





1 Protect

1.1. Response to the global challenges arising from covid-19 / 1.2. Employment /
1.3. Labour relations / 1.4. Customer focus / 1.5. Information security and privacy /
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Response to the global challenges arising from covid-19

1.1. Response to the global challenges arising from covid-19

> RELATED MATERIAL TOPICS:

SAFE AND HEALTHY ENVIRONMENTS; VALUE CREATION; STAKEHOLDER ENGAGEMENT



1.1.1. The health, safety and well-being of our people

Since the outbreak of the covid-19 virus, we have continuously monitored its impact and its potential short- and medium-term effects. Our first concern has always been to guarantee the health and well-being of our employees, customers and all the people who, directly or indirectly, provide us with services or goods, necessary for the normal operation of our Company.

a) Caring for our people to combat covid-19

At Inditex we work to protect the health and safety of our people, and even more so in this difficult context. For this reason, we have activated a series of measures to safeguard the health and safety of our employees, trying as far as possible to maintain the continuity of our operations. We have therefore worked on the following aspects:

- Definition of preventative measures and protocols to be implemented in the different work centres and markets.
- Standardisation and adaptation of our staff's work processes.
- Monitoring the effective application of preventative measures to protect the health of our workforce.
- Regular information provided to employees on the prevention measures indicated in the corporate protocols and/or by health authorities and other local authorities, the evolution of the pandemic, etc.

- Creation and consolidation of emergency management committees, led by the management of each business unit.
- Collection of data on the epidemiological situation and monitoring of the impact of covid-19 on our employees.
- Update of our protocols based on the information published and verification of their adaptation at all times to the applicable standards and guidelines issued by the different competent authorities in the different markets.

Hygienic, technical and organisational measures

In the early stages of the health crisis, one of our main objectives was to protect the health of those employees who needed to continue providing essential services, making the necessary measures for working remotely available to the rest of the employees.

Then as reopening began to develop, other measures were activated to manage the return of our employees to their jobs in an orderly and secure manner, and new working methods were established.

We have launched a global contingency plan at our work centres to protect our employees against the potential risks of contagion and spread of the virus, which includes different preventative, organisational and health coordination measures, applicable according to the seriousness of the different scenarios.



- Hygienic measures:

Hygiene guidelines and personal protective material have been distributed, while the compulsory use of a facemask has been established. In addition, disinfection and cleaning plans have been developed, including cleaning and disinfection measures for surfaces and work equipment, which are duly monitored.

- Technical measures:

- New adjustments in the HVAC systems to ensure the exterior air renovation and increased airflow.
- Building access controls and body temperature checks in several markets.
- Actions to guarantee the maintaining of social distancing, in accordance with the legal framework of each market, backed-up with isolation measures, such as the installation of separation screens.
- Measures to avoid contact with certain surfaces (such as non-contact water source mechanisms) or restrictions on access and/or use.
- New signposting in the work centres, with in-store safety instructions for our customers.

- Organisational measures⁽¹⁾:

- Work shifts have been adapted and the hours of arrival, departure or break times of our employees have been made more flexible to reduce concentrations of people.

- Restrictions on visits, trips and participation in events.
- Work procedures have been developed to reduce the duration, frequency and intensity of exposure to risk.
- We have established a teleworking option for certain positions and/or Group activities that, due to their characteristics, can be carried out remotely, and formulas have been established to combine face-to-face and remote work.
- Strengthening of technical and safety personnel to monitor and control compliance with the various measures implemented in relation to covid-19, as well as medical service personnel.
- In the offices and logistics centres, a wide variety of measures have been put in place to create safe common spaces and areas (mainly in kitchens and rest areas), such as reducing capacities, signposting distances, removing furniture to ensure social distancing and/or facilitate the transit of people and, in some cases, the installation of protective screens.
- Installation of protective screens in most workspaces.
- Prioritisation of videoconferencing and other telematic applications and a reduction in the number of events in meeting rooms.
- Adaptation to the new regulations on smoking areas, removing them from the doors and passage

(1) For more information, see section 1.3.1. *Organisation of work* of this Annual Report.

areas and guaranteeing compliance with social distancing in all cases.

Monitoring of covid-19 health measures:

The work of compiling national and international publications related to covid-19 protective measures or general workplace hygiene measures, such as information published by the World Health Organization (WHO) or the International Labour Organisation (hereinafter also "ILO"), as well as the monitoring and analysis of the vast array of regulations emanating from the crisis from the local competent authorities have all been key in the implementation of this contingency plan.

To check the correct application of the different measures, a system has been established to monitor compliance with the covid-19 protocols implemented, which must be followed in the different work centres. This system has been incorporated into the ISO 45001 management system, subject to a continuous improvement process.

COVID-19 AUDITS	2020
Europe	2,110
Americas	103
Asia and Rest of the World	207

In addition, constant monitoring and analysis of epidemiological developments is being carried out, in order to prevent and successfully address any impacts.

During 2020, training was given to our employees in all markets and other informative actions were carried out on the various covid-19 related measures.

COVID-19 TRAINING	TRAINING HOURS 2020
Europe	23,616
Americas	2,252
Asia and Rest of the World	768

Additionally, surveys have been conducted with our store employees in all markets, to assess their appreciation of the measures implemented to combat covid-19.

b) Protecting health and safety

At Inditex we have an Occupational Health and Safety Policy, the latest version of which was approved by the Board of Directors at its meeting of 10 September 2019. This standard states that the Company *"firmly believes that workplace health and safety fosters and increases productivity and guides the way the Company carries out its business activities"*.

During 2020, the ISO 45001:2018 Certificate, the highest international standard on Occupational Health and Safety Management Systems, was consolidated in the commercial and design companies of 16 markets. In addition, progress has been made in the transition towards the standard in the manufacturing and logistics companies in Spain, as well as commercial activities in China, Russia, Canada, Romania, Argentina, Uruguay, Slovenia, Luxembourg, Montenegro and Serbia with the objective of obtaining this certification in 2021, as well as the logistics activity of the Cajamar Distribution Centre in Brazil.

Emergency management

With the aim of maintaining active management of the risks that can occur at any work centre, and in line with our philosophy of complying with the principle of caution, the Company has designed, developed and implemented **Emergency and Evacuation Plans and Self-Protection Plans**, which establish the organisational and functional criteria for the different installations, with the aim of **preventing, controlling and providing an appropriate response to any potential risks, from their onset**, arising from emergency situations, which can occur and cause damage to people and/or their property.

Through these plans, we comply with the applicable regulatory requirements on matters of occupational risk prevention, occupational health and safety, as well as the internal requirements established by the Group for work centres.

In short, these Emergency and Evacuation Plans and Self-Protection Plans include the preventative and control actions necessary, as well as the protection measures and other actions to be taken in the event of emergencies.

 There is more information on *Indicators of our people* in the Annexes of this Annual Report.

Prevention of Musculoskeletal Injuries

With regard to the prevention of musculoskeletal injuries, at Inditex we carry out a **permanent assessment of the ergonomic conditions related to physical load work** in the tasks performed at the work centres by our employees and by third parties that carry out their activities in them. Through this assessment, and with an **exclusively preventive** focus, we identify those tasks that involve manual load handling, forced postures and repetitive tasks in order to plan preventive actions on ergonomic conditions, aimed at protecting the health of workers.

To do this, we provide initial training to all the workers in our logistics centres and stores to prevent musculoskeletal injuries.



Through the InHealth portal, available in 19 Group markets, we foster health and healthy habits among our people.

During 2020, theory and practical training sessions were held to improve body awareness in the various tasks performed, and a postural analysis of ergonomic improvement was performed, using a sensor suit, and a study of postures and movements with greater ergonomic risk within the different tasks performed by logistics operators and stores, which has affected more than 11,000 workers.

Promoting well-being

At Inditex we consider the promotion and protection of the health, safety and well-being of all employees to be a priority. During 2020, the Group companies in Spain, Italy, the United Kingdom and Ireland maintained the **Healthy Workplace certification**. Based on the World Health Organization's model, this distinction identifies a cross-cutting approach to Health and Safety management in physical and psychosocial aspects, in the resources allocated to workers' health, and their participation in the community. Our goal in 2021 is to include Group companies in Japan, Greece, Portugal, Mexico, China and Croatia in this certification.

In 2020, we also made progress in the creation of the **Welfare Committees in all the Group's markets and chains**. These are **transversal bodies for the promotion and coordination of different initiatives and actions for the well-being of people**, in such varied aspects as diversity, equality, health promotion, inclusion, work-life balance, mental and psychosocial health, working hours, food, ergonomics, workspaces, sporting activities, employee mobility, events and social actions (taking part in world days and employee participation in various community support projects).

Taking into account the backdrop of the pandemic, in 2020 we celebrated World Day for Safety and Health at Work with the slogan *A healthy attitude towards covid-19*, in all the markets in which Inditex operates and for all the Group companies.

The Group also has the *InHealth* portal dedicated to promoting health and healthy habits for Group employees, through news, actions or challenges adapted to their working environment, with the aim of raising awareness on the importance of maintaining a balance between body, mind and emotions. Currently, this portal is available in 19 markets after its launch in 2020 in mainland China, Albania, the Netherlands and Russia. We also hope to launch it in Japan and Brazil in 2021. This platform receives more than 67,000 visits per year.

c) Health and safety indicators

In 2020, we collected information on accidents among the activities carried out in logistics, stores, offices and manufacturing. Among the risk studied were falls, at the same and different levels, as well as sprains or strains due to overexertion in the activity. We are working on corrective preventive measures, such as those outlined in the previous point.

For the analysis of health and safety indicators, we consider an occupational accident to be any bodily injury that the worker suffers occasionally or as a result of the work that he/she performs as an employee; and occupational disease is considered to be that contracted as a result of work performed as an employee in the activities specified in the professional illnesses chart of the activity, according to the local legal framework. This disease must originate from the action of elements or substances indicated in this table for each occupational disease.



There is more information on *Indicators of our people* in the Annexes of this Annual Report.

