

5.3. Our products

Related material topics: Stakeholder engagement; Innovation; Environmental footprint minimisation; Protection of natural resources; Product sustainability; Circularity.



5.3.1. A firm commitment to innovation and circularity

GRI 3-3; 301-1; 301-2; 301-3; 304-2; 306-1; 306-2; 306-3; 306-4; 306-5; 308-2

At Inditex we are aware that progressing towards **a circular economy model, innovating in new materials, production processes or the use and end of life of our products** is key to tackling the effects of climate change and the scarcity of natural resources. We work with universities, startups, other companies in our sector or in other industries, or community organisations —among many other actors—to develop a wide range of projects and initiatives that allow us to continue to reduce the impact of our products on the environment.

Our vision of circularity encompasses our entire business model: from design and the various production processes to managing our stores, logistics and offices. The aim is to be more resilient and efficient in the long term, working to turn waste into a new resource. Circularity also poses an excellent opportunity, not only for Inditex but for the industry as a whole.

Supporting basic, pre-competitive research focused on the quest for new knowledge about the impact of our activity and new materials and processes is one of the main goals of our operations. To this end, we work with prestigious academic institutions, such as the Massachusetts Institute of Technology (MIT), to develop new projects linked to R&D in the textile industry, and with multi-sector organisations such as Fashion for Good.

We are also mindful of the urgency of translating these new projects into material realities for our industry, in the form of new alternatives to the fibres or processes traditionally used by the textile sector, which can have an onerous impact on nature.

We work with the European Commission's Product Environmental Footprint (PEF) programme to develop a common methodology to gauge the environmental impacts of the textile and footwear industries, based on a Life Cycle Assessment (LCA) approach. The aim is to develop a scalable framework that allows the comparison of different products in the same category. In 2022, we took part in a pilot study of the impacts of two of our products in order to assess the results of the proposed methodology.

Sustainability Innovation Hub

Our Sustainability Innovation Hub was launched to provide the industry with new materials, manufacturing processes and initiatives to improve circularity, use and end of life.

This platform seeks to identify the latest solutions that other companies or startups are developing, to work with them to adapt them to the needs of our industry and to facilitate their scalability. In 2022, we teamed up with more than 200 startups and took part in more than 30 pilot tests.

As a result, we have launched a number of collections with various startups like Nextevo and Renewcell in a process of continuous collaboration. We have, as a result, signed our first forward purchase commitment with Infinited Fiber for more than 100 million euros¹.

We have also made our first equity investments in startups. The investment in CIRC² stands out. It promotes a disruptive recycling technology which will solve one of the challenges facing the textile industry: the recycling of textile products

¹ The amount of the fibre purchase will be included in the consolidated annual accounts as part of the product cost on the date the purchase is made.

² The investment in CIRC is shown under the heading Financial Investments, in the Consolidated Balance Sheet ([Note 18 to the Consolidated Annual Accounts](#)).

composed of blends of different materials, such as polyester and cotton.

Initiatives to progress towards a circular model

Textile recycling is an industry-wide challenge. At present, both the available technologies and the existing capacities for collection and sorting of textile waste do not allow much of this waste to be recovered and repurposed. Moreover, achieving equivalent quality between recycled and original fabric is an added difficulty facing the industry. Consequently, at Inditex we support various projects—both on our own and with other organisations—to advance towards a circular model for our industry.

Teams from various areas of our Company are working on new forms of textile recycling and further developing existing systems. In this regard, we work with Cáritas Spain and with recyclers and shredders in a mechanical recycling project that has allowed us to launch collections with up to 100% recycled content, 30% of the total including post-consumer waste. This is the case of Stradivarius, which has carried out a project in conjunction with three direct suppliers to give a new lease of life to products from past seasons that could not be reused, in keeping with the principle of waste hierarchy (prevent, reuse and recycle), to achieve 100%-recycled denim.

We collaborate with the Ellen MacArthur Foundation, Circular Fashion Partnership, Global Fashion Agenda and Fashion for Good, among others, on issues as diverse as design focused on recyclability, the study of the infrastructure needed to process the waste generated or new forms of textile recycling.

