



4. Transforming with a unique model

At Inditex we have developed a unique business model the hallmarks of which are flexibility and efficiency, ceaseless innovation, the creativity of our teams and our focus on sustainability in every process involved. This model takes form from the design of our fashion products to their availability to customers in the over 200 markets where they are sold.

This is the starting point from which we work to effect through determination and collaboration, the transformation of the sector, generating a positive impact on society, the industry and our environment.

4.1.

Our strategy and growth model, the fuel for transformation

The Group's detailed knowledge of the retail environment and its commitment to technology facilitates innovation and an agile, coordinated and global transformation throughout the value chain: design, manufacturing, logistics, sales channels and customers.

4.1.1. Business model and strategy

GRI 102-5; 102-12 AND 102-16

We conduct our business within a framework of respect and transparency, in continuous dialogue with our stakeholders, based on promoting human rights, and with the ultimate purpose of having a positive impact on customers, society, the industry and our environment.

We strive to combine an **efficient, sustainable and integrated economic model** that generates opportunities for improvement for our entire ecosystem while minimising resource consumption, thus decoupling economic performance from its impact.

In this way, and through collaboration, we resolutely promote the sustainable transformation of the sector.

Integrated business model

Our fashion distribution and sales activity is organised through an international group of companies, whose parent company is **Industria de Diseño Textil, S.A.**, which is listed on all four Spanish stock exchanges and, together with its subsidiaries, makes up the Inditex Group (hereinafter, the 'Group'). We

are present in more than 200 markets across five continents (detailed information for the markets in which we operate is included in the Consolidated Directors' Report). Details of the corporate structure at 31 January 2022 are provided in Annex I of the Notes to the Consolidated Annual Accounts of the Inditex Group.

We have always identified people as the key factor in our business model, both our customers, who demand our products, and all those people who place their talent at the service of our customers: our employees, supported by our supply chain. There are 165,042 of us, with 177 nationalities, working in a committed manner, inspired by values that are part of the Group's foundational principles: entrepreneurial spirit, non-conformism, innovation, inclusion and humility.

Fashion, as an element for the expression of individual and collective identity, is one of the hallmarks of communication between people. It is embodied through multiple products and channels, and is characterised by the constant evolution of tastes over time, influenced by multiple factors, both inherent to the sector itself and outside of it.

We are a reference in fashion, having achieved a global presence based on an integrated business model that sets us apart from the rest of the industry. Constant change, and the resulting need to adapt to trends and volumes, is the factor that has defined our Group's business model, which is unique in the sector, and the key to our Company's commercial success.

Since the outset, we have established a process of interaction with our customers as the main tool to identify the latest trends and create the products they want (clothing, footwear, accessories and household items), maintaining our high standards



through a combination of design, quality and sustainability, at affordable prices. This constant connection has also enabled us to pinpoint new needs that we have gradually incorporated in the form of new services, technologies or channels.

Over time, this continuous evolution has enabled the Group to develop a unique business model, characterised by its **flexibility, integration, sustainability, creativity and innovation**. The key to our way of operating is the continuous process of centralised analysis of information concerning the business performance, which enables expedient decision-making suited to the business reality and allows constant adaptation to the actual operational circumstances, whether due to changes in trends or in the environment. We ensure that these continuous changes are made globally thanks to our presence throughout the value chain, which encompasses design, manufacturing, logistics, stores and customers.

From this starting point, we work to promote in a resolute and collaborative manner the transformation of the sector, generating a positive impact on society, the industry and our environment.

a) Design

The starting point for the Group's creativity, the foremost added value of Inditex's business model, is the more than 700 designers who drive our brands. Integrated within the buying teams, their constant contact with stores and online teams through the Product Management department, as well as their unrivalled capacity to respond, allow them to detect customer tastes at all times. This information is then interpreted and translated into products that are aligned with the latest demand in terms of trends and quantity. Moreover, our designers are at the forefront of the company's commitment to sustainability, selecting the most appropriate processes and

materials for our products. This effort is embodied by collections that constantly incorporate creative novelties throughout the season, as evidenced by the windows and interiors of our stores and the digital content that we produce throughout the year, something unique in the fashion world. In addition, their active search and promotion for more sustainable materials and production processes help to raise quality standards and keep on improving in the circular economy model.

b) Manufacturing and procurement

Manufacturing and procurement are based on the socially and environmentally responsible management of the supply chain. Thus, decent working conditions are guaranteed for all workers at our suppliers and manufacturers with less environmental impact. Our supply chain has a global presence, organised through 12 clusters of suppliers with a highly significant part of procurement in areas close to the design centres. Accordingly, we have the capacity to adapt our commercial offer to any change of trend that emerges, immediately adjusting the number of garments to actual demand. We are therefore able to minimise any surpluses that may occur, thereby contributing to responsible stock management, not only in line with commercial objectives but also, in particular, with our sustainability goal. In this regard, we continue to innovate and use more durable and environmentally friendly materials, develop more efficient production processes and share all of this according to the highest standards of communication and transparency.

① More information in section 5.5. *Collaborating so our suppliers grow* of this Report.

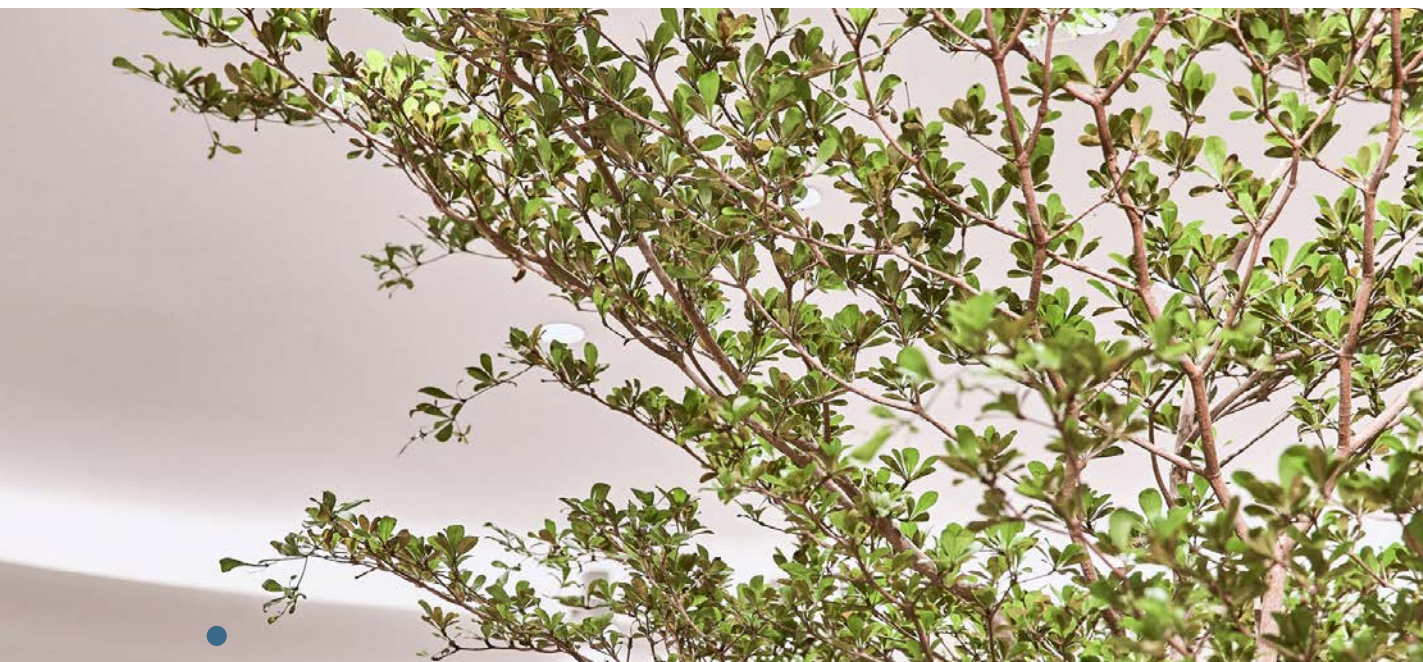
c) Logistics and distribution

This stage of the value chain continuously adapts to commercial decisions, a flexibility that has been instrumental in underpinning our expansion to more than 200 markets. Each brand operates its own centralised logistics hubs, where its inventory is held and distributed to the stores and online warehouses around the world. This efficient integration of our store/online operations during the storage, transport and distribution processes is made possible thanks to tools such as our own inventory management system based on radio-frequency identification (RFID) of each and every garment. Accordingly, our customers can ultimately make their decisions in the environment of their choice, online or in-store, and enjoy an integrated shopping experience with constant technological innovations that adapt to their needs.

d) Stores/Online

The Inditex Group comprises eight retail concepts: Zara, Zara Home, Pull&Bear, Massimo Dutti, Bershka, Stradivarius, Oysho and Uterqüe. Each of them has its own personality, style and design team, with an integrated sales model in physical and online stores managed directly.

The shopping space, in both stores and online, is characterised by the pursuit of quality. The physical 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 technological tools to ensure they receive the best customer ser-



vice. The online environment of each of our brands is aimed at extending this fashion experience to any occasion and any location via mobile devices, with the added convenience that our customers can receive their products in the place of their choice. This eliminates the barriers between the physical and virtual worlds, and ensures that our designers' products reach both environments as efficiently as possible. The process of digital integration, which we have been developing over recent years, has seen the strongest **growth** in these historic times we are experiencing. This only serves to deepen our determined commitment to technological innovation, which is essential at a time in need of flexible solutions that adapt to continuous change.

A continuously evolving strategy

This integrated business model gives us a unified view of our customers and their demands at all times. Our strategy harnesses this advantage to evolve our model towards economic, sustainable and inclusive improvements.

The starting point is to maintain the level of commercial success achieved to date, which is based on **two pillars**:

- The strength of our commercial and design teams and the flexibility that proximity sourcing brings to our supply chain;
- We aim to offer the best experience to our customers, whether by maximising potential interaction possibilities through different channels, facilitating product availability by means of efficient inventory management or developing analytical tools to improve proposed services.

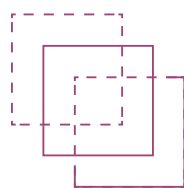
Our strategy is driven by the opportunities afforded by digitalisation and our sustainability ambitions. These pillars are developed through specific initiatives in the various phases of our business model:

- In order to maintain supply chain flexibility, we continue to consolidate and strengthen our supplier base. Cutting-edge technological developments give us a holistic view of our supplier base, thereby helping us to integrate sustainability criteria from the start of the design and purchasing process.
- We are continuing with the process of differentiating our commercial space. Ongoing investment in our stores network seeks to enhance the quality of our sales space, making it more attractive and im-

proving the shopping experience for our customers. With this in mind, in addition to technological integration, which allows new functionalities to be introduced constantly, we implement a very active policy of renovations, extensions and relocations.

- We continue to deploy digitalisation as a key tool to grow online sales, both in digital channels and through in-store integration. The immediate availability of business data, obtained thanks to our complete integration, further speeds up decision-making processes, resulting in more efficient inventory management and an improvement in the standard of customer services.
- Sustainability, in its various facets, is a fundamental aspect of the future development of our Group. Tangible examples are the challenges and opportunities arising from the search for new materials and processes that minimise consumption, while at the same time increasing the life cycle of products, either through greater durability or by making them recyclable. Our ambition in this area is clear and encompasses not only the environmental aspect, but also the creation of opportunities across our entire production ecosystem, from recruitment, training and internal promotion opportunities for our people, to empowerment and development initiatives at various stages of our supply chain, with the aim of contributing to the well-being of all our stakeholders.

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



+700

DESIGNERS

Who drive our brands. Integrated within the buying teams, their constant contact with stores and online teams through the Product Management department, as well as their unrivalled capacity to respond, allow them to detect customer tastes at all times.

Our business model is defined on the basis of our goal of mitigating the risk derived from operating in a sector characterised by the dynamically changing trends our customers require. To achieve this, **risk management** is inherent to our business model and directly responds to the precautionary principle throughout our value chain, a responsibility of each and every member of the Group. This precautionary approach applied by the Group across its entire business model enables it to manage the various risks identified when planning its operations and developing and marketing new products. The development of our business model is exposed to financial, geopolitical, technological, environmental, social and governance risks. Systematic processes are in place to identify, assess, record and monitor risk so as to ensure the best possible management as we pursue our goals, based on the levels of tolerance established by Senior Management. Risk management is a process in continuous evolution, many of the threats are emerging and we must try to anticipate their potential impact. The Integrated Risk Management and Control System, described in section **5.10. Responsible risk management**, emanates from the Board of Directors and is articulated in the form of regulations aimed at managing the various scenarios.

Our corporate governance system is aimed at promoting proper, transparent and sustainable management of the Company.

Likewise, at Inditex we have a solid Compliance System and, in particular, a corporate governance structure that ensures compliance with the standards, recommendations and best practices in this area. Our corporate governance system is aimed at promoting proper, transparent and sustainable management of the Company to achieve the utmost levels of competitiveness and generate trust among our shareholders, investors and other stakeholders, from a perspective of maximum integrity and honesty.





The operation of Inditex's corporate bodies over the course of 2021 has been a steady return to normality. In a context still shaped by the existence of specific measures restricting mobility in certain areas of Spain, and in order to guarantee the normal functioning of the Company and the attainment of its targets, as well as to protect the interests of its shareholders and other stakeholders, the Annual General Meeting held on first call on 13 July 2021, with shareholders and their representatives attending again both in person and by remote, real-time video-conferencing.

Meanwhile, meetings of the Board of Directors and its delegated Committees have taken a mixed format, involving both the physical and remote presence of board members. Furthermore, monitoring of the unfolding global health crisis and its impact on Group activity and the key risk indicators continued to set their agendas, in particular that of the Audit and Compliance Committee.

The Annual Corporate Governance Report for 2021, available on our corporate website, provides comprehensive and detailed information on the Company's governance structure and practices.

SUSTAINABLE BUSINESS MODEL

ZARA

PULL&BEAR

Massimo Dutti

Bershka

Inditex's business model, **characterised by integration, sustainability, innovation and collaboration** in all phases of the value chain, aims to satisfy our customers' expectations and to offer them **quality fashion** in keeping with the highest standards of **sustainability**.

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

With them, through transparency and constant dialogue with our **stakeholders**, we work to promote **human rights**, the **Sustainable Development Goals** and, in particular, **to create value** and generate a **positive impact** on society.

Corporate values

- ✓ Flexibility
- ✓ Pro-activeness
- ✓ Diversity
- ✓ Creativity
- ✓ Non-conformity
- ✓ Environmental awareness
- ✓ Respect for Human Rights
- ✓ Contribution to Sustainable Development

Action principles

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

Stakeholder groups



Employees



Customers



Suppliers



Community



Environment



Shareholders

Customers

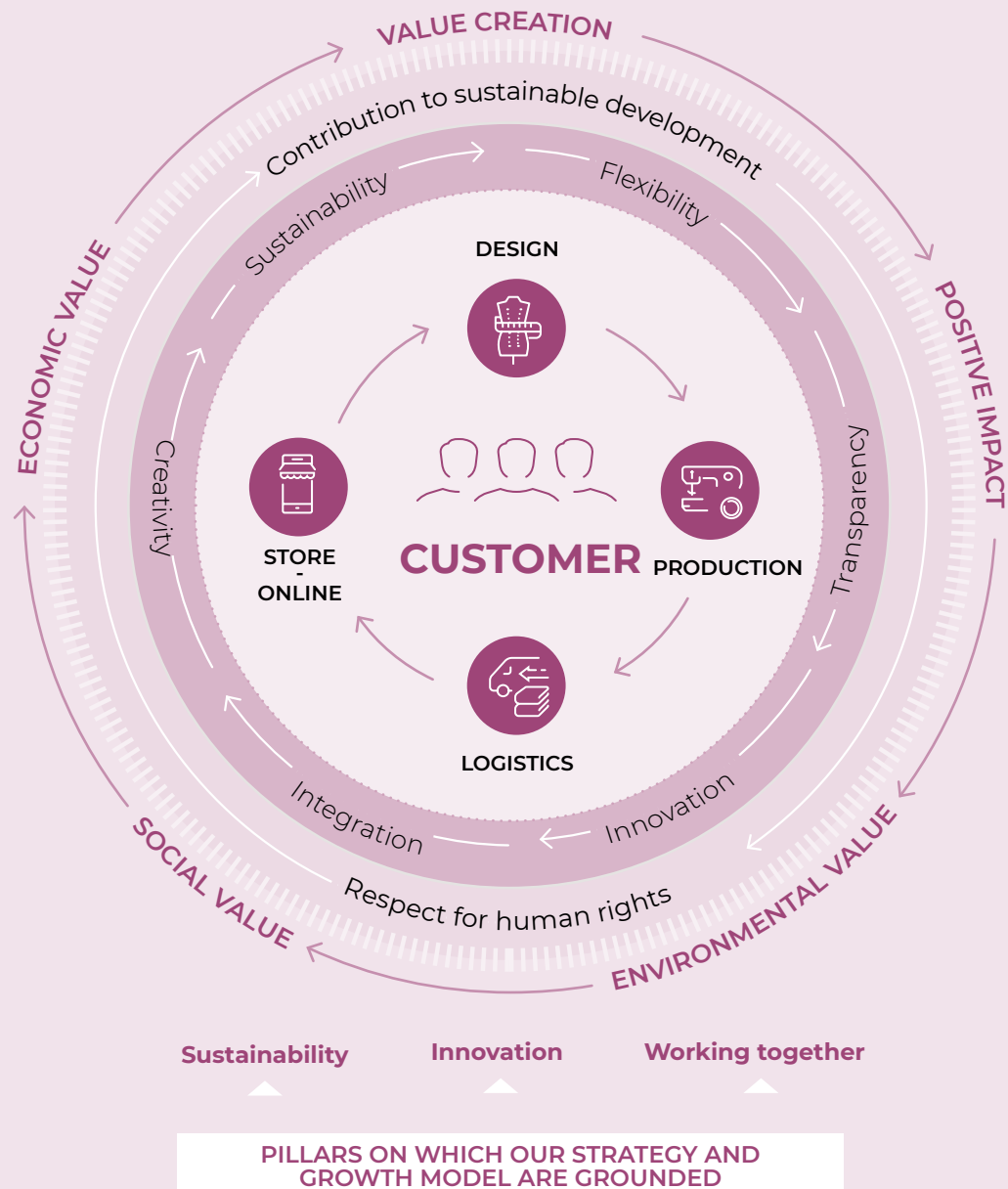
Listening to our customers is the starting point of an essential process to know which products they want and to offer those products at the right time and place. Only by properly gearing this mechanism (listening - identifying their needs - offering) we can provide them with the best shopping experience.