1.1.2. Protection of workers in the supply chain

The health emergency has entailed common challenges in the social management of the global textile supply chain. However, the intensity of its impact has differed in each market. At Inditex, we have expressed our response to these challenges in the supply chain under four cornerstones, using as a conceptual reference the *UN Framework for the Immediate Socio-Economic Response to covid-19*.

For Inditex, **fostering and respecting Human and Labour Rights** of workers in the supply chain is fundamental. In light of the situation arised due to covid-19, **our focus on the worker** has been strengthened and consolidated.

RESPONSE TO COVID-19 IN THE SUPPLY CHAIN



HEALTH FIRST



PROTECTING PEOPLE



ECONOMIC RESPONSE AND RECOVERY



MULTILATERAL COLLABORATION





From the outset of the crisis, we developed a global response strategy for our supply chain to support our suppliers and manufacturers.

a) Health first

In response to the health crisis, at Inditex, we launched a strategy to strengthen health protection in our supply chain, which is aligned with the strategy on occupational health and safety already included in the “*Workers at the Centre 2019-2022*” strategic plan. This strategy has enabled us to structure a **swift global response on an especially relevant matter: health.**

i More information on our strategy *Workers at the centre 2019-2022*, in 2.7. Contribution to the socio-economic development of workers and the industry of this Annual Report.

In that respect, from the outset of the crisis, we developed this global response strategy for our supply chain in order to **support our suppliers and manufacturers** and assist them in implementing specific measures geared towards **preventing covid-19** in the workplace.

The work carried out by our internal teams has been crucial to the implementation of this strategy. At Inditex, we gathered national and international publications related to preventive measures to combat covid-19 as well as general hygiene measures in the workplace. Benchmarks for these measures include, among others, information published by the WHO, the International Labour Organization, the US Department of Health & Human Services, the Canadian



Centre for Occupational Health and Safety, and the National Health Service of the United Kingdom. Some of the reference materials used include the *Immunization Coverage and Getting your workplace ready for covid-19* guide published by the WHO, and the US Department of Labour's Guidance on Preparing Workplaces for covid-19. This material has enabled us **to draw up practical implementation guidelines to facilitate the correct application of the necessary measures and to protect workers' health**. Furthermore, these guidelines have served as training support material for our suppliers and manufacturers.

This analysis, the compilation of publications and the preparation of background materials were key to developing our strategy, as they helped us to contrast various approaches to a common challenge and to lay down priorities in our actions.

Our involvement in organisations such as ACT (Action, Collaboration, Transformation) and the Bangladesh Accord (Accord on Fire and Building Safety in Bangladesh), which have addressed this issue on their agenda, has also allowed us to respond to this health crisis with a collaborative approach at industrial level.

Information

NO. OF SUPPLIERS AND FACTORIES DIRECTLY INFORMED	1,436
NO. OF WORKERS REACHED	1,587,693

The first cornerstone of our strategy is to ensure that our suppliers and manufacturers have both the regulations and the information drawn up by the relevant national authorities on the health prevention measures that must be applied in their workplaces.

In this sense, we communicate directly, providing this information to suppliers and manufacturers in our supply chain in Bangladesh, Cambodia, India, Morocco, Myanmar, Pakistan and Portugal. These communications have enabled us to highlight **the importance of implementing the necessary health protection measures in the workplace**, in line with the requirements expressly laid down in relation to covid-19 and with the provisions of our Code of Conduct for Manufacturers and Suppliers. We also underlined **the importance of keeping up-to-date with new publications by public authorities** on applicable requirements and recommendations, given the high uncertainty in this area during the beginning of the crisis.

In particular, the Accord – in collaboration with its signatory brands – has compiled information on covid-19 preventive measures implemented in the factories in Bangladesh. Furthermore, the detection and reduction of health risks in working environments

has been facilitated by the workers directly notifying possible incidents through this organisation's claims and complaints channel.

Assessment

The second cornerstone of the strategy is based on a set of **assessment and self-assessment mechanisms** specifically designed by our teams on this matter. Thanks to these mechanisms we can **verify the implementation of the necessary preventive measures**. Assessments are geared towards verifying measures implemented in working environments related to respiratory hygiene, social distancing, disinfection of surfaces, symptom control and procedures for action on suspicion of positive cases, in addition to other aspects related to the disease. Self-assessments and assessments – adapted to the requirements laid down in each country – are conducted based on this common ground of aspects to be verified.

NO. OF SUPPLIERS AND FACTORIES ASSESSED	429
NO. OF ASSESSMENTS CONDUCTED	574
NO. OF WORKERS REACHED	554,733

For instance, self-assessments were conducted by manufacturers and suppliers in our supply chain in Bangladesh, India, Morocco, Pakistan, Portugal and Turkey. These self-assessments have been an especially important tool at this time, since **they enabled us to uphold support for suppliers and verify the conditions in our supply chain**, while limiting the presence of external staff in the working environments.

Similarly, a specific pilot project was also carried out in Morocco with combined health verification and production traceability visits. This pilot followed on from the self-assessments carried out, and allowed online monitoring platforms to be tested for monitoring health conditions in factories due to covid-19.

Improvement

Training given to our suppliers and manufacturers has been key to the correct implementation of health prevention and protection measures. In this sense, we conduct **training sessions** directly or in collaboration with other organisations **to support our suppliers and manufacturers, thus, to achieve a healthier working environment**. In 2020, training sessions were conducted in China directly by our team, in Portugal with the *Universidade do Minho*, in Vietnam with TDT University and in India and Turkey, in collaboration with national consultancy firms. The rest of the training was provided online, except for training in Vietnam, conducted at a specialised health and safety centre.

Moreover, the supporting initiatives under this strategy include **monitoring and establishing of improvement plans**.

NO. OF SUPPLIERS AND FACTORIES TRAINED	301
NO. OF IMPROVEMENT PLANS DRAWN UP	34
NO. OF WORKERS REACHED	169,845

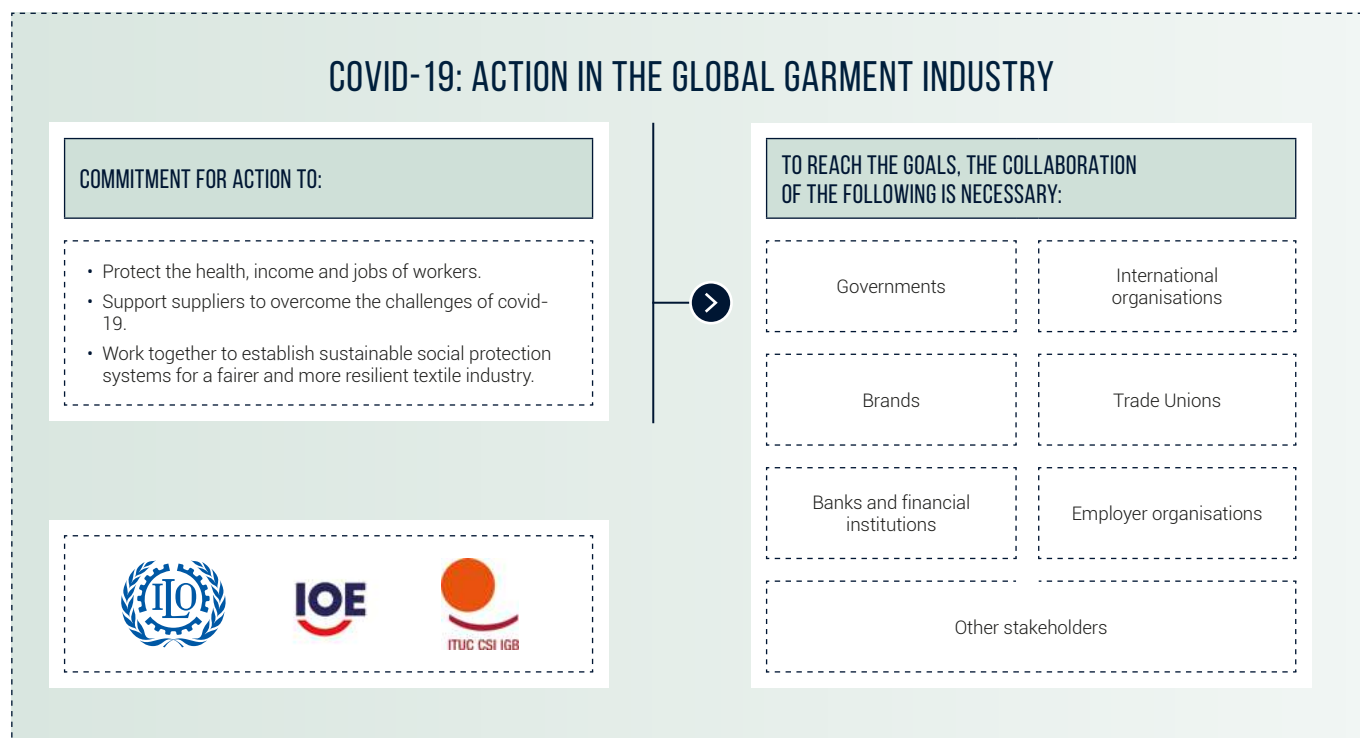
Thus, both through online monitoring platforms and regular verifications, support has been given to our suppliers and manufacturers in order **to ensure compliance with applicable requirements and recommendations**.

Furthermore, as members of ACT, we have supported the campaign headed by German cooperation agency GIZ and the International Labour Organization for the safe transport of workers during the pandemic in Myanmar. Inditex and other ACT brands, together with IWFM (union affiliated with IndustriALL in Myanmar) and the employers' task force (comprising ACT brands' suppliers), took a collaborative approach and published a joint statement acknowledging the importance of promoting compliance with applicable health regulations and requirements for workers in the footwear and textile sector in Myanmar to ensure safe and healthy workplaces.

b) Protecting people

At Inditex, we believe that collaboration between stakeholders is fundamental to generating a direct impact on working conditions of workers in the supply chain. For this reason, since the outbreak of the covid-19 pandemic, we have been actively working with various players to set up a global response to address its adverse effects, in order to protect workers in the sector, not only in regard to health, but also in terms of social protection and employment.

