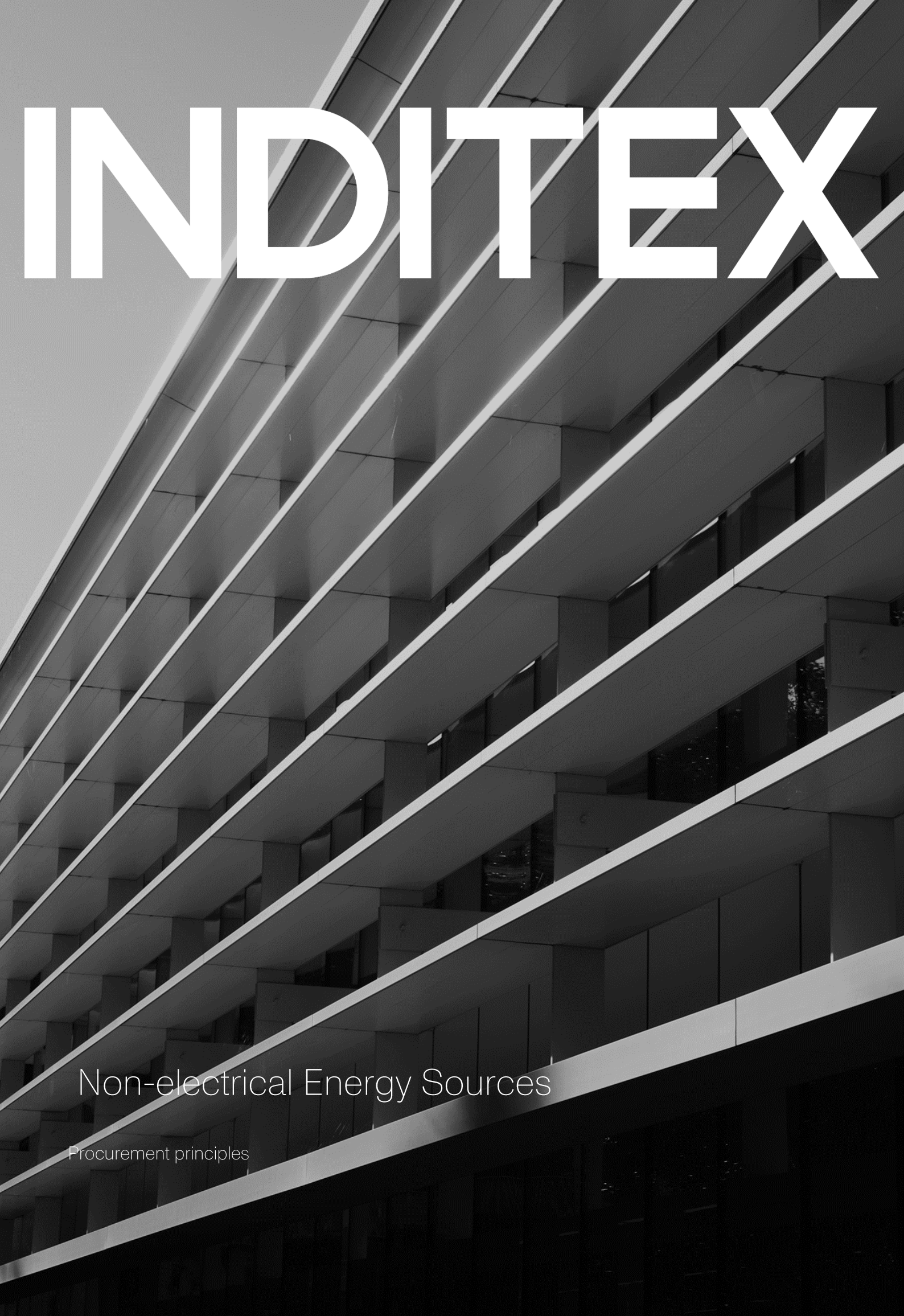

Non-electrical Energy Sources

Procurement principles

About this document

Title	Non-electrical Energy Sources Sustainable Procurement Principles
Topic	Environment, Sustainability
Scope	Global
Category	Principles
Version	1.0

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1. Purpose

This document *Principles relating to sustainability for the production of fuels and energy carriers*, ("**Principles**" or "**Document**") details the aspects to be considered in order to minimise the impacts of non-electric energy sources, including fuels and other energy vectors consumed by the Inditex Group's own operations.