Human Rights

To promote and uphold human rights in all areas of our activity, Inditex has a strategy based on the Guiding Principles on Business and Human Rights.

Value creation

The commitment to creating economic, social and environmental value for all our stakeholders generates a positive impact and contributes to the development of wider society and to caring for the planet.



Value chain

The hallmark of our business model is the integration of all phases of the value chain, which allows for swift decision-making and constant adaptation to the operational reality. Accordingly, we manage the Company with a low level of inventory.

Contribution to the SDGs

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

Positive impact

Sustainability is the path to a fairer society and one more balanced in respect of the planet's limits. A context in which, as a responsible company, we work alongside our stakeholders to transform the industry and generate a positive impact in the communities where we operate.

4.2.

Sustainability, the basis for transformation

Sustainability is one of the cornerstones of our business model. Our strategy of collaboration, transparency and innovation involves all levels of the organisation and creates a culture of sustainability that permeates every aspect of our work and every stage of the value chain. Our aim is to progress on the path of positive impact to guarantee this transformation.

4.2.1. Our approach to sustainability

GRI 102-12; 103-2; 103-3; 201-2 AND 201-3

Sustainability is one of the cornerstones of our business model. We are committed to creating value for our stakeholders, with the ultimate goal of helping to generate a positive impact for society and the planet.

All our decisions and actions are based on respect for human and labour rights throughout the value chain and compliance with the most rigorous and ambitious environmental standards. Based on this compliance requirement, we have built an ambitious sustainability strategy that **places the impact in the centre**, as the light that guides our efforts. Our aim is to progress on the path of positive impact.

Our vision of sustainability stems from an intention to transcend short-term approaches and trends in order to create long-term strategies, structures and action plans. Hence, our perspective is twofold: to maintain an upright, timeless and organic strategic approach, while at the same time addressing the most important and urgent tactical challenges facing the planet, society and our industry.

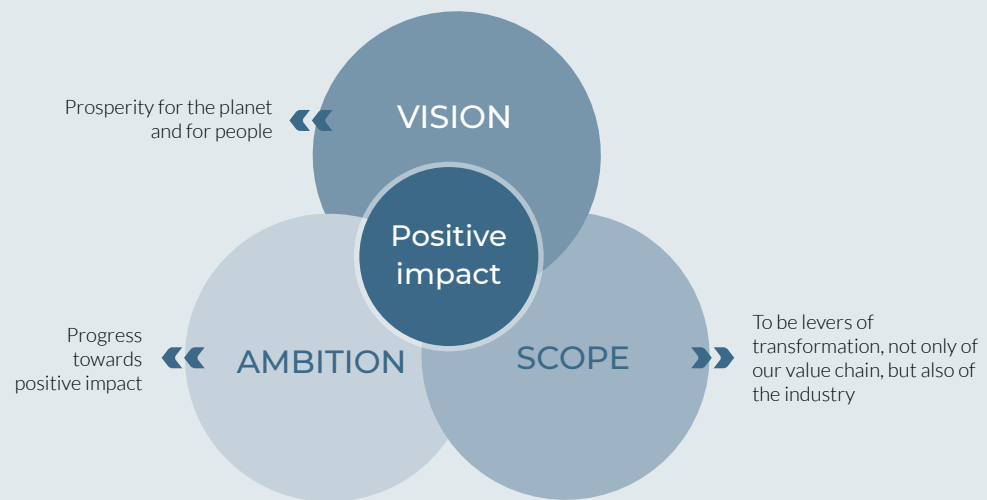
Our actions are aimed at protecting and positively impacting three main areas: **life as a whole and the ecosystems; people; and the substrate (comprising its different elements: water, land, air and energy)**. Consequently, we take a systemic, comprehensive and hybrid approach that combines the social and environmental spheres, with the ultimate goal of prosperity and sustainable development.

2021 MILESTONE

- Inditex has been included in the index Global 100 World's Most Sustainable Corporations in the World 2022 (published in January 2022). The Group scaled 19 positions to 73 in this annual ranking, compiled by Corporate Knights, of companies' performance on the basis of economic, environmental, social and governance indicators.
- In November 2021, Inditex also received the Terra Carta seal for its contribution to creating a sustainable future.

The Prince of Wales launched this seal as part of the Sustainable Markets Initiative, in recognition of global companies that are driving innovation and demonstrating their commitment to creating sustainable markets.

SUSTAINABILITY AT INDITEX: THE IMPACT AT THE CORE





The commitment to sustainability permeates the entire Company: from the governance bodies, articulated through a strong sustainability governance structure, to the entire workforce, including offices, logistics centers and stores. This has enabled us to progress towards our specific goals to generate value.

We rely on four key elements to implement our sustainable strategy: culture, collaboration, transparency and innovation.

Sustainability culture

Sustainability is ingrained in all our processes and decisions throughout our value chain. From product design to store management, it is a shared principle. To ensure it permeates our entire staff, regardless of their position and function, we carry out various actions aimed at creating a culture of sustainability throughout the Company.

This culture begins as soon as our people join us. For example, new recruits at offices receive training in which sustainability is prominent. After an initial overview they receive more thorough training in the various Company's programmes, in accordance with their job position.

This training is especially important for our buying and product teams, since their actions and decisions have a direct impact on the sustainability of our products and supply chain. In this regard, communication and relations between the various teams is continuous, working together to achieve the Group's goals. Furthermore, this year we joined forces with one of the world's leading universities for textile-related studies to create the Sustainable Fashion School specialist training programme aimed at helping our buying and design teams.

Equally important is the training received by our store staff. In 2021, we launched the first pilot edition of

the Changemakers programme, aimed at training and informing our store staff and creating a community of Changemakers who internalise our commitments and strategy and make them their own.

① More information in section 5.1.2. *Talent management of this Report.*

In 2021, **15,560 employees** were trained on sustainability (6,960 employees in 2020).

Collaboration

In keeping with our aim of being a **driver of transformation** in the industry, we take a holistic approach to sustainability, which includes both its integration throughout our entire value chain and collaboration with each and every one of the related actors.

To address the paradigm shift needed to face the challenges posed by the fight against climate change, circularity or the sustainable development of communities, we have to join forces with all the actors involved. Hence, we take an open approach in which collaboration is a pillar of transformation. Examples of this are our engagement with entities such as the United Nations Global Compact, the International Labour Organization, UNI Global Union, IndustriALL Global Union, The Fashion Pact, Ellen MacArthur Foundation, Zero Discharge of Hazardous Chemicals and the Sustainable Apparel Coalition, among others.

① More information in section 4.4. *Collaboration, the essence of transformation of this Report.*

We work together to transform: we are resolutely and collaboratively promoting the transformation of the sector.

Transparency

In line with our commitment to transparency, we share information with our stakeholders concerning our sustainability strategy, the programmes on which it is structured, our goals and the progress achieved, among other issues.

Among the foremost examples of our transparency is our annual accountability through this Integrated Directors' Report, as well as the information we regularly publish on our website. We also share a range of detailed and specific information with our various stakeholders, such as shareholders, suppliers, customers or the different organisations with which we collaborate.

More information in section 4.4.1. *Stakeholder engagement* of this Report.

Innovation

Inditex is unwaveringly committed to innovation in all its areas, including sustainability. The complexity of the global challenges we face and the path towards a positive impact require an increasingly prominent presence of **innovation, science and technology** in our actions.

We believe that in order to drive the industry's transformation, it is not enough to apply the current paradigms, but rather an innovative approach is necessary, one that strives for new solutions both technologically and in creating new models of for action and relation relationship with our environment.

More information in section 4.3. *Innovation, vital for transformation of this Report.*

Roadmap and commitments

2021 MILESTONE

New sustainability commitments:

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

OUR SUSTAINABILITY ROADMAP

2022



100% of energy consumption from renewable sources in all our own facilities (headquarters, logistics centres, factories and stores), exceeding the 80% previously planned for 2025.

More than 50% of articles featuring the *Join Life* label.

2023



100% of cotton from more sustainable sources, two years ahead of the previous target of 2025.

100% man-made cellulosic fibres from more sustainable sources.

Zero waste from our own facilities: headquarters, logistics centres, factories and stores.

100% elimination of single use plastic for customers.

100% collection of all packaging materials for recycling or reuse in the supply chain (Green to Pack).

2025



100% Polyester from more sustainable sources.

100% Linen from more sustainable sources.

25% reduction of water consumption in the supply chain.

2040



Net zero emissions, ten years ahead of the previous target of 2050.

We have a Sustainability Roadmap that is structured around two main pillars: a commitment to the circular economy and decarbonisation – in line with the objectives of the Paris Agreement, and a commitment to the Sustainable Development Goals, to which we add the promotion of and respect for human rights.

Within the framework of this Roadmap, and consistent with our sustainable strategy, we have established a series of ambitious milestones and objectives. In order to achieve them, we need the engagement of each and every one of the teams that make up Inditex, as well as the collaboration of the various stakeholders in our industry and in the communities in which we operate.

At the Annual General Meeting held on 13 July 2021, the Group announced that it will bring forward some objectives and the addition of new ones to those already set out in our Roadmap, raising the level of ambition. These include bringing forward our goal of net zero emissions to 2040, ten years earlier than initially scheduled.

Sustainability governance

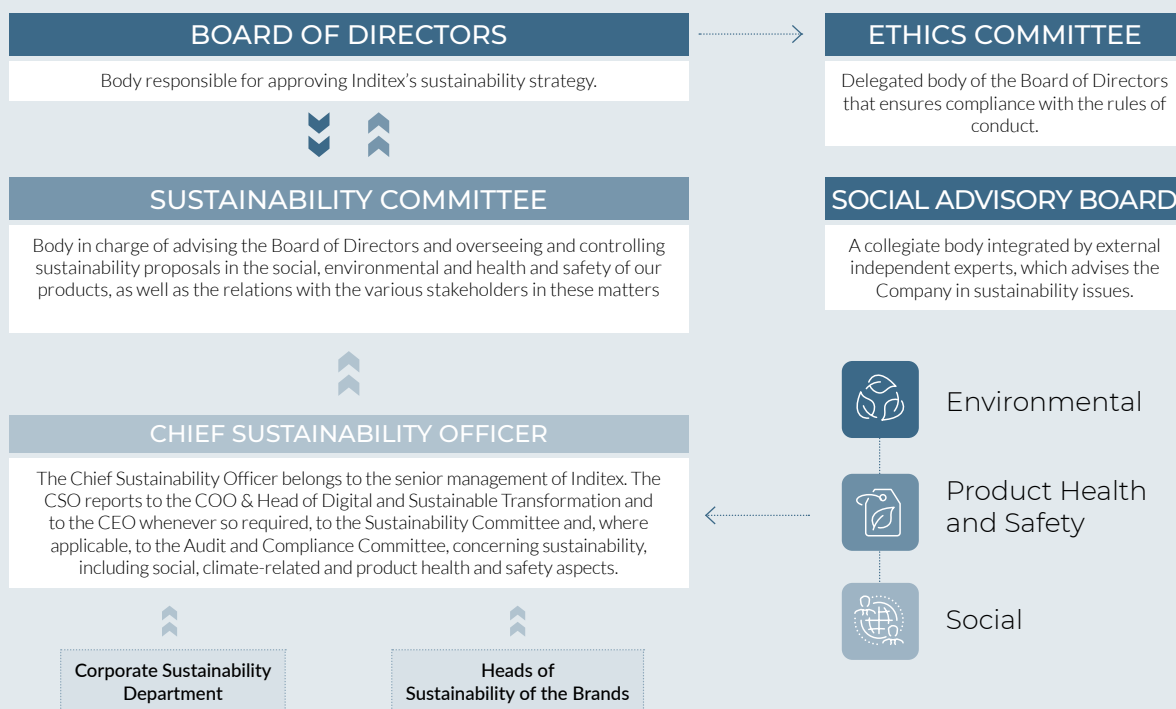
The commitment to sustainability extends to all levels of the Company, starting with the governing bodies and permeating the entire organisation, based on a solid system of governance.

The **Sustainability Committee** is the delegated body of the Board of Directors responsible for supervising and monitoring sustainability proposals in the social, environmental and product health and safety areas. It is also responsible for fostering the commitment to the Sustainable Development Goals and relations with the various stakeholders in this regard.

The Sustainability Committee, along with the Audit and Compliance Committee, is also responsible for overseeing the information included in the Statement on Non-Financial Information and other public documentation on matters within its purview. The Audit and Compliance Committee—as the body responsible for overseeing and controlling the effectiveness of the internal risk control and management systems—is entrusted with monitoring and assessing the risks arising from the Group's actions in relation to the Sustainability Policy.

Furthermore, the Group has an **Ethics Committee**, an internal body reporting to the Board of Directors, which oversees compliance with the standards of conduct, and a Social Advisory Board, an external sustainability advisory body in operation since 2002. The **Social Advisory Board** is made up of independent and external persons and institutions and its mission is to institutionalise dialogue with key stakeholders from civil society where we develop our business model.

GOVERNANCE AND MANAGEMENT OF SUSTAINABILITY



POLICIES THAT GUARANTEE INTEGRATION OF SUSTAINABILITY IN THE OPERATIONS AND DECISION MAKING AT THE INDITEX GROUP

• Sustainability Policy

- Policy on Human Rights
- Diversity and Inclusion Policy
- Compliance Policy
- Integrity Policy
- Forest Product Policy
- Code of Conduct and Responsible Practices
- Product Health and Safety Standards: *Clear to Wear (CtW)*, *Safe to Wear (StW) Physical Testing Requirements (PTR)*, and the *I+ standards (IPLUS: Inditex Precautions and Limits of Users' Safety)*
- Green to Wear environmental standard (GtW)
- Strategy on social management of the supply chain: *Workers at the Centre 2019-2022*
- Global Water Management Strategy, Global Energy Strategy, and Biodiversity Strategy

- Principles that govern sustainability in the Group.
- It includes the integration of sustainability into the business model and the cornerstones upon which the organisation's value generation is established.
- Principles governing stakeholder engagement and the identification of key stakeholders.
- Principles upon which the communication of sustainability practices is established, strengthening the ongoing dialogue and transparency as a cornerstone for relations with stakeholders.

More information in section 5.9. *Good governance, corporate ethics culture and solid compliance architecture* of this Report.

This governance system is based on a number of policies and strategies that guide our activities and our decision making, and that lay the groundwork to ensure that sustainability is integrated throughout our business model. These include, in particular, our Sustainability Policy, which comprises the principles adopted by the Group in relations with our stakeholders, encouraging integration of sustainability practices within the business model and ensuring that its business activity is carried out with full respect for people, the environment and the community at large, based upon the commitment the company has made to respecting human rights and to sustainable development. This Policy, approved by the Board of Directors on 14 December 2020, builds on and updates the previous Corporate Social Responsibility Policy and Environmental Sustainability Policy, consolidating them into a single text.

