

# INDITEX



Water

Policy

Approved on 4 February 2025

## About this Policy

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Reference	-
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Name of the Standard	Water Policy
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Overview	The Policy reflects Inditex Group's commitment to water valuation 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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Version:	1.0
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Remarks	The Policy has been approved by the 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

Inditex Group's Water Policy (the "**Policy**") addresses Inditex Group's commitment to water Valuation across its own operations, within its Value Chain and regarding any Group's initiatives that may be beyond such environments. Inditex Group is committed to driving transformation that contributes to the creation of a fair and resilient society and an underlying clean, healthy and sustainable environment.

The Policy aspires to contributing to the transformation of the fashion industry towards a water Valuation model that safeguards water resources to promote a healthy biodiversity and healthy ecosystems, to ensure access to such resources by communities and their present and future generations, and to avoid Hydrosphere pollution.

This Policy implements Inditex Group's Codes of Conduct and Sustainability Policy which describe the general principles, and the action lines applied on a cross-cutting basis across all the activities and business areas of the Group and its entire Value Chain. The Policy takes into account the interests of the Group and the expectations and requirements of its Stakeholders.

### Laws and construction

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

Where necessary, local Internal Rules may exist to ensure that the Policy is aligned with local requirements. In such case, local 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 the local policy and this Policy, the former shall prevail. Where local policies 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 contents of the Agreements and Conventions, national and international, to which it may have adhered, undertaking to promote and observe them.

## 2. Definitions

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

### *Life-Cycle Assessment ("LCA")*

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

### *Area of High-Water Stress*<sup>i</sup>

Regions where the percentage of total water withdrawn is high (40-80%) or extremely high (greater than 80%) in the Aqueduct Water Risk Atlas tool of the World Resources Institute (WRI).

### *Supply Chain*<sup>ii</sup>

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>iii</sup>

Range of activities, resources and relationships related to the Inditex Group's business model and the external environment in which it operates.

### ***Codes of Conduct of the Inditex Group (“Codes of Conduct”)***

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

#### ***Water consumption<sup>iv</sup>***

Water removed from the same waterway but not returned to the same. Water consumption may consist of evaporation, perspiration, integration into a product or release into a different waterway or into the sea. Any evaporation change due to a change in use of land is deemed to be water consumption (e.g., reservoir).

#### ***Water pollutant<sup>v</sup>***

A substance, vibration, heat, noise, light or other contaminant present in air, water or soil which may be harmful to human health and/or the environment, which may result in damage to material property, or which may impair or interfere with amenities and other legitimate uses of the environment.

#### ***Water withdrawal<sup>vi</sup>***

The human action of withdrawing water, from any natural source or drainage basin, either permanently or temporarily.

#### ***Stakeholders (“Sustainability 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 Group (“Group”)***

Group made up of Inditex and the companies where Inditex holds, directly or indirectly, at least 50% of the share capital or the voting rights.

#### ***Hydrosphere***

Total amount of water on the Earth, including surface water (such as lakes, rivers and oceans), underground water (found in the soil and aquifers) and even water vapour in the atmosphere.

#### ***Water footprint impact<sup>vii</sup>***

Outcome of a comprehensive assessment of the potential environmental effects associated with water use. Such assessment considers every relevant aspect of the natural environment, human health and resources related to water. It includes the assessment of the inputs and outputs of a product, process or organisation, focusing on both water availability and degradation.

#### ***Inditex (the “Company”)***

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

#### ***Innovation***

Process of economic, social and cultural transformation resulting from the novel combination of new or existing scientific knowledge, technology, resources and equipment with the aim of creating value and commercialising new products, services or processes.

### ***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>viii</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 surpass a given threshold according to the Inditex Group’s “double materiality” assessment which, within the framework of this Policy, assesses on the one hand, the actual and/or potential impact of 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.

### ***“WASH” services***

Access to water, sanitation and hygiene. This term WASH encompasses a set of services which are key to public health and well-being, including safe access to freshwater in an amount adequate for personal consumption and hygiene, sanitary facilities that ensure the safe removal of waste, and the promotion of hygiene practices and management. Such services are essential to prevent illnesses, improve life quality and achieve sustainable development goals.

### ***Sustainability***

Principle allowing to meet the needs of the present without compromising the ability of future generations to meet their own needs.

### ***Water treatment (Treatment)***

This refers to processes used to purify water and make it fit for specific purposes (e.g., drinking water, irrigation water, water for industrial purposes).

### ***Water use<sup>x</sup>***

This includes all the ways in which human activities interact with water in a river basin. This ranges from the withdrawal of water for different purposes to the alteration of its course or the modification of its quality. It also includes activities that take place directly in water bodies, such as fishing, transport and recreational use.

