OUR COMMITMENT TO SUSTAINABILITY
To make progress on the creation of sustainable and environmentally-responsible products, it is necessary to meet the needs, expectations, and demands of our customers at every stage in our business model: from garment design and manufacture, to their distribution, sale, and end-of-life management.

Our integrated and sustainable platform of physical and online stores is both the first and the final step of our business model. The unique precision and efficiency of every stage of our activity—design, procurement, and manufacturing, logistics, and sales, in store and online—focuses on fitting our products to meet customer demand.

We make beautiful clothes and we give choices to our customers, based on their preferences and on the latest trends, with the highest quality standards. The company has the flexible capabilities to do this. Our proximity manufacturing model (factories are located near to our distribution centres, mainly in Spain, Portugal, Turkey, and Morocco), coupled with the experience in manufacturing from the company’s beginnings, are cornerstones of the model.

This way, the purchases committed at the start of each season are small relative to usual practice in the fashion retail industry.

This flexibility in the sourcing model gives Inditex the ability to react swiftly to changing market circumstances and hold minimal stock. As a result, inventory surpluses are not significant.

The tiny percentage of surpluses are sold through authorized third parties, donated to charities and also used for R&D into projects to foster up-cycling technologies. Ultimately, the whole production is used and no single unit is disposed.
WORKING IN SUSTAINABILITY

The pressures on our planet’s limited natural resources and the challenge of climate change require prompt and concerted action from us all. We take our role seriously.

We take wide-ranging measures to protect biodiversity, reduce our consumption of water, energy and other resources, avoid waste, and combat climate change.

Our continual quest for innovation enables us to be better and more efficient while also lessening our impact on the environment. This is a never-ending process and while continuously incorporating state-of-the-art sustainability practices, we must always do more.

Framed by that vision, we have been devising multi-year social and environmental plans since 2002. Most recently, at the 2021 Annual General Meeting, we unveiled ambitious environmental targets for delivery in the coming years and with the net-zero emissions target set forward for 2040.

Among those targets, it is worth highlighting that of having 100% of the cotton used in our garments will be organic Better Cotton, recycled or Next Gen in 2023, two years ahead of schedule. In addition, we will only use organic linen and recycled polyester by 2025.

By 2022, 100% of the electricity consumed by the Group at any of its facilities (head offices, logistics platforms and stores) will come from renewable sources.

The Group has been integrating its sustainability plans into each step in the product life cycle and each link in the supply chain: from design and sourcing to manufacture, quality control, logistics and online and in-store sale.

Through our social sustainability strategy, Workers at the Centre, we strive to have a positive and long-lasting impact on the workers in our supply chain factories and the communities where they live.

Thanks to new technology developments, we have implemented a number of policies and projects aimed at continuously improving the sustainable management of our supply chain from a triple perspective: social, environmental and product health and safety.

These plans also include investments in sustainability R&D to foster innovation in this field and incorporate new technologies, processes and sustainable raw materials to our activities and our garments.
INDITEX

DESIGN
SUSTAINABLE RAW MATERIALS

Inditex works in a number of ways to boost clothing longevity with a focus on product quality, as well as a commitment to training all of our product teams in sustainability.

Through this training, we are focused on design for recyclability and emotional durability to strengthen the value that customers place on their purchases. This includes guidance for designers on the selection of materials and the design of our products.

We pay special attention to the raw materials we choose in the making of our products, as these decisions can have a direct impact on biodiversity:

/ Growing use of sustainable cotton. In 2021, the Group used over 166,000 tonnes of sustainable cotton in its clothing, up 125% from 2020. Currently, 65% of all the cotton we use comes from sustainable sources.

/ Growing use of recycled fibres and recycled polyester. In 2020, we used over 26,000 tonnes of polyester from more sustainable sources, 179% more than in 2020.

/ Using only sustainable certified (PEFC or FSC) sources for our wooden furniture and paper products, such as bags, labels and office paper.