The commitment to sustainability by the governing bodies and the entire Company is crystallised in the definition of ambitious goals and specific targets, including linking the variable remuneration of different areas within the Group to sustainability objectives.

THE VARIABLE REMUNERATION OF ALL OFFICE EMPLOYEES

The variable remuneration of all office employees is linked to sustainability metrics.



FOR MORE INFORMATION

on our Sustainability Policy.

15%

VARIABLE REMUNERATION OF THE GROUP'S CHAIRMAN AND CEO

15% of the variable annual remuneration of the Group's Executive Chairman and Chief Executive Officer is linked to the fulfilment of the sustainability policies. This progress is measured in accordance with a set of indicators, such as the increase in the percentage of Join Life products, among others.

+10%

LONG-TERM INCENTIVE

We have a long-term incentive plan for members of the management team and other employees for the 2019-2023 period. This includes sustainability metrics which, in turn, represent 10% of the aggregate incentive. In our new long-term incentive plan for 2021-2024, approved by the Annual General Meeting in July 2021, the weighting of sustainability metrics has been increased to 25%.

4.2.2. Contribution to sustainable development

GRI 103-2 AND 201-2

At Inditex we aim to generate value and foster prosperity in the communities where we operate. With this in mind, since the approval in 2015 of the United Nations 2030 Agenda for Sustainable Development, we have aligned our strategy with the common action plan proposed by the Agenda through its 17 Sustainable Development Goals (SDGs) and their respective 169 targets.



The roadmap proposed by the **SDGs** is common to all parties involved in sustainable development – including governments, private companies and civil society– so it represents an opportunity for our Company to align our contribution to sustainable development and to maximise our positive impact together with our stakeholders.

INDITEX'S MOST RELEVANT CONTRIBUTION TO THE SDGS





As a result of aligning our strategy with the SDGs—facilitated by the already predominant position sustainability has in our business model—we have identified those **goals** where our contribution is most significant due to the nature of our business model and our activity.

This does not mean that our commitment and contribution is confined only to these goals. They encompass all 17 SDGs so as to adapt to the multidimensionality of the challenges they tackle, as they are closely interrelated and therefore cannot be addressed independently. Only by achieving all of the SDGs will we manage to eradicate poverty in all its forms, reduce inequalities and stop climate change.

Goal 17 stands out because of its transversality, as it highlights the need for partnership among the various players in society to achieve this common agenda. Consequently, among the actions we implement to contribute to sustainable development, collaboration with our stakeholders is fundamental, in line with our intention of joining forces to have a positive impact on society and help preserve the planet.

Moreover, we are convinced that **transparency and accountability** are essential to attaining the goals, which is why this Report includes detailed informa-

tion on our contribution to the SDGs, indicating at the start of each chapter those goals impacted by the actions outlined therein. Our contribution to the global attainment of the 17 goals and their various targets extends throughout the value chain and is carried out from all areas of the business: from manufacturing products to the stores, encompassing all the Company's processes and areas.

In addition, we include a summary of the key indicators that show our contribution to the SDGs. These indicators were selected in accordance with the guide entitled *Business Reporting on the SDGs: An Analysis of Goals and Targets*, published by the Action Platform for Reporting on the Sustainable Development Goals (jointly organised by the United Nations Global Compact and the Global Reporting Initiative – GRI) to which Inditex has been adhered since its launch and which concluded its activity in 2020. Due to our interest in continuing to help attain the SDGs, this year we joined the *Business Leadership Forum on the SDGs*, a GRI programme spanning two years whose purpose is to foster the achievement of the SDGs by means of business reporting and the collaboration of various stakeholder groups.

① More information in section 6.1.6. *Inditex's contribution to the SDGs. Main indicators of this Report.*

INDITEX'S CONTRIBUTION TO THE SDGS MAIN MILESTONES IN 2021



SDG 3 GOOD HEALTH AND WELL-BEING

Health, safety and well-being are priorities for us, especially in the current context still shaped by the presence of covid-19. Consequently, we have measures in place throughout our value chain aimed at both our employees and supply chain workers. During 2021, the certification process of our facilities under the ISO 45001:2018 standard, one of the most widely recognised standards for occupational health, safety and well-being, has been reinforced. In addition, through our partnerships with Médecins Sans Frontières, Medicus Mundi and Every Mother Counts, we have contributed to improving the health and well-being of more than 6 million vulnerable people around the world.



SDG 8 DECENT WORK AND ECONOMIC GROWTH

At Inditex we encourage the creation of stimulating, stable and safe working environments in which all the people who make up our value chain have equal opportunities and where their professional development is boosted. In this regard, the initiatives aimed at our people are of great importance, but also our Workers at the Centre 2019-2022 strategy, aimed at supply chain workers, through which in 2021 we reached 1,366,420 workers. We collaborate with various organisations to achieve this goal, including IndustriALL Global Union, UNI Global Union or the International Labour Organization. As part of our investment in the community, we promote the employment of people at risk or in a situation of social exclusion through initiatives such as for&from, SALTA or the employment programme with Caritas.



SDG 12 RESPONSIBLE CONSUMPTION AND PRODUCTION

Sustainability, as an integrated aspect of our business model, implies promoting responsible consumption and production practices. We conduct numerous social and environmental actions that take into account the entire life cycle of our products. Thus, in 2021 we continued to promote the production of articles labelled under our Join Life standard, which identifies articles made of the most sustainable raw materials and the most environmentally friendly production processes - reaching 47% of items placed on the market under this standard. As part of our community investment, we are developing projects such as Moda Re- and partnerships such as the one initiated in 2020 with UNHCR, with the aim of extending the life cycle of textile products and reducing the generation of waste.



SDG 13 CLIMATE ACTION

We are strongly committed to fighting against climate change. In line with our unwavering commitment, we have brought forward our Net Zero Emissions goal to 2040 (previously 2050). We have also been involved in multiple initiatives focused on the fight against climate change, such as Race to Zero, within the framework of the United Nations Framework Convention on Climate Change (UNFCCC); the We Mean Business Coalition; or the Business Call for a UN Treaty on Plastic Pollution. Also notable is our participation in 2021 in the review of the objectives of the Fashion Industry Charter for Climate Action (FICCA).

OTHER NOTABLE CONTRIBUTIONS



SDG 5 GENDER EQUALITY

Gender equality and women empowerment are at the very essence of Inditex, where women account for 76% of the workforce. In this regard, we nurture diverse and inclusive working environments that guarantee fair access to opportunities for professional development, with wage parity between men and women. Furthermore, within the framework of the Workers at the Centre 2019-2022 strategy, we implement numerous initiatives to protect and empower women in our supply chain. Promoting women's empowerment is also a key pillar of our community investment programme, through partnerships with organisations such as Every Mother Counts, Water.org and Medicus Mundi.



SDG 17 PARTNERSHIPS FOR THE GOALS

At Inditex we believe partnerships are a fundamental tool for achieving the Sustainable Development Goals and generating a lasting impact on communities and the industry. That is why our initiatives always involve a significant component of collaboration, be it with organisations like the United Nations Global Compact, the International Labour Organization, IndustriALL Global Union, Médecins Sans Frontières, or through industry partnerships as in the Fashion Pact, Make Fashion Circular, or ACT (Action, Collaboration, Transformation).



This year we joined *Alianza País Pobreza Infantil Cero* (Country Partnership for Zero Child Poverty), an initiative by the Spanish Government's High Commissioner against Child Poverty. In addition to this initiative, we have continued our work in projects with different non-profit organisations such as *Entreculturas*. As a result of this alliance, more than 1.3 million vulnerable people in 27 countries have had access to more and better opportunities to transform their lives and their environment.



This year we have worked very closely with a number of entities such as the Spanish Federation of Food Banks (Spain), *La Mie de Pain* (France) or *Entreculturas* (Paraguay) on 9 projects focused on the eradication of hunger as part of our community investment programme.



At Inditex we promote the professional development of our employees through training and internal promotion. In 2021, 50% of the Group's vacancies were filled internally. We have also continued our efforts with NGOs that promote access to primary and secondary education, such as *Entreculturas*, as well as university education in collaboration with entities such as Tsinghua University, University of Dhaka or Universidade da Coruña, among others.



In 2021 we committed to a 25% reduction in water consumption in our supply chain by 2025. We also continue to collaborate with organisations such as Water.org to improve access to drinking water and sanitation in several countries. As a result, more than 2.3 million people in Bangladesh, India and Cambodia have improved their access to water and sanitation.



This year we have ramped up our ambition and set the goal of consuming 100% renewable energy in our facilities by 2022. In 2021, we have achieved 91% of energy consumption in our facilities from renewable sources, avoiding the emission of 493,723 tonnes of greenhouse gases.



Over the course of 2021, we commenced a number of innovation projects in various areas of our value chain. Boston Consulting Group included us in their ranking of Most Innovative Companies 2021.



In 2021 we broadened our collaboration with UNHCR to help refugees. Furthermore, we have promoted numerous community investment programmes to reduce inequalities, investing a total of 19.9 million euros in 2021 to initiatives linked to SDG 10.



Throughout 2021 we have developed 18 projects, in collaboration with organisations such as Teatro Real and Museo Nacional de Arte Reina Sofía (Spain), Fundação de Serralves (Portugal) or US Green Building Council (United States) that contribute to this objective.



This year Inditex joined the Board of the ZDHC (Zero Discharge of Hazardous Chemicals), with whom we have been working for some time and whose objective is to achieve zero discharge of hazardous chemicals in the textile industry. Consistent with this goal, we invest in programmes aimed at protecting aquatic life.



In 2021 we joined the LEAF coalition, which focuses on protecting tropical forests. We also continued our commitment to preserve ecosystems through a number of projects and by consuming raw materials from more sustainable sources, which account already for a 42% of the total.



Inditex has a robust corporate governance and compliance system aimed at showing our firm commitment to good governance and social and environmental sustainability, and conveying that corporate ethical culture to all our stakeholders.

4.2.3. Human Rights

GRI 102-12; 102-13; 103-2; 412-2; 412-3;
AF1; AF7; AF24 AND 407-1

Our **Human Rights strategy** is aligned with the UN Guiding Principles on Business and Human Rights and covers all the Group's operations. Inditex has always tethered its development as a business to promoting and respecting human rights, but our track record has been especially notable since 2016, when we approved our Policy on Human Rights and structured our work within a strategic framework.



FOR MORE INFORMATION

on our initiatives in relation with human rights, see the report *Human Rights 2021*, available on the Inditex corporate website.

Human Rights Strategy Journey

2016	Approval of the Policy on Human Rights
2017	Training the social sustainability team in due diligence processes
2018	Development of the impact matrix on supply chain
2019	Launch of the social sustainability strategy <i>Workers at the Centre 2019-2022</i>
2020	Analysis of the impact of the health crisis on human rights
2021	Ongoing development of the due diligence process in human rights in the value chain

Our human rights strategy is structured on the following three pillars:



For this report, we used the Reporting and Assurance Frameworks Initiative (RAFI) as a reference. RAFI is the first comprehensive guide for companies to report their progress on human rights, developed by Shift the leading center of expertise on the UN Guiding Principles on Business and Human

Rights. This organisation also coordinates and organises the Business Learning Program, a space in which to share best practices and learnings in connection to the responsibility to respect human rights at companies in various sectors, in which Inditex also takes part.



Governance of respect for human rights

Policy commitment

Inditex advocates **respect for human rights in all its operations**, a principle that is ingrained in its business strategy and fully integrated throughout the business model.

A clear example of this is the Policy on Human Rights, approved by the Board of Directors in 2016, which represents the first pillar of our strategy. This Policy is binding upon the entire Group and its employees and extends to any legal person having a relationship with the Company. It is based on the Universal Declaration of Human Rights, and on the main conventions of the International Labour Organization and on the UN Guiding Principles on Business and Human Rights, among others, and embodies Inditex's commitment to the values that these frameworks represent.

For prioritisation purposes, the Policy also identifies the rights most directly related with the business model.

For comprehensive integration of respect for human rights throughout the Company, we consider that **collaboration and communication are key**. Every department implements its own specific actions in this regard, bonded together by the corporate human rights strategy. This integration permeates the entire Company.

The Board of Directors is the body responsible for approving the Policy on Human Rights. The Board has a Sustainability Committee, an informative and consultative body, responsible for promoting the commitment to human rights, among other matters.

The Group also has a Social Advisory Board, a collegiate body integrated by external independent experts, which advises on human rights, among other issues linked to sustainability.

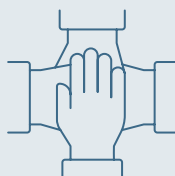
① More information in section 5.9.3. *Good corporate governance of this Report.*



FOR MORE INFORMATION

on our Policy on Human Rights

POLICY ON HUMAN RIGHTS



RESPECT FOR ALL UNIVERSALLY RECOGNISED HUMAN RIGHTS

PRIORITISATION OF RIGHTS MOST CLOSELY LINKED TO THE BUSINESS MODEL

Non-labour human rights

- Respect for the rights of minorities and communities.
- Right to privacy.
- Right to health.
- Right to freedom of opinion, information and expression.
- Right to security of the person.
- Contribute to the fight against corruption.
- Right to environment and water.

Labour human rights

- Forced or compulsory labour is rejected.
- Child labour is rejected.
- Discrimination is rejected and diversity is promoted.
- Respect for freedom of association and collective bargaining.
- Protecting workers' health and safety.
- Fair, just and favourable working conditions.

Awareness

Awareness is the cornerstone for a human rights culture to flourish throughout the organisation. This culture is communicated both internally to the Company's employees, and externally to suppliers, manufacturers and other stakeholders. Particularly in the supply chain, training is complemented by our work on responsible purchasing practices, with the aim of aligning commercial teams with our performance in sustainability and human rights.

Parallel to the supply chain focus, the work we carry out to cover the rest of our activities and value chain is highly significant. In the last few years, training has been provided in business areas such as distribution, as well as fostering the work developed in the areas of diversity and inclusion transversally throughout the value chain.

Defining the approach

Our approach is based on developing the relevant **due diligence processes** to detect the potential impacts of our activities on human rights. By means of continuous interaction with our stakeholders and sustainability teams on the ground, these processes are kept permanently up to date. The due diligence processes that are part of the human rights strategy involve two main focus areas:

Supply chain

Considering our business model, our supply chain is one of the priority areas of our overall value chain, in which we place a special focus on the promotion of and respect for workers' human rights. Based on the due diligence process developed in collaboration with the organisation Shift, we have drawn up a social sustainability strategy entitled *Workers at the Centre 2019-2022*. The due diligence process identified the seven priority impact areas into which the strategy is structured.

① More information in section 5.5.2. *Workers at the Centre of this Report*.

Value chain

At the same time, we carry out a range of activities to identify, prevent and mitigate potential impacts, by means of integrating responsible practices for respecting human rights. An example of this is the work carried out in the Distribution department. Human rights training was provided to the various teams, working together to establish due diligence processes. In this regard,



Our aim is to integrate responsible and ethical practices into everything we do, both internally and in our relations with third parties, for the promotion of and respect for human rights of all our employees and anyone with whom we establish a relation within the course of our business.

in 2021 we performed 27 labour and social assessments at distribution centres.

Another ongoing line of work is the updating and monitoring of suppliers in all operations throughout the value chain, in order to analyse their potential impact even before they commence their relationship with Inditex.








In addition, the various policies and procedures governing the Group's actions are under constant review and are consistent with respect for human rights. For example, in 2021 the procedures related with security personnel's actions and compliance management in connection with personal data protection and privacy were updated, among others.

RIGHTS LINKED TO PRIORITY IMPACT AREAS



This list is not exhaustive. The main human rights most directly related to each of the priority impact areas have been identified.

PRIORITY IMPACT AREAS

	 Worker participation	 Living wages	 Gender, diversity and inclusion	 Occupational health and safety	 Protection of migrants and refugees	 Social protection	 Protection of labour rights in the production of raw materials
Fair and favourable working conditions		✓	✓	✓			✓
Non-discrimination		✓	✓		✓		
Adequate standard of living		✓	✓			✓	✓
Education		✓	✓	✓	✓	✓	
Health		✓	✓	✓		✓	
Life		✓	✓	✓	✓		
Not being subject to degrading treatment			✓				
Not having to endure harassment			✓				
Equal pay			✓				
Freedom of movement			✓		✓		✓
Freedom and security of the person			✓				
Engagement in public life			✓				
Rights of employees with disabilities			✓				
Reproductive rights			✓				
Freedom of association	✓			✓	✓		✓
Healthy environment							✓
Ban on forced labour					✓		✓
Collective bargaining	✓	✓					
Collective rights of communities							✓
Social protection						✓	
Freedom of thought, conscience and religion					✓		✓
Privacy					✓		✓
Protection against violence					✓		✓
Healthcare					✓		✓
Freedom of opinion and expression					✓		✓
Property		✓			✓		✓

Management of key aspects related to human rights

The Policy on Human Rights is complemented by other Group **codes and policies and mandatory standards** for our employees, suppliers and other stakeholders. Some of these significant policies and codes include the Sustainability Policy, the Diversity and Inclusion Policy, the Code of Conduct and Responsible Practices and the Code of Conduct for Manufacturers and Suppliers.

