

## 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<sup>82 83</sup>. 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 consumption<sup>84</sup>

| Year | Global energy consumption (MWh) | Relative energy consumption (kWh/m <sup>2</sup> ) | 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 tonnes<sup>85</sup>** 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.

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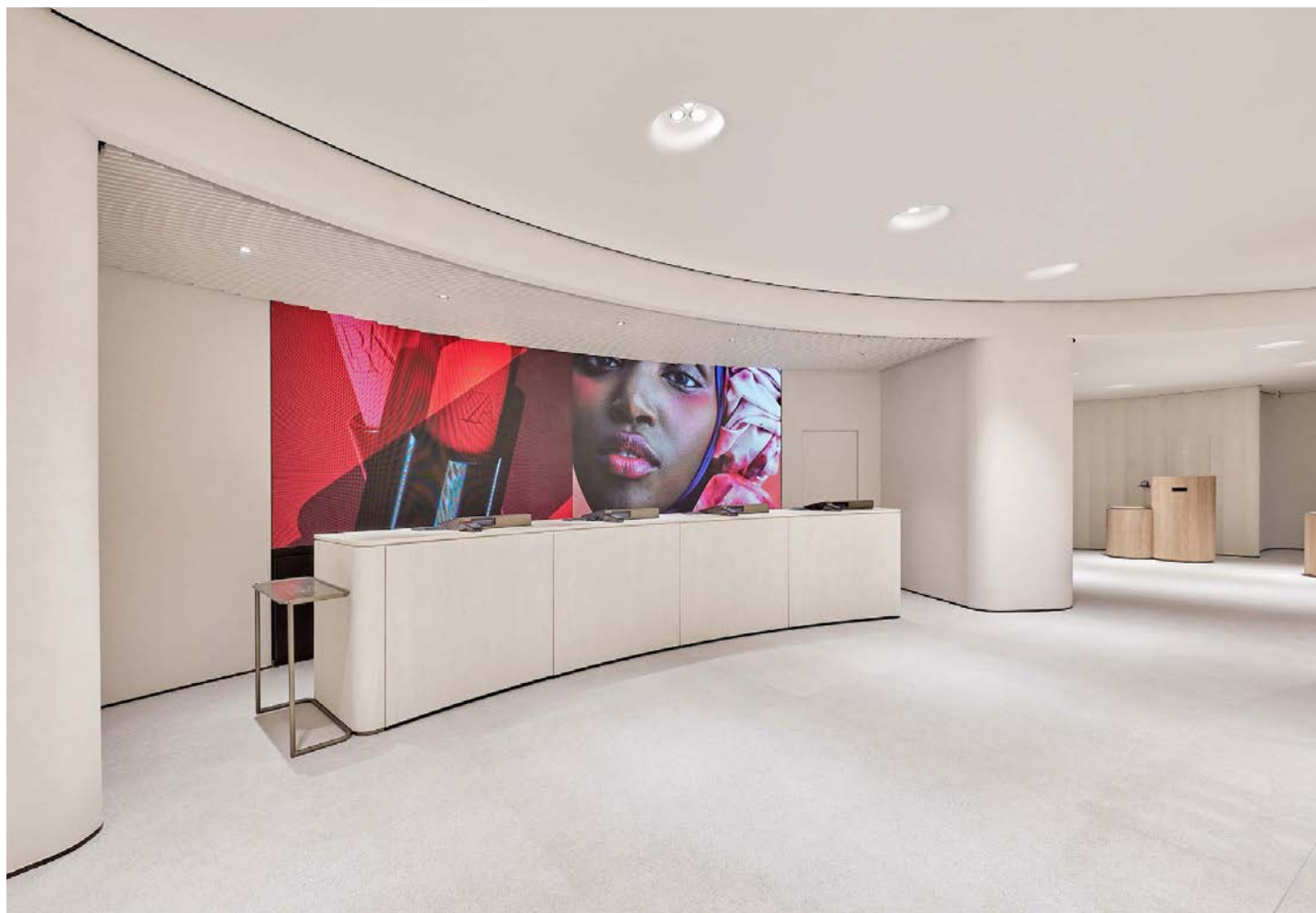
85. Due to the updating of the emission factors, the historical scope 1 and 2 data have been recalculated using the factors of the International Energy Agency, 2021 (scope 2) and the DEFRA factors, 2021 (scope 1). More information on the methodology in section 6.1.3. *Indicators for managing the environmental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

**Percentage of energy coming from renewable sources<sup>86</sup>**

| 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).