### ***Valuing Water<sup>x</sup>***

The process of recognising and considering all the various benefits and risks of water as a vital natural resource for industries, communities and ecosystems. This process encompasses the incorporation of its economic, social and ecological dimensions into the decision-making process, while respecting its diverse cultural and religious meanings.

### ***Water discharge<sup>d</sup>***

The sum of effluents and other water leaving the boundaries of the organization and released to surface water, groundwater, or third parties over the course of the reporting period.

### 3. Scope

#### Subjective

The Policy is mandatory and binding on every Group company and on everyone at the Inditex Group, irrespective of their job title, position, department or geographic whereabouts.

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

The Group will work together with suppliers, factories within the Supply Chain and third parties engaged with the Group to promote their alignment with the Policy across their own Value Chains, to the extent possible.

#### Objective scope

Inditex Group will continually assess by means of the due diligence system in place, described in its Internal Regulations, which it regularly reviews, the risk associated with its operations, sourcing and other Value Chain activities, identifying those which imply a Material Risk under this Policy.

In this regard, the potential impacts on climate change, resource depletion and other environmental and social aspects are considered, including the effect on natural ecosystems and communities. This Policy applies to the Group's own operations and its Value Chain, paying special attention to its Supply Chain in Areas with High Water Stress where production processes are carried out. The Group recognises the importance of Valuing Water in these areas and is committed to working in collaboration with its suppliers, local communities and other Stakeholders to minimise its impact on water resources and promote long-term sustainability.

Inditex Group also recognises the need to pay special attention to the impacts on the Hydrosphere (including rivers, lakes, wetlands, aquifers and oceans, especially those with high ecological value and those experiencing worrying levels of degradation and depletion), due to their key role as Ecosystem Services providers, such as the supply of water, the sustenance of biodiversity or their contribution towards mitigation and adaptation to climate change.

The Group identifies and assesses the impacts and risks associated with its relationship with water, facilitating the review of prevention and mitigation activities associated with them and the identification and promotion of associated opportunities. In this context, this Policy prioritises its focus on those activities and regions where a Material Risk and Impact occurs, taking into account, without limitation, the following:

- / Water withdrawal from river basins in areas of high-water stress used to produce raw materials, in wet processing mills or by consumers in domestic laundering,
- / Water discharges at wet processing mills and related to domestic laundering that affect water resources, habitats and ecosystems.
- / Emissions to land and freshwater from the production of raw materials, such as nitrogen and phosphorus, from facility activities and domestic laundering by consumers, including microfibre shedding.
- / Use of chemicals in farming that may pose a risk or impact on the Hydrosphere and ecosystems.

This list may change over time through monitoring and the materiality assessment of the environmental impacts and risks that operations entail. This continuous evaluation allows adjusting and fine-tuning the approach to ensure that the most significant issues are tackled at the right time. The outcome of the above referred materiality assessment will be regularly reported through the sustainability reporting channels to meet communication and transparency requirements.

## 4. General principles

Inditex Group acknowledges the significant role water plays in sustaining life and regulating Earth's ecosystems as well as its link with the Sustainability principles set out in the Group's Sustainability Policy.

Specifically, Inditex Group promotes Valuing Water across its entire Value Chain and in other environment where the Group may exert influence, acknowledging the diverse and interdependent nature of environmental, social, and business challenges. The Policy is articulated through the following general principles:

- / Minimizing water footprint impact and contributing to continuous improvement of practices in own operations and the Value Chain.
- / Protecting, conserving and restoring ecosystems.
- / Promoting global equitable access to water, sanitation and hygiene (WASH Services)
- / Ensuring a good water governance based on transparency and public policies' participation.
- / Driving transformation at industry level through science-based collaboration and innovation.

## 5. Action Lines

The principles above are integrated in the Group's business model and articulated through specific action lines, guided by a holistic approach that considers environmental, social, and governance factors and driven by innovation and collaboration. Inditex Group is committed to working and dedicating efforts to promote water Valuation in all operations across its Value Chain, in a contextualised way and adapted to local issues, through the implementation of the following specific action lines:

### **5.1 Minimizing Water Footprint impact and contributing to continuous improvement in own operations and in the Value Chain**

Inditex Group will drive continuous improvement in water efficiency, use and management throughout its own operations and its Value Chain, recognizing the need for a responsible resource management, nature preservation and the fight against climate change. To this end, Inditex will prioritize the following actions:

#### **5.1.1. Implementing a Sustainable Water Management**

Inditex Group is committed to:

- / Considering water-related aspects in the design of products and processes (including evaluating water use and potential contamination throughout the life cycle, from raw material sourcing and manufacturing to consumer use and end of useful life).
- / Identifying, assessing and managing material impacts, risks, and opportunities related to the use of water in processes across its Value Chain.
- / Prioritizing the use of recycled water and alternative water sources whenever possible and exploring innovative technologies in water Treatment and reuse.
- / Reducing water withdrawal and discharge by promoting technologies and consumption saving practices that include processes optimization at every stage of the Value Chain.