Collaboration

Communication and cooperation with stakeholders feeds our due diligence process. In this regard, there is no overstating the importance of the relationships we forge with international organisations and NGOs, among other experts in the field and who support us in developing specific projects, training and creating and implementing our strategies. Clear examples of this are our partnerships with the International Labour Organization, UNI Global Union, IndustriALL Global Union, the UN Global Compact and Shift.

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

Grievance mechanisms

Grievance mechanisms, the third pillar of the Human Rights strategy, are key to improving the due diligence process, as their information helps identify potential negative impacts, and allows the Company to react and mitigate any risk in advance. Our main grievance mechanism is the Ethics Line, which is available both to Inditex staff and to third parties with a legitimate interest.

① More information in section 5.9.2. *Compliance and criminal risk prevention systems of this Report.*





4.3.

Innovation, vital for transformation

Innovation, a linchpin for transformation, is built into Inditex's DNA. Ongoing improvement stems from our ambition to satisfy our customers in every aspect of their relationship with us. The convergence of technology and our open innovation model, which fosters the recruitment of talent and the attraction of ideas, enables us to ensure the success at every stage of the shopping experience.

4.3.1. Collaborative and transformative innovation

GRI 103-2 AND 103-3

Innovation is the transversal cornerstone upon which all the Company's actions are based. Collaborative and transformative innovation designed by and for people, with which we aim to be **more creative, agile, efficient, respectful and sustainable** both in our relationship with customers and with our the environment.

2021 MILESTONE

The constant thread of innovation throughout our history has led international consultant Boston Consulting Group to rank Inditex among the 50 most innovative companies in the world in its Most Innovative Companies 2021 report.

Our innovation activity is aimed at **improving the customer experience and strengthening customers' trust** every time they choose us. This trust is based on the efficiency of our processes and the quality of our products. But we are mindful that it also stems increasingly from such important intangibles as sustainability, health and care of our people, the community and the planet.

Innovation is crucial to achieving a sustainable transformation of the industry. Accordingly, our innovation model is **cross-cutting, flexible, collaborative and open**, not only to all the Company's areas and people, but to any organisation, entity or person with a different idea or disruptive proposal that helps build a better and more sustainable present and future.

Inditex's capacity for innovation and transformation is evidenced by the numerous projects that the Group has underway, some of them as a continuation of processes initiated in previous years, others entirely new. These initiatives permeate all the Company's areas and levels and every stage of our value chain (design, manufacturing, transport, logistics, distribution, sales, product use, circularity and end-of-life), each of which has its own part to play.

4.3.2. Innovation to improve our customer experience

GRI 103-2 AND 103-3

Our customers are at the heart of our innovation activity. Harnessing technology and talent, we design, create and connect people, processes and spaces to ensure customers are fully satisfied with their experience when they choose us, regardless of which channel they opt to use. With this goal in mind, our efforts are always aimed at guaranteeing three aspects: **full availability** of our articles, **ease and efficiency** of all our processes and services, and real and satisfactory **integration** of our sales channels.



To achieve this, we are committed to a flexible, adaptable and dynamic innovation model based on agile methodologies and principles, to maximise the value of our innovation at every stage of our activity. A good example of this is the **technological development of our store management systems**.

Our latest upgrades in this sphere have enabled us to improve day-to-day operations at our stores in such important areas as stock management, distribution, transport, labelling, etc. In this regard, novel technological solutions such as RFID alarm tags or the Pay&Go payment system make for a speedier and more efficient experience for the stores and for our customers, who require increasingly demand greater personalisation.

Full availability

Our goal is to ensure that our articles are always available wherever and whenever customers need them. To achieve this, we are constantly redefining all the processes that make up our business model (design, manufacturing, purchasing, transport, logistics, distribution and sales) in order to adapt them and evolve them in accordance with the needs our customers and the environment are demanding.

2021 MILESTONE

Massimo Dutti launches the new Shop&Go service, which allows customers to use their own mobile phones to make in-store purchases, thus offering customers new ways of shopping and enhancing in-store experience.

The **coordination and synchronisation** of these processes is grounded upon advanced analytical tools and cutting-edge technologies such as machine learning and IoT. These tools enable us to pinpoint customers' needs and propose the measures needed to fulfil them, from the start of the distribution chain to the commercial and operational management of the stores.

For example, to ensure that customers find the items they are looking for, we have developed models to identify in which stores they are most likely to



find them. We can then estimate the volume of initial shipments required for each store, forecast the demand curve and thus determine the necessary stock to guarantee availability. In this respect, this year the Company has developed a **new model to calculate** the number of units to be included in the first shipment to optimise the success of the initial shipment and prevent stock-outs.

Also, another model has been developed in collaboration with MIT (the Massachusetts Institute of Technology), which has consisted of developing a 'dynamic coverage' model to ensure the service level for customers, reducing the safety stock necessary at each store.

Related to sales management in stores, our **retail tool** enables us to adapt in-store product exposure to our customers' demand, by means of notifications and through the use of information on comparable articles and stores. Another application of this technology to our integrated management model is in the movement of units not in demand in physical stores but very likely to be sold online.

In addition to applying the latest technology for store management, in 2021 we have also made considerable strides in its application to warehouse management. Specifically, we have started developing an **empirical IoT model** to comprehensively control **logistics and distribution in the supply chain**, with a particular focus on the process for warehouse management control, crucial to guaranteeing the availability of our articles.

Over the course of this year, another two projects have been key to ensuring customers enjoy full availability of our articles and services: **Autonomous Mobile Robots (AMR/AGVs) and automated sorter induction**.

We used AMRs to automate Zara.com e-commerce stock at the Marchamalo centre. Through the design and roll-out of a Goods to Person (GTP) solution based on **AMR technology**, 500 autonomous robots support the operators in tasks linked to the receipt, storage, picking and auditing of the centre's stock. The robots move 13,500 shelves storing a total of 4.5 million units. While operating, they reliably bring the shelf chosen by the Warehouse Management System (WMS) to the operators, with the articles required in each case. Thus, the operators need to cover less distance to perform their work, boosting productivity and enhancing the quality and experience of their role.

IOP (INDITEX OPEN PLATFORM)

enables us to respond to the Group's requirements of flexibility, speed and performance.

At the same time, as early adopters of any technology that can help improve our customers' end experience, we have launched the **Automated Sorter Induction** project, the Company's first pilot automated induction initiative for folded garments in package sorters.

This is state-of-the-art technology that identifies and sorts the garments that will subsequently be entered into the system, which has required advanced artificial intelligence systems underpinned by research at some of the world's leading technological centres.

Integration: all in a click

We want our customers' shopping experience to be easy and efficient, and, therefore, satisfactory throughout. Customers should find what they want, when and where they want it.

In the current context of transformation, shaped by the unstoppable advance of technology and by the socio-economic circumstances resulting from the covid-19 pandemic, the integration of the physical and digital worlds has been pivotal for Inditex. We see this integration from a holistic standpoint that encompasses strategy, processes, data, structure and people, and rests on our technological platform, **Inditex Open Platform (IOP)**.

IOP is a living platform that is constantly being evolved, continually adding new functionalities that enable us to offer an integrated experience so that our customers can shop as they choose: in-store, online or easily and transparently combining the two with a simple click.

Its open and modular design enables all the Company's areas to adapt their processes to customers' needs in real time and to respond to their preferences, contributing to our aim of improving their experience. In fact, IOP enables us to respond to the Group's requirements of **flexibility, speed and performance** by constantly adopting **new technologies, work practices and organisation**.

From a technological standpoint, its architecture of independent but interconnected micro-services can be integrated with next-generation business modules to make applications easier to scale and faster to develop.

When it comes to work practices, the application programming interface (API) and the adoption of internal, open-source code boost collaboration between Inditex teams and make for a more seamless collaboration with third parties, be they major software organisations or individuals with singular knowledge of specific applications.

Moreover, they enable us to offer a friendlier culture for our developers, giving them greater insight into the value they provide to our customers and increasing our capacity to attract talent.

Some examples of how the Inditex Open Platform improves integration that can be seen directly by our customers are the Store Mode, Pay&Go and Shop&Go functionalities.

Throughout the year, we have launched and refined numerous projects to offer a more agile shopping experience. In this sense, Massimo Dutti's new Shop&Go service stands out, which allows customers to make purchases from their mobile phone without going through the checkout, also choosing where and how to receive their garments. In addition, we have also made a mobile point of sale available to our customers in stores to provide a complete shopping service for the launch of new spaces such as Zara Beauty or new collections such as Zara Origins.

4.3.3. Technology for boosting the efficiency of our operations

GRI 103-2 AND 103-3

Our capacity for change has a great deal to do with technology. The digital transformation we have been undertaking in the last few years, and in particular in 2020 and 2021—despite the covid-19 pandemic—enables us to develop initiatives and projects that place us at the forefront of the industry in purely technological aspects such as channel integration, anticipation of demand and stock management. It also gives us the edge in other, more intangible areas, such as the well-being of our people and communities and care for the planet.

To achieve this we harness state-of-the-art technology: artificial intelligence, machine learning, cloud computing, IoT, Business Analytics, and so on. We

develop or adapt it to suit our business objectives and place it at the service of our customers and our people. In fact, technology is the link in the chain that enables us to complete the circle of collaborative innovation. In other words, to materialise the ideas that emerge in all the Company's areas.

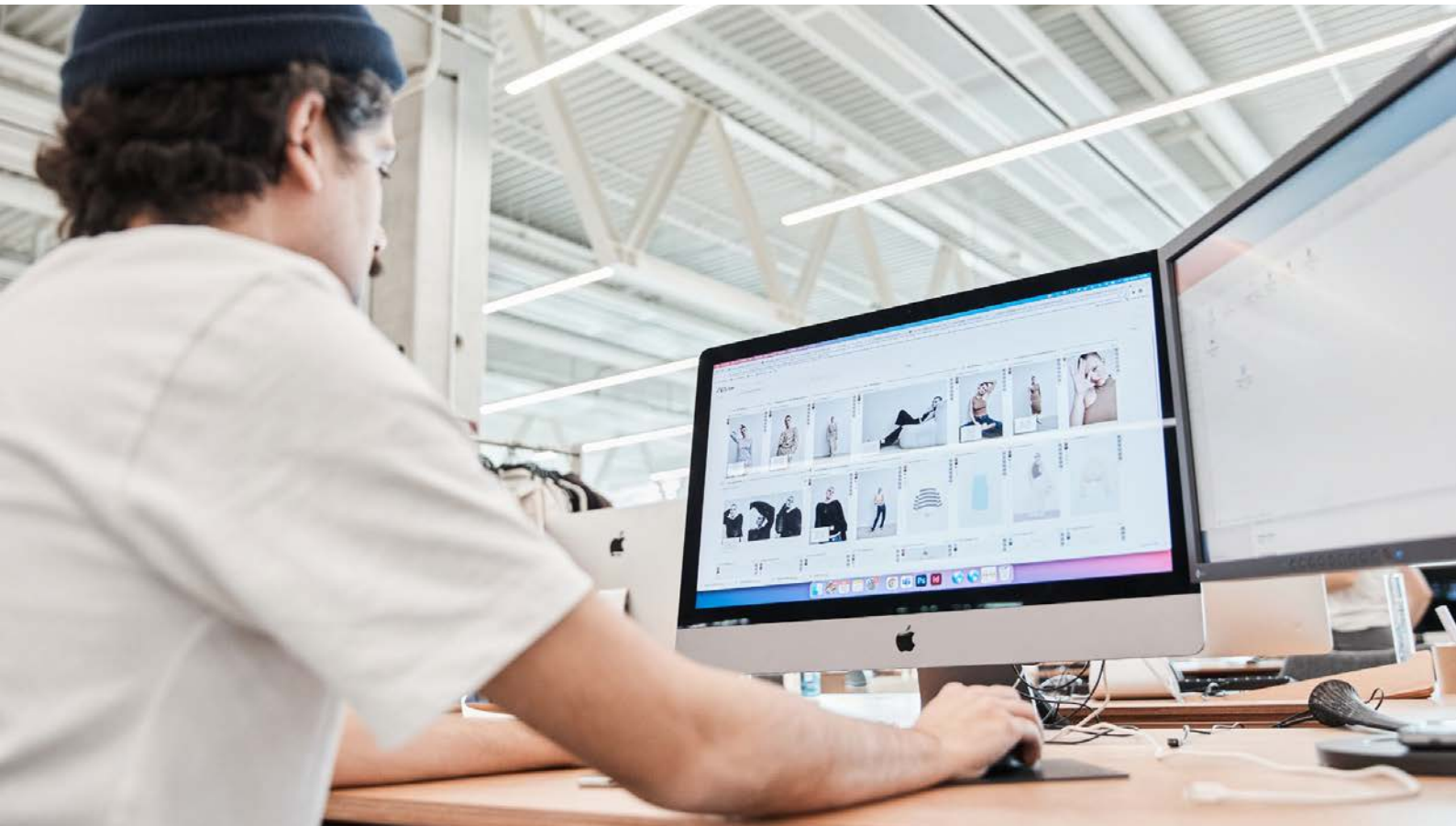
A reflection of our constant commitment to the search for the latest innovations and technological applications is the launch at the end of 2021 of our Open Innovation Logistics Hub. With this initiative we pursue the creation of a structured model of open innovation in relation to the latest technologies and innovative solutions in the logistics area. Through the Hub, relationships are established with all the actors in the ecosystem - such as start-ups, research centers and universities, entrepreneurs, technology companies and even other companies - to enhance the innovative capacity of the industry and collaborative development in a sustained manner in the long term.

Flexibility, agility, scalability, resilience, integration, security and learning are the terms that best define our day-to-day reality on the technological front and lend meaning to our purpose. The **latest developments in systems in the Operations area** are evidence of this. In 2021 Inditex launched a transformation process which, based on data provided by the various tools and systems of which the Company's technological ecosystem is comprised, improves the experience of both application developers and customers in stores. Examples include creating applications to control the number of people inside stores and oversee virtual queuing so that customers do not have to wait in person, or improving the operating efficiency of the store devices to prevent waiting times.

But our technological advances have not focused solely on the Operations area. **The latest developments in data management systems**, consisting of the technological transformation, evolution and creation of tools and disruptive data collection systems, and data management and analysis, which help us to make smart decisions based on data that is updated daily at the global level.

In this regard, our **Data Processing Centre (DPC)** is an unrivalled benchmark of our capacity to innovate for ourselves, our customers and the environment. The technology deployed at the new DPC also reduces energy consumption and, therefore, boosts energy efficiency.

The new DPC extracts the very best performance and stores all the data handled by the Company in keeping with the most stringent security standards. The building is certified to Uptime TIER IV Design



and Build standards, ensuring maximum reliability and availability, and an infrastructure that is fully outage-tolerant, with duplicate electric power and climate control systems. Furthermore, as part of Inditex's commitment to the environment, the DPC uses green technology with a Power Usage Effectiveness (PUE) score of under 1.3 (1.0 indicates 100% efficiency), thanks to the deployment of best practices and the optimisation of infrastructure.

Also equipped with state-of-the-art and sustainable technology, **the new Zara.com building** represents a milestone in terms of architecture and advanced communications. 5G and wifi 6 coverage make communications up to 10 times faster and more reliable than using LTE (Long-Term Evolution). Thanks to wifi 6, scope and coverage are very high, optimising the performance of all devices connected to the network.

Automation is one of the goals of implementing technology. Over the course of 2021, we continued or launched projects to significantly improve our operating processes. The **automatic restocking of material in stores** is one such initiative. The new model will replace requests that are currently handled manually by stores with a refined algorithm to calculate the stores' requirements. This will reduce the administrative burden in stores and central services alike. At the same time, we have enhanced the **traceability and receipt** process for material ship-

ments so as to know their real-time location and make the process of receiving them in stores more agile and accurate using mobile scanning.

With a view to optimising processes, we have developed a comprehensive **advanced facility management system** which, by integrating our current tools for managing incidents, maintaining infrastructure and using Inergy, expedites the operating, administrative and financial management of

2021 MILESTONE

The new Zara.com building was inaugurated in 2021. These facilities, spanning more than 67,000 m² and featuring the latest advances in technology and sustainability, house the new Zara.com studios and the Design Centre for Zara Man. The new building is a milestone for advanced communications, with 5G and wifi 6 coverage to achieve communications up to 10 times faster and more reliable than using LTE (Long Term Evolution). Thanks to wifi 6, scope and coverage are very high, optimising the performance of all devices connected to the network.



store facilities. Accordingly, incident management uses a parametrised traffic light system incorporating automatisms to swiftly identify and resolve incidents based on their criticality. It also affords us the capacity to anticipate incidents in certain assets; in other words, predictive maintenance.