These principles are structured around four fundamental pillars: environmental aspects; social considerations; market implications and traceability criteria; reporting and transparency. By integrating these aspects into decision-making processes, the Group's goal is to reduce its environmental footprint, minimize the negative impact on communities within the value chain and contribute to the resilience of energy infrastructure.

2. Definitions

Air pollutant

Any agent or combination thereof, including any physical, chemical, biological or radioactive substance or matter which is emitted or otherwise enters atmospheric air, and may, in sufficiently high concentrations, be harmful to humans, animals, plants or matter.

CO_2e

Carbon dioxide equivalent. A metric used to compare emissions of different greenhouse gases based on their global warming potential.

Emission Factor (E.F.)

Representative value of the amount of a pollutant released into the atmosphere for a specific activity.

Energy vector

An energy carrier that can be transported or stored for use in energy production (e.g., hydrogen, biomethane).

Fuel

Any material that can be burned or otherwise consumed to produce energy.

Global Warming Potential (GWP)

The relative potency, molecule by molecule, of a greenhouse gas, considering how long it remains active in the atmosphere. The global warming potentials (GWPs) currently used are those calculated over a period of 100 years. Carbon dioxide is taken as the reference gas and assigned a 100-year GWP of 1.

Greenhouse Gases (GHG)

Gaseous components that contribute to producing the greenhouse effect by absorbing infrared radiation, including carbon dioxide, nitrous oxide, or chlorofluorocarbons.

Life Cycle Assessment ("LCA")

Tool used to study environmental impacts throughout the entire life cycle of a product, process, or activity.

NO_x

Nitrogen oxides, usually nitric oxide (NO), and nitrogen dioxide (NO_2).

Renewable energy

Energy derived from natural sources that are replenished faster than they can be consumed.

SO_x

Sulfur oxides, usually sulfur dioxide (SO2) and sulfur trioxide (SO_3).

Well-to-Wheel (WTW)

A method for assessing the emissions and efficiency of an energy source throughout its entire life cycle, from the extraction of raw materials to its use phase.

3. Scope

The acquisition and use of renewable energy is a key aspect of the Group's operations. This document aims to establish the aspects and criteria to be considered during the different phases of selection and acquisition of fuels and other non-electric energy vectors for the Inditex Group's own operations and to serve as a reference for other essential areas of the supply chain such as manufacturing processes and transport.

4. Principles

4.1 Environmental aspects

- **Life Cycle Analysis (LCA):** Fuels must be assessed, under a Life Cycle Analysis (LCA) basis, evaluating their impact with *Well-to-Wheel* (WTW) considerations, or equivalent for stationary consumption, considering from extraction to final use. The main areas for such evaluation will be the following:
    - **Greenhouse gas emissions**: Assessment of emissions over the entire life cycle of the energy source in tonnes of CO2 e, considering GWP. No fixed minimum amount of reduction has been established and will need to be considered on a case-by-case basis on the basis of other considerations, benchmarks and short- and long-term alternatives.
    - **Air pollution**: Consideration of atmospheric pollutants such as: SOx and NOx and their impact on air quality.
    - **Land use**: Land use assessment and land-use change (covering also indirect land-use change for feedstocks that are included in the Renewable Energy Directive II (RED II) Annex 9 (IX) list A and B, seeking responsible sourcing of agricultural raw materials.

  Based on this, only fuels that have the least impact on these aspects compared to conventional fuels can be considered.
- **Renewability:** Prioritization of the procurement of renewable fuels, such as biofuels, green hydrogen and biomethane, and other sources that offer a higher level of efficiency.
- **Feedstock**: Preference for second or third generation fuels that do not contribute to deforestation or soil degradation. To this end, information on the type of raw material used and its origin, as well as the appropriate certifications, must be specified in the purchase agreements.

- **Equipment and technologies**: Seeking the use of sources whose equipment and technologies are energy efficient and have minimal impact on air quality (both GHG emissions and pollution), ecosystems and biodiversity throughout their life cycle, including development, operation, maintenance, and decommissioning.
- **Circularity**: Promotion of practices among fuel producers that promote resource efficiency, waste minimization, and the use of preferred materials throughout the life cycle of products.