In this sense, Inditex has played a very active role in the inception and subsequent formal backing of the **initiative Covid-19: Action in the Global Garment Industry**. This initiative aims to structure an urgent response to covid-19 economic effects, geared towards the protection of income, health and jobs of workers in the clothing sector, to foster the mobilisation of funds from international financial institutions, and support the development of social protection systems in the various countries. The document governing this initiative has been agreed by the International Organization of Employers (IOE), the International Trade Union Confederation (ITUC) and IndustriALL Global Union, with the technical support of the ILO. It was also swiftly backed by various international brands such as Inditex, as well as several business organisations, trade unions and other organisations.



The organisations backing this initiative have set the following **priorities**:

- **Call on governments and financial institutions** to accelerate access to credit, unemployment benefits and income support, in addition to other forms of support for workers and employers.
- Engage with financial institutions, governments and donors to **support rapid and innovative mobilisation of funds** through emergency aid funds, credit and short-term loans to provide support for workers income.
- Use funds to allow manufacturers to ensure business continuity, including **paying the wages of all workers**.
- **Promote respect for the fundamental labour rights** laid down by the ILO, as well as the promotion of safe and healthy workplaces.
- Support the **development of social protection systems** for workers and employers in the textile industry.

In order to progress in implementing this initiative's priorities, an international working group comprising 13 members has been created, where Inditex – together with another Company in the sector – represents the brands. With the backing of the International Labour Organization, the creation of national platforms that integrate local constituents and international brands has also been prioritised. By doing so, the advancement of the initiative is facilitated at national level by involving the main stakeholders in the priority countries identified, i.e. Bangladesh, Cambodia, Ethiopia, Haiti, India, Indonesia, Myanmar and Pakistan, but without ruling out expanding to other countries in the future.

c) Economic response and recovery

Pursuant to our responsible purchasing practices policy, **we have guaranteed the payment of all orders already placed and in production** as an immediate measure, in accordance with the original terms and streamlining payments in cases where there were logistics hindrances



to the delivery of the goods. We **also guarantee the use of the raw material held by Group manufacturers for productions under conditions favourable to the supplier.** These commitments made it easier for suppliers to meet their obligations to pay workers, thus, providing further protection to their jobs and income.

Ongoing, swift and effective communication with our suppliers has been key to providing visibility and trust in the future of the supply chain. This is a practice that has been routinely performed by Inditex as part of our goal of upholding trust and collaborative relations with our suppliers, and has proved to be fundamental to overcome the challenges posed by covid-19.

We have been in regular contact with our core suppliers, reviewing sales, forecasts and the supplier situation, etc. This has enabled us to understand the needs of each of them, and to offer them any necessary possible support. Accordingly, the internal organisation of suppliers as regards to production and personnel has been facilitated, with the **goal of ensuring the least possible impact on workers due to the situation in the supply chain caused by covid-19.**

Additionally, we have worked proactively with various financial institutions, private banks and multilateral organisations, with which Inditex holds historical relationships in several fields, in order to improve and expand the financing conditions available to suppliers and manufacturers in our supply chain. Our goal has been for suppliers to have access to funding sources that will enable them to overcome the economic impact of the pandemic. Our priority has been to guarantee the payment of wages and the consolidation of the health and safety measures necessary to prevent the spread of covid-19.

As a result of our collaboration with several financial institutions, we were able to implement three programmes, one in Morocco and two in Bangladesh, providing suppliers with access to loans under attractive financial terms.

d) Multilateral collaboration

The effects of the pandemic caused by covid-19 have reiterated the need for **stable and sustainable relationships with stakeholders** that enable industrial relations to be





Inditex and IndustriALL have undertaken to work together on the worldwide textile industry recovery plans.

used as a backbone for **structuring collective responses** to the challenges arising from the global pandemic.

Since the outbreak of the pandemic, we have been proactive and have joined forces with major organisations that advocate for workers' rights: IndustriALL Global Union, Ethical Trading Initiative and ACT (Action, Collaboration, Transformation).

In that respect, **social dialogue has been one of the fundamental tools** to address the effects of covid-19, driving relations with Inditex's core stakeholders at individual level and, in turn, collectively coordinating all the relevant parties at sector level. These two complementary approaches make it possible to address common challenges to all stakeholders, with an approach to sustainability that will minimise the effects of the pandemic and make the global textile industry more resilient to overcome any new challenges that may arise in the future.

It is worth noting the **cooperation between Inditex and IndustriALL Global Union**, developed under the aegis of the Global Framework Agreement that both organisations have held since 2007 and which was last renewed in 2019. We have upheld ongoing communication and work with the global union since the outbreak of the pandemic to support the economic and social recovery of the industry, together with global and national stakeholders.

 More information in the chapter 2.7. *Contribution to the socio-economic development of workers and the industry*, subsection a) of this Annual Report.


In this sense, Inditex and IndustriALL have undertaken to work together on the worldwide textile industry recovery plans, following the situation arising due to the covid-19 pandemic. This commitment was formalised through a joint statement on 4th of August 2020, and is based on the lasting partnership of our Company and the global union.

Many textile production markets have experienced major job losses and economic difficulties for workers in this industry in recent months. The joint statement bolsters both organisations' lasting commitment to workers' rights to freedom of association, collective bargaining and social dialogue, which is promoted at all levels and backed by joint work with governments and business organisations in supply markets.

Furthermore, the agreement highlights Inditex's ongoing commitment to **upholding payment terms for its suppliers on the original terms of the orders**, as well as **to extending these suppliers' access to financing facilities** in order to boost their liquidity.

Moreover, we have continued to join forces with other stakeholders and initiatives, namely those joined by both Inditex and IndustriALL Global Union and, therefore, those in which it is possible to generate a global impact that enables the structuring of common responses to the effects of the covid-19 pandemic.

Thus, Inditex continues to play a crucial role – alongside IndustriALL Global Union and 20 other global brands from the sector – in the **ACT (Action, Collaboration, Transformation)** initiative that seeks to transform the clothing, textile and footwear industry and **achieve a living wage for workers through collective bargaining backed by responsible purchasing practices**. In 2020, it has promoted platforms for dialogue between ACT members, employers and local IndustriALL affiliates in countries such as Bangladesh, Cambodia and Myanmar for a joint collaboration in the response to the effects of covid-19.

 More information in the section 2.7.2. *Living wages* of 2.7. *Contribution to the socio-economic development of workers and the industry*, and in subsection c) *Responsible purchasing practices* (in 3.4.2. *Policies, standards and principles on which our supply chain management is based*) of this Annual Report.



We have implemented security measures and prevention protocols in our stores, thus becoming safe environments for all our customers and employees.

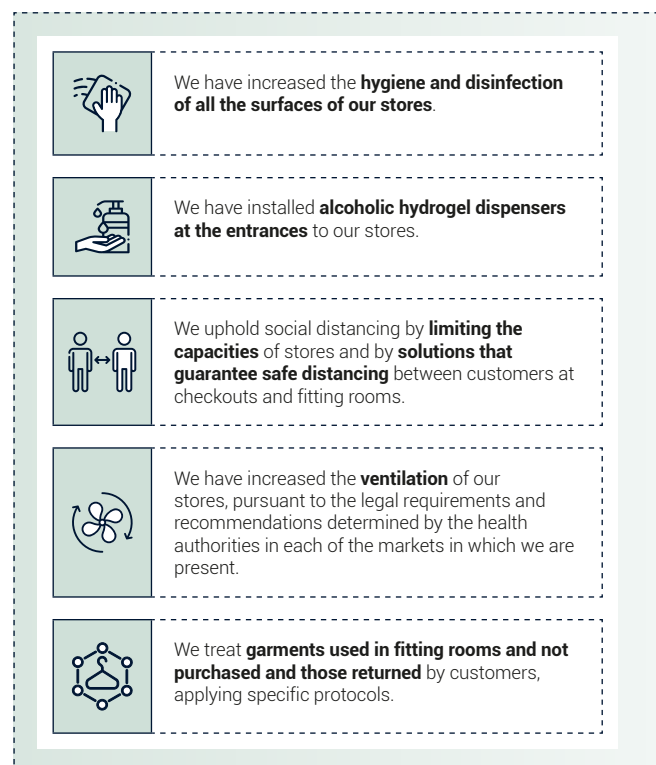
Among the initiatives in the aforementioned countries, note the experience in Bangladesh, where IndustriALL Bangladeshi Council (an organisation comprising IndustriALL affiliates in the country), the BGMEA employers organisation and ACT members agreed to jointly monitor the payment of wages and bonuses to workers and agree on a provisional mechanism for resolving wage-related disputes in the country's supply chain of ACT brands.

Furthermore, also in 2020, several ACT brands (including Inditex), together with representatives of ACT suppliers in Myanmar and IWFEM, a local affiliate of IndustriALL, issued a joint statement *"Myanmar during the covid-19 crisis: Working together to Protect the Health and Welfare of Workers and supporting the payment of Workers and Factories"* covering the fundamental aspects to be addressed by the parties to curb the effects of the covid-19 global pandemic in the country.

1.1.3. Commercial space

Providing a safe environment for our customers and employees to prevent the spread of coronavirus in the backdrop of a global pandemic is one of our priorities. **Security measures have been implemented and prevention protocols have been designed to this effect** in order to enable daily actions to be carried out within safe environments for all our customers and employees.

From the outset, our technical teams have monitored the legal requirements in each market, reviewed all available scientific documentation, partnered with scientific institutions, and assessed the effectiveness of cutting-edge technologies. Lastly, all of these actions have allowed us to focus our strategy on the following measures:



In the interest of improving our safety protocols, we apply constant monitoring of progress in the knowledge of coronavirus and scientific and technical advances for its inactivation and protection.

We have also launched a research project with the prestigious Massachusetts Institute of Technology (MIT) to gain a deeper understanding of the virus in different environmental conditions.



Employment



In 2020, a year marked by the global covid-19 pandemic, the Company's priority has been to preserve employment.

