

# INDITEX



Energy

Policy

Approved on 4 February 2025

## About this Policy

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Reference	-
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Name of the Policy	Energy Policy
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Overview	This Policy describes Inditex Group's commitment to responsible energy procurement and usage across its own operations and its Value Chain.
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Theme	Sustainability, Environment
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Scope	Global
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Type	Policy
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Owner	Sustainability Department
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Approved on	4 February 2024
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Version:	1.0
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Observations	The Policy has been approved by Inditex's Board of Directors, following a report from the Sustainability Committee, and with the participation of the Social Advisory Board.
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## 1. Purpose. Laws and construction

### Purpose

The Energy Policy (the “**Policy**”) addresses Inditex Group’s commitment to promoting responsible sourcing and management of the energy consumed by its own operations and across its Value Chain. This Policy has the following purposes:

1. To present Inditex Group’s approach towards the procurement and usage of energy Sources that may contribute to a reduction of GHG Emissions, in line with the Paris Climate Agreement and its main ambition of holding the increase in global temperature to a maximum of 1.5°C above pre-industrial levels, as well as the climate targets of the European Union, while at the same time working towards driving a model that reduces the pressure on natural resources and ecosystems.
2. To present such complementary and additional measures that the Group will take to contribute to improving the integrity and resilience of energy grid infrastructures, given their key role to guarantee a secure supply, as well as actions aimed towards the transformation of the fashion industry in this direction.

This Policy has been built upon the Inditex Group’s Codes of Conduct and Sustainability Policy, which set out among other aspects, the Group’s general principles and lines of action, which are applied transversally across all the business areas and activities of the Group and throughout its entire Value Chain.

This Policy also targets the need for increased contribution from all actors of society, including the private sector, to improve energy resource management and reduce the environmental impact associated with its use.

### Laws and construction

Where necessary, local Internal Rules may be approved to ensure that the Policy is aligned with local requirements. In such case, these Internal Rules should adjust as much as possible to the structure and provisions hereunder laid down, only adjusting or supplementing what is strictly necessary to meet statutory and/or local requirements. In the event of any discrepancy between the provisions of local Internal Regulations and this Policy, the former shall prevail. Where local Internal Rules do not make provisions for a particular matter, this Policy shall apply on a supplementary basis.

Likewise, Inditex Group will assume, as part of its Internal Rules, the content of national and international Agreements and Conventions to which it has adhered, committing to their promotion and compliance.

The enforcement of this Policy should not entail a violation of any applicable laws in the markets where the Group operates.

## 2. Definitions

For the purposes hereof, the terms herein defined shall have the following meaning:

### *Supply Chain*

The full range of activities or processes carried out by entities upstream from the Inditex Group which provide it with materials, products or services.

### *Value Chain*<sup>i</sup>

The full range of activities, resources and relationships related to the Inditex Group’s business model and the external environment in which it operates.

***Inditex Group's Codes of Conduct (also, "Codes of Conduct")***

The Code of Conduct and the Code of Conduct for Manufacturers and Suppliers of Inditex Group.

***Alternative fuel***

Energy Sources that replace, at least in part, fossil fuel sources and that can contribute to the reduction of Emissions in the energy sector.

***Air pollutant***

Any agent or combination of them, including any physical, chemical, biological, radioactive substance or matter which is emitted into or otherwise enters the ambient air and can, in high enough concentrations, harm humans, animals, vegetation or material.

***GHG emissions ("Emissions")***

Release of greenhouse gases into the atmosphere.

***Renewable energy***

Energy derived from natural sources that are replenished at a higher rate than they are consumed.

***Energy Sources***

Natural resources used to obtain energy and its subsequent use.

***Greenhouse gases (GHGs)***

Gaseous components that contribute to the greenhouse effect by absorbing infrared radiation. Carbon dioxide, nitrous oxide or chlorofluorocarbons are examples of greenhouse gases.