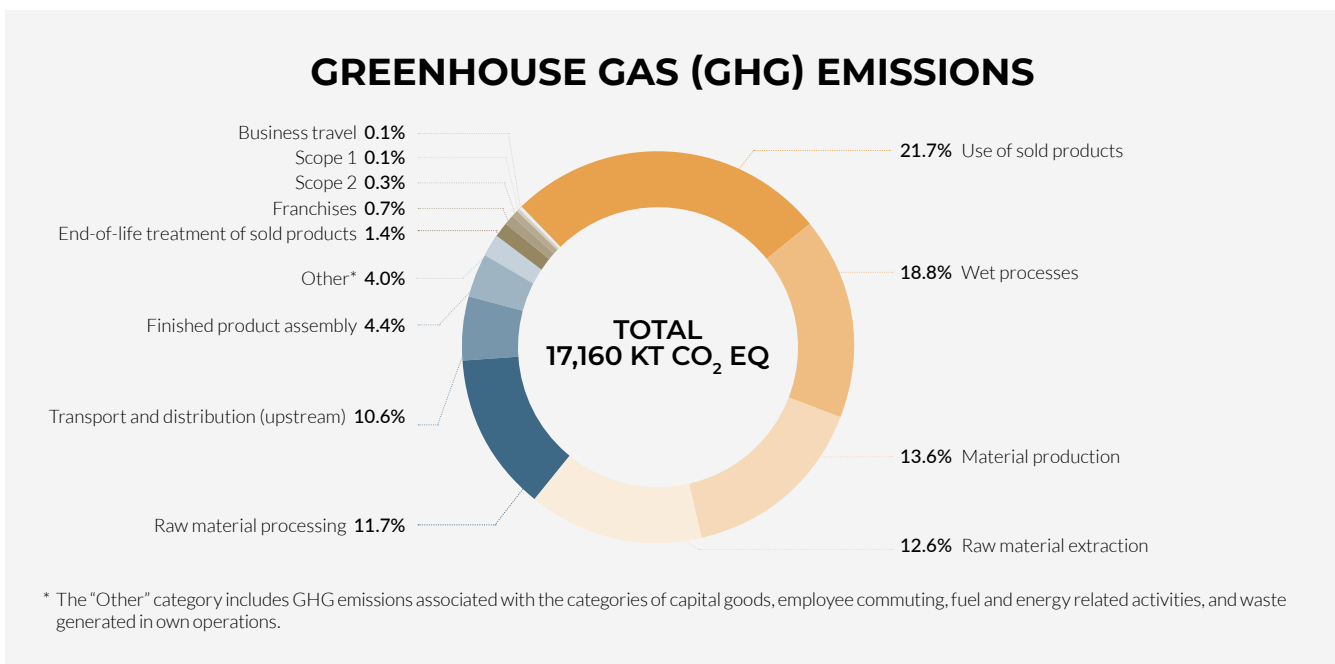
### 5.6.1.3. Greenhouse gas emissions

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 (tnCO<sub>2</sub>eq):<sup>87</sup>

| Financial year | Scope 1 | Scope 2 <sup>88</sup> | Kg CO <sub>2</sub> eq per m <sup>2</sup> | gr CO <sub>2</sub> 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 <sup>2</sup> ) | 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 Certifications<sup>89</sup> 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

