications in own logistics centres, own factories and headquarters.
- ✓ Efficiency in points of sale.
- ✓ Efficiency in transport and distribution.
- ✓ Efficiency in raw materials and production processes.

5.6.1.1. Energy consumption

Global energy consumption, including our headquarters, own factories, own logistics centres and own stores consumption in 2021 amounted to 1,756,210 MWh^{82 83}. This represents a decrease of 14% in relative energy consumption per square meter compared to 2018, emphasizing the energy efficiency efforts promoted by the Group.

Global energy consumption⁸⁴

Year	Global energy consumption (MWh)	Relative energy consumption (kWh/m ²)	Relative energy consumption (Wh/€)
2018	1,969,127	262	75
2019	1,892,947	237	67
2020	1,270,704	165	62
2021	1,756,210	225	63

Global energy consumption by type (MWh):

Year	Electricity	Natural Gas	Other fuels
2018	1,865,074	103,724	329
2019	1,807,556	84,627	764
2020	1,206,543	63,905	256
2021	1,678,957	72,050	5,203

5.6.1.2. Strong commitment to renewable energies

The generation and acquisition of energy from renewable sources is a core pillar of the architecture of our business model. To maintain and strengthen this commitment to the use of clean energy, at the last Annual General Meeting, Inditex announced the commitment to **use only energy from renewable sources** in all our facilities in 2022. In 2021, we have made progress in this goal and our renewable energy use now accounts for **91%** of the total, compared with 81% in the previous year.

Within the framework of our commitment, among other measures we have invested in generating renewable energy at our own operating centres.

Where technically viable, we use our own solar thermal, solar photovoltaic or wind energy, as well as facilities to harness geothermal energy.

In 2021, we consumed 1,593,547 MWh of renewable energy in our own facilities located in 44 markets, excluding which has been self-generated. As a result, we avoided **493,723 tonnes⁸⁵** of greenhouse gas emissions, an 113% more than in 2018 (978,266 MWh consumed and 265,041 tonnes of GHG emissions avoided, 1,144,020 MWh and 295,566 tonnes, and 837,626 MWh and 231,818 tonnes in 2020, 2019 and 2018, respectively).

82. The electricity consumption in stores has been calculated on the basis of actual billing data. For those stores or time periods for which we do not have information available, it has been estimated considering average consumption.

83. This indicator includes all energy consumed at our Group's own factories, headquarters, own logistics centres, own stores and own vehicles. Electricity and natural gas consumption for December 2021 and January 2022 has been estimated for some centres.

84. This indicator includes all energy consumed at our Group's own factories, own headquarters, logistics centres, own stores and own vehicles. Electricity and natural gas consumption for December 2021 and January 2022 has been estimated for some centres.

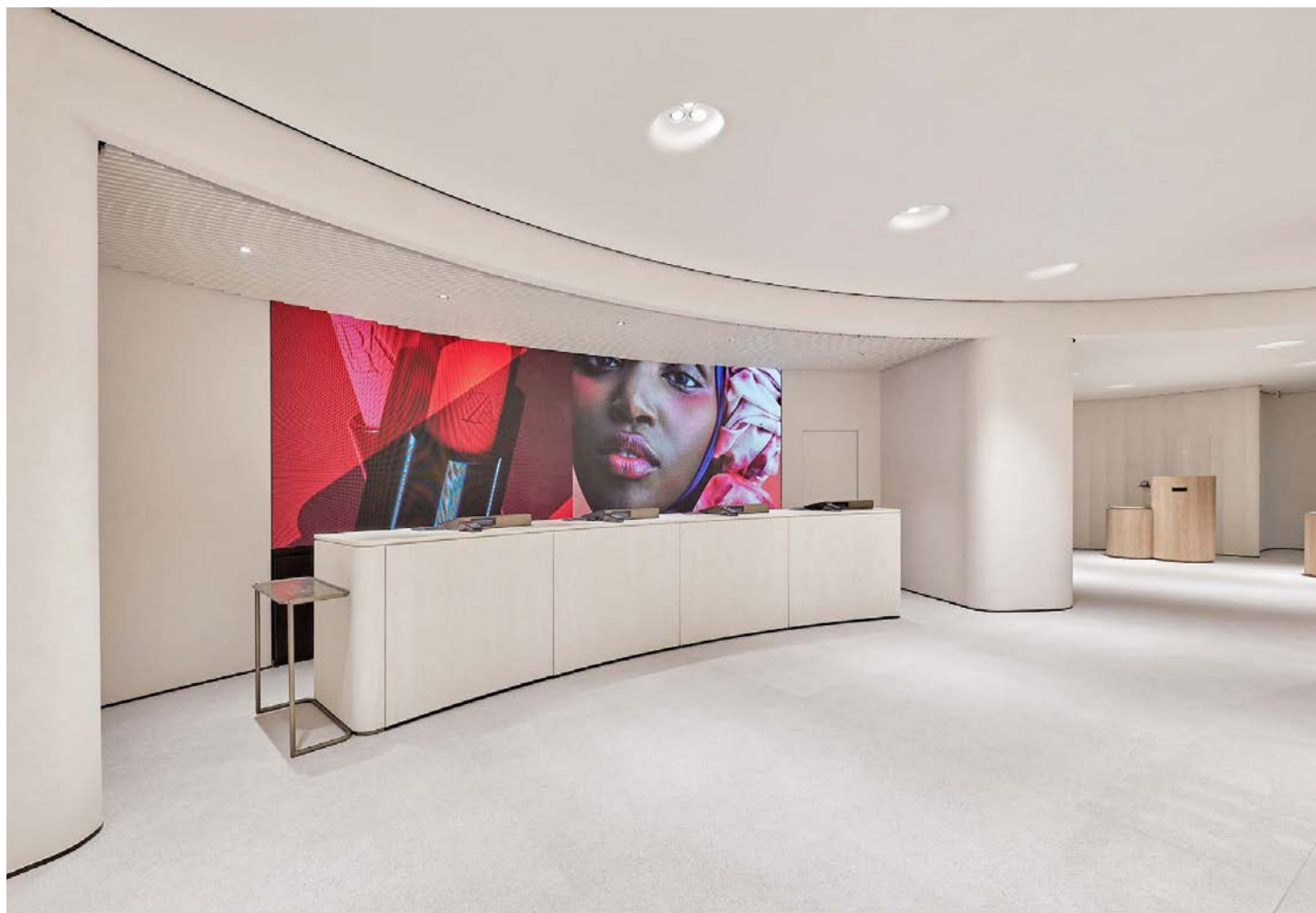
85. Due to the updating of the emission factors, the historical scope 1 and 2 data have been recalculated using the factors of the International Energy Agency, 2021 (scope 2) and the DEFRA factors, 2021 (scope 1). More information on the methodology in section 6.1.3. *Indicators for managing the environmental impact of this Report*.