1.2. Employment



RELATED MATERIAL TOPICS:

QUALITY OF EMPLOYMENT



1.2.1. Introduction

At Inditex, we are committed to providing stable and safe working environments where equal opportunities and professional development are a reality, and where we look after our team. Inditex is present in a vast number of markets, each with its own reality. This requires local responses for our employees to enable quality working environments in each of the markets where the Group operates.

In 2020, a year marked by the global covid-19 pandemic, the Company's priorities and efforts have been focused on preserving employment.

As lockdowns were ordered and temporary store closures were announced because of the health situation, we studied all the mechanisms made available to the companies in the different markets where we operate to achieve this goal.

In Spain, our market headquarters, where the highest number of employees is concentrated, the Company decided not to adopt the temporary layoff scheme (ERTE in Spanish) and has been paying employees' salaries in the different areas of activity (stores, logistics centres, proprietary factories and corporate headquarters) using Company resources.

In the rest of the markets, as in Spain, the Company acted in accordance with local legislation to address the pandemic with the main objective of preserving employment. In this regard, the instruments put in place by the various administrations to compensate employees' salaries during the periods of restrictions due to covid-19 allowed to recover nearly 137 million euros.

Based on the evolution of the health situation and the phases of the de-escalation, we have continued to adopt the pertinent safety measures and adapt our workforce to activity levels, as part of our goal to preserve employment.



1.2.2. Workforce distribution by contract type

In this context, at Inditex we have prioritised maintaining permanent employees mainly by hiring reinforcements with temporary contracts and not renewing temporary contracts when they expire if there is no activity to justify

their extension. At the same time, in the markets where employment protection measures are staying in place, we have chosen to extend the procedures to continue to partially include the workforce.

This has led to 87% of our people having a permanent contract in FY 2020 (compared to 77% in 2019).

The following tables show the different types of contract by gender, age and job classification.⁽¹⁾

	2020				2019				2018			
	PERMANENT		TEMPORARY		PERMANENT		TEMPORARY		PERMANENT		TEMPORARY	
	WORKFORCE	%	WORKFORCE	%	WORKFORCE	%	WORKFORCE	%	WORKFORCE	%	WORKFORCE	%
GENDER DISTRIBUTION												
FEMALE	93,748	87%	14,543	13%	100,968	76%	31,606	24%	96,518	74%	34,607	26%
MALE	31,690	88%	4,135	12%	34,219	78%	9,818	22%	30,655	71%	12,606	29%
TOTAL	125,438	87%	18,678	13%	135,187	77%	41,424	23%	127,173	73%	47,213	27%
AGE												
UNDER 30	64,716	81%	15,034	19%	70,658	68%	33,387	32%	65,186	63%	38,797	37%
30 TO 40	41,677	93%	3,031	7%	44,874	87%	6,711	13%	44,145	86%	7,155	14%
OVER 40	19,045	97%	613	3%	19,655	94%	1,326	6%	17,842	93%	1,261	7%
TOTAL	125,438	87%	18,678	13%	135,187	77%	41,424	23%	127,173	73%	47,213	27%
PROFESSIONAL CLASSIFICATION ⁽²⁾												
MANAGEMENT	11,451	96%	539	4%	9,268	89%	1,146	11%	7,000	90%	808	10%
SUPERVISORS	15,596	95%	811	5%	19,209	92%	1,657	8%	18,215	88%	2,614	12%
SPECIALISTS	98,391	85%	17,328	15%	106,710	73%	38,622	27%	101,958	70%	43,791	30%
TOTAL	125,438	87%	18,678	13%	135,187	77%	41,424	23%	127,173	73%	47,213	27%



87% permanent



87%
women

88%
Men



13% temporary
(workforce reinforcement)



13%
women

12%
Men

(1) % data of contract types available in FY 2020 for 95.4% of the workforce (not available for the markets of Belgium and Poland) (94.6% in 2019). The corresponding percentages are applied to the total workforce data for calculating the number of contracts by gender, age and job classification.

(2) The profiles of the three job classification groups are:

- Management: employees in management positions responsible for interdisciplinary task forces related to the areas of design, manufacturing, distribution, logistics, stores, technology, sustainability and other general services. Store managers are included in this category.
- Supervisors: employees who form part of interdepartmental task forces that interconnect the activities of design, logistics, stores, sustainability, technology and other general services.
- Specialists: employees that have an impact due to their individual contribution, related to one of the Group's activities in the areas of design, manufacturing, distribution, logistics, stores, sustainability, technology and other general services.

1.2.3. Staff distribution by type of working hours

With regard to type of working hours, 72% of the workforce works full-time and 28% part-time (47% full-time and 53% part-time in 2019 and 51% full-time and 49% part-time in 2018, respectively).

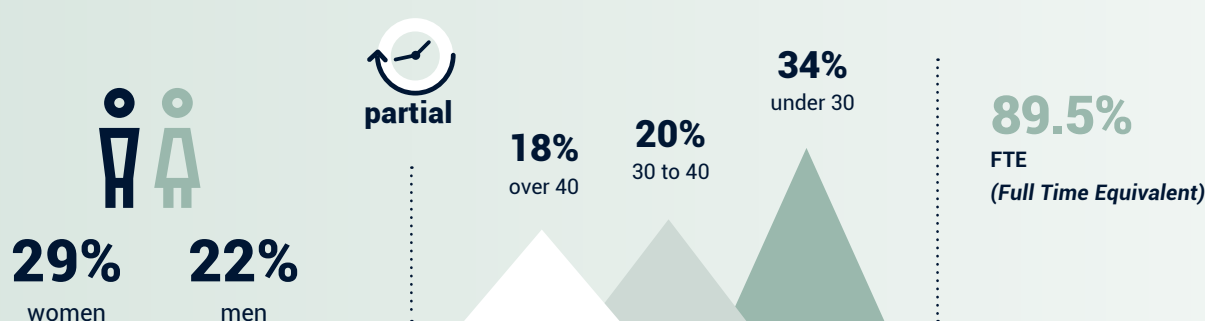
The increase in full-time working hours has mainly been caused by the drop in seasonal contracts during FY 2020. This usually involves voluntary part-time workdays in a greater proportion, to cover the highest sales times in our stores.

FTE (*Full Time Equivalent*), understood as a workforce with only full-time staff, corresponds to 89.5% of the total in 2020 (compared to 89.2% in 2019 and 89.3% in 2018), a relevant indicator when explaining job quality.

Distribution of workforce with part-time contracts⁽³⁾, according to gender, age and job classification, is shown below:

	2020		2019		2018	
PART-TIME	WORKFORCE	%	WORKFORCE	%	WORKFORCE	%
GENDER DISTRIBUTION						
FEMALE	31,649	29%	70,308	55%	63,292	51%
MALE	8,036	22%	23,601	47%	22,091	43%
TOTAL	39,685	28%	93,909	53%	85,383	49%
AGE						
UNDER 30	27,273	34%	66,978	64%	58,626	58%
30 TO 40	8,820	20%	20,854	40%	21,471	41%
OVER 40	3,592	18%	6,077	29%	5,286	27%
TOTAL	39,685	28%	93,909	53%	85,383	49%
PROFESSIONAL CLASSIFICATION ⁽⁴⁾						
MANAGEMENT	291	2%	273	3%	139	2%
SUPERVISORS	1,091	7%	1,804	9%	1,831	9%
SPECIALISTS	38,303	33%	91,832	63%	83,413	57%
TOTAL	39,685	28%	93,909	53%	85,383	49%

72% full time and 28% part-time



(3) Workday type data available in FY 2020 for 95.4% of the workforce (not available for the markets of Belgium and Poland) (94.7% in 2019). The corresponding percentages are applied to the total workforce data for calculating the number of workday type contracts by gender, age and job classification.

(4) The profiles of the three job classification groups are:

- Management: employees in management positions responsible for interdisciplinary task forces related to the areas of design, manufacturing, distribution, logistics, stores, technology, sustainability, and other general services. Store managers are included in this category.
- Supervisors: employees who form part of interdepartmental task forces that interconnect the activities of design, logistics, stores, sustainability, technology, and other general services.
- Specialists: employees that have an impact due to their individual contribution, related to one of the Group's activities in the areas of design, manufacturing, distribution, logistics, stores, sustainability, technology, and other general services.



Labour relations

1.3. Labour relations



RELATED MATERIAL TOPICS:

STAKEHOLDER ENGAGEMENT;
QUALITY OF EMPLOYMENT;
HUMAN RIGHTS



Inditex is firmly committed to respecting the labour rights of its employees around the world and, in particular, their right of participation, as an essential element of the sustainable development of the business model.

The Inditex Code of Conduct and Responsible Practices, which applies to all employees of the Group, includes, throughout Chapter 3 on the General Principles, respect for trade union relations and rights. According to the Code, *"Inditex employees have the right to organise, freedom of association and collective bargaining"*. In addition, paragraph 4.2 states that *"Inditex adopts, as part of its internal rules, the content of the national or international collective agreements into which it has entered, agreeing to promote and enforce them."*

Proof of this commitment is that in 2009, Inditex signed a Global Agreement with the International Trade Union Federation *UNI Global Union* ("**UNI**"). UNI is a federation that includes trade union organisations in the trade and distribution sector to respect and promote dignified work and labour rights. Currently, UNI brings together 900 trade unions around the world and represents more than 20 million workers. 100% of employees of the Inditex Group are covered by the Global Agreement signed with UNI.

Precisely, the collaboration between Inditex and UNI served as the basis for the official constitution in 2019 of the European Works Council in Inditex. The Agreement between UNI and Inditex specifically mentions a series of matters that are regulated in accordance with the principles set out by the ILO:

- Among other rights, special mention is made of the application of ILO Conventions 87, 89 and 98, which focus on guaranteeing freedom of association and the right to collective bargaining. In reference to them, the Agreement states that *"Inditex recognises the right of trade unions to represent workers and collectively negotiate the working conditions affecting them"*.
- Similarly, the freedom of individuals to join any trade union and non-discrimination due to membership of a trade union is guaranteed within the scope of employment relations. Similarly, under the terms of ILO Conventions 100 and 110, and based on non-discrimination in employment, the parties defend equal

opportunities and treatment for all persons, and equal pay for work of equal value.