During the year, we have made significant progress through the following initiatives:

/ Accelerating Circularity: this project—involving brands and organisations such as Textile Exchange, Euratex, Wrap, Circle Economy, Fashion for Good, ReFashion and the Apparel Impact Institute—aims to design new models and systems to make existing fabrics into new fibres and materials. Over the course of the year, we joined forces with them in a pilot project to drive new methods of chemical and mechanical recycling of cotton fabrics.

/ ReHubs: we participated in this Euratex initiative to develop a proposal to create recycling centres in Europe for the purpose of collecting, processing and recovering textile waste. This year, the ReHubs initiative presented the main findings of its first technical study (called ReHubs Techno Economic Master Study or TES), highlighting the potential of the textile recycling industry in Europe, which could generate between 5.5 and 7 billion euros per year and around 15,000 new jobs by 2030.

/ SCRAP: in 2022, together with other brands, we co-founded the Association for the Management of Textile Waste with the aim of creating a Collective Extended Producer Responsibility Scheme (SCRAP, Spanish acronym) for textile and footwear waste in Spain. This organisation will enable compliance with Extended Producer Responsibility, arising from the process of transposing Directive 2008/98/EC on waste into Spanish law through Law 7/2022, of 8 April, on waste and contaminated soils for a circular economy.

We maintain industrial partnerships with more than 20 companies across diverse sectors to develop new disruptive solutions from the ground up. In these cases, we are involved not only in the implementation of these solutions, but also in their exploration, research, development and pilot testing phases.

/ Pursuing these lines of collaboration, Inditex has stable relationships with the leaders of various industries to facilitate the acceleration and transfer of new solutions in raw materials, production processes and phases of use, allowing us to respond to the systemic transformation we want for our industry.

/ A good example of this work is our collaboration with BASF, under the framework of a pioneering research partnership in the textile industry launched in 2019. One of the first fruits of this partnership was the commercial development of recycled polyamide (CCycled and BMB Ultramid®). These new materials allow us to convert used tyres—which cannot be reused in their own industry—and agricultural waste, respectively, into a new textile resource. Oysho has used CCycled Ultramid® in certain articles in 2022 and Zara foreseen to introduce BMB Ultramid® foreseeably throughout 2023.

A model tailored to demand

Our aim is to create value by designing top quality fashion products that are accessible to all and that will stay with our customers for a long time. As we journey towards a circular and efficient model, at Inditex we are convinced that we must maximise the life of every garment we sell and of the materials used in their production. To achieve this, it is important to understand our customers' needs and to take action at every stage of the textile process.

Our product teams work to accurately anticipate the purchasing requirements of our customers. This implies a low inventory commitment at the beginning of each season that allows us to respond to the demand we receive as the season progresses.

For an agile and efficient response, a significant portion of our garments are manufactured in close proximity to our headquarters (in markets such as Spain, Portugal, Morocco and Türkiye). Stocks in our stores and online platforms are also integrated, so that customers can access all our products in our store network or online (maximising the opportunity to sell each item).

Thanks to this unique business model, which is distinguished by its flexibility and innovation, we are able to carefully manage clothing inventories to avoid surpluses. In 2021³, our surpluses were below 0.5% of all the items sold, and the majority of them were donated to local and national social organizations, with UNHCR, Red Cross and *Cáritas* among the main beneficiaries.

We also have for&from stores that operate as Inditex franchises and are managed by non-profit organisations (*Fundació El Molí d'en Puigvert*, Galician Confederation of People with Disabilities (COGAMI), Moltacte non-profit cooperative, Association of People with Mental Disabilities of Alicante (APSA), *Fundación Prodis and Fondazione Cometa*) focused on supporting people with disabilities (providing stable employment for people with physical, intellectual and mental disabilities). All proceeds are invested entirely in the projects of these community organisations.

More information in section [5.7. Communities](#) of this Report.

5.3.2. Design and selection of raw materials

GRI 3-3; 301-1; 301-2; 304-2; 306-1; 417-1; AF18; AF19; AF20

Our designers and sales teams are trained in sustainability criteria, with the aim of advancing in the design of articles that will last our customers for a long time and can be recycled at the end of their life cycle.