Percentage of energy coming from renewable sources⁸⁶

Year	% of energy coming from renewable sources
2018	45%
2019	63%
2020	81%
2021	91%

At year-end, we have several active plants with photovoltaic panels and a wind turbine that generated 5,920 MWh of electricity (1,373 MWh, 811 MWh and 575 MWh in 2020, 2019 and 2018), i.e. 331% more than in 2020, and with the following installed capacities: 3 MW in Lelystad, 1 MW in the employee car park at our Arteixo Central Services facilities, 850 kW windmill in Arteixo Central Services facilities, 100 kW in the Arteixo Technology Building, 200 kW for the headquarters of Zara.com and Zara Man 30 kW in Tempe 1 centre, 200 kW in Tempe 3 centre, 200 kW in the Tempe 3S centre and 100 kW in the Laracha fabric warehouse.

At some of our facilities we also have a co-generation plant, which enable the simultaneous production of heat and energy using low-carbon fuel. In 2021, these plants generated 8,852 MWh of electricity and 10,051 MWh of thermal energy (4,334 MWh of electricity and 6,679 MWh of thermal energy, 7,785 MWh of electricity and 11,002 MWh of thermal energy and 17,317 MWh of electricity and 16,634 MWh of thermal energy in 2020, 2019 and 2018, respectively). In addition, 653 MWh of thermal energy was generated by geothermal facilities and solar panels during the year (633 MWh, 577 MWh and 329 MWh in 2020, 2019 and 2018, respectively).



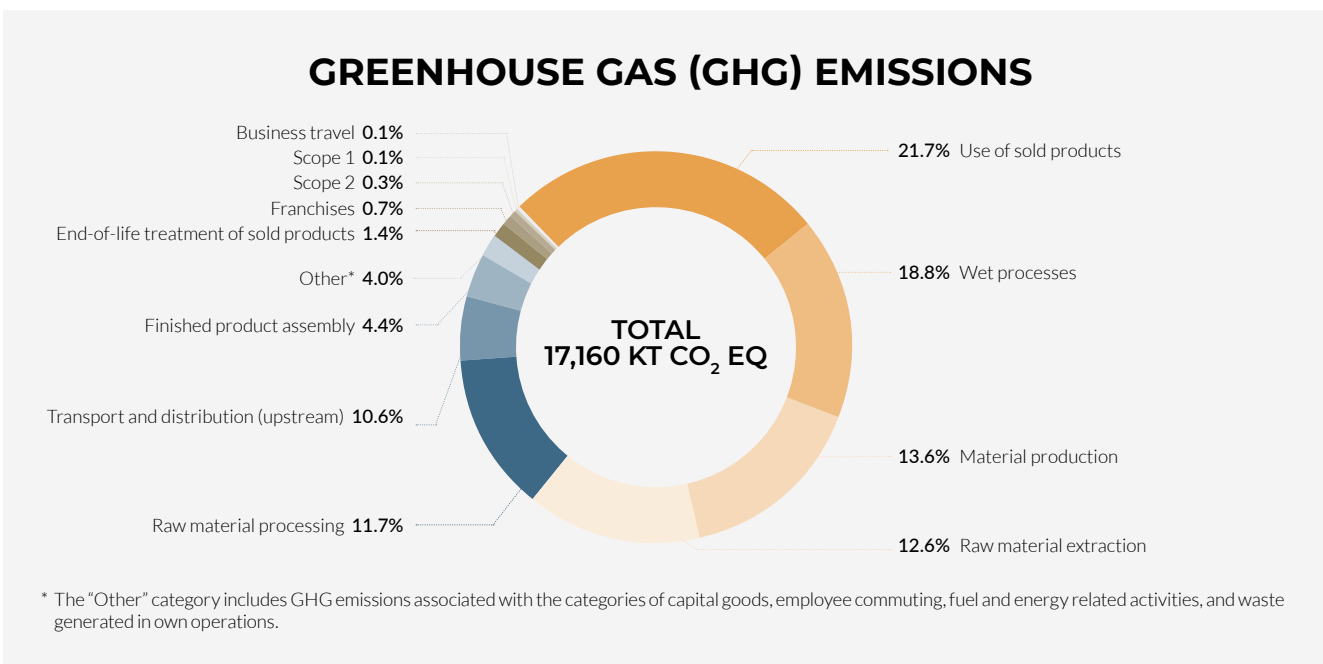
86. In the case of renewable energy certificates, the period for the data is the calendar year, instead of the fiscal year (period of this statement).

5.6.1.3. Greenhouse gas emissions

As a result of the progress made in energy efficiency and the use of renewable energies, we achieved a reduction of **86%** per square meter in Scope 1 and 2 emissions compared to 2018.

Scope 1 and 2 GHG emissions (tnCO₂eq):⁸⁷

Financial year	Scope 1	Scope 2 ⁸⁸	Kg CO ₂ eq per m ²	gr CO ₂ eq per €
2018	19,172	419,448	58	17
2019	15,804	293,981	39	11
2020	11,859	98,676	14	5
2021	14,575	47,770	8	2



Scope 1 emissions: direct emissions related to sources under the direct control of the Inditex Group (combustion in boilers, own vehicles, etc.).

Scope 2 emissions: indirect emissions related to the generation of electricity acquired and consumed.

Scope 3 emissions: include other indirect emissions linked to the supply chain of goods and services produced, distributed and marketed outside the organisation. For greater transparency, the "Purchased goods and services" category (according to the GHG Protocol) is subdivided into the following categories: raw material extraction, raw material processing, material production, wet processes and final product assembly.