- / Promoting an appropriate water management, including wastewater, by improving Treatment processes, minimizing the water footprint impact across the Value Chain.

### **5.1.2. Reducing water consumption in Areas of High-Water Stress**

Regarding the Value Chain and the Areas of High-Water Stress (“Areas”), Inditex Group is committed to:

- / Undertaking initiatives to minimize water consumption linked to products from such Areas.
- / Setting contextualized water consumption reduction targets, based on the geolocation and thorough monitoring of the impact associated with the Water Footprint of Group’s suppliers and manufacturers operating in those areas.
- / Supporting suppliers and manufacturers based in such areas so that they would implement regenerative practices that contribute to achieving the water consumption reduction target.
- / Supporting the Value Chain in transitioning to more efficient water management systems that reduce water withdrawal and discharge, increasing resource efficiency in the Group’s own operations.
- / Reducing water consumption in Area of High-Water Stress, prioritizing the implementation of closed-loop water systems and regenerative practices.
- / Promoting water efficiency and recycling in Value Chain operations, contributing to water availability across all such Areas.

## **5.2 Protecting, conserving and restoring ecosystems**

Inditex Group is committed to participating in efforts to conserve, protect, and restore aquatic and marine ecosystems. This commitment is aligned with the principles of the Group’s Ecosystems and Biodiversity Policy and of the CEO Water Mandate initiative, which aims to preserve freshwater through collective action in watersheds under High-Water Stress, as well as with other initiatives focused on the protection of seas and oceans promoted by various Stakeholders. This commitment seeks:

- / To work towards preventing the conversion of virgin areas, considering factors such as water scarcity, land use, and ecosystem impact, promoting water Valuation in water resources and contributing to reduce impacts identified as Material.
- / To promote conservation and restoration projects, and the encouragement of Nature-Based Solutions, which seek to prevent further deterioration and contribute to improving the state of water bodies and aquatic and marine ecosystems.
- / To conduct assessments to identify critical areas in forested watersheds, wetlands, oceanic zones, and other relevant ecosystems, and prioritize conservation and restoration actions to work on the improvement and protection of the Hydrosphere.

## **5.3 Promoting global equitable access to water, sanitation and hygiene (WASH)**

The Group acknowledges that access to drinking water and sanitation and hygiene services (WASH) is a fundamental human right, crucial for individual and community well-being. The Group is committed to promoting equitable access to WASH services for employees and workers within its Value Chain and for communities linked to its operations. Inditex further acknowledges that WASH services are a vital component for building resilient communities and a healthy planet. The Group is committed to:

- / Collaborating with the Group's Stakeholders and suppliers to promote and improve WASH Services among workers within the Value Chain, ensuring access to clean drinking water, adequate sanitation facilities, and hygiene awareness in all workplaces.
- / Facilitating equitable access to WASH Services within and beyond the Group's Value Chain. A comprehensive approach will be applied to the entire water cycle that prioritizes the participation and collaboration with local communities, NGOs and authorities, including vulnerable groups.

#### **5.4 Ensuring a good water governance through transparency and public policies' participation**

Inditex Group is committed to implementing and promoting a robust governance structure and information system related to Valuing Water in its Value Chain operations, contributing to industry efforts. The Group actively manages its water-related risks and ensures good water governance based on the following action lines:

- / Integrating considerations and various perspectives related to Valuing Water into business decisions, ensuring that priority is given to water quantity, quality, and access, with oversight from the Company's relevant governing bodies to ensure accountability and implementation.
- / Responsibly participating in activities to raise visibility, promote, and accept the principles of integrated water resources management. This includes participating in public policy dialogues and initiatives that contribute to the development of stricter regulations on sustainable water use and promoting responsible practices in water discharges and withdrawals that impact water quality.
- / Reporting with transparency on relevant aspects of Valuing Water in its Value Chain, including regular updates on water-related initiatives, and providing Stakeholders with information on identified progress and challenges.