In 2022, we joined the Ellen MacArthur Foundation's Jeans Redesign project with a commitment to put on sale 730,000 garments designed for greater durability, containing recycled materials and conceived to facilitate their subsequent recycling, so that their materials can be reintroduced into the textile process.

Thus, Zara, Bershka, Massimo Dutti, Pull&Bear and Stradivarius have a constant collection of denim garments made in keeping with the principles of the circular economy, avoiding elements that hinder their recycling at the end of their useful life and replacing these with better alternatives.

Careful selection of fibres

We pay special attention to the raw materials we use in our products because of their relationship with biodiversity, water consumption or greenhouse gas emissions, among other considerations.



Thanks to the efforts made in this area, in 2022, 'preferred'⁴ raw fibre and materials, according to the classification established by the sector's benchmark organisations such as Textile Exchange, now account for 60% of the total used, a 42% increase on the previous year.

This result is closely linked to the promotion of the Join Life label, which Inditex has been using since 2015 as a tool to raise awareness among our customers and our staff about the use of raw materials and processes that have a lower impact on the environment as compared to the most widely used practices in the industry.

In 2022, 61% of our products complied with the Join Life standard, amply exceeding our commitment that 50% of our collection should be Join Life compliant this year. We have therefore reached a point in the development of our strategy where it is no longer necessary to differentiate the products in our collections with this label.

³ Surplus data is reported for 2021 as the 2022 winter campaign is still available in stores at the time of writing this Report, and therefore the surplus inventory has not been entirely managed.

⁴ Textile Exchange defines a preferred material as "a raw fiber or material that delivers ongoing beneficial outcomes and impacts for climate, nature, and people through a holistic approach to transforming raw fiber and material production systems". The full list can be found at www.textileexchange.org

To further advance our goals, our sales teams will continue to apply stringent product sustainability criteria and targets as a tool to extend best practices—both in raw materials and processes—to all our collections, and we will continue to use Join Life as an internal standard.

In order to contribute to the body of knowledge on impacts, we also collaborate with sustainability experts such as Quantis to achieve a sound, science-based approach to analysing different raw materials and production processes. Specifically, we work with Quantis to conduct specific Life Cycle Assessments (LCAs) for the various raw materials we use, as well as for the production processes involved in the manufacture of our garments. This information will allow us to continue to evolve our

sustainability strategy.

The Group has also undertaken exacting commitments on the use of raw materials for the next few years. In 2023, 100% of the cotton and man-made cellulosic fibres used in our products will come from preferred sources⁵. By 2025, 100% of polyester and linen will also be from preferred sources.

Below we outline our consumption of raw materials according to their origin, in two main categories: fibres and non-fibres. The fibres category is, in turn, divided into three groups: natural⁶, synthetic⁷ and man-made fibres⁸.

Raw materials	2022	2021	2020	2019	2018
Fibres	88%	88%	88%	89%	88%
Natural	50%	55%	52%	50%	49%
Synthetic	40%	36%	38%	38%	39%
Man-made	10%	9%	10%	12%	12%
Non-fibres	12%	12%	12%	11%	12%

The breakdown of the main raw materials used in our products⁹ in the last year is as follows:

Raw material	Tonnes	% of total tonnes of raw material
Cotton	254,133	41 %
Man-made cellulosic fibres	54,983	9 %
Polyester	170,318	27 %
Linen	10,074	2 %
Other raw materials	131,737	21 %
Total	621,244	100 %

⁵ We have aligned the terminology used in our objectives with that currently being used by benchmark industry organisations such as Textile Exchange. The meaning and ambition of our goals remains unchanged.

⁶ Natural fibres are filaments obtained from natural sources that can be threaded to obtain strands, threads or twine.

⁷ Synthetic fibres are made of polymers that are not naturally produced, but fully created in a chemical plant or a laboratory, almost always using petroleum or natural gas by-products.

⁸ Man-made fibres are made using a natural component as a raw material that undergoes a number of processes in a chemical plant or a laboratory.

⁹ The figure includes the raw material used in the final product; it does not include any wastage that may have occurred during the production process.