Scope 3 also includes emissions linked to the transportation of the products we market. In 2021, the emissions associated with Upstream Inbound transport and Upstream Outbound transport were equivalent to an energy consumption of 3,357,983 MWh and 3,953,264 MWh, respectively (2,802,639 MWh and 3,218,377 MWh in 2020; 3,431,069 MWh and 4,306,576 MWh in 2019, respectively). Electricity consumption in franchised stores amounted to 242,439 MWh and business travel consumption was 63,839 MWh (150,114 MWh and 18,488 MWh in 2020 and 226,520 MWh and 218,274 MWh in 2019, respectively). Comparison with figures for 2020 is strongly affected by the closure of our stores and headquarters in that year and the increase in remote working as a result of the covid-19.

More information in section 6.1.3. Environmental impact management indicators of this Report.

87. Due to updates of the emission factors, the historical scopes 1 and 2 data have been recalculated using the emission factors of the International Energy Agency, 2021 (scope 2) and the DEFRA factors, 2021 (scope 1). More information on the methodology in section 6.1.3. Indicators for managing the environmental impact of this Report.
 88. The scope 2 data are calculated according to the market-based method following the GHG Protocol guidance for the calculation of scope 2, World Resources Institute (WRI), 2015. More information on the location-based scope 2 emissions following the GHG Protocol guidance in section 5.10.4. Climate change: risks and opportunities of this Report.

5.6.1.4. Energy Management

a. Environmental Management System

Efficiency is a priority at all the Group's facilities. Our Environmental Management System (EMS) is a core pillar of our commitment to using renewable energy and circular management models. Certified to ISO 14001 standard, the EMS is **implemented in 100% of the Group's headquarters, logistics centres, and own factories**. Inditex has a team of 27 people to prevent environmental risks linked to these facilities, and to monitor and assess the proper implementation of the EMS.

In 2021, 2020, 2019 and 2018, no significant penalties or fines were imposed for breaches of environmental regulations. Moreover, the Group does not have facilities in protected areas.

b. Risk Management and Control Policy

Inditex's Risk Management and Control Policy, which has been in force since 2015 and was last modified in 2020, affects the entire Group and forms the foundation of an Integrated Risk Management System. It establishes the basic principles, key factors and general framework for action to manage and control risks affecting the Group, including climate risks.

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

Bearing our business activity in mind, the Group has no liabilities, expenses, assets, provisions or contingencies of an environmental nature that could play a significant role in terms of the net assets, the financial situation and results of the Company. For this reason, such specific breakdowns are not included in this Report.

c. Efficiency in corporate headquarters, own logistics centres and own factories

At Inditex we have a culture of environmental efficiency; in other words, we apply production processes that enable us to **control the consumption of resources** and take measures to reduce that consumption so as to mitigate the impact thereof. To ensure this is properly developed in our facilities, we make the necessary investments in all our headquarters and platforms in compliance with our Instruction for Proper Environmental Management, and we promote best practices in the day-to-day work of our employees.

The design of the construction of our headquarters is based on **bioclimatic criteria**. For example, by encouraging the installation of photovoltaic panels to optimise energy consumption and ensure they are from renewable sources, using rainwater for non-drinking purposes or having a self-regulating lighting system depending on the outdoor light conditions.



Electric energy consumption at headquarters , own logistics centres and own factories

Financial year	Total electricity consumption (MWh)	Relative electricity consumption (kWh/m ²)	Relative electricity consumption (Wh/€)
2018	159,434	50	6
2019	175,308	49	6
2020	163,897	46	8
2021	175,217	48	6

LEED Certifications⁸⁹ in distribution centres and headquarters

As part of our strong commitment to sustainability, we also strive to ensure that our facilities meet the highest standards of sustainable construction. Consequently, since 2009 we have certified our most emblematic spaces in accordance with the most prestigious standards in sustainable construction, such as the LEED certifications developed by the US Green Building Council.

One example of this policy is the certification in 2021 of our logistics connection hub in Lelystad (Netherlands). Also noteworthy is Inditex's Data Processing Centre, located at the Group's headquarters in Arteixo (A Coruña, Spain), which in addition to being LEED Platinum certified by the US Green Building Council, is also certified to the international ISO 50001 standard, which endorses its efficient and sustainable energy management. Accordingly, 100% of its energy consumption is from renewable sources.