***Inditex Group (also, "Group")***

Group of companies in which Inditex holds directly or indirectly at least 50% of the share capital or of the voting rights.

***Sustainability Stakeholders (also, "Stakeholders")***

Organisations or individuals (or groups thereof) who, due to their activity, interest, knowledge and/or experience, or their capacity to create an impact, relations and to give an opinion, may influence or be influenced by the Group and its operations -or vice versa-, with regard to relevant Sustainability themes or topics. Stakeholders include, but are not limited to: customers, employees, manufacturers and suppliers, shareholders, public bodies and authorities, academia (understood as public or private promoters of science, knowledge, innovation or its dissemination), as well as the environment itself.

***Inditex (also, "Company")***

Industria de Diseño Textil, S.A. (Inditex, S.A.), parent company of the Inditex Group (as defined below).

***Planetary Boundaries***

Set of 9 planetary boundaries within which humanity can continue to develop and thrive for generations to come. Together they mark a critical threshold for increasing risks to people and the ecosystems we are part of<sup>iii</sup>.

***Internal Rule ("Internal Regulations")***

Rule binding on the Inditex Group or on any company that it comprises, covering the Group's commitments or the expected behaviour from anyone at the Inditex Group. The set of Internal Rules is known as Internal Regulations.

### ***Material Risks and Impacts***

Risk and impacts that surpasses a given threshold according to the “double materiality” assessment of the Inditex Group which, within the framework of this Policy, analyses on the one hand, the actual and/or potential impact of the Group’s activities on the environment and on people and, on the other, the actual and/or potential financial effects that environment may have on the performance of the Inditex Group.

### ***Energy Transition***

Continuing process of developing long-term energy strategies and planning, with a focus on applying appropriate energy technologies and solutions to reach net-zero Emissions

### ***Energy Vector***

Substances or devices that store energy so that it can later be released in a controlled manner.

## **3. Scope**

### **Subjective scope**

This Policy is mandatory and binding on every Group company and anyone at the Inditex Group, irrespective of their job, position, department or geographical location.

The Policy also applies to anyone rendering services or collaborating with the Inditex Group on any terms other than an employment relationship, such as board members or directors in any company of the Group, interns and anyone engaged or about to be engaged in a professional relationship with the Group, when this is possible due to the nature of the relationship and is convenient for the fulfilment of the purpose of the Policy.

In addition, Inditex Group will work with the suppliers and factories within its Supply Chain, and with third parties engaged with the Group to promote their alignment with this Policy across their own Value Chains, whenever possible.

### **Objective scope**

The Group will continually assess by means of its due diligence system in place as described in its Internal Regulations, which it periodically reviews and updates, the risk associated with its operations, energy sourcing and other Value Chain activities, identifying those which imply a Material Risk under this Policy. As knowledge and understanding on its impact evolves, the Inditex Group will adjust the scope of the Policy, accordingly, adding new considerations and requirements where necessary, also reinforcing the associated controls and due diligence measures.

## **4. General principles and commitments**

Inditex Group believes in the responsible management of natural resources, encouraging efficiency and the use of energy Sources with lower emissions impact. Through this Policy, the Group is committed to:

- / Promoting the rational and efficient use of energy resources throughout its own operations and, to the extent possible, across its Value Chain.
- / Supporting energy procurement practices that contribute to reducing pressure on the environment, while at the same time safeguarding human rights of the people and communities involved in the Supply Chain, including those of local communities.
- / Contribute to the development of the energy infrastructure and the scalability of solutions aimed at the promotion of renewable energy Sources and use of Alternative Fuels and other Energy Vectors.

Further information on the application of the Policy's General Principles can be found in the documents headed "*Renewable Electricity Sustainability Procurement Criteria*", which includes the list of aspects to consider in the analysis of projects for renewable electricity generation, and "*Non-electrical Energy Sources Procurement Principles*" which establishes the characteristics that the fuels and other energy Sources need to comply with, based on the due diligence system of the Inditex Group. Both documents are available on the Group's corporate website.