During the year, we continued to make headway on our commitments. In the 2022 winter season, the degree of achievement of our public targets for the use of preferred raw materials in our products is as follows¹⁰:

Commitment	Source	% of total tonnes of this raw material	Type of fibre	%
100% preferred cotton in 2023	Preferred	92.18%	Organic cotton (OCS/GOTS)	4.24 %
			Cotton in conversion/transition (OCS/GOTS)	1.43 %
			BC cotton ¹ (BC)	80.88 %
			Recycled cotton (RCS/GRS)	5.63 %
	Conventional	7.82%	Conventional	7.82 %
100% preferred man-made cellulosic fibres by 2023, supporting the Changing Markets Commitment	Preferred	65.96%	Recycled (RCS/GRS)	0.12 %
			Other third-party standards (Canopy, Changing Markets ² or FSC)	65.82 %
	Preferred (Canopy only) ³	30.08%	Preferred	30.08 %
	Conventional	3.96%	Conventional	3.96 %
100% preferred polyester in 2025	Preferred	30.89%	Recycled polyester (RCS/GRS/Repreve)	30.89 %
	Conventional	69.11%	Polyester – innovative fibres	0.01 %
100% preferred linen in 2025	Preferred	74.29%	Conventional	69.11 %
			European linen (European Flax certificate)	74.21 %
			Organic linen (OCS/GOTS)	0.03 %
	Conventional	25.71%	Recycled linen (RCS/GRS)	0.05 %
			Conventional	25.71 %

¹ BC cotton is not physically traceable to the final product, as it uses a mass balance system. The percentage of use has been estimated on the basis of the information available in Inditex's systems.

² Man-made cellulosic fibres that meet the requirements specified in the document Supply chain / Man-made cellulosic fibres, available on Inditex's corporate website.

³ Cellulosic fibres from suppliers classified as "green shirts" with a score of 25 or above in the Hot Button Report compiled by CanopyStyle, a Canopy Planet initiative.

Cotton

Cotton is one of the most commonly used fibres in the textile industry and the raw material most used by the Inditex Group. In line with our pledge to protect natural resources and biodiversity, at Inditex we are committed to:

/ Organic cotton. No genetically modified seeds or synthetic fertilisers are used to grow this fibre. At Inditex we use organic cotton certified by the Organic Content Standard (OCS) and the Global Organic Textile Standard (GOTS).

Despite the high demand for this raw material, according to the latest data from Textile Exchange, only around 1% of the cotton produced in the world is organic. That is why Inditex is a founding member of the Organic Cotton Accelerator (OCA), a multi-sector initiative that supports organic cotton farmers and provides them with training and accompaniment from cotton growing to marketing.

In addition, at Inditex we support 'in conversion' cotton, supporting farmers and agricultural groups as they transition to organic crops.

/ Better Cotton is an organisation encompassing farmers, ginners, spinners, suppliers, manufacturers, brands, retailers, civil society organisations, donors and governments to train farming communities in better cotton growing practices.

Today, nearly one-fifth of the world's cotton is produced under the Better Cotton Standard, and 2.3 million cotton farmers have been trained in sustainable farming practices and are licensed to grow Better Cotton.

/ Recycled cotton. It is produced from cotton production cutting scraps or post-consumer waste. This waste undergoes a recycling process to turn it into a new cotton fibre.

In 2022, 92% of the cotton used in our products was preferred cotton according to the definition of renowned organizations such as Textile Exchange, which considers a preferred raw fibre or material to be one "that delivers ongoing beneficial outcomes and impacts for climate, nature and people through a holistic approach to transforming raw fiber and material production systems".

¹⁰ The Group does not have all the information at this level of detail for previous years due to changes in our corporate systems.

Promoting R&D+i in the Andalusian countryside (Spain)

In 2022, the Group signed an agreement with IFAPA and *Espalgodón* to promote research, training and technological development activities in cotton growing in Andalusia. This four-year collaboration aims to advance environmental best practices and to improve the productivity of these crops. In fact, as a result of this agreement, a first trial of organic cotton has been conducted on two farms in the province of Seville to study its viability and yield as compared to conventional cotton.

As part of this collaboration, pilot projects will also be developed on key issues for the sector, such as growing this fibre in areas where water is scarce, and the quality analysis of the raw material. It also includes tests of the different varieties of cotton or of the machinery used for harvesting. The aim is to scale up these findings to the sector as a whole.