#### **5.5 Driving transformation through collaboration and science-based innovation.**

To address water-related challenges in the fashion industry and other related sectors, the Group is committed to promoting science-based solutions, ensuring their adoption within the Value Chain, and fostering collaboration among different actors and Stakeholders as the main drivers of the transformation. This commitment will be based on the following action lines:

##### **5.5.1. Generation of science-based solutions**

- / Promoting the generation of knowledge to improve understanding of the impact of the fashion industry and other related sectors on the factors driving material impacts on aquatic and marine ecosystems, as well as the solutions that can address these challenges and their dependence on water.
- / Fostering the development and application of science-based innovations through alliances and research partnerships with academic and industrial partners, promoting open innovation and the collaboration to accelerate the development of new solutions.
- / Exploring innovative financing models that promote the availability of the resources needed to support research and development and accessibility to new solutions.

##### **5.5.2. Ensuring the adoption of innovating solutions in the Value Chain and in Group's initiatives beyond such environment**

- / Facilitating the transition to improved water management by supporting capacity building, best practices, and supplier engagement.

- / Driving the development and implementation of “test before invest” facilities and pilot tests allowing to overcome barriers to adopting next-generation solutions.
- / Promoting the adoption of regenerative agricultural practices that enable better water resilience and management, as well as other benefits such as driving community well-being, biodiversity protection, or climate change mitigation and adaptation.

### **5.5.3. Collaboration**

- / Promoting the collaboration and partnership with key actors in the scientific field, industry, NGOs, local communities, and other groups to address challenges related to the development and adoption of new solutions and the restoration and conservation of ecosystems linked to the Hydrosphere.
- / Facilitating knowledge exchange following the principle of "open science" to minimize barriers relating to the availability of scientific, technical and economic knowledge that limit the adoption of new water-related solutions.
- / Advocating for the standardization of new practices, systems, and regenerative methods at all key stages of the Group's Value Chain, incorporating the different perspectives on Valuing Water.

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

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

The Ethics Line is the preferred confidential channel to receive, investigate and handle concerns about matters that fall within the scope of the Policy. 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 report or concern that falls within the scope of the Policy to their Line Manager, the HR Department or the Sustainability Department.

### *Ethics Line proceedings. Procedure*

This Ethics Line is managed by the Ethics Committee, responsible for handling and following through to completion concerns that fall within the scope of application of the Policy, except where pursuant to applicable local laws, a local body or individual has been appointed to handle them.

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

## **7. Roles and responsibilities**

### *Anyone at the Inditex Group*

Everyone at Inditex 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, in particular 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 follows-up., 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.

### 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.
- / 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 water procurement, the installation of Treatment equipment and the contracting and management of the relationship with the water suppliers of the Group).

### Procuring areas

All areas negotiating and contracting aspects relating to water (and the Group's strategic goals in the field) with Group suppliers shall be responsible for ensuring 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, including disciplinary measures pursuant to labour law or the termination of business relations with third parties. The course of action in relation to violations of the Policy will depend in each case on their seriousness and the supplier's capacity, track record, and degree of control or culpability.

## **9. Disclosure and training**

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

Likewise, the Sustainability Department will liaise with the relevant departments to implement the appropriate communication and awareness-raising actions to ensure that the Policy is duly understood and implemented.

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 monitoring. Audit**

Inditex Group shall be subject to regular reviews and monitoring, including audits carried out by the Internal Audit Department to assess 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 from time to time, to fulfil its mission of progressing towards a more sustainable industry in terms of water Valuation.

## Appendix

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- <sup>iii</sup> Definition in accordance with Regulation (EU) 2023/2772 of 31 July 2023 supplementing Directive 2013/34/EU of the European Parliament and of the Council with regard to the European Sustainability Reporting Standards (ESRS).
- <sup>ii</sup> As defined in Commission Delegated Regulation (EU) 2023/2772.
- <sup>iii</sup> As defined in Commission Delegated Regulation (EU) 2023/2772.
- <sup>iv</sup> As defined according to ISO 14046:2024 standard
- <sup>v</sup> Definition in accordance with Regulation (EU) 2023/2772 of 31 July 2023 supplementing Directive 2013/34/EU of the European Parliament and of the Council with regard to the European Sustainability Reporting Standards (ESRS)
- <sup>vi</sup> As defined according to ISO 14046:2024 standard
- <sup>vii</sup> As defined according to ISO 14046:2024 standard
- <sup>viii</sup> <https://www.stockholmresilience.org/research/planetary-boundaries/the-nine-planetary-boundaries.html>
- <sup>ix</sup> As defined according to ISO 14046:2024 standard
- <sup>x</sup> Definition based on the 2021 edition of the UN World Water Development Report (UN WWDR 2021) entitled “Valuing Water”.
- <sup>xi</sup> Definition in accordance with Regulation (EU) 2023/2772 of 31 July 2023 supplementing Directive 2013/34/EU of the European Parliament and of the Council with regard to the European Sustainability Reporting Standards (ESRS)

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