

INDITEX



Inditex Group's

Community Investment Policy

Amended on 3 May 2023

About this Policy

Reference	-
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Title	Inditex Group's Community Investment Policy
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Summary	This Policy regulates the group-wide corporate citizenship/philanthropy strategy, its main priorities and its alignment with the UN Sustainable Development Goals and the company's business drivers
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Scope	Global
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Category	Policy
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Policy Owner	Sustainability - Community Investment
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1. Background

This document updates the Inditex Group's **Community Investment Policy** (hereinafter, the "**Policy**") approved in June 2014 in English as "Inditex Group's Corporate Citizenship Policy", in order to align it with current best practices and recommendations. This Policy, as amended, which replaces the original document, was approved by the Board of Directors, on the basis of a favourable report issued by the Sustainability Committee.

In keeping with the Inditex Group's **Code of Conduct and Responsible Practices**, the social and environmental commitments embedded into Inditex business activities, designed to benefit all of its stakeholders, is an inseparable part of its business model.

The Group's **Sustainability Policy** defines the principles that govern how Inditex engages with all of its stakeholders, framed by the overriding goal of embedding sustainability practices into its business model, end to end, and a commitment to conducting all activities in a manner that is respectful of people, the environment and the broader community, as materialised in its pledge to upholding human rights and pursuing sustainable development. Specifically, section 7.1.5 of the Sustainability Policy sets down the Group's commitments with respect to community investment.

In addition, the Group's **Human Rights Policy** outlines Inditex's commitment to upholding and championing human rights, as prescribed in the United Nations Guiding Principles on Business and Human Rights, and fostering their respect in its business communities.

2. Objectives

The overall objective of this Policy is to elaborate on the community investment related content of the Code of Conduct and Responsible Practices, Sustainability Policy and Human Rights Policy so as to align the Initiatives pursued by the Inditex Group in this field with the company's business drivers, the United Nations Sustainable Development Goals and the Paris Agreement on climate change.

From an **external perspective**, the Policy aims to encourage:

- / Committed improvement of community wellbeing.
- / Maximisation of community value generation.
- / Construction of strategic alliances to unlock progress on sustainable development through pooled resources.

From an **internal perspective**, the Policy aims to deliver:

- / Alignment across the community initiatives pursued by the various Inditex Group companies.
- / The pursuit of best practices in social and environmental innovation.
- / A collaboration channel for staff participation in community activities.
- / A sense of pride in belonging among Group employees.

3. Definitions

For the purposes of this Policy, the following terms are defined below:

Inditex Group or the Group

The “Group” or the “Inditex Group” is that made up of the companies in which the Parent owns, directly or indirectly, at least 50% of their shares or voting rights.

Inditex (also, the “Company” or the “Parent”)

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

Community Investment Initiatives (also, “Initiatives”)

Contributions in cash, in kind and in employee time, which respond to the commitment to contribute to the development of society and the care of the planet, especially in the geographical areas where the Inditex Group carries out its activity as defined in section 5.1 of this Policy.

4. Scope

The Policy is mandatory for the entire Group and binds any areas, departments or bodies of the Group.

The application of the Policy may also be extended, totally or partially, to any other natural and/or legal person linked to Inditex when this is possible due to the nature of the relationship and is convenient for the fulfilment of the purpose of the Policy.

5. Community Investment

5.1. Definition and principles

Inditex views community investment as an **opportunity to contribute to the United Nations 2030 Agenda for Sustainable Development** and its central **“leave no one behind”** promise, by leveraging its monetary and in-kind business resources, as well as the time of the people who make up its work force. Our approach to community investment implies voluntary participation in responsible practices that generate value in the community and for the Company.

More specifically, Inditex’s community investment programme encompasses the Initiatives resulting from its commitment to making a positive contribution to the development of society and care for the planet, particularly in the regions in which it does business.

Those Initiatives must be framed by the following corporate community investment **principles**:

/ **Voluntary**: the Initiatives must be **voluntary**; there is no legal compunction to perform them.

/ **Not for profit or focused on a social and/or environmental benefit**: the organisations that benefit from the Initiatives are usually non-profits. However, on occasion, the Initiatives may take the form of contributions that

benefit organisations that are not non-profits but whose purpose is the creation of social and/environmental wellbeing.