We collaborate in boosting regenerative cotton growing in India

We collaborate with Action Social Advancement (ASA), along with Laudes Foundation, IDH The Sustainable Trade Initiative, WWF India and others, to promote regenerative agriculture, including cotton growing, ecosystem restoration and community well-being in a 300,000 hectare area in the Indian states of Madhya Pradesh and Odisha, where cotton is the main crop.

The initiative aims to improve soil quality and biodiversity, optimise water management and reduce greenhouse gas emissions. In addition, the project has an important community component, as regenerative cotton growing will improve the incomes of more than 75,000 farming families and their communities.

Preferred man-made fibres

At Inditex we are committed to the protection of primary or endangered forests, fighting deforestation and preventing the degradation of ecosystems. This translates into specific endeavours regarding the consumption of raw materials. Our suppliers are firmly committed to work with manufacturers of cellulosic fibres (viscose, modal, lyocell and acetate) classified as "green shirts" with a score of 25 or above in the *Hot Button Report* by CanopyStyle, an initiative led by the non-profit organisation Canopy Planet.

From 2023 onwards, the Group will only use cellulosic fibres from manufacturers who are committed to the *Roadmap towards responsible viscose & modal fibre manufacturing*, promoted by the Changing Markets Foundation.

In 2022, 66% of man-made cellulosic fibres used in our products met both those requirements.

Goals by 2025: linen and polyester

By 2025, we will only use polyester and linen from preferred sources¹¹. In 2022, 31% and 74% of the polyester and linen respectively used in our products already met that requirement.

Recycled materials

Thanks to Inditex's unwavering commitment to using recycled materials, this year we made available to our customers 78,675 tonnes of these materials, a 90% increase with respect to 2021. In this regard, through our Sustainability Innovation Hub, we are researching alternative and innovative materials based on second- and third-generation waste that ensure the specific technical and durability requirements of certain products are fulfilled. We have also signed up to the 2025 Recycled Polyester Challenge, a joint initiative of the Textile Exchange and the UN Fashion Industry Charter for Climate Action, which aims to accelerate the use of recycled polyester and help reduce the sector's greenhouse gas emissions.

5.3.3. Health and safety of products

GRI 2-28; 413-2; 416-1; 416-2; AF5

Ensuring that the articles we offer to our customers are safe and healthy is paramount for us. To achieve this, we have specific product standards, that are of general application and mandatory for all the products we sell¹². These standards aim to go a step further than what is required by international legislation for different types of articles, from design to manufacturing processes.

We currently have seven standards, each with a different scope:

¹¹ We have aligned the terminology used in our objectives with that currently being used by benchmark industry organisations such as Textile Exchange. The meaning and ambition of our goals remains unchanged.

¹² Articles that are outside the scope of Inditex's health and safety standards are subject to minimum requirement reports specifically compiled in accordance with the statutory requirements which apply to the type of product and the markets where they are sold.

Product health and safety standards

	Scope
Safe to Wear	Garments, accessories and footwear
PTR	Garments, accessories, footwear and home textile
Clear to Wear	Garments, fabrics, accessories, footwear and home textile
i+Cosmetics	Cosmetics
i+FCM	Products in contact with food
i+Home	Ambiance products for the home Decorative candles and their accessories
i+Child Care Furniture	Children's furniture and child care articles

In 2022, we published a new edition of our Clear to Wear (CtW) standard, which covers restricted chemicals present in finished products, to include regulatory developments and make further progress in our process of alignment with AFIRM's RSL. We have also published a new edition of our Physical Testing Requirements, which regulate the physical-chemical parameters linked to textile quality testing.

To ensure compliance with all our standards, we work with technology companies, research centres and laboratories of international reference to verify that they are being properly applied by using our own innovative programmes that include analysing the articles and auditing the factories involved in their production.

Before starting production, we seek to ensure compliance with our sustainability standards in the design stages, raw materials selection, and processes required to manufacture our products. Accordingly, we strengthen compliance with our Safe to Wear standard by providing our suppliers with detailed manufacturing guidelines, which include measurement tables with requirements for the position of appliqués and cords, maximum lengths of free ends, and other measurements.