## 5. Actions lines

Inditex Group recognizes that it is important to pay special attention to the impact its activities may have on climate, air quality and the integrity of the ozone layer, given their key role in regulating biogeochemical cycles, temperature and radiation levels that are compatible with life.

To promote respect for human rights and the Planetary Boundaries, as well as contributing to the development of a fair and resilient society and an underlying environment, the Inditex Group works around the following action lines:

### 5.1. Efficiency promotion

The Group is committed to driving continuous improvement in energy efficiency across its own operations and, to the extent possible, its Value Chain. The Group is aware of its role in sustainable resource management and the fight against climate change, including both mitigation and adaptation measures which are detailed below. With regard to the Group's performance, the aim is to improve efficiency and reduce the environmental footprint. To achieve this, the Inditex Group has implemented the following lines of work:

- / **Energy monitoring:** by closely tracking our energy consumption across own operations and, to the extent possible, the Value Chain, areas of inefficiency may be identified and targeted solutions implemented to optimize energy usage. Through the use of technologies and data analytics, valuable insights of energy usage patterns can be obtained, allowing to make informed decisions to optimize processes, establish reduction targets, monitor progress and allocate the necessary resources.
- / **Increased electrical and thermal efficiency to minimize energy waste and lower the impact on the environment associated thereto:** optimizing operations and reducing energy costs is sought through the adoption of technologies, innovative practices and energy-efficient industrial processes. By investing in equipment with lower relative consumption and implementing maintenance protocols, facilities can operate at more efficient levels, maximizing resource utilization. There are also mechanisms in place to encourage and promote better energy management in suppliers and manufacturers' facilities, through the adoption of innovative technologies and solutions.
- / **Best practices in building design and construction:** by integrating parameters such as passive design techniques, optimizing building orientation, and using alternative materials (e.g., materials recovered from waste or new generation materials with a lower environmental impact compared to conventional ones), energy demand can be minimized and infrastructures that are inherently more efficient can be created, therefore enhancing environmental conditions and contributing to improving the well-being of the occupants.
- / **Adaptation of infrastructure:** to address implementation of solutions and changes in operations and processes (such as digitalization and electrification) which will require a responsible use of energy in own operations and the rest of the Value Chain.

## 5.2. Better energy Sources

Through an analysis of the Value Chain, Inditex Group has identified that the main impacts in relation to climate change, air pollution and the depletion of the ozone layer are linked to energy sourcing and transformation processes and its final use in the productive processes across the Supply Chain.

Inditex Group recognizes how important it is to continue advancing in the development, improvement and implementation of the necessary measures and procedures to generate, procure and consume energy from Sources with lower impact in terms of GHG Emissions and other air Pollutants, while considering potential effects on natural spaces, communities and individuals. This includes:

- / Collaborating with energy suppliers, through (i) requests for certification under reliable and referenced industry or third-party standards, which meet the expectations of the Group in this field, (ii) robust third party auditing processes, (iii) adoption of innovative solutions, allowing to reduce energy consumption and its emissions impact, (iv) disclosure of Supply Chain and associated impacts, (v) conducting due diligence processes where necessary, (vi) promotion of chain of custody traceability, and support of a just energy transition<sup>iv</sup> (vii) as well as the adoption of other actions aimed at preventing impacts on the atmosphere.
- / Engagement with initiatives to improve knowledge and strengthen criteria around the adoption of low GHG Emissions energy Sources, in line with science-based considerations and while respecting human rights.
- / Advance in Value Chain mapping and traceability to monitor and reduce the impacts on air due to GHG Emissions, Air Pollutants, or short-lived climate pollutants (SLCPs<sup>v</sup>).
- / Conduct due diligence processes in accordance with the Due Diligence Policy and its implementing Internal Regulations to evaluate potential risks and implement the necessary measures to prevent and reduce them.