LEED CERTIFICATION IN DISTRIBUTION CENTRES AND HEADQUARTERS

1 certification

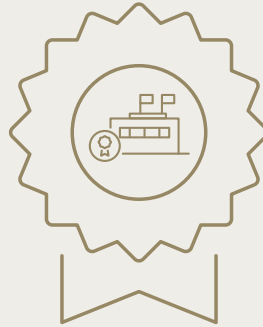
LEED Platinum

- Inditex Data Processing Centre in Arteixo

1 certification

LEED CI Certification

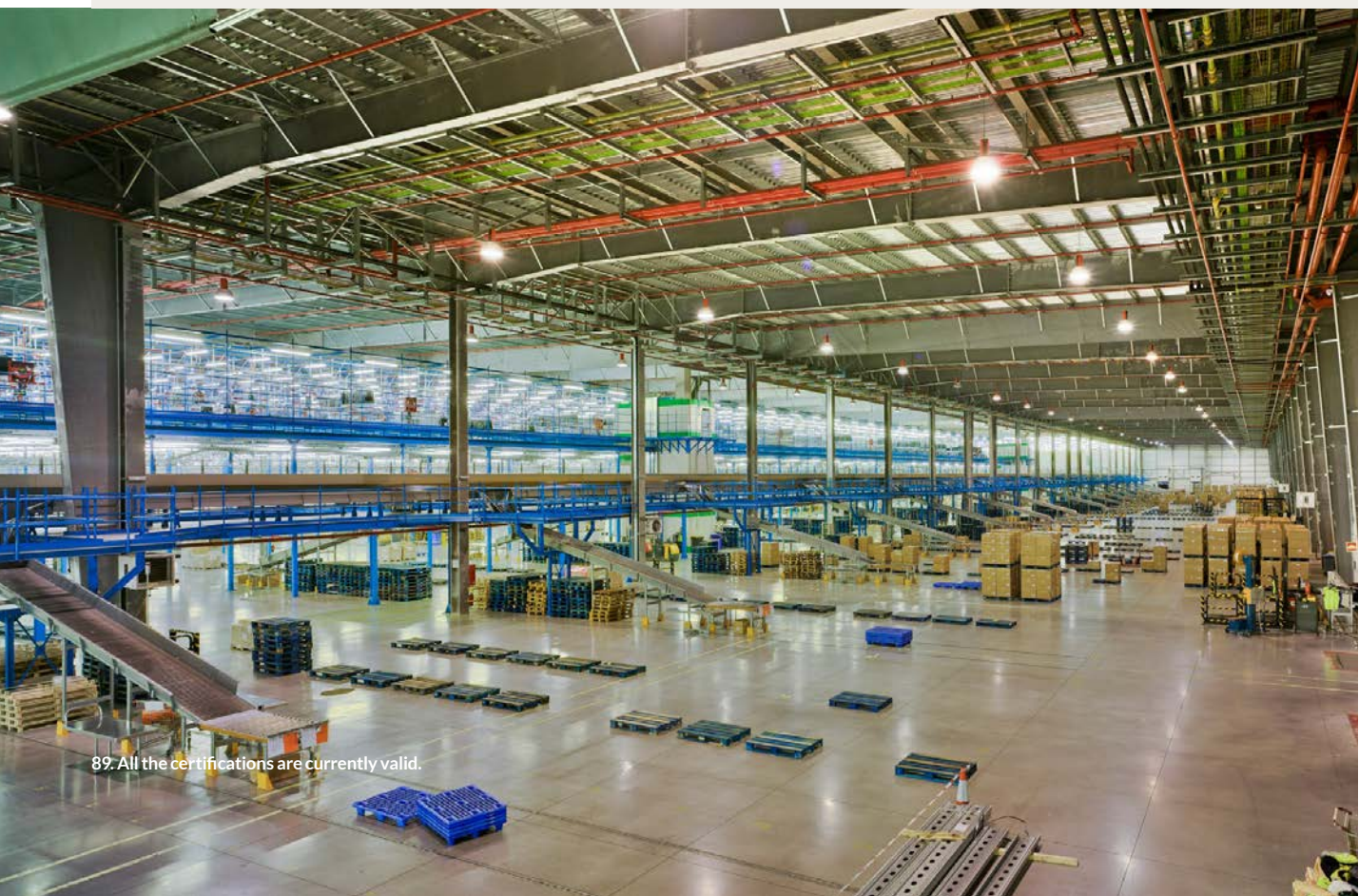
- Inditex Group's Central Services facilities in Arteixo (phases I, II, III)



10 certifications

LEED Gold

- New headquarters of the Inditex Group's Central Services in Arteixo
- Zara Logistics Offices
- Zara Logistics Canteen
- Pull&Bear Headquarters
- Cabanillas Logistics Platform
- Massimo Dutti Headquarters
- Massimo Dutti Logistics Centre
- Oysho Headquarters
- Stradivarius Headquarters
- Lelystad Logistics Connection Point



⁸⁹. All the certifications are currently valid.

d. Efficiency and sustainability in our stores

Energy efficiency and the application of best practices in the area of environmental sustainability is a priority for Inditex in both the design and the day-to-day running of its stores. To achieve this goal, we put in place a number of projects to help make our stores spaces in which sustainability is **fully integrated**, from the facilities themselves to the products and the interaction with our customers.

In this regard we are constantly reviewing our standards to guarantee that they are in line with cutting-edge practices and implementing new programmes to advance on the path of continuous improvement and sustainability in our stores.

One step further in our commitment to sustainability at our own stores network is the connection with the central platform *Inergy*, which supervises and optimises energy consumption, boosts efficiency and reduces the environmental impact. At the end of 2021, 66% of our own stores were connected to the platform. Estimated electricity consumption at our own stores amounted to 1,503,739 MWh in 2021, compared with 1,632,248 MWh in 2019 (the comparison with 2020 is not meaningful because of the impact of covid-19).



Electricity consumption at our stores:

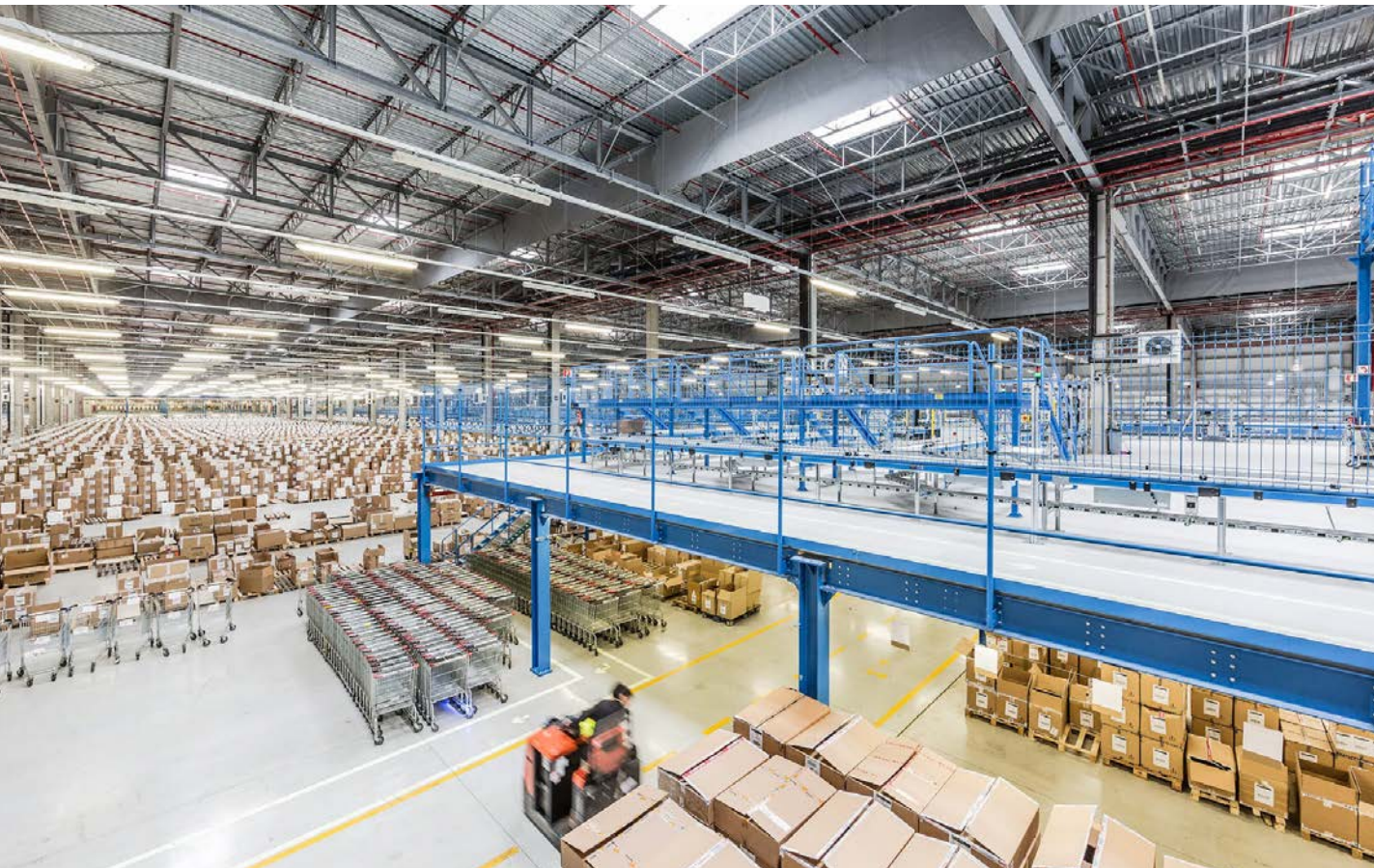
Financial year	Global electricity consumption in stores (MWh)	Relative electricity consumption in stores (kWh/m ²)	Relative electricity consumption in stores (Wh/€)
2018	1,705,639	394	65
2019	1,632,248	371	58
2020	1,042,646	252	51
2021	1,503,739	363	54