In order to guarantee the exhaustive inspection of the product and prevent potential non-conformities with our product health and safety standards, and to enhance the textile quality in

product durability terms, we have a network of internal control laboratories that perform testing according to the most stringent international standards. In 2022, we added a seventh lab, located in Narón, to provide service to Pull&Bear.

We highlight our **Picking** programme, which identifies non-conformities in final articles by collecting samples at supplier sites for subsequent testing in external laboratories. To achieve this, qualified technical experts carry out a risk assessment of all our articles, and we request analyses for those that pose a risk. In 2022, 51,288 Picking inspections have been carried out, with 721,980 analyses and tests performed.

Confidence in the performance of analyses and results is vital for proper decision making and this is underpinned by the external laboratory approval programme called **APPLABs**. In total, 56 on-site audits of external laboratories were conducted, in addition to 35 comparison exercises, which involved analysing 5,951 samples (38 and 20 audits in 2021 and 2020, 35 and 32 comparison exercises in 2021 and 2020, and 6,653 and 6,915 samples in 2021 and 2020, respectively).

As a complement to the Picking inspections, since 2017 we have been implementing **Minilabs**, a portable lab initiative to perform, any time and anywhere in suppliers' facilities, up to six screening tests for substances and parameters regulated in the Clear to Wear standard and Physical Testing Requirements. In 2022, we performed 3,743 Picking inspections using Minilabs, carrying out 33,029 analyses and screening tests.

In order to achieve a continuous improvement in the supply chain, our **Root Cause Analysis** (RCA) enables us to carry out technical audits in those punctual cases where a non-compliance is detected in a Picking inspection. Those audits are carried out by experts in order to identify to identify the source of non-compliances in wet process facilities (dyeing, washing, tannery, printing) and propose a specific corrective action plan to avoid such incidents from being repeated in future productions.

In 2022, 17 RCA audits were conducted. The results showed that in 29% of the cases the supplier, in their manufacturing, had used chemical products not permitted by The List, by Inditex and/or had not applied adequate controls to these products prior to manufacturing. The cross-contamination between different productions that did not follow adequate manufacturing conditions caused the remaining 12% of detected non-conformities. Absence of required technical documentation during manufacturing and inadequate manufacturing procedure accounted for 30% of non-conformities. Lastly, in the remaining 29% of the audits, the results were inconclusive.

① More information in the document *Innovation, collaboration and continuous improvement for chemical safety* available on Inditex's corporate website.