Our commitment to technology also encompasses our relations with suppliers, control of raw materials and of energy, and even the development of new messaging and communications technologies, such as the **Inline** project to eliminate the use of telephones, freesets and walkie-talkies in stores.

The Group's constant efforts to achieve full digitalisation have led us to focus strongly on two clearly

defined aspects: improving the real-time availability and accessibility of information; and securing 100% effective integration of our applications, also making them mobile.

With this in mind, over the course of this year, we have **migrated** our information systems to the **cloud**, moving from a segregated repository to one that is centralised, much more effective and in keeping with business needs. This migration also enabled us to evolve the system, allowing us to provide each area of the Company with the data it needs in real time, thereby facilitating decision making. The new system encompasses more than 100 collaborative cloud workspaces.

The availability of real-time data has also enabled us to launch another two projects: **ONE, for real-time sales tracking**, and the **integrated store management tool**, to show stores the sales indicators most relevant for them in real time.

4.3.4. Projects and tools for our people

GRI 103-2 AND 103-3

Innovation is a crucial value at Inditex that helps us to strengthen the trust that both customers and the people who work directly or indirectly with the Company have placed in us. Innovation enables us to research, develop and realise a multitude of projects with which, ultimately, we aim to improve the quality of life of **our people and the communities** Inditex relates to.

We put a premium on fostering values as important for us as sustainability, diversity, responsibility and transparency, harnessing technology and the know-how of our human capital for this purpose.

Our people

The people who work at the Group are key to placing all of our innovative skill at the service of customers, but also to keep learning, progressing and growing. Accordingly, in 2021 we have devised several initiatives linked to unlocking their potential and nurturing their talent in a wide range of spheres. One example of this is the launch of the **Inditex Careers chatbot** in Instagram. This recruitment chatbot helps candidates to register for our job vacancies and set up their profile in Inditex Careers in a simple, fast and friendly way.

People are crucial for achieving our innovation potential.

Also in connection with recruitment, this year we have opted to **digitalise interviews** via Team Plays, online interviewing and the VideoAsk extension for external candidates, as well as the processes

of **on-boarding and digital contract signing**, the former implemented in stores in Spain, and the latter in Spain, the Netherlands and Germany.

In the realm of training, our commitment to digitalisation paved the way for the international launch of the **Tra!n** learning platform, a virtual, modern and agile space to which our teams worldwide can connect. There they can access a broad range of training content such as product and fashion, culture and values, health and safety or sustainability, among others. The content is produced both internally, harnessing and sharing the know-how of our staff, and in partnership with leading educational institutions.

More information in section 5.1. We are collaborating with our people, the engine of that transformation of this Report.

Furthermore, to improve our people's health and ergonomics and to optimise their time, we have implemented an **automatic rotation system in logistics tasks** which, based on our Orquest staff scheduling tool and on artificial intelligence, switches the duties performed by operators at distribution centres.

Well-being at our headquarters

Innovation enables us to boost well-being at our headquarters in the broadest sense: comfort, efficiency, sustainability, architecture and occupational health, among others, and we have implemented a number of projects at all of them in 2021. Examples include the **latest construction techniques and architectural concepts aimed at achieving maximum environmental efficiency** in buildings and headquarters, while at the same time boosting the comfort and, as a result, the quality of life of the people using them.

Likewise, the Company has undertaken research into **new building solutions for developing smart, sustainable and efficient offices**. On this basis, we have refurbished the Bershka headquarters, applying wholly innovative proposals for employee comfort and for optimising their daily activity, while at the same time meeting strict efficiency and sustainability requirements. The building required a series of technological updates, such as the specific design of structural components to ensure top-quality acoustic properties, or the design of a highly energy-efficient lighting system. Both of these signalled a key scientific and technical improvement for the Company.

We are a community

Social innovation is a part of who we are. Our goal is to develop and apply solutions to satisfy social needs in an efficient and sustainable way. In this regard, our community investment programme is structured around three main axes: identifying new social needs, developing solutions to help respond to them, assessing their efficacy and extending those initiatives that have proven to be effective.

Our work for the community would not be possible without the direct engagement of stakeholders such as local and international organisations, governments, trade unions, academic institutions and representatives of civil society. Consequently, we establish partnerships with each of them that enable us to join forces and launch innovative initiatives in fields as varied as research into new diseases, improvement in the provision of water and sanitation in developing countries, and research programmes in the field of education and the social economy.

The Zara Tribute project represents a social initiative aligned with our commercial activity, based on the launch of limited edition collections linked to social causes. Zara's first Tribute collection, called "Icons by Peter Lindbergh", is a project that features iconic photographs by legendary photographer Peter Lindbergh and curated by creative director Fabien Baron. 100% of the proceeds from this collection go to the Franca Sozzani Fund for Preventive Genomics, with the aim of financing the Global Babyseq initiative, a human genome sequencing project that seeks to support research and innovation in predictive medicine in collaboration with Brigham and Women's Hospital and Harvard Medical School.

And in the medical field, our alliance with Doctors Without Borders is also framed. We invest in research projects for the response to new diseases and the development of new care protocols that contribute to the improvement of community well-being. During 2021, projects such as POCUS (point-of-care ultrasound), Patient Multimedia Engagement toolkit or the Mobile Outbreak Lab, among others, have stood out for their innovation.

① More information in section 5.7. *We are collaborating to generate value in the community of this Report.*

Lastly, in 2021 we undertook two initiatives of significance for the Company linked to people in our supply chain and, therefore, in the field of social sustainability: arranging the use of a **tool to measure projects' social impact and**, as a result, to **standardise project management in the supply chain**.

4.3.5. Projects for the planet

GRI 103-2 AND 103-3

For Inditex, it is a non-negotiable pre-requisite that our innovation must positively impact the planet for the present and future. We are convinced we must innovate not only in aspects directly linked to our Company, but taking a 360° approach aimed at developing solutions to allow us to help preserve the planet for generations to come.

In this context, a key aspect for us is to be able to implement our environmental solutions throughout our supply chain, for which purpose, again, we establish strategic partnerships with our collaborators.

Our actions in innovation to minimise our impact on the planet encompass a broad range of goals: reducing polluting emissions, water and textile consumption and cutting the carbon footprint. We structure these actions upon two main axes: **circularity, and safe and sustainable products**.

Circularity

The circular economy drives us. We are constantly seeking tools and solutions that help us minimise the negative impacts of our activity throughout the life cycle of our products: fibres, processes, use and end of life. With this in mind we set up the **Sustainability Innovation Hub**, our open innovation platform, a fundamental reference underpinning our respectful approach to the planet. Through this platform we tirelessly seek and develop new and more sustainable raw materials and fibres and, in many cases, we do so through collaborations with cutting-edge start-ups involved in multiple aspects of textile production: materials, processes, end of life, micro-plastics, traceability, etc. In fact, some of the most disruptive



Our commitment to innovation throughout the value chain and life cycle of our products is aimed at fostering and supporting the achievement of our sustainability objectives.

tive projects to have emerged in 2021 were a result of such collaborations. For example, **LanzaTech**, an initiative in the field of research into raw materials.

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

We have also reached a number of agreements resulting in collaborations, such as the one with the accelerator **Plug and Play** to identify those startups that best contribute to our main objectives and organise work with them; the agreement with the innovation platform called **Fashion for Good**, in which we work with other major players in the fashion business to foster the acceleration of sustaina-

bility projects in the sector; and our partnership with **Quantis** to build on its experience in life cycle analysis and use its impact measurements with the startups we partner.

Safe and sustainable manufacturing

Making our products in a safe and sustainable manner is non-negotiable for Inditex. Products must be safe for both the people who make them and those who receive them, our customers, and must also be environmentally sustainable. To achieve this, the Company works with leading technology and



science companies, and internationally renowned technological experts, to better understand the properties of the substances that may be present in the processes and of the chemicals used throughout the manufacturing chain, and to take any appropriate action.

Within this framework of cooperation, in 2021 we commenced industrial partnerships with leading companies in the industry enabling us to fast-track the incorporation of disruptive solutions. Specifically, global research partnerships were established in science with **BASF** and in technology with **EPSON**, both grounded on their commitment to sustainability, leadership, multi-sector know-how and their R&D capacity.

BASF-Inditex. The understanding and establishment of synergies between both companies has allowed us to work together in a **sustainable technology for domestic laundering** aimed at mitigating microfibres; obtaining **sustainable solutions in wet processes**

(dyeing and printing); the joint exploration of **sustainable materials and fibres**, alternatives to the existing ones; and the design of a joint R&D agenda in recycling technologies (mechanic, chemic and biologic) as a reference solution for the industry.

① More information in section 5.4.5. *Use and end-of-life of products of this Report.*

EPSON-Inditex. Throughout 2021, the collaboration with this multinational has allowed to jointly prepare and validate, as a proof of concept, the technological and scientific bases necessary for the design and development of the R&D and innovation agenda in technologies of digitalization of wet processes as a reference solution in the Industry.

In the field of chemical safety, the Company, in partnership with *Universitat Pompeu-Fabra* and the University of Santiago, launched a joint action known for the development of computational methods and tools to characterise chemicalsafety in the compounds used in the textileand leather industry. This is



an extraordinarily innovative project because, for the first time, a database was built to facilitate access to all the available information on this topic.

Improving the health and safety of our products is also the aim of another three projects launched in 2021 as a result of our RD&I: the **latest update of our Clear to Wear (CTW) standard**, which involved evaluating more than 1,800 substances with particular attention to their impact on the environment and human health; the rollout of a **guide to best manufacturing practices for products in contact with food**, to ensure that any product or item that will enter into direct or indirect contact with food is safe enough to prevent the transfer of harmful substances that might endanger human health; and, lastly, the creation, in conjunction with the University of Lleida, of a **method to detect volatile perfluorinated compounds (PFCs)** in textiles and chemicals to comply with the most stringent limits.

① More information in section 5.4.4. *Health and safety aspects of products* of this Report.

4.3.6. Secure information, safe privacy

GRI 103-2 AND 103-3

In the current framework of digital transformation, in which changes ensue quickly and constantly, information is the fuel that drives the machinery of any industry. Mindful of its importance and of the pre-eminent role of data security, at Inditex we are committed to the continuous improvement of our security management model and we invest in harnessing the latest technologies and cutting-edge controls to keep our own and our customers' data safe.

Consequently, in 2021 we have further strengthened our plans, systems and controls for remote working, and the associated risks, derived from the global covid-19 pandemic, and we have also finalised the Next Generation Cybersecurity strategic plan to optimise the maturity of our **Information Security** programme and, at the same time, identify the Company's needs and challenges for the coming years.

With regard to the sharp increase in cyber-attacks worldwide, which have not had an impact on our Company, new working groups were set up under the supervision of the Information Security Committee to continue designing and implementing fresh initiatives such as the **Supply Chain – Third-Party Risk Management** programme, focusing on the impact of cybersecurity in the supply chain.

The increase in global cybersecurity incidents against supply chains has underscored the need to establish controls in this regard. Accordingly, Inditex has bolstered its control programmes, including a specific review regarding the method of access, use and management of Inditex suppliers' information. Mindful, furthermore, that the human factor is one of the weakest links in terms of information security, we have implemented a number of training and skill-building initiatives to gauge their performance in security.

Moreover, the change in the traditional, on-premises technological model to the new cloud focus has required new approaches to ensure maximum information security and, at the same time, to enhance the user experience. These are precisely the two pillars on which our **Zero Trust-Road to passwordless** programme rests, paving the way for passwordless connection to services.

4.4.

Collaboration, the essence of transformation

At Inditex, we design multiple strategies that involve permanent dialogue and transparency with our stakeholders, as we believe that constant collaboration is crucial to building and achieving our common goals and to contributing to the transformation of our sector.

4.4.1. Stakeholder engagement

GRI 102-21; 102-33; 102-40; 102-42; 102-43; 103-2 AND 103-3

At Inditex, we are committed to generating a **positive impact** and **creating value in a sustainable manner** for our stakeholders, as well as for society as a whole. Accordingly, we believe working together with them is key to both making progress on our Sustainability Roadmap and decisively driving the sustainable transformation of our sector.

We are aware that maintaining a **continuous dialogue, listening and taking into account the demands and needs of our stakeholders** and joining forces with them is essential to making headway in common and shared goals. Circularity, preserving the planet and its resources, and promoting human and labour rights are some of the common and shared goals that pursue the necessary transformation, so that in the future sustainability will be a present and fully integrated maxim in all areas of society.

The principles governing our relationship with stakeholders are transparency and permanent dialogue, which are necessary levers to promote joint collaboration on the path towards sustainable development.

How and with whom we collaborate

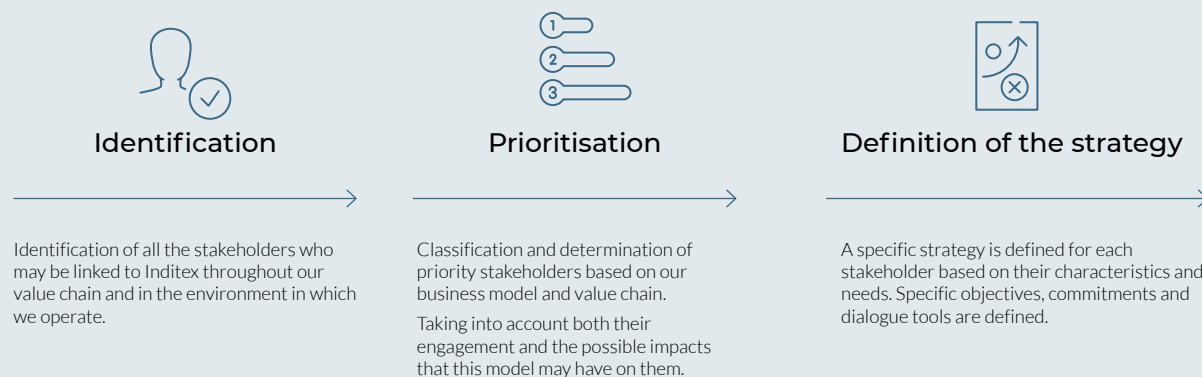
We consider stakeholders to be those groups or entities that may be related to our Group throughout our value chain and in the environment in which we carry out our activity and which, simultaneously, have the capacity to influence Inditex with their decisions and opinions. Based on our business model—and their relationship to it—we classify our stakeholders as follows: **customers, employees, suppliers, shareholders, the community as a whole and the environment** (represented by various environmental organisations).

The principles guiding our relationship with all our stakeholders are transparency and permanent dialogue, as stated in our Sustainability Policy. These common principles are embodied in specific strategies, objectives and communication and dialogue channels, which are constantly reviewed and updated. Thus, we have policies that define the principles of the relationship with each stakeholder group, such as our Code of Conduct and Responsible Practices, our Code of Conduct for Manufacturers and Suppliers or the Policy on Human Rights, among others.

COLLABORATION FOR A SUSTAINABLE TRANSFORMATION



DEFINING THE STRATEGY FOR ENGAGING WITH STAKEHOLDERS



COMMON ELEMENTS OF ALL THE STRATEGIES: PERMANENT DIALOGUE AND TRANSPARENCY

INDITEX'S MAIN STAKEHOLDERS AND ENGAGEMENT AND DIALOGUE TOOLS

INDITEX'S MAIN STAKEHOLDERS

EXAMPLES OF STAKEHOLDERS

Employees

Any person who works at Inditex, whether in stores, offices or logistics centres.



Store employees
Office employees
Logistics centres employees
Union representatives

Customers

Any person who purchases any product sold by any of the Inditex Group's brands.



Physical store customers
Online store customers
Potential customers

Suppliers

Companies that are part of Inditex's supply chain as well as their respective employees.



Direct suppliers
Manufacturers
Workers
Trade union organisations
International organisations

Community

All those persons or entities that form part of the environment in which Inditex carries out its activity.



NGOs
Governments and public administrations
Academic institutions
Civil society
Media

Environment

Set of natural elements present in the environment in which Inditex develops its business model.



Environmental protection organisations
Governments

Shareholders

Any person or entity who owns shares of the Inditex Group.