We created the Join Life label in 2015 to foster the use of more sustainable raw materials, such as organic cotton, recycled polyester and Tencel TM Lyocell, and prioritise more water- and energy-friendly processes. In 2020, 47% of all our garments featured the Join Life label.

Also, collaboration with others is vital to improve availability of raw materials and protect biodiversity through a unified and consistent action. International groups we are partnering with include the Better Cotton Initiative, CanopyStyle, Organic Cotton Accelerator, Sustainable Apparel Coalition and Textile Exchange, among others.
Change only comes through continuous improvement of our supply chain. We work in close partnership with our suppliers to make sure they and their factories comply with the most stringent requirements in order to fulfill our commitment to customers through product health and safety and also to the workers in our supply chain and the environment. With this aim, we audit the compliance with this commitments even before a supplier begins working with us.

During the production process, this is ensure through the implementation of two standards: Clear to Wear and Safe to Wear, and our Code of Conduct. We ensure ongoing compliance through social and environmental audits, corrective action plans and capacity building.

Up to two thirds of our garments comes from preferred suppliers, which have been working and growing with us for years, achieving the highest standards in our sustainability audits.

Then we aim to support our suppliers in adopting more sustainable practices in wet processes, by helping them apply the best techniques available. This could involve the choice of appropriate raw materials and regulated chemical products, improvements in technology, waste and energy management, and the upgrading of their waste-water purification systems.

With regards to the best practices in the use of chemicals we have created ‘The List’ by Inditex, a tested list of the best chemicals that can be used in the manufacturing of clothes, both to ensure health and safety and also clean production processes.

We verify our progress towards zero discharge against our latest standard for waste-water quality, which we continually review with our partners.

Through the seven Priority Impact Areas of our Workers at the Centre strategy, we strive to improve work and living conditions for workers in our supply chain.
100% of the electricity used at our logistics facilities in Spain comes from renewable sources. In that manner we are making progress on our commitment using energy efficiently in all our processes. We have pledged that 100% of the energy used across all of our distribution centres, offices and stores worldwide will come from renewable sources by 2022.

We continuously upgrade all of our logistics platforms with more efficient lighting sources and insulation materials. We are installing more advanced environmental management equipment and using bicycles and electric vehicles for internal transportation purposes. And we are committed to consuming renewable sources of energy.

Our new logistics facilities are built and managed to the highest international standards of sustainability and boast the US Green Building Council’s LEED seal.

In terms of packaging management, we have our Green to Pack program to ensure we minimize packaging waste. The program is aiming to reduce waste, mainly boxes and plastics:

- Boxes are used up to six times
  - FSC certified
  - Recyclable
  - Optimized for transport

- Plastic
  - Use of recyclable plastics
  - Reduction of plastics

We are also working hard to optimise truck loads in order to reduce the number of vehicles needed to distribute our merchandise (4,600 fewer in 2020). Last year, that effort translated into a reduction in kilometres travelled of 79 million km, along with the associated emissions savings.

We remain committed to delivering our Zero Waste target in our manufacturing and logistics operations in 2023. In 2021, 92% of the waste generated at our distribution centres (mainly cardboard boxes, plastic, wood, security tags and clothes hangers) was reused or recycled.
Our stores are the physical expression of our sustainability pledges as they are fitted with next-generation technology to facilitate energy savings. We have compiled an Eco-efficient Store Manual to ensure compliance with our efficiency and sustainability requirements. That initiative is helping us lower the emissions associated with our stores by saving energy and reducing waste generation.

In 2020, we completed our eco-efficient store programme in all brands.

In addition, the Group has a centralised consumption management platform, known as Inergy, whose purpose is to monitor the network of connected stores to help them deliver the energy consumption reduction targets established in our Sustainability Roadmap.

By the end of 2021, 66% of the Group’s stores were connected up to the Inergy platform.

With regards to the packaging, all our brands have removed plastic bags. Zara bags are now 100% recycled and our online boxes come from recycled cardboard –some from our own distribution boxes- and our envelopes are equally FSC paper certified.