Further evidence of our commitment to sustainable construction is the certification of our stores in accordance with prestigious international standards such as LEED and BREEAM⁹⁰. We currently have 9 LEED Platinum certifications, 27 LEED Gold certifications and 1 BREEAM certification.

Moreover, technologies that increase the energy performance of our servers by using more efficient power sources and better heat dissipation systems are being used.

The efficiency policy is not limited to physical stores alone, but also extends to the digital universe. The website of Zara, our most emblematic brand, is hosted at our own data centres and on external servers, and 100% of the energy consumed in our online stores and at our Data Processing Centre and external servers is from renewable sources.

90. All the certifications are currently valid.



e. Efficiency in transport and distribution

In line with our aim to optimise the use of resources—and therefore reduce the emissions associated with all our processes— distribution is a very relevant area of our Environmental Management System, as we maintain a delivery frequency of twice a week from our logistics centres to the stores.

In this respect, in order to improve the efficiency of our distribution and logistics operations and reduce the indirect scope 3 emissions derived from them, we are working on our own improvement projects as well as on various initiatives and collaborations:

Our own projects

- **Load optimisation.** We analyse the best way to box-pack trucks by developing new protocols that optimise, review and adjust the load proposals. Furthermore, we leverage the flows along the routes servicing the European stores and avoid empty return truck runs, using these trucks for cargo returns to Spain. In 2021 4,565 trucks were counted in these return flows, saving 7.9 millions of kilometres and their associated emissions.
- **Packaging-related initiatives.** We work with other areas of the Group to optimise packaging for trans-

port and distribution, applying our Green to Pack reference standard and thus contributing to load consolidation and related emission reductions.

- **High-capacity vehicles.** By increasing the load volume of a vehicle—as is the case in giga-trailers and duo-trailers— and minimising the number of trucks on the road, we reduce CO₂ emissions. In 2021, more than 2 millions of kilometres were covered using this mode of transport.
- **Liquefied Natural Gas (LNG) trailer.** We also use high-capacity vehicles that run on Liquefied Natural Gas. In 2021, more than 449 thousand kilometres were covered using this kind of vehicle.
- **Euro VI standard.** This is the most exacting engine standard currently in force in terms of nitrogen oxide and particle emissions. In 2021, the main providers of primary land transportation (accounting for 83% of total turnover) complied with the Euro VI standard in more than 90% of their fleet.
- **Electric vehicles.** In China, last mile deliveries to all our stores are made with electric vehicles, in order to reduce greenhouse gas emissions and air pollution in cities. In Spain, we have also electrified last mile deliveries at several Madrid stores.

- **Employee commuting.** All our office employees in Spain can travel to work on the shuttle bus service. We also promote the Weshare application for carpooling to and from the workplace. These measures reduce traffic density and driving times in daily itineraries.

- **Electric vehicle charging stations.** In 2021, the number of charging stations for electric vehicles in all the Group's central services rose by 313% to facilitate the use of such vehicles by employees. More than 197,000 kWh⁹¹ were supplied from these stations (more than 71,000 kWh in 2020 and more than 47,000 kWh in 2019), helping to avoid emissions associated with using fossil fuels.

Collaborations

- **Cargo Owners for Zero Emission Vessels (CoZEV).** Since 2021 we have been involved in this international initiative led by the non-profit organisation *Aspen Institute*, within the framework of its Shipping Decarbonization Initiative (SDI), in which other major consumer goods companies take part. The aim is to accelerate the transition to zero-emissions maritime shipping vessels and to commit to using only this kind of vessel by 2040.

- **Smart Freight Centre and Global Logistics Emissions Council (GLEC).** The goal of the Smart Freight Centre, a non-profit organisation focused on sustainable freight transportation, is to achieve an efficient logistics sector with zero emissions that helps comply with the Paris Agreement and the United Nations Sustainable Development Goals. To achieve this vision, it brings together the logistics community through their **Global Logistics Emissions Council** (GLEC). The GLEC has developed a globally recognised methodology for harmonised calculation and reporting of the logistics GHG footprint across the multi-modal supply chain. Inditex has been a GLEC member since 2020.

- **Clean Cargo.** An initiative to reduce the environmental impacts of multimodal freight transportation and to foster responsible maritime shipping. Inditex adhered to this initiative in 2020 and takes part in its Clean Cargo Working Group, in which it works with other companies to adopt environmentally and socially responsible business principles in freight management. The organisation has developed a maritime shipping emissions calculation standard used by other initiatives, such as the US

Environmental Protection Agency (EPA) Smart-Way Programme and the GLEC.

f. Atmospheric emissions and noise pollution

Atmospheric emissions from combustion equipment (heating boilers and steam boilers) are subject to regular checks and verifications by authorised control bodies to ensure that our logistics centres where this equipment is located comply with the applicable legislation. Thus, we ensure that our atmospheric emissions are within the legal limits for the parameters required in each case (for example, CO, NO_x, SO₂ and opacity).