Inditex is committed to complying with applicable national legislation and conventions, in line with ILO Conventions 1 and 47 and ILO Recommendation 116.

As for the scope of application of the Agreement with UNI, in addition to the reference to the protection and promotion of fundamental rights, Inditex undertakes to comply with the requirements established by national legislation and collective bargaining agreements in matters such as working hours, protecting safe, healthy and sustainable working environments, and promoting best practices for occupational health and safety with equipment and adequate training.

The Inditex and UNI Agreement establishes minimum rights for employees of the different Group companies, because the legal, contractual and collective agreement provisions granting greater rights will be respected.

Following the signing of the Agreement between Inditex and UNI, the American trade union *United Food and Commercial Workers International Union* (UFCW), affiliated with UNI, shows its interest in reaching a specific agreement with the Company, to encompass the terms of the aforementioned 2009 Agreement for its stores in the United States. In response to this demand, an agreement was signed in 2015 with UNI, UFCW, Inditex and Zara USA, which led to the approval of a collective bargaining agreement that currently extends to 21 stores in the states of New York and New Jersey.

Inditex and the unions representing its employees are involved in a continuous, open and constructive dialogue. As a result, and given the increase in consultations and negotiations during the 2020 financial year, both parties have maintained constant cooperation and support, enabling the necessary mechanisms to be triggered to protect our staff in the face of the situation caused by the coronavirus pandemic and to lay the foundations to peacefully coordinate the inevitable digital transformation.

In Spain, our home market, mechanisms were activated to continue our operations from the very beginning, and agreements were put in place for business stability:



- Contingency Protocol for remote working and digitisation of processes for all Central Services departments, Logistics offices and Manufacturing centres.

- Agreements with the representations of logistics workers to ensure continuity of necessary services, including a two-week stoppage of non-essential activities during the spring of 2020.

- Agreements with representatives of store workers to continue and scale up online order preparation activities in our stores.

- Activation of a percentage of our factory's capabilities to manage the manufacture of masks and overalls.

- State Agreement with the majority unions CCOO and UGT to provide services in the best health and safety



100% of employees of the Inditex Group are covered by the Global Agreement signed with UNI Global Union.

conditions both for staff and for customers. This agreement, which was reached at the beginning of the initial de-escalation period and remains in force today, extends to the organisation of work in terms of working hours and shifts to respect health measures.

Elsewhere, in 2020, the state framework agreement was signed between the Inditex Commercial Brands in Spain and the CCOO Services Federations and Services, Mobility and Consumer Affairs of UGT on working conditions for store staff absorbed as a result of the "Digital Transformation Plan" and the concept of "Integrated Store". The priority objective was to establish the foundations that have subsequently allowed the negotiation processes to begin with each Inditex retail chain on substantial modification of working conditions and geographical mobility, which at the same time would enable the Company to face the challenges of digital transformation and the consequent adaptation of the workforce to the current business reality.

In the rest of the markets where our employees are represented locally, we had the benefit of their collaboration from the onset to start the appropriate negotiations and reach agreements focused on protecting employment, implementing appropriate safety and health measures, and continuity of operations.

The European Works Council (EWC), which was created with the aim of becoming a body to guarantee effective information and consultation of workers in crossborder issues, has played a crucial role as a representative body for our employees in Europe and as a natural liaison for the Company in everything relating to the global health emergency.

A permanent dialogue has been open with the Restricted Committee—formed by 5 members and whose main role is to act as a regular interlocutor with the Company—since the beginning of the pandemic, in addition to the two plenary meetings held by videoconference in June and December 2020. During the meetings, the members of the EWC plenary were informed first-hand of matters of concern for our employees, especially with regard to health and safety, as well as the economic situation and all the humanitarian actions being carried out by the Group.

The first plenary meeting of the EWC Council was held on 17 June 2020, with the participation of seven countries: Spain, France, Italy, Belgium, Luxembourg, Portugal and Austria. Subsequently, in December, the EWC met in an extraordinary session to take stock of the end of the financial year, culminating in a joint decision between Inditex and the EWC on the Strategic Digital Transformation Plan and the collaboration commitment between the parties.

This legacy of labour relations has meant that, globally, the percentage of employees covered by local collective agreements has remained steady at around 60%, (60% and 70% in 2019 and 2018, respectively), while in Europe, the percentage is around 70%, the same as in 2018 and 2019.

1.3.1. Organisation of work

The Inditex Group Code of Conduct and Responsible Practices assumes as part of its internal regulation the content of applicable legislation and agreements and conventions, national and international, to which the Company is a party, and commits itself to compliance.

With regard to the organisation of work, the Code specifically regulates compliance with the limits established by the legislation of each country in matters such as weekly working hours and overtime.

This commitment to the work day is reiterated in the Global Agreement with UNI, which includes a paragraph dedicated to the guidelines set out in ILO Conventions 1 and 47 on the daily and weekly working hours of eight and forty hours, respectively, as well as Recommendation 116 on reducing the duration of normal working time, regulated as a minimum standard for each country.

In practice, the law and the collective agreements that apply to Inditex establish the maximum annual working days for workers, which are used to agree work schedules. Inditex has working time control mechanisms, in accordance with the regulations applicable to each market.

During 2020, to protect the health and safety of our people during lockdown, remote working began where possible, mainly for our offices and corporate headquarters in Spain and other markets.

The situation forced certain work teams to launch brand new initiatives. For example, photos were taken at a distance for campaigns and collections for our online stores, instead of in our usual studios. This allowed us to mitigate the impact on business during the lockdown period and to prevent our online stores from being destocked from new references, products and collections as they arrived.

At our corporate headquarters we also implemented various measures to facilitate working from home, ranging from delivering laptops to all employees, to training in specific tools necessary to guarantee business continuity.

In parallel, we prepared a contingency plan according to groups, prioritising the transition to remote working for the most vulnerable groups. This allowed us to anticipate the state of emergency declaration in Spain (and other similar situations in other countries) and strengthen the Technology Support teams to address possible incidents. It is important to note that remote working was implemented both in markets where it was mandatory and in those where authorities only issued recommendations.

The work at our logistics distribution centres did not stop at any time, continuing to support online sales and stores that remained open during this period. Agreements were reached with the representations of logistics workers to ensure continuity of the necessary services, which secured the health and safety of our people through measures such as no-contact shifts. In addition, we made our logistical capabilities available to the health authorities, companies and individuals to supply medical materials.

 For more information, see section 4.1. *Covid-19 donations*, of this Annual Report.

At the same time, our factories and pattern designers continued their activity following the health protocols set by the Company, with the exception of the weeks in which non-essential activities were stopped. They were also fully involved in the manufacture of masks and robes, which were scarce and essential goods in hospitals in the months following the declaration of the state of emergency in Spain in March 2020.

In addition, during the period when the physical stores were closed, our store employees supported online sales, strengthening the area of order preparations sent from our stores around the world.

We are planning a progressive return to work centres where possible, implementing the necessary measures to protect the health and safety of our people and complying at all times with applicable regulations in each market: controlling occupancy, temperature control, strengthening of medical services, restriction of visits and trips, dispensing of masks and alcohol gels, and more. All of this will be in collaboration with local health and safety committees.

 Further information in section 1.1.1. *The health, safety and well-being of our people* of this Annual Report.



Customer focus

1.4. Customer focus



RELATED MATERIAL TOPICS:

CUSTOMER ORIENTATION:
RESPONSIBLE COMMUNICATION

1.4.1. Inditex, a model by and for the customer

The way in which a Company chooses to interact with its customers is a reflection of its own identity; it defines its business model and moulds its creation of value and the impact it generates both on people and the communities where it operates.

At Inditex we believe that listening to our customers is not an option, but the starting point of an essential and unique activity that, irrespective of the various channels in which it takes place, reveals what products are needed and the right time and place to offer them. Only with the proper meshing of these three elements (listening – identification of needs – offer) can the customer have the best purchasing experience.

All the Group's business areas are dedicated to satisfying these premises and guaranteeing the best shopping experience. Our online and store teams work alongside product designers and teams to understand customer needs and identify trends.

The image and coordination teams are looking for the best staging and different looks and options to make our products shine, through working with photographers, stylists and models. We are aware that our campaigns and images of our models have a great impact on our customers, which is why it is vitally important that they convey a positive, multicultural and diverse image; at the same time, they faithfully show the details and features of our products.

In parallel, the architecture studio works on creating and developing unique, pleasing and accessible retail spaces, where technological innovations such as RFID, SYNT (integrated stock), Store Mode, silo for online order collection or self-payment checkouts—all projects that are specifically developed within Inditex—facilitate the customer's relationship with our brands.



For more information, please see chapter 2.1. *Innovation of this Annual Report.*

Ultimately, this formula has helped to develop an integrated store-online model for the customer to access our products when, where and how they prefer. A unique model, which requires efficient, intuitive and innovative working, allows customers to transition from the store to the online channel, and viceversa; and that offers multiple options to make the purchase a single integrated act.

Thanks to this model, our customers can, for example, connect with our latest products through the online store and eventually purchase in store, or visit stores but buy online for home delivery.

The integrated model has also helped to **mitigate the impact of covid-19 and lockdown** on our balance sheet. In fact, with only 18% of our stores around the world fully operational during the year and restrictive measures in terms of capacity, opening hours and temporary closures, Inditex billed 20.402 billion euros and obtained a profit of over 1.100 billion, while maintaining its gross margin at 55.8%.

In addition to the financial impact that our model has protected us from, **online sales grew at an impressive rate** of 77% year on year. The advances in online sales also led the Group's websites to record more than 5.2 billion visits in 2020 (more than 3.5 billion in 2019), equating to 14.2 million daily visitors to the websites of the different retail stores. These figures are a testament to the critical importance of listening to our customers and identifying and meeting their needs in a way that best suits them, in the **complex and radically changing context** of their needs and lifestyle.

1.4.2. Response to our customers in 2020

At Inditex, we believe that a successful shopping experience does not stop with the sale. This is why we strive to maintain a fluid, close and trustworthy relationship with our customers.