Institutional investors
Individual investors

ENGAGEMENT AND DIALOGUE TOOLS

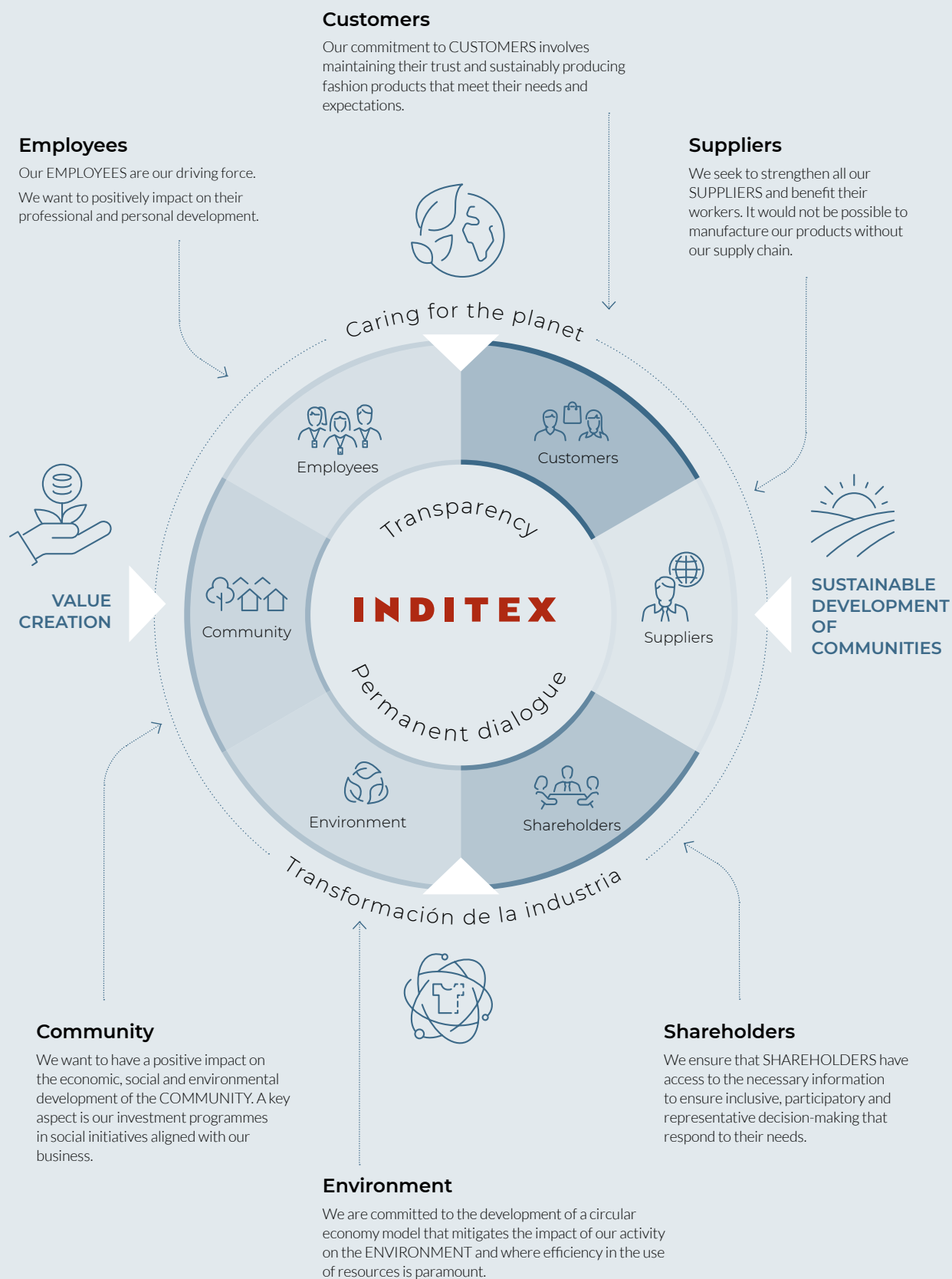
● Constant dialogue ● Biannual ● Annual ● On demand

COMMON	SPECIFIC
<p>Sustainability Committee</p>	<ul style="list-style-type: none"> ● Ethics Committee ● UNI Global Union Agreement ● Training and internal promotion ● Internal communications ● Volunteer programmes ● Information Security and Data Protection and Privacy Departments
<p>Materiality Analysis</p>	<ul style="list-style-type: none"> ● Specialised customer service teams ● Physical and online stores ● Social media ● Information Security and Data Protection and Privacy Departments
<p>Social Advisory Board</p>	<ul style="list-style-type: none"> ● Supplier clusters ● Ethics Committee ● Buying and sustainability teams ● Global Framework Agreement with IndustriALL Global Union ● Data Protection and Privacy Department
<p>Strategic Alliances</p>	<ul style="list-style-type: none"> ● Social Advisory Board ● Cooperation with NGOs ● Sponsorships and Patronage Committee
<p>Corporate Website</p>	<ul style="list-style-type: none"> ● Social Advisory Board ● Commitments with NGOs ● Environmental sustainability teams
<p>Integrated report</p>	<ul style="list-style-type: none"> ● Annual General Meeting ● Sustainability indexes ● Investor relations

OUR COMMITMENTS

COMMON	SPECIFIC
	<ul style="list-style-type: none"> ✓ Respect for Human and Labour Rights
	<ul style="list-style-type: none"> ✓ Fair and decent treatment
	<ul style="list-style-type: none"> ✓ Respect for privacy and personal data protection ✓ Commitment to information security
	<ul style="list-style-type: none"> ✓ Clear and transparent communication ✓ Integration throughout the business model
	<ul style="list-style-type: none"> ✓ Responsible design and manufacturing ✓ Respect for privacy and personal data protection
	<ul style="list-style-type: none"> ✓ Commitment to information security
	<ul style="list-style-type: none"> ✓ Promotion and protection of fundamental human and labour rights and international standards
	<ul style="list-style-type: none"> ✓ Promotion of sustainable production environments
	<ul style="list-style-type: none"> ✓ Respect for privacy and personal data protection in the provision of services
	<ul style="list-style-type: none"> ✓ Contribution to social and economic development ✓ Commitment to improving global welfare
	<ul style="list-style-type: none"> ✓ Respect for the environment
	<ul style="list-style-type: none"> ✓ Conservation of biodiversity ✓ Sustainable management of resources
	<ul style="list-style-type: none"> ✓ Fighting against climate change
	<ul style="list-style-type: none"> ✓ Social interest and common interest of all shareholders
	<ul style="list-style-type: none"> ✓ Fostering informed participation

GENERATION OF VALUE FOR STAKEHOLDERS





Featured collaboration tools

Since 2019 we have a **Sustainability Committee**, a delegate committee of the Board of Directors, whose responsibilities include the supervision of the Company's stakeholders engagement in the sustainability field. Furthermore, since 2002 we have a Social Advisory Board which acts as an advisory body on sustainability matters, and comprises independent external members, whose responsibilities include arranging and institutionalising dialogue with key stakeholders in civil society.

① More information in section 4.2.1. *Our vision of sustainability of this Report.*

We establish various **strategic partnerships** for collaboration with stakeholders to foster sustainable development throughout our value chain and in the communities where we operate. This enables us to maximise our contribution to the Sustainable Development Goals and advance in our Sustainability Roadmap.

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

In order to identify and respond to those issues that are most relevant to our stakeholders, we yearly perform a **materiality analysis** involving both internal and external stakeholders. The findings of this analysis are a very valuable source of information, as they enable us not only to discover our stakeholders' needs and expectations, but at the same time serve as a guide to define our priorities as we progress in the creation of economic, social and environmental value.

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

4.4.2. Partnerships

GRI 103-12 AND 103-13

At Inditex, we maintain a **close, multi-directional and constant cooperative relationship** with various organisations and institutions, both locally and internationally. Establishing partnerships based on working together is pivotal for us, as we are aware that only by joining forces with key actors can we move towards the sustainable transformation of our sector in particular, and of society and the planet in general.

Thus, we maintain partnerships with governments, trade unions, academic institutions, local and international organisations and representatives of civil society, among others, to progress towards sustainable development. We also work with other companies in our sector through different platforms and partnerships, as we face common challenges and opportunities that require the collaboration of all actors involved. Accordingly, we maximise our contribution to the SDGs and foster economic, social and environmental value creation.

We work together with various organisations to advance in the sustainable transformation of our sector in particular, and of society and the planet in general.

Partnerships

POSITIVE IMPACT ON THE PEOPLE OF OUR VALUE CHAIN AND ON THE COMMUNITY



ENVIRONMENT PROTECTION AND FIGHT AGAINST CLIMATE CHANGE



CROSS-CUTTING ALLIANCES WITH SOCIAL, ENVIRONMENTAL AND GOOD GOVERNANCE IMPACT







ACCELERATING CIRCULARITY

A collaborative initiative within the garment industry that brings together the endeavours of various operators, from areas encompassing waste collection, recycling, fibre production and textile distribution, to promote circularity. With the support of Textile Exchange, Euratex, Wrap, Circle Economy, Fashion for Good, ReFashion or Apparel Impact Institute among others, Inditex is a founding partner and member of the Steering Committee of the initiative in Europe, together with other members representing fibre manufacturers, and experts in textile waste and supply chains, as well as brands and retailers. We also belong to the initiative's Brand & Retailer Working Group in the US.



UNITED NATIONS HIGH COMMISSIONER FOR REFUGEES (UNHCR)

Inditex and UNHCR have been working together since 2020 with the common goal of meeting the clothing needs of refugees and internally displaced people. Through this strategic partnership, Inditex, in collaboration with its suppliers, supports UNHCR in its task of sheltering refugees who have been forced to abandon their homes and helping to restore their dignity. Thanks to this partnership, Inditex has provided more than three million products from its collections to refugees and internally displaced people.



ACT (ACTION, COLLABORATION, TRANSFORMATION)

A collaboration initiative between retail brands, suppliers and trade unions to transform the textile industry and achieve living wages in the sector, by means of collective bargaining and responsible purchasing practices. Inditex has been an active participant in ACT and its work groups since 2015.



AFIRM GROUP

A working forum comprising leading companies in the fashion, footwear and sport goods sector that share the common goal of reducing the use and impact of substances of health and environmental concern in the textile and leather supply chain.



COUNTRY PARTNERSHIP FOR ZERO CHILD POVERTY (Alianza País por la Pobreza Infantil Cero)

This initiative, fostered by the Spanish Government's High Commissioner against Child Poverty, is aimed at encouraging the engagement in and the creation of partnerships between all social actors to work towards a common mission: a Spain in which all children and adolescents have the same opportunities for the future, regardless of the conditions into which they are born. Inditex joined the Partnership in January 2021.



PARTNERSHIP FOR SUSTAINABLE ECONOMIC RECOVERY (Alianza por una recuperación económica sostenible)

A partnership promoted by ECODES and the Spanish Group for Green Growth (*Grupo de Crecimiento Verde*), among others, to advocate for economically and socially effective stimulus policies and, in turn, to ensure they are aligned with sustainability and biodiversity policies.



ARBORUS

Inditex collaborates with the Arborus Endowment Fund, created by the Arborus association and large international corporations, with the support of the European Economic and Social Council. Its goal is to promote equality between women and men in the world, in particular through the dissemination of a European and global standard: the European and international label GEEIS (Gender Equality European and International Standard), which is a tool that fosters diversity and inclusion in enterprises and with which Inditex has certified several of its subsidiaries.



ISTANBUL TEXTILE AND APPAREL EXPORTER ASSOCIATIONS - ITKIB

In Turkey, we have established a long and fruitful collaboration with ITKIB (Istanbul Textile and Apparel Exporter Associations) and EKOTEKS (the customs surveillance laboratory), to develop new techniques for the analysis of cosmetics and sustainable fibres.



BETTER COTTON

At Inditex, we belong to the Better Cotton initiative, which develops and promotes best practices in traditional cotton cultivation to benefit the farmers and the environment, and to ensure the future of the sector.



BETTER THAN CASH ALLIANCE

Based on the UN, this is a partnership of governments, companies and different international organisations, whose objective is to globally promote the transition towards a digital economy. We focus our collaboration with this alliance on the financial education and digitalisation of the supply chain.



BSR (BUSSINESS FOR SOCIAL RESPONSIBILITY)

A global non-profit organisation working with a network of over 200 members to build a fair and sustainable world. As a member of BSR since 2019, we are involved in several of the organisation's initiatives, such as the HER women empowerment programme or projects in relation to the social impact of the transition to a circular economy.



BUSINESS AMBITION FOR 1.5° BY UNITED NATIONS

An urgent call to action by a global coalition of United Nations agencies, business and industry leaders to commit to setting ambitious science-based emission reduction targets.



BUSINESS FOR SOCIETAL IMPACT (B4SI)

A global standard, formerly known as LBG, to measure corporate social impact. Inditex belongs to the global B4SI network which currently comprises more than 150 companies.



CANOPY PLANET INITIATIVE

As founders of the Canopy Style initiative, we collaborate with Canopy Planet to protect primary high conservation-value (HCV) forests through the textile chain. This is a commitment to protecting these forests, and in particular to ensuring that no cellulose originating in this type of forests will be used in man-made fibres (viscose, modal, lyocell).



CÁRITAS

We have been working with the non-profit organisation Cáritas since 2007 to help improve well-being in the community. Within the frame of our strategic partnership with Cáritas, we are currently developing a number of projects such as the circular economy project *Moda Re-* or the programme to boost employment in Spain.



FASHION INDUSTRY CHARTER FOR CLIMATE ACTION (UNFCCC)

We have committed to implementing this Charter, launched by United Nations Climate Change, and aligned with the Paris Agreement goals. The aim is for the industry to achieve net zero emissions by 2050.

CEOE Empresas Españolas

CEOE (Spain's Employers' Association)

We cooperate actively with Spain's Employers' Association (CEOE), which is the main spokesperson between companies in Spain and the Government and international institutions. At Inditex, we belong to several working groups linked to various aspects related with sustainability and circularity.



CEO WATER MANDATE

We have signed up to this United Nations initiative that aims to support companies in the development, implementation and disclosure of their water-related strategies and policies.



CIQ SHANGHAI

We participate in the Pre-Testing Programme with CIQ Shanghai, which belongs to the China Customs Inspection and Quarantine Department, reserved for companies with a very high level of compliance with health regulations on imported goods.



CLEAN CARGO WORKING GROUP

We joined this initiative in 2020 with the aim of reducing the environmental impacts of worldwide freight transport and to promote responsible ocean freight. At the Clean Cargo Working Group, there is collaboration between companies dedicated to integrating environmental and socially responsible business principles into transport management. Its CO₂ emission calculation methodology is the shipping standard used by other initiatives, such as the US Environmental Protection Agency (EPA) SmartWay programme and the Global Logistics Emissions Council (GLEC).



COTTON CAMPAIGN

Cotton Campaign is an initiative led by companies and tertiary sector organisations to improve working conditions and defend human rights with regard to cotton production and supply.

COVID-19: ACTION IN THE GLOBAL GARMENT INDUSTRY

An initiative aimed at spurring action in the global textile sector to help the industry tackle the economic impact of the covid-19, while protecting the incomes, health and employment of workers in the industry. This call to action was agreed in 2020 by the International Organisation of Employers (IOE), the International Trade Union Confederation (ITUC) and IndustriALL Global Union together with other international brands, with the technical support of the International Labour Organization (ILO). Inditex belongs to the international working group created for its implementation.



COZEV (CARGO OWNERS FOR ZERO EMISSION VESSELS)

CoZEV is an initiative led by the Aspen Institute as part of its Shipping Decarbonization Initiative (SDI). This initiative has brought together a number of shippers to accelerate the transition to zero-emissions vessels and to establish a commitment to only use this kind of vessel by 2040.



RED CROSS

We have been collaborating with the Red Cross since 2004 in a number of emergency relief programmes linked to natural disasters and similar crises. Over the course of the last seventeen years we have cooperated to tackle emergency situations in countries like India, China, Japan, Mexico, Australia, Italy and Spain, among others. We also have a stable arrangement with the Red Cross through programmes such as SALTA and Closing the Loop.



ELLEN MACARTHUR FOUNDATION

Ten years after the Ellen MacArthur Foundation was launched, Inditex has strengthened its collaboration with the organisation by becoming a Partner.

This year we renewed our involvement as a member of the Advisory Board for its Make Fashion Circular initiative.

Furthermore, we ramped up our ambition on plastics reduction by signing a new commitment to the New Plastics Economy promoted by the Ellen MacArthur Foundation in partnership with United Nations Environment to 2025. The commitment enables all plastics used in our business to be reused

or recycled, in order to be reintroduced into the circuit, while cutting the amount of unnecessary plastic packaging and increasing the percentage of recycled content in such materials.

This year we also signed a manifesto with the Ellen MacArthur Foundation, emphasising the Business Call for a UN Treaty on Plastic Pollution, calling on governments to ensure that the new treaty on plastic pollution includes measures and instruments that affect the entire life cycle of plastics, not just addressing the challenges associated with managing plastic waste.



ENTRECULTURAS

Since 2001 we have been collaborating with the Jesuit-sponsored NGO with the goal of generating social change through education. Thanks to this partnership, over the last 20 years we have developed a number of educational programmes that have directly benefited more than 1.3 million vulnerable people in Africa, America and Asia.