Moreover, the reduction of impacts in this regard is further articulated through:

### 5.2.1. Sourcing electricity with lower overall impact

Sourcing of lower impact electricity versus conventional sources is understood as the one that considers environmental and social aspects, as well as resilience and development of the grid infrastructure upon selecting them, considering aspects such as potential GHG emissions reduction, considerations about the use of land, water, the impact on ecosystems, and responsible waste management. As a basic principle, self-consumption will be prioritized across the Value Chain, given its contribution to the increase in distributed production and the increase in resilience and improved efficiency of the transport and distribution network.

### 5.2.2. Transition to alternative energy Sources and phasing out fossil fuels

Besides effects on climate, air quality and ozone layer integrity, Inditex Group acknowledges the importance of controlling impacts on resources and Natural Ecosystems and on the different affected Stakeholders.

For this purpose, Inditex Group prioritizes procurement from energy Sources that avoid and reduce negative impacts throughout the entire life cycle. Furthermore, it is important for the Group to ensure that the rights of people involved in its production and processes are respected and protected, including those of local communities.

Considering the foregoing, the Group prioritizes the use of energy Sources that meet the following principles, in a cumulative manner:



- / Are renewable.
- / Reduce the impact on climate and changes on atmosphere composition, compared to conventional options.
- / Prevent conversion and degradation of natural ecosystems, in particular, high integrity and key biodiversity areas and ecosystem services.
- / Include Life Cycle Assessment (LCA)<sup>vi</sup>, Well to Wheel (WTW<sup>vii</sup>), and/ or other considerations of similar nature, with a comparable and verifiable lower impact on the environment and people, compared to conventional energy Sources.
- / Are certificated under robust and reliable standards with adequate control mechanisms in accordance with independent third parties' verification procedures.
- / Consider the use of manufacturing and transformation processes with lower impact compared to traditional ones, through solutions such as equipment and components made from recycled materials.
- / Facilitate the traceability throughout its Supply Chain.
- / Respect and protect human rights in line with Inditex Group's Human Rights Policy.
- / Have an ample support and a significant Stakeholder participation, especially at community-level, that encourage respect for social, economic and environmental aspects.

The Group also recognises the role of renewable energy Sources in climate change adaptation by reducing vulnerability and exposure to hazards by enabling services, such as cooling or access to water, especially in remote areas or locations with low connectivity to the grid.

### **5.3. Contribution to industry-level transformation through innovation and collaboration**

Inditex Group believes in the need to address the energy transition from a systemic perspective, which can only be done through collaboration among a diversity of actors and the development of innovative solutions. This includes technologies, procedures and actions aimed at obtaining deeper knowledge and understanding of impacts and alternatives. In this regard, Inditex Group is committed to working to drive transformation of the fashion industry, which is articulated through the following action lines:

- / Promoting the development and implementation of technological and procedural innovations that allow an overall decrease of energy consumption and environmental impact across the Group's Value Chain, under a science-based open innovation approach, sharing findings and insights, to enable scaling up and further uptake of solutions, advancing scientific progress and benefiting the society at large.
- / Facilitating the transition to better management systems, through actions that may imply training, promotion of best available practices, and garnering commitments from suppliers with the final goal of achieving lower environmental impact while aiming towards improvement in climate action, protection of nature and improvement of community well-being.
- / Emphasizing the key role of a reliable, affordable energy system with a lower environmental impact, and incorporating climate-related risks in risk assessments, following benchmarking framework, such as TCFD<sup>viii</sup>.
- / Driving, together with the industry, regulations and frameworks that promote renewable energy Sources and fossil fuel phase-out.

- / Promoting a better understanding of the fashion industry's impact and dependencies on energy, the drivers of climate change, ozone layer depletion, air pollution and other types of impacts on natural resources and ecosystems, as well as supporting the appropriate solutions to address them.