The customer, at the centre of our business model



SHOPPING, A UNIQUE AND INTEGRATED ACT

We work actively to ensure that the customer sees shopping as a **unique act regardless of the channel where it occurs**, as part of a process where the constraints of the physical channel and the online channel disappear. A philosophy that aspires to achieve a truly unique and integrated relationship for the customer with our brands.



LISTENING AND OUR RESPONSE

Customer demand finds the creativity of our designers through the multiple channels: physical store and online store.

This feeds into the product and shopping experience teams, evolving permanently and integrated to keep the customer at the centre of the relationship.



A LONG-TERM RELATIONSHIP

We encourage proximity in our relationship with our customers and strive to deserve their loyalty and trust. The commitment to **understanding each customer as unique** is the same now as when we opened our first store in 1975.



CREATING EXPERIENCES

When a customer approaches our brands, they have a different experience in mind, which is not always related to purchasing. That is why we want to offer them the creations that they demand and provide **an experience that transcends the purchase, creating a recreational experience.**

To meet the customer service challenges in more than 200 markets around the world, we train our teams in product knowledge, sustainable attributes, store processes, customer orientation and respect for diversity and inclusion.

In addition, and with the aim of getting closer to our customers, our call centres across the world serve our customers in their own language, wherever we have a retail presence: Spanish, Galician, Catalan, Basque, English, French, Portuguese, Russian, traditional Chinese, simplified Chinese, Italian, Polish, Ukrainian, Romanian, Greek, Turkish, German, Czech, Slovak, Croatian, Slovenian, Dutch, Hungarian, Danish, Swedish, Norwegian, Finnish, Indonesian, Arabic, Korean, Malay, Vietnamese, Japanese, Hindi, Bulgarian and Hebrew.

Inditex also works to ensure the accessibility of its facilities, both in store and online. **The Group's stores comply with architectural accessibility standards** to ensure disabled access and circulation through the establishment, and guaranteeing a successful shopping experience for the consumer.

Accessibility is also an important element on the Group's websites, which comply with the **Accessibility Guidelines or General Accessible Design Principle** established by the *Web Accessibility Initiative* (WAI) Working Group, belonging to the *World Wide Web Consortium* (W3C). In addition, in 2020, thanks to the **digital accessibility project with EqualWeb**, we strengthened accessibility menus on the Group's websites that were launched in 2019.

These menus, which are visible from the home page of each website, offer a variety of voice and browsing, colour and content settings, to ensure an inclusive and barrier-free browsing experience for users and customers.

The Inditex corporate website, as well as the Zara, Massimo Dutti, Bershka, Stradivarius, Oysho, Zara Home and Uterqüe websites in Spain, already incorporate this accessibility menu, which is now being implemented in the other websites of the different brands and markets with a retail presence.

a) Customer service channels: contacts and service level

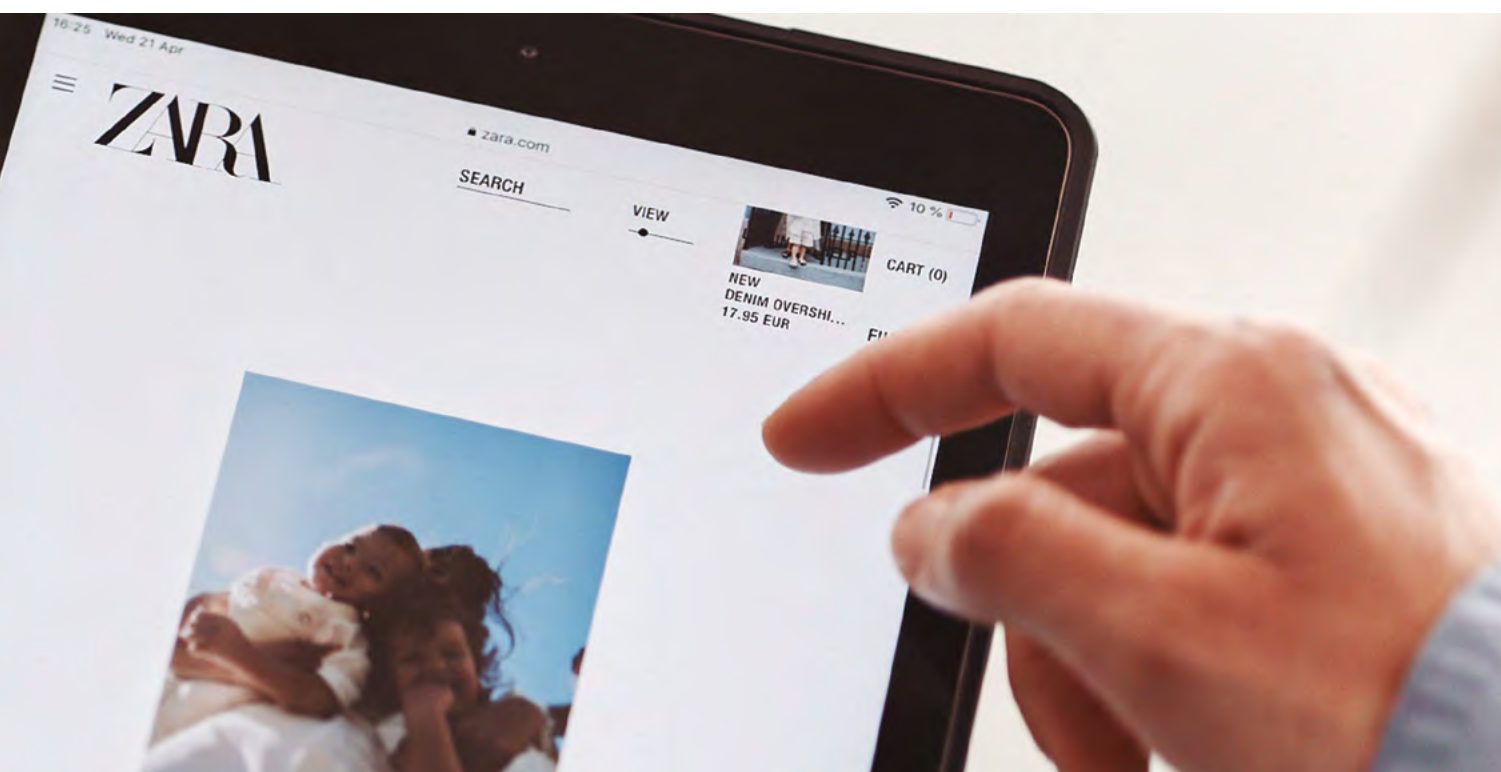
In 2020, a total of 53,735,989 contacts were handled by the Group's customer service areas in the Group's chains, through different channels (calls, emails, chats and messages through social media profiles), relating to a wide range of issues concerning products, purchasing, shipping, possible incidents or issues affecting chains, and more. The increase in the number of contacts compared with 2019 is explained by the increase in online orders and the closing of stores during the pandemic, as most enquiries managed by our customer services departments relate to questions about the status of orders, delivery times, etc.

The service level (understood as the percentage of contacts handled against the total and weighted against the contacts in each chain) stood at 90%.



CUSTOMER RESPONSE

	2020			2019			2018		
	NO. CONTACTS	SERVICE LEVEL	NO. SERVICES PROVIDED	NO. CONTACTS	SERVICE LEVEL	NO. SERVICES PROVIDED	NO. CONTACTS	SERVICE LEVEL	NO. SERVICES PROVIDED
ZARA	40,009,841	92%	36,848,936	21,559,476	97%	20,912,691	19,320,000	96%	18,547,200
ZARA HOME	2,856,719	98%	2,800,376	1,368,310	93%	1,278,275	905,907	92%	833,434
PULL&BEAR	3,724,755	72%	2,666,292	1,820,713	86%	1,565,813	3,033,792	94%	2,851,764
Massimo Dutti	828,548	85%	700,505	2,010,181	93%	1,869,468	1,366,782	89%	1,216,436
Bershka	2,551,062	84%	2,150,189	1,161,875	92%	1,068,925	1,874,696	85%	1,593,492
Stradivarius	2,241,811	83%	1,860,808	1,212,346	71%	860,766	1,511,405	97%	1,466,063
OYSHO	1,393,302	93%	1,299,341	889,846	99%	881,214	922,297	80%	737,838
UTERQÜE	129,951	81%	105,644	90,635	85%	76,904	97,864	93%	91,014
TOTAL	53,735,989	90%	48,432,091	30,100,931	95%	28,514,056	29,032,743	94%	27,337,240





In 2020, followers of Inditex chains on the different social media channels exceeded 199 million.

MAIN SOCIAL MEDIA PLATFORMS FOR OUR CHAINS BY NUMBER OF FOLLOWERS

	INSTAGRAM	FACEBOOK	WEITAO	WECHAT	TWITTER	OTHERS	TOTAL
ZARA	44,337,575	29,744,071	22,966,663	3,234,724	1,441,424	4,441,659	106,166,116
ZARA HOME	6,600,000	2,832,932		122,341	85,500	276,927	9,917,700
PULL&BEAR	7,201,969	7,322,705	6,690,000	267,417	372,790	765,884	22,620,765
Massimo Dutti	2,717,400	4,319,249	4,261,651	267,645	80,860	540,773	12,187,578
Bershka	9,600,000	11,817,000		361,000	488,900	1,072,800	23,339,700
OYSHO	2,507,903	3,391,000	3,710,595	152,030	115,000	253,646	10,130,174
Stradivarius	7,160,457	6,061,920		127,405	256,000	339,525	13,945,307
UTERQÜE	736,387	348,760		26,717	18,865	33,201	1,163,930
TOTAL	80,861,691	65,837,637	37,628,909	4,559,279	2,859,339	7,724,415	199,471,270

In 2020, followers of Inditex chains on the different social media channels exceeded 199 million (175 million in 2019 and 143 million in 2018).

The **Facebook and Instagram** accounts of each of the brands, with more than 65 million and 80 million users, respectively (more than 61 million and 70 million in 2019; and 60 million and 55 million in 2018, respectively) are the social media accounts with the largest number of followers.