Furthermore, to mitigate noise pollution, our Unloading Equipment Protocol aims to reduce noise from the distribution and supply of our products during night-time hours, when the permitted noise levels are more restrictive.



91. Electrical consumption by electrical vehicle charging points in Group central service facilities, own logistics centres and own factories.



5.6.2. Our approach to water management

GRI 103-2; 103-3; 303-1; 303-2; 303-3; 303-4; 303-5; 308-2 AND 304-2

Reducing water usage in both our operations and our supply chain is paramount because of its potential **positive impact on the environment** and especially on marine and freshwater habitats and the communities living in them. Furthermore, reducing water consumption through more efficient management programmes and technologies implies reducing energy consumption and its associated emissions. Therefore, reducing the impact of water consumption is a goal that not only contributes to the preservation of a vital resource for the planet, but it is also key to achieving our decarbonisation targets.

OUR ROADMAP FOR SUSTAINABLE AND RATIONAL WATER USAGE

Our roadmap for sustainable and rational water usage throughout our value chain is defined by our Global Water Management Strategy. As we implement it, we develop individual initiatives and collaborate with various stakeholders to reduce our environmental impact and protect marine and freshwater habitats, always seeking the most innovative processes and technologies. Water management at Inditex is based on the principles of the CEO Water Mandate, a UN Global Compact endeavour that links environmental and social aspects.

WATER MANAGEMENT



Internal framework



Global Water Management Strategy
Roadmap that fosters collaboration among the various stakeholders with a view to sustainable and rational water management throughout our value chain.



Consumption monitoring

- ✔ Monitoring of water consumption at our headquarters, own factories, logistic centres and own stores.
- ✔ Downward trend in absolute consumption and downward/stable trend in relative consumptions.



Water management initiatives



In our own operation
Initiatives aimed at efficiency in water consumption, recovery and re-use.



In the supply chain
Collaboration with third parties to promote proper water management (wastewater analysis and improved access to drinking water and sanitation).

5.6.2.1. Consumption

Water consumption at the Inditex Group's facilities is mainly for cleaning and sanitary purposes, and therefore its discharge into municipal wastewater systems is guaranteed. In industrial settings, water is mainly used for steam generation and recirculation systems in closed-cycle industrial refrigeration, which allows us to estimate that the water discharged is equal to the water consumed. Wastewater in all facilities is discharged to the appropriate wastewater systems. At Inditex, water consumption does not affect protected habitats.

In 2021, we have consumed in our facilities –headquarters, own factories, own logistics centres and own stores consumed a total of 1,886,900 cubic metres of water. The consumption at our centres is calculated through direct metre readings and bill charges from public water utilities companies⁹².



Water consumption (m³):

Financial year	Water consumption (m ³)	Relative water consumption (litres/m ²)	Relative water consumption (ml/€)
2018	2,145,804	285	82
2019	2,068,661	260	73
2020	1,663,039	216	82
2021	1,886,900	241	68

5.6.2.2. Initiatives in own operations

To help save on water consumption, when planning new projects the Group factors in the use of **storm tanks**, which allow rainwater to be recovered from the roof and used for irrigation. In 2021, we recovered 10,439 m³ of water at our centres in Cerdanyola, Arteixo and Lelystad.

Our Indipunt facility in Narón (A Coruña) is particularly noteworthy as it harnesses advanced technology to reuse 100% of the water for garden irrigation and toilet flushing, thereby achieving significant savings in consumption. This was the first water recovery project of its kind approved in Galicia and was subject to stringent controls by the Public Administration.

5.6.2.3. Initiatives in supply chain

Our supply chain is key to our policy of responsible management of water use, as it is applied in the wet processes necessary for the manufacture of textile products (washing, dyeing and printing), as well as in the cultivation of the various raw materials we use. Consequently, in 2021 the Group established as a new environmental goal a **25% reduction in water consumption** throughout the supply chain by 2025.

We are working on various initiatives to achieve this goal:

- Increasing the facilities included in the Care for Water programme to reduce water usage and, at

92. The consumption by own stores has been calculated based on the net expenditure per store. The specific average price of 20 markets has been used. For all other markets, we have used the average of m³/m² per concept.

the same time, cut energy consumption as less water needs to be heated.

- Promote raw material cultivation practices that reduce water consumption.
- Draft a guide to best practices to reduce water consumption for our suppliers.
- Collaborate with external initiatives.

① More information in section 5.4. *Collaborating to transform through sustainable management of our products of this Report.*

a. Care for Water

Our Care for Water programme, framed within the Green to Wear standard, fosters the use of technologies to achieve efficient water consumption by means of the continuous improvement of the production processes of our suppliers and investment in technology.

① More information in section 5.5.1. *Sustainable management of the supply chain of this Report.*

Care for Water Improvement Programme

As part of our commitment to reduce our water footprint, one of the key programmes rolled out in 2021 is the Care for Water Improvement Programme. This initiative is aimed at providing support to facilities to optimise and reduce their water demand and obtain our highest score for their water management and use (Excellent Water Management) in Green to Wear audits. This year we have worked together with more than 170 facilities within the framework of this programme, providing them support, guidance and advice.

The programme has a 12-month duration for factories, starting with a 30-day period for facilities to create and propose their own action plan for water efficiency improvement, which can be designed around four pillars:

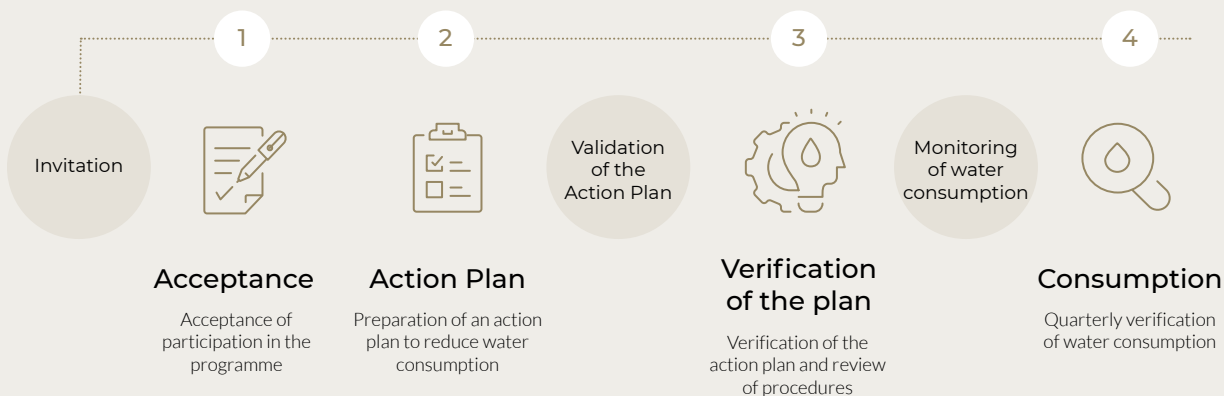
- Investment in new technology or machinery.
- Production process optimisation.
- Recovery and treatment of waste water for re-purposing in manufacturing processes.
- Zero Liquid Discharge: using 100% closed water circuits.