Collaborations

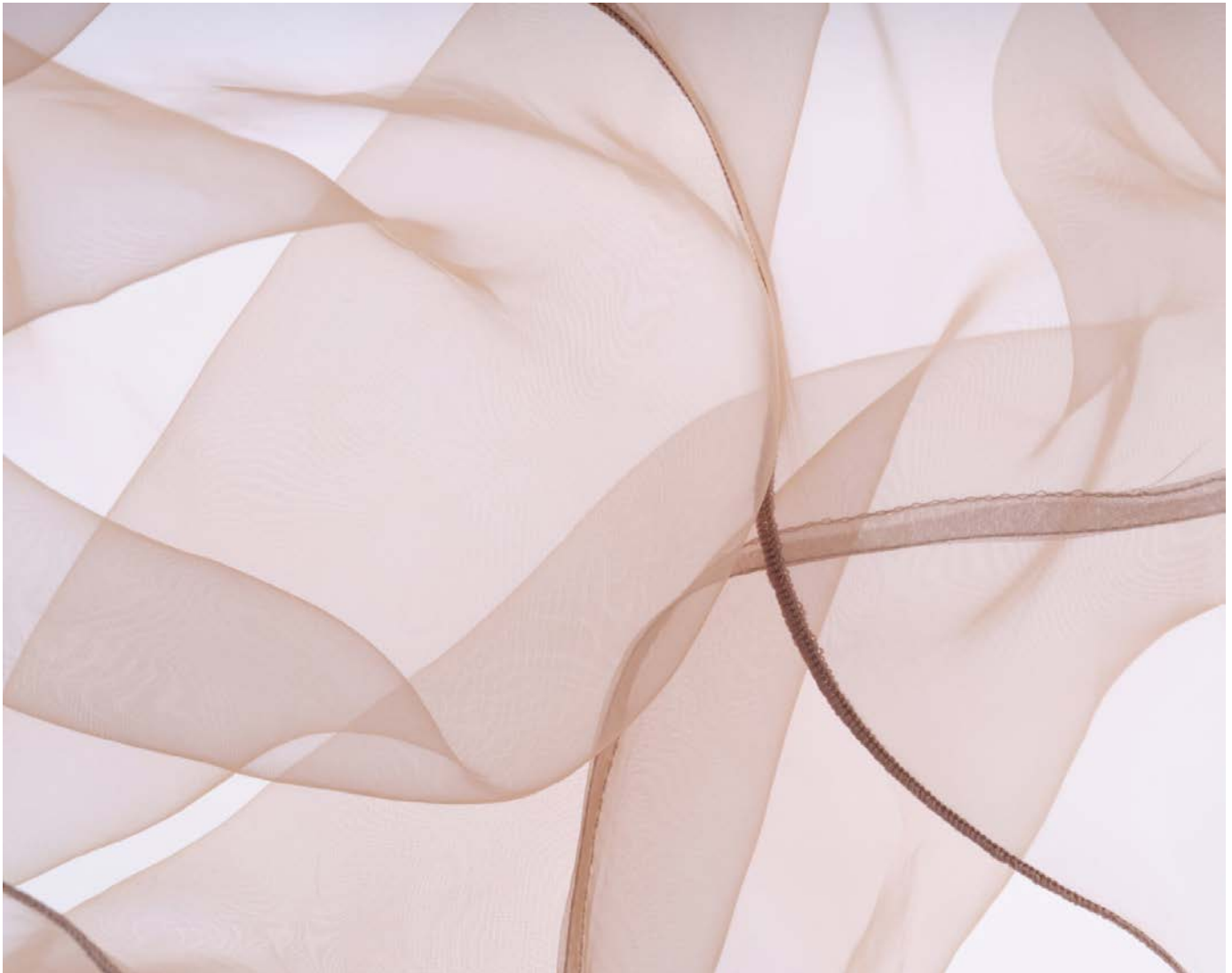
Our goal is to advance, with our suppliers and the rest of our industry, in adopting best practices, including the choice of safe chemicals and wastewater management. Sharing our know-how and aligning requirements across the industry is vital to ensure compliance with our standards and to improve facilities in line with Greenpeace's Clean Factory Approach. Likewise, we are also involved in initiatives such as Zero Discharge of Hazardous Chemicals (ZDHC), of which we are Board members, or AFIRM Group. We also collaborate with a number of prestigious technological centres and universities.

In this regard, it is worth noting that the Group has made available to the entire industry, via the ZDHC platform, The List,

by Inditex programme, a procedure for the classification of chemical products and commitments to improvement by the chemical industry that guarantee enhancements in both the production processes and the health and safety of the finished garments. Furthermore we have adopted ZDHC MRSL, which specifies which chemical substances are subject to specific restrictions or whose use is prohibited.

We also design guides for best manufacturing practices and we regularly train the suppliers across our supply chain—especially in wet processes—to advance in the proper selection, purchase, handling, storage and use of this type of chemical products.

① More information in section [7.1.2. Health and safety indicators of our products](#) of this Report.



5.3.4. Use and end of life

GRI 301-3; 416-1; 416-2; AF18; AF19; AF20

We want our products to last our customers a long time. Accordingly, we are continuously developing new projects and services to offer them fresh options and alternatives in their relationship with us.

Commitment to extending the lifetime of our garments

One of the main examples this year has been the launch of Zara's Pre-Owned platform. This new space, for the moment only available in the United Kingdom, aims to offer a range of solutions to help prolong the lifetime of Zara garments through repairs, secondhand sales and donations. Through 2023, we will extend this platform to new markets, beginning with France and Germany.

Repair service: the repair service, available at all stores and now also online, is devised to help lengthen the life of Zara garments.

Platform for customer-to-customer sale: a space in which customers can sell and buy the brand's products from any season to and from each other. The platform, developed for a streamlined experience, includes original photos and information of the products and images of its provided by the seller.