ETHICAL TRADING INITIATIVE (ETI)

A dialogue platform to improve working conditions of supply chain workers, comprising companies, international trade unions and non-governmental organisations. Inditex has been a member of ETI since 2005 and is an active participant of its programmes in different countries.



EUROCOMMERCE

We are actively involved with EuroCommerce, the largest representative body of the retail industry in Europe, comprising 6 million retail and wholesale companies from various sectors.

We are also members of its environmental committee and founding members of its representative body TEFRIG, made up of companies from the textile sector.



EUROPEAN NETWORK AGAINST RACISM

Like the ENAR Foundation ("European Network Against Racism", which advocates racial equality), Inditex envisions a society where there is full

equality, solidarity and well-being for all and where discrimination against people based on their skin colour, religion, culture, nationality or origin is not tolerated. In 2021, the ENAR Foundation granted the Holistic Diversity Management Certificate to the Inditex network of 34 Champions of Diversity in Europe, developed in conjunction with experts in D&I management.



EVERY MOTHER COUNTS

A charitable organisation dedicated to helping women receive quality health care to prevent infant and maternal mortality. Our partnership with Every Mother Counts, which commenced in 2015, has developed (among others) a number of maternal health projects in countries such as Bangladesh and the United States.



FASHION FOR GOOD

Fashion for Good is a global innovation accelerator specialising in the textile sector. Through this platform, brands, producers suppliers, non-profit organisations and innovators work together to scale sustainable solutions.

At Inditex we participated in a study on the actual typology of post-consumer textile waste according to their characteristics and compositions. The aim is to gauge textile waste sorting capacities in Europe.



THE FASHION PACT

We are co-founding partners of this agreement among leading companies in the fashion sector to set specific goals to handle the challenges of the industry in terms of fighting climate change, caring for oceans and conservation of biodiversity.



FORO SOCIAL DE LA MODA

Launched in 2018 as a joint initiative between tertiary sector organisations, local trade unions affiliated with IndustriALL Global Union (CCOO and UGT) and a number of Spanish textile brands, including Inditex. It aims to promote a forum for multi-stakeholder dialogue on global supply chains.



FUR FREE ALLIANCE

Fur Free Alliance is an international coalition of animal welfare protection organisations working to bring an end to the exploitation and killing of animals for their fur. Inditex is a member of the Fur Free Alliance's Fur Free Retailer Program.



GLOBAL FASHION AGENDA (GFA)

At the Company we continue to strive to improve and afford continuity to circularity commitments made to the GFA and fulfilled in 2020. 100% of our stores continue to offer the used garment collection programme, we continue to train our design teams in circularity and we have accelerated our efforts to scale up textile-to-textile recycling.

In addition, Inditex is a founding partner, through its brands Pull and Bear and Bershka, in the Circular Fashion Partnership project, which supports the development of the recycling industry in Bangladesh.



INDUSTRIALL GLOBAL UNION

An international federation of trade unions representing more than 50 million industrial workers belonging to more than 600 trade unions in 140 countries. The collaboration with IndustriALL Global Union is embodied through the Global Framework Agreement, signed in 2007, the first to cover the entire supply chain of a textile company. The agreement, renewed in 2019, highlights the essential role of respect for freedom of association and collective bargaining rights. In this regard, the two organisations agreed to work together to ensure a more effective implementation of the International Labour Conventions.



INTERNATIONAL ACCORD

This is the agreement signed in 2021 between brands and international trade unions, with non-governmental organisations acting as witnesses for its fulfilment. It encompasses the commitment to continue and expand the efforts, initiated in Bangladesh in 2013, for a safe and healthy textile industry. The International Accord recognises the RMG Sustainability Council (RSC) as the independent organisation that continues these efforts in Bangladesh. Inditex is a founding member and sits on the Steering Committee.



CHINESE INSTITUTE OF PUBLIC AND ENVIRONMENTAL AFFAIRS (IPE)

We work with the Chinese Institute of Public and Environmental Affairs (IPE) to improve the environmental management of our supply chain in China and to disseminate the results of wastewater analyses. We continue to work together to prepare a map to monitor the performance of textile companies in China.



LBG (LONDON BENCHMARKING GROUP) ESPAÑA

Methodology to measure business contributions to the community. Inditex is a member of *LBG España*, which currently comprises 19 companies.

The LEAF Coalition

Lowering Emissions by Accelerating Forest Finance

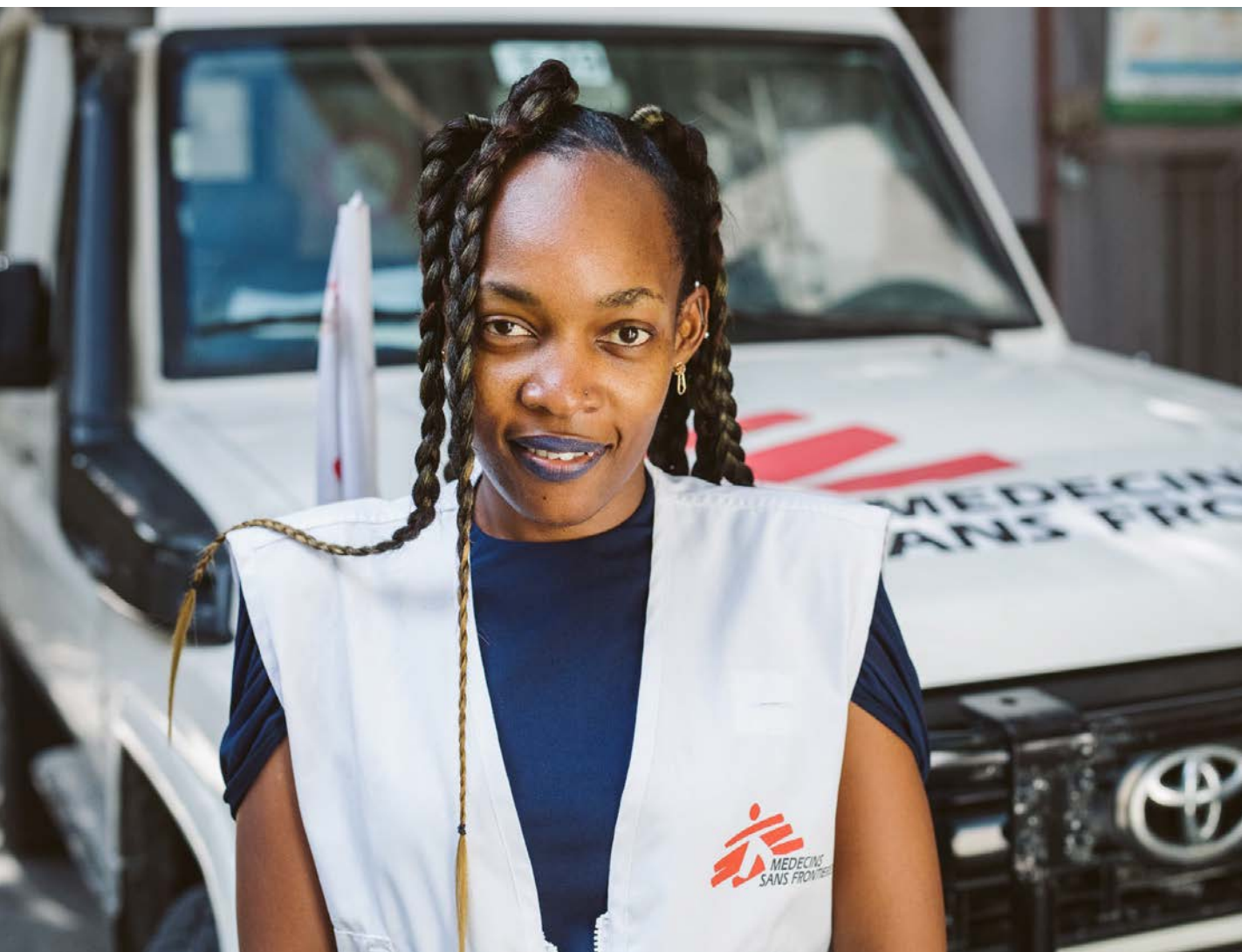
LEAF COALITION

This year we have signed up to the LEAF Coalition, coordinated by Emergent and combining public and private involvement. It focuses on protecting tropical forests from deforestation and on supporting sustainable development in the countries where they are located.



MASSACHUSETTS INSTITUTE OF TECHNOLOGY (MIT)

Within the framework of our Closing the Loop Programme, we collaborate with the Massachusetts Institute of Technology (MIT) in the MIT International Science and Technology Initiatives (MISTI) to research the development of recycling processes and the creation of textile fibres through new non-polluting methods or from waste, as well as any other sustainable initiative related to the circular economy in the textile industry.



We have endowed the Inditex Materials Science and Engineering Fellowship Fund Chair at MIT's Department of Materials Science and Engineering. This lifelong chair focuses on promoting research into sustainability.



MEDICUS MUNDI

Since 2015, we have been working with this international NGO founded in 1963 towards the common goal of promoting the right to health. Through this partnership, we contribute to improving the social and health situation for workers in the garment industry in Morocco.



MÉDECINS SANS FRONTIÈRES (MSF)

Since 2008 we have been cooperating with the medical-humanitarian endeavours of Médecins Sans Frontières/Doctors Without Borders (MSF) to help people threatened by armed conflict, epidemics, natural disasters or exclusion from medical care. As a result of this strategic partnership in community investment, we have rolled out projects in 52 countries that have benefited more than six million people.



Climate & Sustainability Consortium

MIT CLIMATE AND SUSTAINABILITY CONSORTIUM

Inditex belongs to a group of founding companies of the MIT Climate and Sustainability Consortium (MCSC), created to accelerate the development of large-scale solutions to stop climate change. The initiative brings together leading multinationals of various industries to work with the Massachusetts Institute of Technology (MIT) to pool environmental innovation processes and strategies.



NAACP LEGAL DEFENSE AND EDUCATIONAL FUND

NAACP Legal Defense and Educational Fund is the foremost US legal organisation advocating for racial justice. Inditex collaborates with this organisation to finance projects primarily in the area of education that seek to improve access for African-American students, bringing about structural changes in society to eliminate disparities and achieve racial equality. NAACP LDF works for civil rights and to improve the quality of education.



Open For Business

OPEN FOR BUSINESS

Coalition of leading global companies dedicated to LGBT+ inclusion and the rights of the LGBT+ community (lesbian, gay, bisexual and transgender) to prove that inclusive societies are better for business and that companies that promote LGBT+ inclusion are more dynamic, productive and innovative.



OPEN TO ALL

Inditex is a supporter of Open to All, a campaign led by retailers in the US to combat discrimination and make everyone entering our establishments feel welcome, regardless of their race, ethnicity, origin, gender, sexual orientation, gender identity and expression, religion or disability.

This coalition brings together businesses and more than 200 non-profit organisations.



ORGANIC COTTON ACCELERATOR (OCA) FOUNDATION

We are a founding member and sit on the Investor Committee of Organic Cotton Accelerator (OCA). This initiative seeks the commitment to help develop a responsible and healthy market of organic cotton for all parties involved.



INTERNATIONAL LABOUR ORGANIZATION (ILO)

The International Labour Organization (ILO) is a specialist UN body focusing on all matters relating to work and labour relations.

We collaborate closely in various spheres such as, for example, the Better Work programme, the SCORE programme, the Workplace Adaptation Programme and the covid-19 initiative: *Call to Action in the Global Garment Industry*.

In 2017 we entered in a three-year public-private partnership with the ILO aimed at jointly promoting core principles and labour rights in the cotton supply chain.



UNITED NATIONS GLOBAL COMPACT

A United Nations initiative that encourages social dialogue between companies and civil society. Inditex signed up in October 2001 and actively participates in various working platforms alongside other stakeholder groups, such as the Action Platform on Decent Work in Global Supply Chains.

RACE TO ZERO

RACE TO ZERO

Race to Zero is a campaign under the umbrella of the United Nations Framework Convention on Climate Change (UNFCCC) aimed at driving the change to a decarbonised economy.



RED EMPRESARIAL POR LA
DIVERSIDAD E INCLUSIÓN LGBT+

REDI (BUSINESS NETWORK FOR LGBT+ DIVERSITY AND INCLUSION)

Inditex is a member of REDI, Spain's first inter-company and expert network for diversity and inclusion of LGBTI employees and allies. REDI aims to nurture an inclusive and respectful environment

in organisations in which talent is appreciated, regardless of sexual identity, gender expression and sexual orientation.

EURATEX REHUBS

As a founding partner, in 2021 Inditex joined the Business Council of the ReHubs initiative developed by Euratex to set up five recycling centres in Europe with the aim of collecting, processing and recovering textile waste.



RMG SUSTAINABILITY COUNCIL (RSC)

As the heir of the Accord on Fire and Building Safety since 2020, the RMG Sustainability Council (RSC) delivers building safety inspection and remediation programmes in production facilities in Bangladesh. Textile brands, trade union federations and employers' associations in the country are represented equally on its Board. Inditex works actively with its suppliers and manufacturers in the aforementioned programmes, and serves on the Board of Directors.

Shift

[SHIFT](#)

A non-profit organisation specialising in human rights. Since 2019, Inditex takes part in its Business Learning Programme, a programme for leadership in human rights that involves companies from all sectors in efforts to implement the Guiding Principles.



[SMART FREIGHT CENTRE](#)

It is a non-profit organisation dedicated to sustainable transport. Its vision is to achieve an efficient global logistics sector and zero emissions, that contributes to the goals of the Paris Agreement and the Sustainable Development Goals. To achieve this vision, they bring together the global logistics community through their *Global Logistics Emissions Council (GLEC)*.



[SUSTAINABLE APPAREL COALITION \(SAC\)](#)

We are active members of the Sustainable Apparel Coalition (SAC), a textile sector initiative to develop a common sustainability index to assess the performance of retailers, suppliers and products.



[SUSTAINABLE FIBRE ALLIANCE](#)

Sustainable Fibre Alliance (SFA) is an international non-profit organisation working with cashmere supply chains, from herders to retailers. Its purpose is to promote a global sustainability standard in cashmere production so as to preserve and restore pastureland, ensure animal welfare and guarantee livelihood.



TENT

[TENT PARTNERSHIP FOR REFUGEES](#)

Founded by Tent Foundation, a non-profit organisation, this is a global network of more than 200 companies that seeks to mobilise the private sector to create partnerships to improve the lives of refugees.



[TEXTILE EXCHANGE](#)

As members of the Textile Exchange, we partner with this independent and non-profit organisation that is an international benchmark in the sector. It is a platform to promote organic grown cotton, and global sustainability within the textile sector.



[THE BUSINESS CALL FOR A UN TREATY ON PLASTIC POLLUTION](#)

An open call ahead of the fifth session of the United Nations Environment Assembly, which seeks to encourage talks among UN member states to create an international treaty on plastic pollution to help drive the transition to a circular economy for plastics.



[THE POLICY HUB](#)

We are actively involved with Policy Hub, which brings together the textile industry and its stakeholders in order to accelerate the sector's circular transformation.



[TSINGHUA UNIVERSITY](#)

Through our partnership with Tsinghua University, since 2016 we have been involved in a number of academic programmes related to our community investment model. Notable among these are the Sustainable Development Fund, the Oversea Student Scholarship and Teaching Fund or the collaboration programme with this university's School of Economics and Management, among others.



[UNI GLOBAL UNION](#)

In 2019, Inditex and the trade union federation UNI Global Union, which represents 20 million workers in more than 150 countries, celebrated the 10th anniversary of the Global Agreement reached by both entities in 2009 to foster respect for and promotion of labour rights and decent work across the commercial and distribution network.

[UNITING BUSINESS AND GOVERNMENTS TO RECOVER BETTER BY THE UNITED NATIONS](#)

Inditex is one of over 150 companies involved in Science Based Targets that have signed a declaration in 2020 urging governments worldwide to align their recovery efforts to combat the crisis caused by covid-19 and work on economic aid, using cutting-edge climate-related scientific developments.



UNIVERSITY OF A CORUÑA

Pursuant to our strategic partnership with the University of A Coruña (UDC), we have implemented a range of programmes such as Intalent, the Inditex-UDC Sustainability Chair, the Inditex Chair of Spanish language and culture in Bangladesh, or the Inditex-UDC Predoctoral Residency Grant Programme, among others.



UNIVERSITY DE SANTIAGO DE COMPOSTELA

As part of our community investment efforts, we have been cooperating with the University of Santiago de Compostela since 2010 to develop the Inditex Chair of Spanish language and culture in Bangladesh.



MIGUEL HERNÁNDEZ UNIVERSITY

We collaborate with Miguel Hernández University in Elche in offering the TEMPE-APSA Chair of Disability and Employability, as part of our community investment initiatives.