The action plan must in turn be structured around quarterly targets, compliance with which will be verified by a third party at the end of each quarter.

b. Collaboration in China

Inditex works with the Chinese Institute of Public and Environmental Affairs (IPE) on the continuous improvement of environmental management in our supply chain in that market. The IPE publishes the results of factories' wastewater analyses and has acknowledged Inditex's endeavours to improve the environmental performance of its supply chain. In its global ranking of brands, Inditex ranks fourth in the textile sector (fifth globally). In addition to textile facilities, the IPE oversees upstream chemical suppliers and centralised effluent treatment plants.

CFW IMPROVEMENT PROGRAMME



c. Other partnerships

We do not only take into account industrial water usage. Mindful of its importance to the health and prosperity of local communities, since 2015 we have been collaborating with Water.org, an international charitable organisation that works to bring water and sanitation to vulnerable populations through microloans.

① More information in section 4.4.2. *Partnerships of this Report.*

5.6.3. Our approach to biodiversity

GRI 103-2; 103-3; 308-2 AND 304-2

2021 MILESTONE

Inditex joins the LEAF Coalition.

This global initiative, which brings together companies and governments, aims to mobilise more than 1 billion dollars in funding for the conservation of tropical and subtropical forests.

The protection of biodiversity is pivotal to our sustainability strategy, not only because the production of our raw materials for textile manufacturing (cotton, fibres and cellulosic materials, leather, etc.) depends on it, but also because it is, first and foremost, a critical element for the survival and well-being of society and the planet.

In this regard, at Inditex we are committed to protecting biodiversity through the **responsible and sustainable management of natural resources** at every stage of our value chain. Our Biodiversity Strategy is based on the principles of the United Nations Convention on Biological Diversity and takes the form of actions to promote the transition to more sustainable raw materials and products, the preservation of aquatic and terrestrial ecosystems, stopping climate change and collaboration with like-minded organisations.

Sustainable materials and animal welfare

A large portion of the materials we use depend on biodiversity and essential elements such as proper nutrient cycles, water purification and crop pollination. In addition, it is necessary to reduce the impact of man-made fibres on different ecosystems. Accordingly, we carry out a number of initiatives to ensure the protection of biodiversity associated with the materials we use in our products.

① More information in section 5.4.2. *Design and selection of materials of this Report.*

BIODIVERSITY MANAGEMENT



Internal framework



Biodiversity Strategy

The aim is to foster the protection, conservation and development of biodiversity throughout Inditex's value chain and beyond.



Forest Product Policy

Guide for the selection and use of forest-sourced materials, guaranteeing that they come from sustainably managed forests.



Outstanding biodiversity initiatives



Animal welfare

- ✓ Animal welfare policy which includes ethical standards in the use of animal-based products.
- ✓ Commitments to entities such as PETA or the *Fur Free Alliance*.

Our biodiversity protection strategy also covers animal welfare and we have therefore put in place an Animal Welfare Policy that includes ethical standards in the use of animal products in accordance with the Five Freedoms of Animal Welfare for the ethical and responsible treatment of animals. The Policy was developed in partnership with the Humane Society of the United States (HSUS). Within this framework, we have adopted a **range of standards and commitments:**

- All animal-based components in articles marketed by our brands must be sourced from animals that have been treated ethically and responsibly.
- None of our products of animal origin may come from species bred exclusively for the purpose of marketing their hides, shells, antlers, bones, feathers, down or other similar elements.
- None of our brands market fur. Thus, we are strictly compliant with the requirements of the Fur Free Retailer programme by the Fur Free Alliance, an international coalition of animal protection organisations.

- None of our garments contain angora wool or mohair, consistent with our commitment to People for the Ethical Treatment of Animals organisation.

With regard to the use of other materials, all the timber used to produce furniture and objects, as well as paper products, must be certified under PEFC/FSC standards, as stipulated in our Forest Product Policy.

Alliances and partnerships

We advocate joint efforts and cooperation to protect and regenerate biodiversity through a range of **different agreements:**

Multi-sector initiatives

In 2021 we joined the LEAF coalition, a public-private financing initiative coordinated by Emergent with the aim of stopping deforestation in tropical and sub-tropical forests, and of supporting sustainable development in countries where these forests are located. Only those companies like Inditex that have

LEAF COALITION

GOALS



1 billion dollars

Mobilising at least **1 billion dollars** in financing to fight against deforestation



- ✓ Seeking large-scale impact. Bringing governments on board
- ✓ Solid social protection for communities
- ✓ Increased ambition. Private sector involvement
- ✓ Mobilising and catalysing private financing
- ✓ Results-based financing



Measuring the return on investment using the REDD+ Environmental Excellence Standard (TREES)



Membership requirements for companies: Approved science-based decarbonisation targets (SBTs)

Inditex membership: November 2021

decarbonisation targets approved by the SBTi are eligible to join the coalition.

Projects in the fashion and textile sector

In addition to being founding members of The Fashion Pact, one of whose core activities is the protection of biodiversity, we are also founding partners of Organic Cotton Accelerator, which aims to increase the availability of organic cotton. We also collaborate with CanopyStyle, which seeks to sever the links between viscose production and deforestation in primary forests, and with Textile Exchange, which helps the industry to identify areas for improvement and best practices with a view to integrating biodiversity into strategies and operations. This organisation launched the first pilot of the biodiversity benchmark in 2021, with Inditex's involvement.