4.2 Social considerations

- **Food security:** Avoidance of fuels that may compete with food production, ensuring that food supply does not adversely affect the world's rights to nutrition and access to food.
- **Impact on the workforce and community**: Consideration of the effect of energy projects (extraction, refining, transport and use processes) on health, welfare, participation of the workforce and local communities, as well as the implementation of preventive and corrective measures to mitigate the negative aspects. Considerations should be made through the development, operation, maintenance, and decommissioning stages of infrastructure.
- **Territorial impact**: Study of the possible consequences of energy projects on the geographical areas and surrounding lands from the point of view of cultural and social aspects (e.g., sacred sites), considering the entire life cycle of the infrastructure.

4.3 Market implications

- **Certification**: Specific mention of the use of preferential raw materials in contracts. All fuel must be certified by third parties, such as ISCC or RSB, and any changes to the certification scheme must be notified and approved by the Company. If no consensus is reached, there must be the right to terminate the agreement.
- **Sustainability Credentials**: Priority given to suppliers with robust sustainability credentials, such as ISO 14001 certification for Environmental Management Systems.
- **Resource management and scarcity:** Reserving biofuels and other renewable energy vectors for sectors that are difficult to electrify and without other solutions available.
- **Innovation and technology**: Encouraging suppliers to adopt innovative technologies and practices that improve sustainability and contribute to additional renewable energy generation capacity.
- **Geographical proximity**: Favouring power generation plants that are geographically close to consumer assets to minimise transport-related emissions.
- **Economic viability**: Balancing impact reduction with economic viability, taking into account the total cost of ownership, including potential environmental costs and benefits.
- **Additionality:** Extending and improving a system's power generation infrastructure, beyond existing sources, as a result of power purchasing activity (by scaling new solutions).
- **Continuous improvement**: Reviewing and improving procurement criteria based on new research, technological advancements, and best practices to ensure alignment with ever-evolving sustainability-related aspects.

4.4 Traceability, Reporting, and Transparency

- **Emissions calculation and reporting**: Guaranteeing that all emissions calculations are made on a WTW basis or equivalent for stationary use, the methodology being shared with the Group. Regular reporting on fuel volumes, emission reductions, and compliance with associated criteria is mandatory. The calculation

methodology must be aligned with the GHG Protocol and must include aspects such as biogenic emissions if necessary.

- / **Avoiding double counting**: Declaration in contracts for the purchase or use of alternative fuels and/or energy carriers, that the Inditex Group has full legal ownership over all its environmental attributes, avoiding double counting of fuel volumes and the reduction of emissions by third parties. Based on this, the same volume of fuel cannot be attributed to two different companies at the same time.
- / **Documentation:** Access to Sustainability Proofs (PoS), Sustainability Certificates (CoS) and any other type of document or compliance report, which must be reviewed and provided periodically. At least one of these files must show the volume of fuel coming from and the associated emissions. In case it comes from a service provider (not from the fuel supplier directly), it should also reflect the relationship with the total volume of the Group managed with the Party, as well as the actual CO2 footprint of the Group caused by its activities, including values that consider the full life cycle.
- / **Audit rights**: Reservation of the right to audit suppliers and verify compliance with all obligations, including access to the information and documentation necessary to carry out the appropriate controls, either directly or through third parties. Suppliers must assist the Group in carrying out this task by providing access to any requested information and documentation.
- / **Rights of information and use of information by the Inditex Group**: Right to use the data contained in the reports for the calculations of emissions used and reported by the Group. Determining that emission reductions can be claimed and used by Inditex to be reflected in its emissions calculation. Based on this, and in case it comes from a service provider (not directly from the fuel supplier), they must correctly report their carbon intensity (e.g. one for themselves that includes the biofuel on which they have already sold the rights, and another for customers who do not have the right to take credit for the use of alternative fuels), so that no other customer can claim what has already been claimed.
- / **Transparency and traceability**: Ensuring transparency and end-to-end traceability of fuel sources, demonstrating a clear chain of custody for consumption along the value chain with rigorous documentation and regular reporting to verify compliance with sustainability criteria.

Through the consideration of these principles in its procurement procedures, the Inditex Group seeks to source non-electric energy in a way that supports environmental management, social responsibility, and economic viability. Through this approach, the aim is to contribute positively to the global energy transition and maintain the commitment to reducing impacts along the entire value chain.

INDITEX