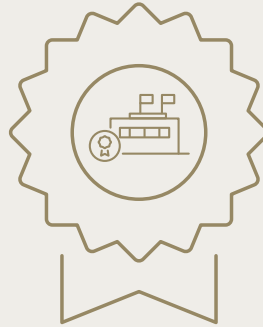
#### LEED Platinum

- Inditex Data Processing Centre in Arteixo

### 1 certification

#### LEED CI Certification

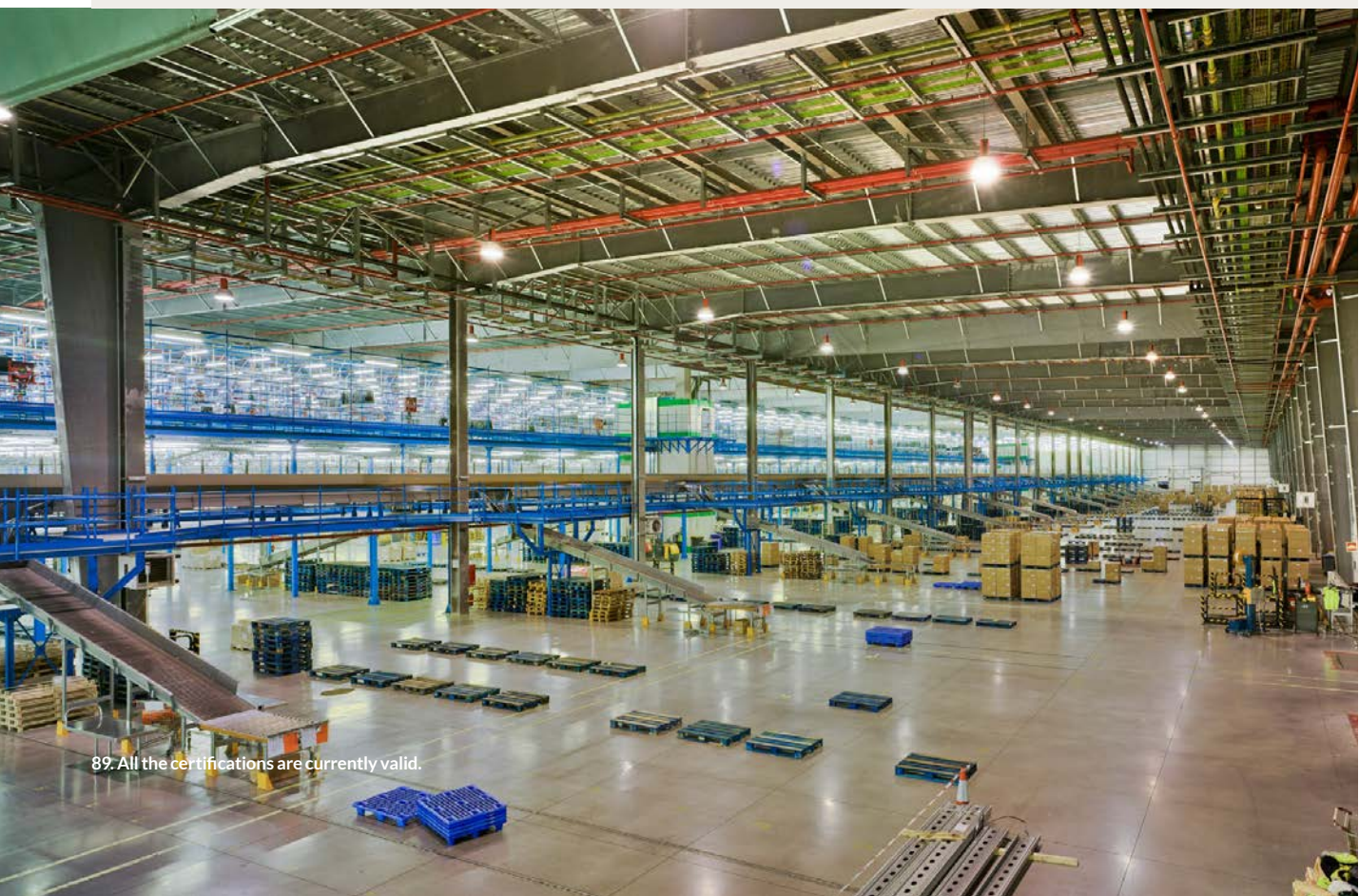
- Inditex Group's Central Services facilities in Arteixo (phases I, II, III)



### 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



<sup>89</sup>. 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:

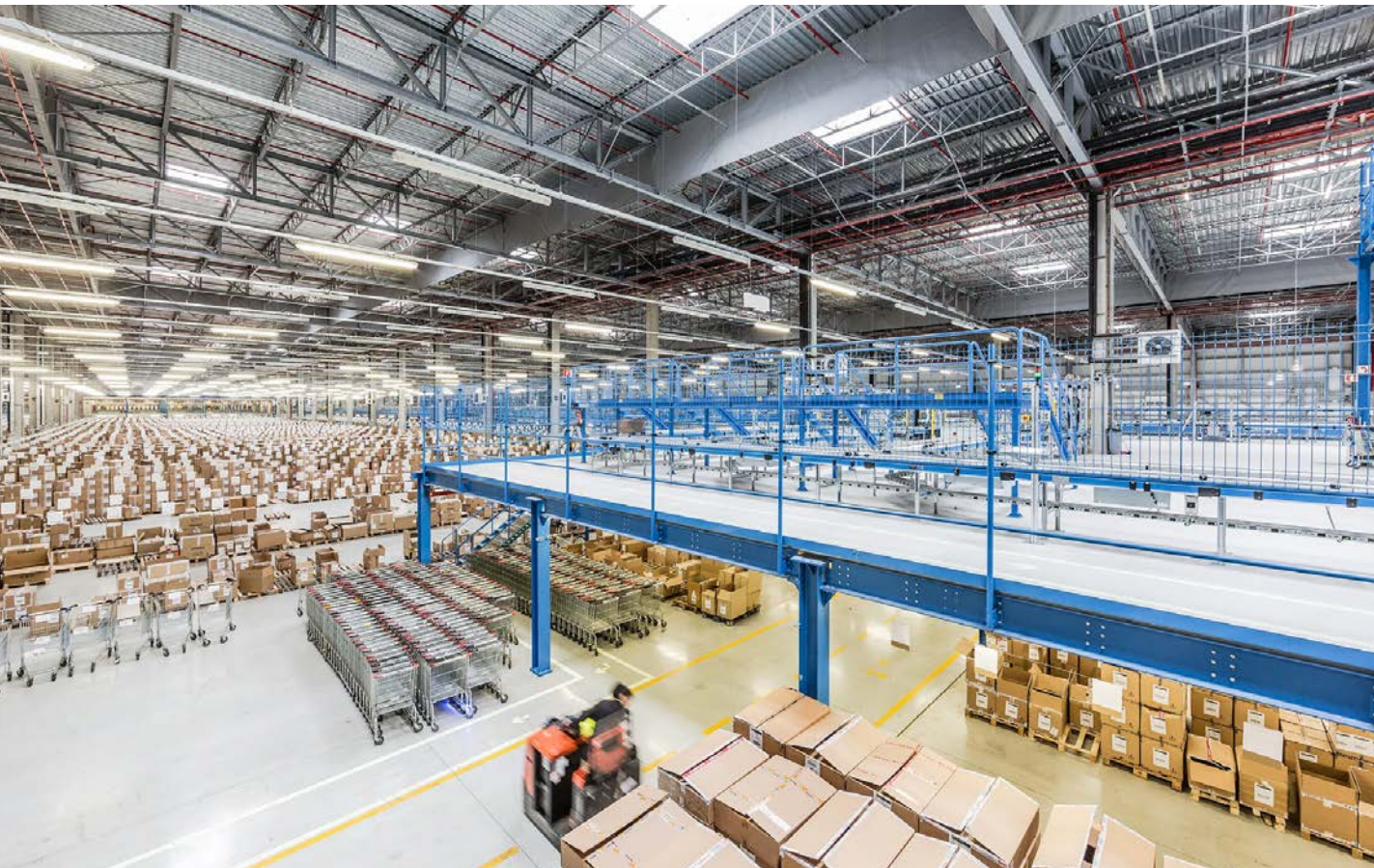
| Financial year | Global electricity consumption in stores (MWh) | Relative electricity consumption in stores (kWh/m <sup>2</sup> ) | Relative electricity consumption in stores (Wh/€) |
|----------------|--|--|---|
| 2018           | 1,705,639                                      | 394  | 65  |
| 2019           | 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 BREEAM<sup>90</sup>. 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 CO<sub>2</sub> 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 kWh<sup>91</sup> 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<sub>x</sub>, SO<sub>2</sub> 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.