#### 5.4. Climate contributions

Acknowledging the importance of improving the energy systems, the Group supports initiatives towards the promotion and deployment of renewable energies and Alternative Fuels, beyond the ones linked to its Value Chain activities, through the following lines of work:

- / Promoting energy Sources with lower environmental impact that minimize the impact on the field and can contribute to climate change mitigation through Beyond Value Chain Mitigation (BVCM)<sup>ix</sup> initiatives, recognizing the key role of such actions on the conservation of the climate system and the integrity and quality of the atmosphere. Where all these considerations cannot be managed, and adverse effects occur, efforts will be made to restore degraded natural areas through collaboration with organizations dedicated to the protection of ecosystems, also considering the needs and rights of local communities.
- / Exploring technology's support to neutralize GHG Emissions and scale carbon removals solutions that use renewable energies as their energy Source.
- / Addressing the need for improving the energy infrastructure from a joint systemic perspective, while recognizing the importance of collaboration with other actors and Stakeholders.

## 6. Grievance mechanisms: Ethics Line and Ethics Committee

Anyone at Inditex as well as the Stakeholders of the Group can address questions about this Policy via the Ethics Line.

The Ethics Line is the preferred confidential channel to receive, investigate and handle any potential breach of the Policy and implement, as the case may be, the relevant remediation measures. Where a local or specific ethics line exists, concerns should be sent via this latter.

The Group will go through every concern or report received within the scope of the Policy.

The Ethics Line can be accessed on INET and/or on the company's website ([www.inditex.com](http://www.inditex.com)) or via any other communication channel set out in the Ethics Line procedure, or in the procedures for local or specific lines.

Likewise, anyone can send a concern within the scope of the Policy to their Line Manager, the HR Department or the Sustainability Department.

### How the Ethics Line works. Procedure

The Ethics Line is managed by the Ethics Committee, the competent body to process and resolve concerns within the scope of the Policy, except where in accordance with applicable local laws, a local committee has been appointed to operate the local ethics line.

Reports shall be processed in accordance with the Group's internal regulations, in particular, the Global Policy on Internal Reporting Channels and the Ethics Line Procedure, both of which are available on INET and in [www.inditex.com](http://www.inditex.com).

## **7. Roles and responsibilities**

### Anyone at Inditex

Everyone at Inditex Group must observe this Policy and take the training they are called to attend.

Anyone aware of a situation of breach of this Policy can report it via the Ethics Line, with the warranties set out in the foregoing section.

### Board of Directors and board committees

- / The Board of Directors is responsible for approving and/or amending the Group's general policies and strategies, particularly those relating to Sustainability, following a report from the relevant board committee.
- / The Sustainability Committee is responsible for overseeing compliance with the Policy.

### Sustainability Department

The Sustainability Department and the Chief Sustainability Officer (CSO) who heads it, are ultimately responsible for implementing, executing, and managing this Policy. Their duties include:

- / Effectively implementing the Policy by taking the appropriate action, including setting in train an oversight system, with regular reviews and follow-ups, using follow-up mechanisms allowing to assess and monitor the achievement of the aspirations and commitments hereunder set out.
- / Planning and managing training and awareness-raising about the Policy.
- / Liaising with the Compliance Department, assisting the Ethics Committee as necessary with the investigation of concerns or reports relating to any breach of this Policy, with the drafting of investigation reports, and with the implementation of the measures to be taken, including, if appropriate, any disciplinary measures relating to anyone at Inditex, the termination of trade relations with third parties and/or their reporting to competent authorities.
- / Regularly reviewing the Policy, together with the Legal Department, to ensure that is aligned with applicable laws.

### Legal Department

The Legal Department will provide legal advice regarding the Policy's implementation and alignment with applicable laws.

### Compliance Department

Compliance Department, within the General Counsel's Office, is tasked with:

- / Coordinating the reviews and updates of the Policy, in collaboration with the Sustainability Department.
- / Assisting the Ethics Committee where necessary to handle and resolve concerns, reports, or questions about the Policy, with the support of internal areas or the relevant external resources.
- / Ensuring that the due diligence process, designed to identify potential risks and impacts and implement the required measures to prevent and handle them, is aligned with applicable laws, the Due Diligence Policy and the remaining Internal Regulations.