The calculation of the number of followers of the chains includes the profiles of the leading social media platforms, whether for a specific market (e.g. Weitao in China) or new ones of growing importance (e.g. TikTok, Line, Pinterest or LinkedIn, whose follower numbers are included in the category "Other").

In Spain, a total of 4,814 consumer and trade cases were managed in 2020 (6,436 in 2019 and 6,586 in 2018) across all our brands, including consumer and trade requests, inspections, and complaint forms and cases.

Of the total, Inditex has responded to 2,956 complaint forms and 500 claim procedures, including mainly inspection requests and certificates. All Inditex chains classify claims and complaints according to the kind of queries received.



Health and Safety claims

At Inditex we have exacting standards, training and awareness-raising schemes, as well as prevention and enforcement programmes to reach the highest health and safety standards. However, in the event of any potential incidents, our product health and safety teams are fully coordinated with our customer service, store teams and any other areas in the Company where information on incidents and/or claims may reach. Any notice given by any customer, inspection body, NGO or any other health, safety and/or environmental sustainability-related body, is addressed

to our technical teams for evaluation and monitoring. Where there are signs that a product on sale is likely to be hazardous, the product would be withdrawn from the market and all units sold would be recalled, bringing such measures to the attention of our customers through the relevant channels.

In 2020, 2019 and 2018, there were no product recalls for health and safety reasons.



Further information in section 3.3.4. *Health and safety of our products* of this Annual Report.



Information security and privacy

1.5. Information security and privacy



RELATED MATERIAL TOPICS:

RISK MANAGEMENT AND
CONTROL SYSTEMS

1.5.1. Information security

At Inditex, we conceive technology as a vehicle to facilitate the relationship between our brands and the customer. Technology can improve the shopping experience and enable the customer to interact with brands and meet their wants and needs at all times, regardless of the channel where they occur.

To achieve these objectives, the Company attributes highest priority to the protection of information and the availability of all processes that support these channels, with the Information Security Department being responsible for ensuring this.

This commitment was strengthened in 2019 at the highest level with the Board of Director's review and approval of the Information Security Policy. This Policy establishes the principles and guidelines that Inditex will follow to protect its information in accordance with applicable regulations and ethical values, as well as the provisions of the Information Security Committee Regulations.

Parallel to this, we have made progress in protecting sales channels in store and online. We have also put in place improvement processes to oversee defined safety requirements, and we have also integrated these safety monitoring processes as soon as third-party contracting of services is in place.

On the other hand, the existing private rewards programme has been extended to identify possible improvements in our online channels, and incident detection, protection and response systems and processes have been strengthened.

In terms of training, we have launched various campaigns for our employees and collaborators, with the aim of assessing and promoting awareness of safety issues.

During 2020, and as a result of the disruption caused by the global covid-19 pandemic, special emphasis has been placed on remote working plans and managing

their associated risks. Specifically, the existing capacity of remote access channels and systems has been adapted to fit operational needs. Protection and control measures for these connections have also been strengthened. In addition to the training activities described above, specific campaigns have also been launched in this regard.

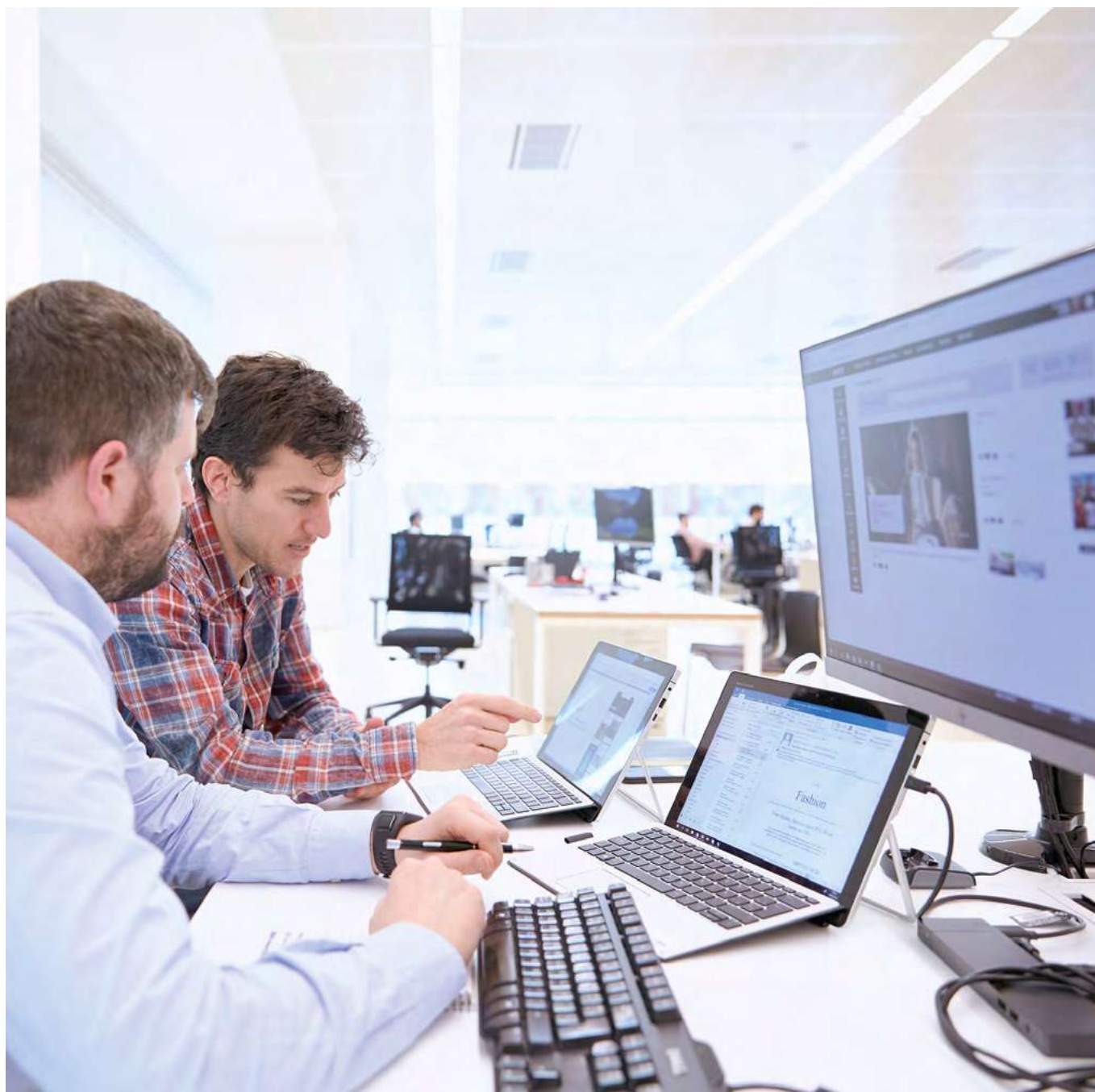
Also, we have launched working groups in response to this year's rise in cyber attacks on companies worldwide, although with no significant impact on Company operations as of the date of this report. These groups, under the supervision of the Information Security Committee, are designed to scrutinise existing control measures, drive plans already underway and propose or implement new protection measures.

Aware of the importance of the continuous improvement of the Information Security management model, at Inditex we continue to invest to secure the technologies and controls to meet our strategic objectives. The Information Security Committee is the body that ensures that safety management best practices are effectively and consistently applied throughout the Company.

1.5.2. Data protection and privacy

Privacy is one of the core values of Inditex. We work in accordance with our Data Protection and Privacy Compliance Policy, approved by the Board of Directors, with the aim of promoting a privacy culture involving everyone who is part of Inditex.

The customer is the centre of our business. This year, in which innovation and digitisation have been fundamental in customers' shopping experience, work has been done with the business teams in the projects that have been developed and that involve the data processing, to ensure they have privacy incorporated in their design and by default. The aim is to ensure that our



customers' personal data are protected in accordance with applicable regulations and internal standards adopted by Inditex, and to ensure transparency and information on the use of their personal data and the effectiveness of their rights.

At the same time, we have updated our websites and apps, allowing our customers and users to self-manage their privacy in line with our compliance model for cookies and similar technologies.

Throughout the 2020 financial year, close collaboration took place with the Occupational Health and Safety

area to ensure that the measures to protect our employees' health in the face of the covid-19 pandemic also comply with the Company's privacy rules and internal standards.

At the same time, we are continuously improving the data protection and privacy management model. This work is carried out under the advice of the Corporate Data Protection and Privacy Department; supervised by the Group's DPO (*Data Protection Officer*); and reporting to the Audit and Compliance Committee, which in 2020 includes the audit report on Inditex's compliance with the General Data Protection Regulation in Europe.



Robust Compliance architecture

1.6. Robust Compliance architecture



RELATED MATERIAL TOPICS:

ETHICAL BEHAVIOUR AND GOVERNANCE; RISK MANAGEMENT AND CONTROL SYSTEMS



Inditex has a robust Compliance System, in the form of a model of organisation, prevention, detection, control and management of legal and reputational risks, arising from potential breaches of mandatory standards, internal rules and best practice.

1.6.1. Internal corporate ethical culture

The development of an ethical corporate culture is essential to this Compliance System. This System is

not only intended to establish a regulatory compliance system, with the ultimate aim of preventing or otherwise limiting liability for the Company, but also seeks to demonstrate our strongest commitment to good governance and social and environmental sustainability, and to pass on this corporate ethical culture to all our stakeholders, promoting respect for fundamental human and labour rights in our supply chain.

Proof of this is the existence of the Code of Conduct and Responsible Practices, and the Code of Conduct for Manufacturers and Suppliers, which are high standards and the pillars of our Compliance System:





Inditex operates a robust Compliance System to demonstrate its firm commitment to good governance and social and environmental sustainability while transmitting its ethical corporate culture to all stakeholders

Code of Conduct and Responsible Practices

The Code of Conduct and Responsible Practices aims to ensure a professional, ethical and responsible commitment by Inditex and all our employees in the course of their activities anywhere in the world, as a basic part of business culture based on training and the personal and professional development of employees. It defines the principles and values that must govern relations between the Group and our principal stakeholders: employees, customers, shareholders, business partners, suppliers and those companies with whom we develop our business model.