Donations: customers in the United Kingdom can donate garments by requesting their collection from their home. This service, which complements our in-store Clothing Collection Programme containers, guarantees that all the products collected are donated to the local NGOs we work with.

Clothing Collection Programme

Our Clothing Collection Programme enables our customers to donate those products they no longer use to more than 90 local community organisations in the various markets where we are present, either through the containers located in our stores or by means of Zara.com's home collection services in Spain, the United Kingdom, New York, Paris and various Chinese cities.

In Switzerland and Hungary—markets in which we have not yet established an agreement with non-profit entities—we work with third parties specialising in textile recycling. Moreover, in Spain we also work with Cáritas to facilitate the collection of garments by means of containers located in the streets of a number of cities through this programme.

These organisations receive the donated garments and footwear directly from our facilities. The articles are conveyed to classification plants, where they are processed in keeping with the principle of waste hierarchy. The garments are donated to

people who need them or resold to finance these organisations' community projects. Those products that cannot be reused are transformed into new textile fibres (upcycling), or are made into new materials for industrial use (downcycling).

In 2022, 17,015 tonnes of garments and footwear were collected through this programme. All our collaborators participate in a process of accountability in relation to the purpose of the donated articles, which in 2022 yielded the following result:

- / More than 63% of all garments were reused, either via donations to people who need them or by reselling to finance community projects.
- / The remaining 37% which, due to their characteristics or condition, could not be reused, was sent to recycling projects (most of them for downcycling) or, as a last resort, was used in energy recovery.

First detergent designed to reduce microfibre shedding

Microfibre shedding during washing has a significant impact on water quality. Consequently, at Inditex we are engaged in various projects to minimise the impact of our industry.

This year, Zara Home launched the first laundry detergent designed to reduce microfibre shedding in washing; it is available both in the brand's stores and online.

This innovative solution, jointly developed by Inditex and BASF, Home Care and I&I Solutions, can reduce microfibre shedding by up to 80%, depending on type of fabric and washing conditions. These results have been tested in various independent research centres.

The detergent formulation, which contains high-efficiency ingredients, has been tested in various laboratories on different types of fabrics and in varying washing conditions. The results show that the detergent is especially suited to low-temperature washing, which brings additional benefits: users can reduce their energy consumption by lowering the wash temperature from 40°C to 20°C, while colours stay bright for longer, extending the garment's life.

One of the hallmarks of this project is that the formulation can be adapted to extend the use of this technology among other detergent manufacturers, thus boosting this solution's positive impact.

Eliminating single use plastic from our packaging

Our commitment to continuing to reduce the impact of our products also includes all those elements that accompany our garments, such as containers and packaging. Accordingly, we have set ourselves the goal of completely eliminating single-use plastic to our customers by 2023.

As an intermediate measure, in 2020 we eliminated plastic from the packaging we deliver to our customers in stores and in online orders. In addition, in 2021 we began charging for our recycled paper bags in stores, with the aim of raising awareness among our customers about the importance of using reusable alternatives, while offering, among others, solutions from post-consumer textile recycling. At the end of 2022, we had implemented this initiative in 59 markets worldwide.

📄 More information on the environmental projects our customers are financing in section [5.7.4. Key programmes](#) of this Report.

In 2022, we mapped all packaging reaching stores to track plastic items accompanying our products and used in stores, eliminating or replacing the vast majority of these items. In addition, we continue to work to replace residual packaging and to reinforce the necessary control mechanisms to avoid single-use plastics from source, and to prevent their arrival in our warehouses and stores.

We are also involved in the (RE)SET project by The Fashion Pact, aimed at developing solutions using alternative and recycled materials to eliminate all single-use plastics throughout the textile industry's value chain.

Notably, in 2021 we subscribed a new commitment with the Ellen MacArthur Foundation (EMF) to reduce a 50% our plastic footprint by 2025 with respect to 2019. This goal underpins the reuse, elimination and recycling efforts being undertaken across the Company's multiple teams.

Green to Pack

Our Green to Pack programme aims to introduce as many recycled materials as possible into packaging, extend its useful life and facilitate its subsequent recycling, while at the same time optimising the transport of our products.

For example, in 2022, the Green to Pack boxes used to ship and distribute our products contained more than 75% of post-consumer recycled cardboard.