COMILLAS PONTIFICAL UNIVERSITY

We work with Comillas Pontifical University to run the Inditex Chair of Refugees and Forced Migrants within the framework of our community investment.



UNIVERSITY OF LLEIDA. A3 LEATHER INNOVATION CENTER IN IGUALADA

The development of the best leather tanning and finishing technologies, as well as sensitive and versatile methods for the analysis of key substances such as formaldehyde and chromium (VI), are the focus of our cooperation with A3 Center.



POLYTECHNIC UNIVERSITY OF CATALONIA

Inditex carries out research in conjunction with the Polytechnic University of Catalonia on the microplastics present in marine ecosystems as a result of waste water from washing clothes. The project focuses on minimising the detachment of these particles (measuring less than 5mm) from garments, with the aim of preventing them from ending up in the sea.



UNIVERSITY OF DHAKA

Since 2010 we have been collaborating with the University of Dhaka in developing the Inditex Chair of Spanish language and culture. This Chair, located at the University of Dhaka's Institute of Modern Languages, promotes Spanish language and culture in Bangladesh through various academic and cultural dissemination initiatives, notably including annual courses in Spanish language and culture, the student mobility grants programme and the hosting of especially significant artistic events.



WATER.ORG

We have been working since 2015 with the non-profit organisation Water.org to improve access to drinking water and sanitation for low income families in Bangladesh, Cambodia and India. As a result of our strategic partnership with Water.org, more than two million three hundred thousand people have improved their access to drinking water and sanitation through the granting of microloans.



ZERO DISCHARGE OF HAZARDOUS CHEMICALS (ZDHC)

In this organisation, we join forces with the rest of the industry in order to move forward together in fulfilling our commitment to Zero Discharge of Hazardous Chemicals, a pledge to restrict and eliminate certain chemicals in the product manufacturing process.



4.4.3. Materiality analysis

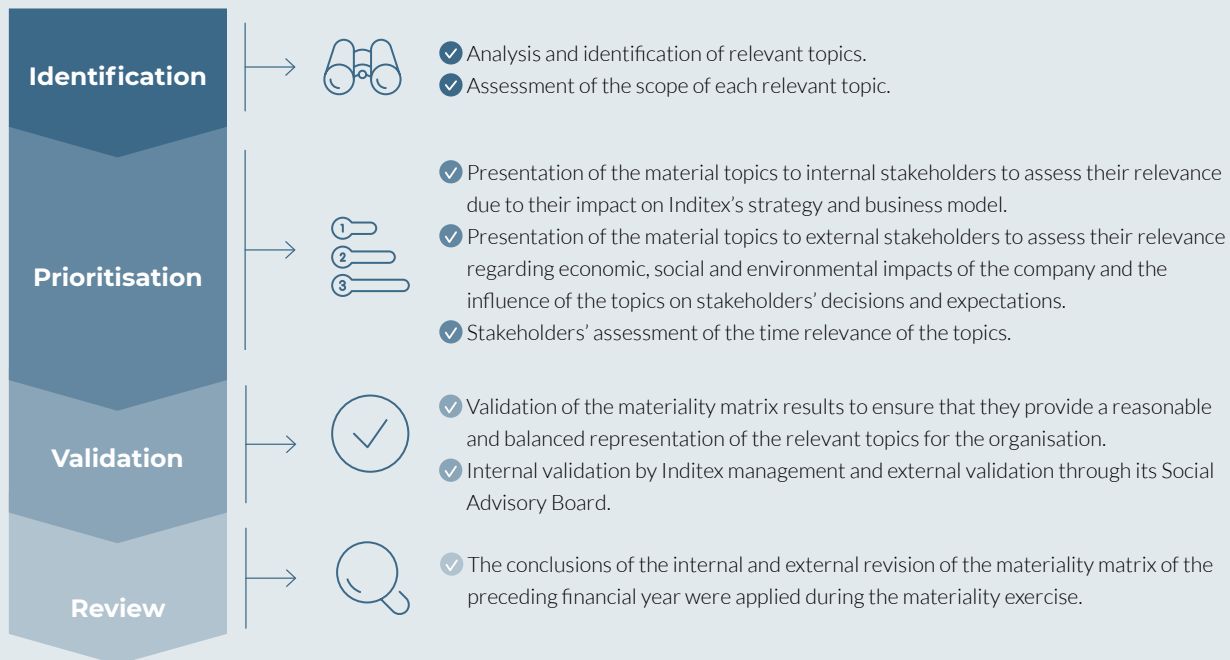
GRI 102-29; 102-43; 102-44; 102-46; 102-47; 102-49 AND 103-1

In 2021, for the eleventh consecutive year, we performed a materiality analysis to understand the needs and expectations of our stakeholders. This exercise enables us to identify and prioritise the issues that are most relevant, both to internal stakeholders, i.e., our employees, and external stakeholders, i.e., international bodies, trade unions, NGOs, universities, media, local communities and suppliers, among others. The matters identified through this process are known as **material topics**.

The materiality analysis has a dual purpose. On the one hand, it enables us to identify the priorities we need to focus on in order to make progress in creating value for our stakeholders and thus ensure that our sustainability strategy is aligned with their needs. On the other, it helps us to determine the content to be included in this Report.

A double approach to materiality is adopted in the process of determining material topics and their relevance, which is reviewed annually. Hence, attention is paid not only to the impact these issues have on our Group's strategy, but also to the impact the Company has on the environment. Accordingly, in the process of determining the materiality matrix, the Global Reporting Initiative recommendations are followed, most specifically **GRI 101: Foundation 2016** standard, in addition to other relevant methodologies and recommendations in connection with reporting. This year we have introduced the financial perspective when it comes to assessing the impact of material topics relating to sustainability (including environmental, social and governance aspects). This considers the impact of each topic on Inditex's capacity to generate revenues, reduce costs or make the business more efficient and mitigate risks. Furthermore, an assessment of the relevance of the topics over time has also been taken into account, assessing whether the impact occurs in the short, medium or long term.

ELABORATION PROCESS OF INDITEX'S MATERIALITY MATRIX



For the process of identifying material topics, a range of relevant information sources are used, including: analysis of industry and global trends, public opinion (through the analysis of social and digital media), learnings and contributions from the various stakeholder with whom the Company has relations, findings of internal working groups specifically created for this purpose, in which both managers and technical experts from key areas take part, among others.

Once the material topics are identified, they are presented to the internal and external stakeholders for prioritisation. This process is conducted through online surveys in which internal stakeholders assess the relevance of the material topics on the basis of their impact on Inditex's strategy and business model (y-axis of the matrix), and external stakeholders assess their relevance on the basis of the economic, social and environmental impacts of

the company, as well as the influence of the topics on their decisions and expectations (x-axis of the matrix). Both internal and external stakeholders assess the temporal relevance of all the topics.

To ensure equal representation of all the stakeholder groups involved (employees, international bodies, trade unions, NGOs, universities, media, local communities and suppliers, among others), they are grouped according to the broad spheres to which each of them relate and their responses are weighted so that no sphere is over-represented.

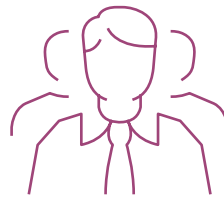
In this year's exercise, representatives from more than 70 organisations of a different nature took part¹⁶, as well as internal employees. It is worth noting the participation of our Social Advisory Board, as a collegiate body made up of external independent experts that advise our Group on sustainability issues.

16. The participant organisations include, among others: Inditex Social Advisory Board, Accelerating Circularity, Asociación Española de Contabilidad y Administración de Empresas (AECA), AFIRM Group, Canopy, Cáritas, Centre for Business and Public Sector Ethics of Cambridge, Red Cross Spain (Cruz Roja), Ethical Trading Initiative, Eurocommerce, Fashion for Good, Entreculturas Foundation, Seres Foundation, United Nations Global Compact Spanish Network, Greenpeace, Humane Society of the United States (HSUS), IndustriALL Global Union, Medicus Mundi, Organic Cotton Accelerator (OCA), Social & Labour Convergence Programme (SLCP), University of A Coruña, Comillas Pontifical University, Oxford University, University of Santiago de Compostela, Tsinghua University and the United Nations High Commissioner for Refugees (UNHCR).

After prioritising the topics the results are checked internally by the Company's management and externally by the Social Advisory Board. In addition, the findings of the previous year's review are applied during the materiality process in order to implement any conclusions drawn during the matrix elaboration exercise.

The result is a **materiality matrix** showing 20 topics based on their relevance to stakeholders and for developing the Company's business model. In 2021, for the first time the matrix also shows the temporal relevance of each topic. The matrix is complemented with the Balance of Material Topics, which includes an analysis of the scope or boundary of each material topic and the involvement of Inditex in the potential impact.

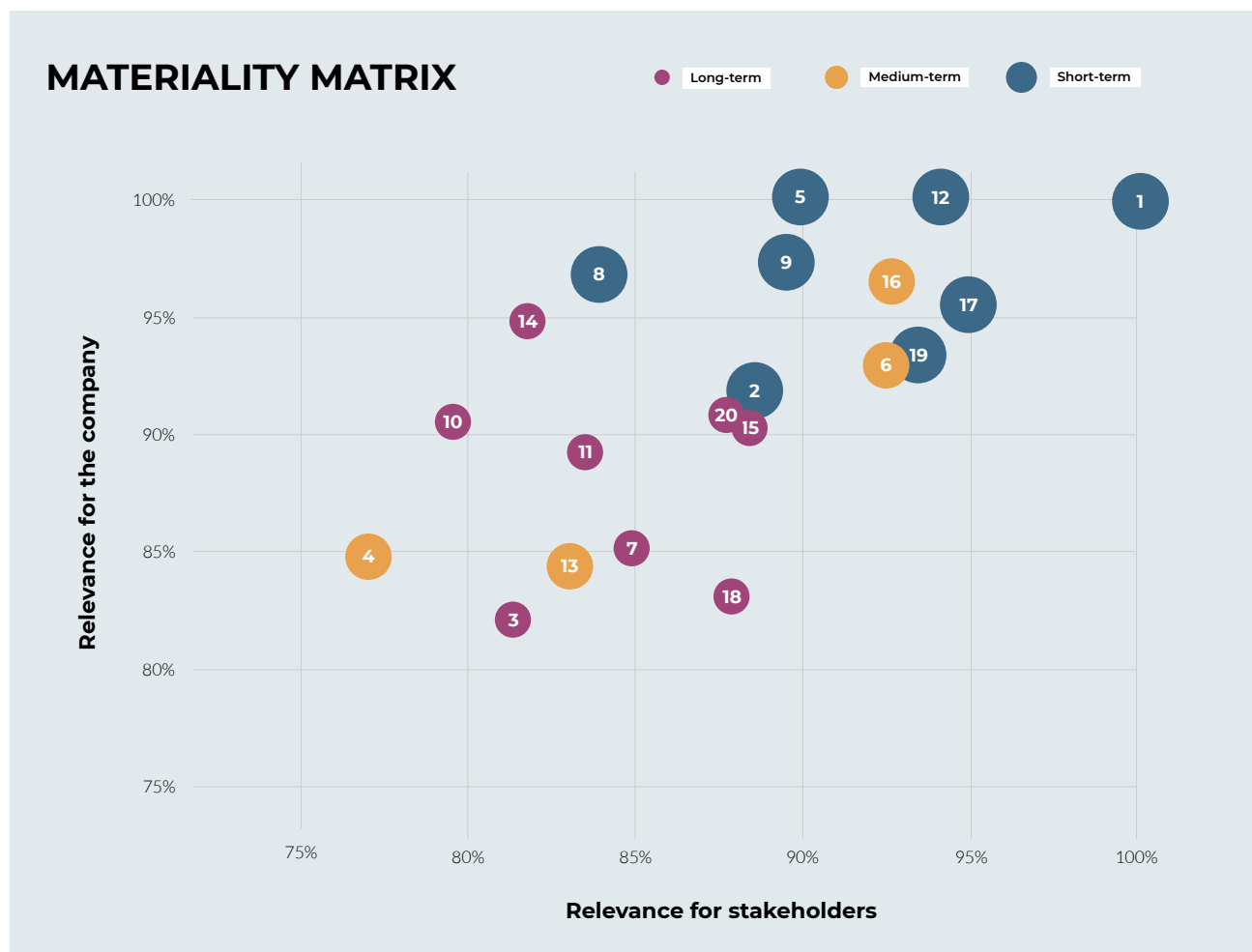
 More information in section 6.2.2. *Balance of material topics* of this Report.



+70

ORGANISATIONS

In this year's exercise, representatives from more than 70 organisations of a different nature took part, as well as internal employees.



MATERIAL TOPICS

NUMBER	MATERIAL TOPIC	SUBTOPICS
1	Ethical behaviour and governance	<ul style="list-style-type: none"> ✓ Good governance ✓ Corporate ethics ✓ Compliance and responsible practices ✓ Anti-corruption ✓ Grievance mechanisms ✓ Public policy
2	Risk management and control systems	<ul style="list-style-type: none"> ✓ Financial risk management and control systems ✓ Cybersecurity ✓ Non-financial risk management and control systems ✓ Management of climate change risks and opportunities
3	Stakeholder engagement	<ul style="list-style-type: none"> ✓ Stakeholder commitments ✓ Alliances and partnerships ✓ Transparency and continuous dialogue
4	Responsible Communication	<ul style="list-style-type: none"> ✓ Responsible communication and marketing ✓ Brand management ✓ Product information and labelling
5	Value chain transparency and traceability	<ul style="list-style-type: none"> ✓ Raw material traceability ✓ Transparency ✓ Process traceability
6	Responsible purchasing practices	<ul style="list-style-type: none"> ✓ Suppliers relations ✓ Responsible purchasing training and commitments
7	Value creation	<ul style="list-style-type: none"> ✓ Financial performance ✓ Socio-economic impact on society ✓ Tax contribution and tax transparency ✓ Community investment ✓ Contribution to the SDGs
8	Innovation	<ul style="list-style-type: none"> ✓ Digitalisation ✓ Innovation in sustainability ✓ Process innovation
9	Customer orientation	<ul style="list-style-type: none"> ✓ Sales practices ✓ Shopping experience
10	Diversity, equality and inclusion	<ul style="list-style-type: none"> ✓ Diversity ✓ Equality ✓ Inclusion

NUMBER	MATERIAL TOPIC	SUBTOPICS
11	Quality of employment	<ul style="list-style-type: none"> ✓ Employment ✓ Remuneration ✓ Labour relations
12	Human Rights	<ul style="list-style-type: none"> ✓ Human Rights strategy ✓ Due diligence processes
13	Safe and healthy environments	<ul style="list-style-type: none"> ✓ Health and Safety management systems ✓ Health and well-being promotion ✓ Health and safety training ✓ Implemented measures derived from covid-19
14	Talent management	<ul style="list-style-type: none"> ✓ Talent attraction ✓ Talent retention ✓ Talent development
15	Socially-sustainable production environments	<ul style="list-style-type: none"> ✓ Employee well-being ✓ Industrial relations ✓ Living wages ✓ Women empowerment ✓ Social assessment and supply chain improvement
16	Climate change	<ul style="list-style-type: none"> ✓ Energy Management ✓ Emissions ✓ Decarbonisation ✓ Energy efficiency
17	Environmental footprint minimisation	<ul style="list-style-type: none"> ✓ Water usage ✓ Management of chemical substances and sustainable processes in manufacturing ✓ Waste management ✓ Environmental assessment and supply chain improvement
18	Protection of natural resources	<ul style="list-style-type: none"> ✓ Biodiversity ✓ Animal welfare
19	Product sustainability	<ul style="list-style-type: none"> ✓ Sustainable raw materials ✓ Product quality, health and safety
20	Circularity	<ul style="list-style-type: none"> ✓ Eco-design ✓ Packaging ✓ Recycling

Moreover, based on our materiality analysis and the alignment of our strategy with the United Nations 2030 Agenda, the Sustainable Development Goals

most impacted through our value creation model have been identified.

MATERIALITY

RELATED VALUE CREATION, MATERIAL TOPICS AND SDGS

MATERIAL TOPICS

- 2. Risk management and control systems
- 16. Climate change

SDGS



Responsible risk management



MATERIAL TOPICS

- 1. Ethical behaviour and governance
- 3. Stakeholder engagement

SDGS



Good governance, corporate ethics culture and solid compliance architecture



MATERIAL TOPICS

- 7. Value creation

SDGS



Fiscal responsibility and transparency



MATERIAL TOPICS

- 3. Stakeholder engagement
- 7. Value creation

SDGS



Collaborating to generate value in the community



MATERIAL TOPICS

- 3. Stakeholder engagement
- 8. Innovation
- 16. Climate change
- 17. Environmental footprint minimisation
- 18. Protection of natural resources

SDGS



Collaborating to safeguard the planet