[More information in section 5.4.2. Design and selection of materials of this Report.](#)

Local actions

Since 2020 Inditex has been working with the *Asociación Forestal de Galicia* (Galician Forestry Association) to restore forestry areas. In the last year, more than 650 hectares were replanted, an area the size of more than 910 football pitches. A variety of conifers and hardwoods were planted, prioritising native species to protect the biodiversity of the area. Among the species most planted were the native pine, with more than 650,000 trees planted, and the chestnut, with more than 22,000.

This project optimises the capacity to absorb CO₂, enriches soils and prevents soil erosion and recovers the mobility of the forest fauna, among many other benefits.

This year, a new agreement was signed to expand this work model to more territories, incorporating representative areas of the main forest ecosystems in Galicia and Portugal.

For this purpose, it is proposed to set up a network of demonstration forests that will function as reference sites to disseminate techniques and knowledge, as well as to implement sustainable procedures for resource management and the conservation of environmental values that can be replicated by forest owners. This therefore manages to combine their role as natural greenhouse gas sinks with the use of quality forest products, seeking to promote the economic, environmental and social sustainability of these areas.

As well as protecting the environment and natural resources, this project aims to contribute to a better appreciation of the forest and its related activities, encouraging a more active engagement in the conservation and improvement of forest resources in Galicia and Portugal.

Activities carried out in Pico Sacro

- Informative sessions on forestry and environmental management models.
- Pruning of chestnut, walnut and American oak trees for timber production and of young chestnut tree trunks for fruit production.
- Clearing and weeding all the planting surface to remove the competing plants.
- Replacement of worn plant protectors.
- Maintenance tasks and replacing native dead plants in environmental conservation areas.

Trees planted

Hardwoods (total)	44,389
Birch	9,418
Chestnut	22,237
Oak	11,938
Other	796
Conifers (total)	679,938

We continue to work to make Pico Sacro demonstration forest a biological carbon sink model, as well as a forestry dissemination laboratory. This initiative is carried out in collaboration with the *Asociación Forestal de Galicia* and the Forest Stewardship Council (FSC).

5.6.4. Our approach to waste

GRI 306-1; 306-2; 306-3; 306-4; 306-5; 308-2 AND 304-2

The end-of-life of our products is a decisive phase in our Sustainability Policy. Consequently, we have in place a number of projects to **reduce the environmental impact after their use**, so that we can facilitate their recycling when they are no longer used, re-use constituent parts, facilitate disassembly and, increasingly, share best practices with consumers.

Zero Waste Programme

The Zero Waste programme, designed to recover the waste generated at our own facilities, is the key to helping us meet our commitment that by 2023 the waste generated at our own facilities – whether at headquarters, logistics centres, factories or stores – will not end up in landfill.

A central aspect of the programme is the proper sorting of waste at our facilities, enabling it to be **transformed and re-purposed** to manufacture new products. In this regard, we have developed internal devices to optimise the separation and compacting of waste, thereby reducing greenhouse gas emissions associated with their transport, and to improve ergonomics during operations.

Moreover, within the framework of the Zero Waste programme, we are working to improve the management and information relating to waste collection systems at our stores.

Generation of waste

Below are the absolute figures for waste generation at headquarters, own logistics centres and own factories (store data are not included⁹³):



Type of waste

	2021 (KG)	2021 (%)	2020 (KG)	2020 (%)	2019 (KG)	2019 (%)
Cardboard and Paper	13,248,191	65%	10,974,962	59%	14,662,698	63%
Wood	2,982,115	15%	3,438,309	19%	3,769,554	16%
Other non-hazardous resources	2,891,811	14%	2,771,796	15%	3,182,099	14%
Plastic	831,837	4%	863,627	5%	892,516	4%
Textile waste	252,831	1%	302,785	2%	498,217	2%
Metal	159,204	1%	67,747	0%	267,715	1%
Hazardous waste	31,428	0%	58,813	0%	78,479	0%
Total	20,397,417	100%	18,478,038	100%	23,351,279	100%

93. Information on waste generated in own stores is not available at the required level of breakdown in the Company's systems. Inditex has several projects underway with a view to reporting this information in future years.

The destination of this waste was as follows, according to its treatment⁹⁴

Non-hazardous waste destination	2021 (KG)	2021 (%)
Diverted from disposal	18,691,531	92%
Recycling	18,256,653	90%
Preparation for reuse	434,878	2%
Directed to disposal	1,674,458	8%
Landfilling	1,343,862	6%
Incineration (with energy recovery)	330,596	2%
Total	20,365,989	100%

Non-hazardous waste destination	2020 (KG)	2020 (%)	2019 (KG)	2019 (%)
Recycling	16,582,699	90%	20,903,595	90%
Energy recovery	238,426	1%	321,323	1%
Landfill	1,598,100	9%	2,047,882	9%
Total	18,419,226	100%	23,272,800	100%

Hazardous waste destination	2021 (KG)	2021 (%)
Diverted from disposal	25,229	80%
Recycling	25,229	80%
Directed to disposal	6,199	20%
Landfilling	4,864	16%
Other disposal operations	400	1%
Incineration (with energy recovery)	935	3%
Total	31,428	100%

Hazardous waste destination	2020 (KG)	2020 (%)	2019 (KG)	2019 (%)
Recycling	48,547	82%	71,613	91%
Energy recovery	976	2%	1,329	2%
Landfill	9,290	16%	5,538	7%
Total	58,813	100%	78,479	100%

In addition, and associated with our activity, various packaging materials (bags, labels and protective elements) are placed on the market. These materials are managed by the Integrated Packaging Management Systems available in the markets where we operate. In Spain, for example this system is Ecoembes. Our brands compensate this authorised manager for the cost of collecting and managing these packagings. We have our own programme, Green to Pack, for the optimisation of packaging, extending their useful life and enhancing their recyclability

[More information in section 5.4.5. Use and end-of-life of products of this Report.](#)

Our waste reduction policy also covers the canteen service at our headquarters in Arteixo (A Coruña). Actions such as the use of cups, glasses and glass bottles (to avoid single-use plastics) and the rigorous separation of food leftovers help us to better manage waste while helping to reduce food wastage at our headquarters.

94. With the update of the GRI 306 (2020) standard, there is a change on the requirements of the breakdown of waste destination with respect to previous requirements set in the GRI 306 (2016) standard. Due to the change, historical data is only available with the previously required breakdown.