/ **No restrictions on beneficiaries:** the activities must be open to all potential beneficiaries, without any prior classifications that could discriminate against or favour them for their membership of or relationship with the Company in their capacity as customers, employees, suppliers, etc. For the avoidance of doubt, that does not mean that the activity in question cannot be circumscribed to a specific group of people (sorted, for example, by age, education/skills or other personal characteristics) but rather that it cannot be restricted by virtue of a group's relationship with the Company itself (e.g., it cannot be exclusively for customers, employee relatives, suppliers, etc.). Likewise, no person under the scope of the community investment programme can be discriminated against on the grounds of race, ethnic origin, disability, illness, religion, marital status, sexual orientation, political opinion, age, nationality, gender, gender identity and expression or any other consideration.

5.2. Commitment to the United Nations Sustainable Development Goals

Governance of the matters that concern the world's population is not circumscribed to the actions of states and intergovernmental organisations but requires the involvement of other players, which, with different responsibilities and spheres of influence, can contribute, through their actions, to shaping a better future for all.

Against that backdrop, the United Nations views the world's enterprises as key agents in the task of delivering its Sustainable Development Goals (SDGs) at the local and global levels. The 2030 Agenda and SDGs constitute a response to the major challenges we face at present and a call for transformation designed to deliver prosperity underpinned by respect for people and our planet. **The SDGs provide Inditex with a compass for orienting its strategy and set the course for its community investment strategy.**

In line with Inditex's core business, the Group's community investment programme focuses on helping deliver **SDG 5 (Gender equality), SDG 8 (Decent work and economic growth), SDG 12 (Responsible consumption and production) and SDG 13 (Climate action)**, which in turn articulate the main lines of its social and environmental initiatives. In addition, the Group contributes significantly to **SDG 3 (Good health and wellbeing), SDG 4 (Quality education) and SDG 10 (Reduced inequalities)** in its so-called strategic geographic regions.

5.3. Priority issues

The Inditex Group will prioritize Initiatives related to its activity that contribute to any of the following:

Priority issues

Education

Initiatives that seek to ensure the right to quality education at every stage of life and generate decent work opportunities, framed by the principles of equity and inclusion.

Emergency Relief

Humanitarian actions designed to protect the lives, health and wellbeing of forced migrants and refugees and of other vulnerable groups facing emergencies triggered by natural catastrophes, wars or similar situations.

Environment

Activities that foster the preservation and resilience of natural ecosystems as the cornerstone of community

health by means of conservation and restoration actions, encouragement of regenerative practices, circular economy commitments and the efficient use of resources, all framed by a “climate justice” and “intergenerational justice” approach.







Cross-cutting priority issue




Gender

Gender equality is a fundamental human right and the main building block for creating a pacific, prosperous and sustainable world. Aware that genuine equality between men and women remains unfinished business, despite the significant progress made in recent years, the gender perspective is layered into the Group’s community investment strategy as an objective in of itself as a **cross-cutting priority**. This line of initiative encompasses activities whose aim is to make progress on respect for diversity and the struggle for equality between men and women in every aspect of their lives (economic, social, cultural, workplace, political, etc.), framed by a holistic approach that tackles the root issues and helps mitigate their current consequences.

This Policy establishes several group-wide **key performance indicators (KPIs)** devised to facilitate assessment of the efficiency and effectiveness of the community investment programme with respect to the objectives previously defined in the corresponding **action plans**.

Below are the priority issues targeted by this Policy, the related SDGs and the main KPIs.

PRIORITY		ISSUE ADDRESSED	SDG	BUSINESS BENEFIT KPIs	SOCIAL/ENVIRONMENTAL BENEFIT KPIs
Gender: respect for diversity and equality between men and women in every aspect of their lives, framed by a holistic approach that tackles the root issues and mitigates their current consequences	Quality education at every stage of life and generation of decent work opportunities	Education	  	Improvement in stakeholder relations/perceptions as a result of community investments	No. of people receiving education No. of people receiving job training No. of jobs generated
	Humanitarian actions to protect forced migrants, refugees and other vulnerable groups facing emergencies	Emergency Relief	  	Uplift in brand awareness Development of human capital and access to talent	No. of migrants, refugees and/or displaced people receiving assistance No. of people receiving healthcare

	<p>Environmental sustainability by means of conservation/restoration actions, the encouragement of regenerative practices and a strategic commitment to circular economy principles and the efficient use of resources</p>	<p>Environment</p>	  	<p>Workforce commitment: no. of employees involved</p>	<p>No. of hectares conserved, restored and/or regenerated</p> <p>No. of people benefitting from interventions of an environmental nature</p>
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(*) The indicator related to the cross-cutting gender priority are layered in by means of the gender breakdown of the KPIs tracking the number of beneficiaries.