Consistent with our long-term sustainability strategy, and convinced that we all have a pivotal role to play, we offer our customers re-usable bags. In 2021, with the aim of reducing its consumption, we began to charge for them in some markets. We allocate an amount equivalent to that collected to environmental initiatives of organisations with which we collaborate.

100% of the energy consumed by the servers and offices of Zara.com came from renewable sources. Additionally, to accommodate the growth of our website, we have broadened our server structures with technologies that improve energy performance by using more efficient power sources or better systems to dissipate heat.
CLOTHES COLLECTING PROGRAM

We continue to work to extend the lifecycle of our products through our used garment collection programme for the reuse and recycling of used garments through containers in store, as well as at-home collection, and street-side containers in Spain.

These programs allow customers to donate unwanted items to a number of NGOs such as the Red Cross, Caritas or Oxfam who benefit from their resale and reuse. At 2020, the rollout of this program has been completed.

More than 78,500 tons of garments have been collected since 2015. At the same time, this programme contributes to create jobs to vulnerable people.

In addition, Zara rolled out an at-home used clothing collection program that leverages online delivery operations. That initiative is already fully operational nationwide in Spain and is also available in several cities in China, London (UK), Paris (France) and New York (US).

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INVESTMENT IN RESEARCH & DEVELOPMENT

We collaborate with prestigious institutions, such as the Massachusetts Institute of Technology (MIT), to support the advancement of textile recycling processes and technologies in line with our circular economy strategic focus. Specifically, we have fulfilled our Global Fashion Agenda commitment for 2020 to fund textile recycling initiatives by investing USD 3.5 million (EUR 3 million) to support research in this area.

In 2019, we signed an agreement with the MIT, establishing the Inditex Materials Science and Engineering Fellowship Fund with the MIT Department of Materials Science and Engineering, funded with USD 1 million (EUR 857,000). This fund aims to promote sustainability research.

In 2020, the second triennial edition of the MIT-Spain Inditex Circularity Seed Fund was launched through the MISTI (MIT International Science and Technology Initiatives) programme. This second edition of the programme aims to drive research in areas such as:

- New textile recycling techniques.
- New fibres with sustainable technologies.
- Optimisation of garment biodegradability.

Inditex has also launched the Sustainability Innovation Hub, an open innovation platform, which allows the Group to foster the latest technological innovations related to new materials and fabrics. Through a collaborative approach, we are also driving the development of new technologies.

In 2021, we collaborated with more than 145 startups and took part in more than 30 pilot tests to improve production processes, aspects of recyclability and recycling, traceability and new materials, among others. As a result, Zara has launched, together with the startup Lanzatech, a collection of products made with a new CO2 capture technology that allows carbon dioxide emissions to be transformed into polyester yarn.
ROADMAP

Goals achieved

/ 91% of renewable energy in all our facilities (headquarters, logistics and stores).
/ 47% of Join Life garments (exceeding the 40% target).
/ Eco-efficient store programme completed.
/ Removal of plastic bags in all brands.
/ Total rollout of our clothing collection programme.
/ Zero Discharge Commitment: implementation of the best wet processes in the entire supply chain.
/ Canopy Commitment: 100% certified forest friendly fibers.
/ 100% of the designers trained and specialized circularity (Global Fashion Agenda Commitment).

2022

/ 50% Join Life garments.
/ 100% renewable electricity in our facilities (prior target of 80% in 2025).

2023

/ 100% more sustainable cotton (organic, BCI, and/or recycled cotton). (2 years ahead)
/ 100% sustainable cellulosic fibers, supporting the Roadmap towards a responsible viscose.
/ 100% single-use plastic free to costumers.
/ Green to pack: 100% of all packaging materials collected for reuse or recycling in our supply chain.
/ Zero Waste from our facilities to landfill.

2025

/ Cutting by 25% the water used on the whole supply chain.
/ 100% sustainable or recycled linen and polyester.

2030

SBTi commitments
/ 90% reduction in our scope 1 and 2 emissions (compared to 2018).
/ 20% reduction in emissions from our supply chain (compared to 2018).

2040

/ Zero net emissions.