### Infrastructures and Services Department

The duties of the Infrastructures and Services Department in this field include, among other aspects, implementing this Policy with regard to the Group's own operations, that is, managing energy procurement, the installation of generation equipment and the contracting and management of the relationship with the energy suppliers of the Group.

### Procuring areas

All procuring areas and areas negotiating with energy suppliers or Group's suppliers shall ensure compliance with the Policy and that such suppliers are familiar with it.

## **8. Violation of the Policy**

Violation of this Policy may result in serious consequences which may entail the adoption of disciplinary measures including the termination of business relations with third parties (end of the contractual relationship with defaulting suppliers when engagement efforts towards remediation have not been successful). The course of action in case of violation of the Policy will depend on the seriousness of the breach (as per intensity, scale, and persistence) and the supplier's capacity, track-record, and degree of control or culpability, with additional care and contextualization in each case.

## **9. Disclosure and training**

This Policy is available on INET and on the corporate website ([www.inditex.com](http://www.inditex.com)).

The Sustainability Department will, liaising with the relevant departments, implement the relevant communication and awareness-raising actions to ensure the appropriate understanding and implementation of this Policy.

The communication between the Group and its Stakeholders is guided by the fundamental principle of transparency, in accordance with applicable laws and Inditex's Internal Regulations.

## **10. Oversight and control. Audit.**

Inditex Group will be subject to periodic reviews and controls, including audits carried out by the Internal Audit Department, to assess overall compliance with the Policy.

## **11. Update and review**

This Policy shall be reviewed and updated, where necessary, at the behest of the Sustainability Department, liaising with the Compliance Department, in order to encompass regulatory changes or best practices as may be required at any time for the purposes of fulfilling its goals of advancing towards a more sustainable industry in terms of energy management.

## Appendix

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<sup>i</sup> As defined in Commission Delegated Regulation (EU) 2023/2772.

<sup>ii</sup> As defined in Commission Delegated Regulation (EU) 2023/2772.

<sup>iii</sup> <https://www.stockholmresilience.org/research/planetary-boundaries/the-nine-planetary-boundaries.html>

<sup>iv</sup> <https://www.un.org/development/desa/dpad/wp-content/uploads/sites/45/CDP-excerpt-2023-1.pdf>

<sup>v</sup> Group of greenhouse gases and atmospheric pollutants that have a short-term global warming impact and can affect air quality. Own definition based on:

[https://www.ccacoalition.org/sites/default/files/resources/files/CCAC%20SEI%20-%20A%20Practical%20%20Guide%20For%20Business%20-%20Updated\\_Final%202023.pdf](https://www.ccacoalition.org/sites/default/files/resources/files/CCAC%20SEI%20-%20A%20Practical%20%20Guide%20For%20Business%20-%20Updated_Final%202023.pdf)

<https://www.wri.org/insights/short-lived-climate-pollutant-reductions>

<sup>vi</sup> According to the definition included in the Ecosystems and Biodiversity Policy of the Group. Tool used to evaluate environmental impacts of a product, process or activity throughout the entire life cycle.

<sup>vii</sup> According to the definition of the Global Logistics Emissions Council (GLEC) Framework v3 and ISO 14083 standard.

<sup>viii</sup> Framework developed by the Financial Stability Board (FSB) that establishes common principles on how companies and other organizations should present information on the risks and opportunities associated with climate change as established in: <https://www.fsb.org/uploads/P141021-4.pdf>

<sup>ix</sup> Immediate and consistent action to mitigate emissions beyond the Group's Value Chain to support global efforts to limit global temperature rise to 1.5°C. As defined in: <https://sciencebasedtargets.org/resources/files/Above-and-Beyond-Report-on-BVCM.pdf>

**INDITEX**