5.4. Geographic scope

The Inditex Group will prioritise regular community investing, carried out at **corporate level**, in the geographies in which the Group conducts its business, with a focus on activities related with its supply chain. Nevertheless, in case of relevant needs arising from unfolding emergency situations, the geographic scope extends globally.

The **scope of intervention of the brands and subsidiaries** of the Inditex Group in social and environmental matters must be circumscribed to local and national initiatives, respectively, pursuing projects in the vicinity that maximise the positive impact in the area of influence of their respective headquarters.

5.5. Forms of contribution

The Inditex Group has defined four ways of contributing to the community, assigning an economic value to each: cash, time, in-kind donations and management costs.

- / **Cash contributions:** the gross monetary amount earmarked by Inditex to support projects in collaboration with community organisations.
- / **Time contributions:** the proportionate cost of the paid working hours contributed by employees to a community organization or activity.
- / **In-kind contributions:** the donation of products, mainly clothing, to community organisations.
- / **Management costs:** the estimated costs incurred in the general management of the community projects.

In addition to its cash investments in the community, the Inditex Group makes in-kind donations and contributes the time of its employees. To that end, the Inditex Group actively encourages its staff to participate in its social and environmental initiatives by means of its different **corporate volunteering** schemes.

Likewise, Inditex is aware of the importance of measuring and stimulating the **leverage**, understood to mean the additional third-party resources the Group has the ability to draw to a given community activity or project by means of contributions by its stakeholders, such as its employees, customers or suppliers. The goal is for this leverage to represent proactive intervention by the Group in order to maximise the impact generated by its community investment programme.

5.6. Project selection

The Inditex Group's community investments take the form of collaboration with specific projects, which, to the extent possible, benefit from **participation by the vested parties** at every stage of the projects' cycles.

The Inditex Group prioritises long-term strategic projects, subjecting them to exhaustive monitoring and accountability processes over one-off contributions to charitable causes.

To that end, it applies the following community investment project **selection criteria**:

- / **Value creation for both beneficiaries and shareholders** in terms of expected outputs and impacts.
- / The level of **reputation, transparency and best practices** associated with the organisations executing the projects.
- / The **sustainability of the Initiatives** at the economic and institutional levels so as not to create dependencies around the projects or entities involved. This criterion includes the definition of exit strategies once the projects come to an end.
- / **Fit** with the contents of this **Policy**.

5.7. Inputs, outputs and impacts measurement.

Inditex believes it is essential to thoroughly measure the inputs, outputs and impacts of the Initiatives comprising its community investment programme. To do so, Inditex uses the **Business for Societal Impact (B4SI)** methodology, among others, which is based on the following management principles:

- / Careful assignment of contributions to the community (measuring **inputs**).
- / Measurement of the results obtained (measuring **outputs**).
- / Assessment of the impact of the various components of the project with the goal of evaluating the suitability of the return generated and the programme as a whole (measuring **impacts**).

6. Governance

The Sponsorship and Patronage Committee

Inditex's **Sponsorship and Patronage Committee** is the body empowered with approving all contributions made under the umbrella of the community investment strategy. It is made up of the General Counsel, the Chief Communication Officer and the Chief Sustainability Officer.

Community Investment Initiatives are managed, however, by Inditex's **Community Investment Department**, which also carries out an initial assessment before submitting a project to the Sponsorship and Patronage Committee for consideration.

The Social Advisory Board

Inditex also has a Social Advisory Board, which advises it on community investing, among other matters. The Social Advisory Board is made up of external and independent individuals and institutions and is tasked with institutionalising engagement with key players from civil society.

7. Transparency. Policy dissemination and communication

Inditex is committed to effective and rigorous communication of its community investment efforts, framed by its commitment to transparency and strong governance.

Inditex publicly discloses its community investment strategy and accounts for its annual performance by publishing the following documents, among others, on its corporate website (www.inditex.com): Community Investment Policy; Annual Report and the Statement on Non-Financial Information.

In addition to the materials published on its corporate website, Inditex has several channels for reaching out to and engaging with its stakeholders.

The relevant stakeholder communication channels are itemised below:

- / Inditex's corporate website (www.inditex.com).
- / The websites of Inditex's various business brands.
- / Inditex's corporate intranet (INET).
- / Inditex's Social Advisory Board.

8. Policy update and oversight

This Policy will be reviewed periodically and updated as required in order to adapt it for any legal developments and incorporate any leading practices deemed necessary, likewise fine-tuning it for any changes in the Group's business model, internal operations or market context, overseeing the Policy's effective implementation at all times.

This Policy can be consulted on the Inditex Group's corporate intranet, INET, and on its corporate website (www.inditex.com).

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