





1. Executive Chairman's statement



“The investment of more than €13 billion injected in the last eight years to achieve a differentiating technological transformation of our commercial network has proven its effectiveness”

GRI 102-14 AND 103-3

Dear friends of Inditex,

2021 was once again marked by the complexity wrought by the Covid-19 pandemic. In that context, the strategic forward thinking Inditex has been implementing since 2013 proved its worth.

The investment of over €13 billion in technology which has transformed our sales platform over the past eight years has proven uniquely effective in circumstances that can surely be described as the most uncertain in recent economic history. Perhaps more importantly, recent developments have shown us to have the right strategy and a future-proofed business model at a time of clear change throughout the sector.

True to our founding principle of placing the customer front and centre, and the engine powering all our decision-making, our company has delivered far-reaching strategic change during this time. As a result, our customers are now able to make their fashion and shopping decisions when and where it suits them best, something that was unthinkable just a few years ago; and they can browse a specific store virtually from their mobile phone, in an example of our teams' extraordinary ability to innovate, showcasing our company's digital leadership role.

To achieve all of this we have made specific technological changes and developed projects that have set us apart, leveraging a proprietary operating platform that has, for example, allowed us to integrate our online and store inventory management, injecting additional effectiveness into an already-flexible model. Technology has also been a key enabler of the unprecedented step up in our sustainability and traceability commitments across all processes, aspects that are crucial for the sector's future.

It was at this moment of strategic strength that we decided the time was right to conclude the generational succession process which the company has been working towards for a long time. Marta Ortega, daughter of Amancio Ortega, the company's founder and largest shareholder, will chair our board from 1 April 2022, with Óscar García Maceiras as CEO.

Today more than ever, after 17 years at the helm of this unique company, I can say with pride that I have honoured the commitments I made personally to Inditex and Amancio Ortega, whom I thank for his support and confidence. I have said on many occasions that Amancio Ortega is present in every corner of our company and that his presence translates into an incomparable culture of teamwork, entrepreneurial spirit and commitment.

“None of the achievements obtained would have been possible without the people who make up this Company”

It is precisely this culture that has steered us successfully through the pandemic. In 2020 I said it was the year I felt proudest of the dedication and flexibility of all our teams. Well this year I must once again pay tribute to their extraordinary energy and humility. That spirit has made it possible to come through this global situation as we have: stronger than ever, having beaten earnings records for several quarters running. The full-year results have naturally been affected by the health restrictions that forced us, for example, to forego the equivalent of 25% of our normal trading hours during the first quarter and the rapid transmission of the Omicron variant towards the end of the year.

As I have said, none of these achievements would have been possible without our people. The creative talent which, day after day, season after season, our designers and product managers are able to hone in products for our customers is truly remarkable. As is the web of coordination that weaves together our store, online, manufacturing and logistics teams, while engaging each of our country teams, all of which are constantly overseen by our sustainability experts, making our fashion and customer shopping experience so unique.

Indeed, sustainability is one of the company's key strategic drivers, an area in which we are making a decisive push. In 2021 we managed to achieve or even top all of the targets we had set for ourselves. Most notably, 91% of the energy we consumed came from renewable sources, above the target set and putting us on track to deliver our goal of 100% in 2022. Furthermore, 47% of our articles carried our Join Life label, outperforming our target of 40%. The biggest development on the sustainability front was our decision to bring our target for net zero emission operations – the sustainability goal that encompasses and drives all others – forward by a whole decade, to 2040.

Inditex has become an engine for the sustainable transformation of its suppliers. We have worked with them to become bolder in our ambitions for their transformation. We have moved the target for having all the cotton and viscose sourced from more sustainable sources forward to 2023, by [the end of]



which we are also planning to reduce the water consumed in our supply chain by 25%.

As for plastics, we have pledged to use only polyester from more sustainable sources by 2025 and agreed with the Ellen McArthur Foundation to halve our virgin plastic footprint by 2025 from a 2019 baseline. Along the way we have eliminated all plastic shopping bags from our stores and started to charge for paper bags in a number of countries in order to encourage their reduction and reuse. All the proceeds from their sale are being put back into environmental projects.

All our sustainability initiatives are governed by two basic premises: firstly, it is an effort that requires constant fine-tuning; secondly, it is an effort that must be people-driven. Against that backdrop, we have reiterated and reinforced our commitment to the UN Guiding Principles on Business and Human Rights. We are also convinced that progress on digitalisation will fuel our sustainability strategy, framed by our commitment to the United Nations Global Compact, its Guiding Principles and its Sustainable Development Goals. In keeping with our transparency pledge, over the coming pages we seek to provide a transparent and detailed account of the progress we have made in all these areas, ensuring the integrity of the data reported and upholding, in our concluding sections, the principles of the Integrated Reporting framework.

In tandem with our end-to-end sustainability approach, we remain true to our community investment strategy. In 2021 that work benefitted more than 2.2 million people through 725 projects and initiatives carried out together with 427 organisations and charities, to which we committed €63.5 million.

Lastly, I would like to end this letter by extending my heartfelt thanks to everyone here at Inditex. Today our team numbers 100,000 more than it did 17 years ago. For my part, it has been the highest honour imaginable to lead this team of unrivalled individuals and watch you grow. Thank you so much for everything you do day after day and for the personal and professional relationships we have built. I will always carry you all in my heart.

Many thanks.

Pablo Isla
Chairman