Its principles include the fact that all Inditex Group operations will be ethical and responsible; all individuals and legal entities that have any direct or indirect employment, economic, labour or industrial relationship with the Group Inditex will be **fairly treated and with dignity**, and all the Group's activities will be carried out in the most **environmentally friendly manner, promoting the conservation of biodiversity and the sustainable management of natural resources**.

This includes a series of **responsible conduct commitments and practices**, including, and in this specific section:



- compliance with applicable legislation and Inditex's internal regulations;
- compliance with human and labour rights and regulations and best practice in terms of employment, and occupational health and safety;
- the obligation to act with respect, dignity and justice, taking into account the different cultural sensitivity of employees or customers, their diversity and multiculturalism, not allowing violence, harassment, abuse or discrimination;
- compliance with product health and safety standards that guarantee that Inditex items do not pose a risk to health or safety;
- establishing legal, ethical and respectful relationships with suppliers and public authorities, in line with international legislation on the prevention of corruption and bribery;
- the obligation to prevent and control conflicts of interest;
- the duty to efficiently use Inditex's goods and services, and to protect the Company's information;
- the obligation to protect its own industrial and intellectual property and that of others;
- the duty to record transactions of economic significance clearly and accurately in the appropriate accounting records; and the carrying out of Inditex's activity promoting social and environmental sustainability, as a way to create value for all stakeholders.

United States, Puerto Rico and Canada have their own Code of Conduct, adapted to the regulations and best practices in those locations, inspired by the Inditex Group Code of Conduct and Responsible Practices.

Code of Conduct for Manufacturers and Suppliers

It defines the minimum standards for ethical and responsible behaviour that must be observed by all manufacturers and suppliers of the Group throughout the supply chain, in accordance with the Inditex Group business culture, which is firmly rooted in respect for human rights.

Its application extends to all manufacturers and suppliers involved in the purchasing, manufacturing and finishing of the products marketed by the Group, and promotes and is based on the general principles that define Inditex's ethical behaviour. Compliance with all the standards of the Manufacturer and Supplier Code of Conduct is a necessary condition for a supplier or manufacturer to be part of the Inditex supply chain



More information on the practical application of the Manufacturers and Suppliers Code is found in Paragraph 3.4. *Sustainable management of the supply chain*, in this Annual Report.

1.6.2. Compliance and criminal risk prevention system

a) Strategy

The Inditex Compliance System is transversal, which means it is a corporate function that covers all our business formats.

The management and coordination of the Compliance System corresponds to the **Compliance Function**, represented by the **Committee of Ethics**, which acts as a decision-making body, and represented by the **General Counsel's Office - Office of the Chief Compliance Officer, "SG-DCN"**, which is responsible for its operational management. The Compliance Function performs a dual function:

- Coordination, which entails collaboration between SG-DCN and the different areas and departments with Compliance functions, to identify possible non-compliance risks and define and implement controls aimed at preventing their occurrence.
- The periodic reporting by (i) all departments with a Compliance function to SG-DCN on those critical aspects that may have an impact on Inditex from a Compliance point of view; and (ii) the report prepared by SG-DCN, after consolidating the information gathered in a report that is approved, half-yearly and annually, by Committee of Ethics. and which is submitted to the Board of Directors, through the Audit and Compliance Committee.

This Compliance System is set up around a structure of core (high-level) standards, approved by the Board of Directors, and transversal compliance, along with a series of organisational documents.

And the Compliance System of the Inditex Group is specifically regulated through the following regulations:

- The Group's Code of Conduct (Paragraph 1.6.1. above).
- **The Compliance Policy:** that establishes the commitments that our employees must assume, regardless of their geographical location and position.
- **The Compliance Management Procedure:** that develops the content of the aforementioned Policy and establishes the organisational measures to prevent, detect and manage the Risks of Non-compliance, reinforcing a culture of ethical compliance.

Criminal Risk Prevention Model

Within this Compliance System, Inditex also has an **organisation and management model for crime prevention**, or Criminal Risks Prevention Model, in order to reduce exposure to risks associated with possible corruption, fraud or bribery offences, and this is configured through the following documents:

The Criminal Risk Prevention Model, approved by the Board of Directors in 2016, and in particular the Matrix, is subject to a **process of continuous assessment and improvement**, in order to adapt it to the Inditex Group's development and growth and to the legal requirements, recommendations and best practices in the field at any given time, ensuring its effectiveness.

The Matrix was updated in 2020, by analysing and reviewing the potential risks inherent to the processes of the various activities performed, taking into account legislative developments, approval and/or amendment of internal regulations and changes to the organisational structure and to certain processes of the Company.

Thus, in order to mitigate the criminal risks inherent in the activities we perform and the offences of public and/or private corruption identified in the Matrix, its controls have been monitored according to the prioritisation of risks determined on the risk map (hereinafter, the "**Map**").

According to the Map, which is updated every year, the main risks identified in terms of corruption, according to its latest update, consist of: (i) corruption between individuals; (ii) corruption in international transactions; and (iii) bribery.



CRIMINAL RISK PREVENTION POLICY

Associating ethical conduct commitments undertaken in the Code of Conduct and Responsible Practices with those offences which the Company intends to avoid.

It expressly prohibits the offering, granting, requesting or acceptance, directly or indirectly, of gifts or rewards, favours or compensation, in cash or in kind, and of whatever nature, or from whatever authorities or officials, and it includes specific guidelines for dealing with officials and administrators.

The Policy is accessible to all employees on the Company's intranet.



CRIMINAL RISK PREVENTION PROCEDURE

The Criminal Risk Prevention Procedure establishes, among other things, the roles and responsibilities of departments with control and verification functions for the Model, as well as the function of reporting to the Ethics Committee in the area of criminal risk prevention, as well as the Company's organisational measures on the matter.



RISK AND CRIMINAL CONTROLS MATRIX

That (i) lists the criminal risks; (ii) provides a breakdown of the risk events applicable to Inditex's operations; (iii) establishes the controls that have been established to prevent the occurrence of such risks; (iv) assigns the department responsible for carrying out the controls and reporting the evidence of their execution; and (v) the frequency with which they must be reported (hereinafter, also called the "**Matrix**").

Anti-corruption regulations

Within the framework of the Group's Compliance System, the Board of Directors of Inditex has approved a set of internal regulations that, in the application of our corporate ethical culture, formalises and demonstrates our firm commitment to preventing any form of corruption, fraud, money laundering or illegal financing.

Specifically, in order to ensure that all our employees, as well as the third parties with whom we conduct business relations, comply with the provisions of the main **anti-bribery and anti-corruption regulations** in the markets in which the Group is present, we have the **Integrity Policies**, which, following the requirements of standard ISO 37001 on Anti-bribery Management Systems, are associated with the ethical values of our Group, and these consist of:

- **Policy on Donations and Sponsorship:** defines what is meant by donations and sponsorships, and regulates under what circumstances they are allowed or not, and the flow of validation, documentation and approval required for the same.

- **Policy on Gifts and Business Courtesies:** defines what is meant by gift and hospitality, and regulates the requirements for these to be offered and/or accepted for them to be considered valid and compatible with Inditex's rules of conduct, and establishes a channel of communication and complaints with the Ethics Committee.

- **Policy on Dealings with Public Servants:** defines what is meant by bribery and by employees, and expressly prohibits bribery in the public and private sectors, including facilitation payments, even in cases where such payments are not prohibited by the legislation of the country or territory concerned. The Policy also establishes due diligence processes implemented to ensure that the behaviour of third parties with whom Inditex conducts relations is aligned with the Company's ethical values, regulations and standards, the applicable market regulations and existing best practices in anti-corruption matters.

Inditex also has the following specific regulations on the **prevention and management of conflicts of interest** and the **prevention of money laundering and financing of terrorism**, respectively:

- Conflicts of Interest Policy

Establishes the principles and criteria to be considered to prevent, detect, communicate and manage conflicts of interest that may arise in the professional activities carried out by Inditex employees, and that may compromise the objectivity or professionalism required for them to carry out their functions.

- Anti-Money Laundering and Terrorist Financing Policy

Defines the due diligence processes implemented in the Company, taking into account the different business activities carried out by Inditex, i.e.:

- The limitation of cash receipts in stores, by which the control mechanisms for cash receipts from customers are implemented; and the identification and analysis of potential risks from our business partners, suppliers and other third parties, in accordance with due diligence measures implemented in our internal regulations (the *Due Diligence* Policy and Procedure) and, where applicable, the relevant legislation.

Due diligence

In line with the principles and criteria for action set out in the Code of Conduct for Manufacturers and Suppliers, at Inditex we are firmly committed to preventing compliance risks from third parties with whom we conduct a direct business relationship. In this regard, the **Due Diligence Policy**, approved by the Board of Directors in September 2019, aims to align the relationships maintained by Inditex with its business partners, suppliers and large customers, with the processes described in the international standard ISO 37001 on Anti-bribery Management Systems in organisations, as well as with the most stringent regulations and standards in the field of anti-corruption.

The *Due Diligence* process that the Policy regulates consists of **identifying and analysing all business partners and third parties** with whom Inditex is commercially related, in terms of corruption, fraud, international trade sanctions and/or any other risks of a similar nature. Therefore, this is an independent process, but in line with any other social, environmental, operational, financial, business or other analysis that the Group may carry out with suppliers or other third parties.

The development and implementation of the Policy is based on a series of principles:



The obligation to submit to this due diligence process is established for all business partners, large clients, suppliers and third parties with whom we have business relationships.

It is a necessary precondition for initiating business relations with third parties.

It establishes the prohibition of maintaining business relations with third parties for whom compliance risks have been detected, and for whom an action plan has not been implemented to remedy or mitigate those risks.

It shall be carried out in accordance with the **principles of reasonableness and proportionality**, applying different analysis levels based on criteria such as turnover, sector or market risk, or other elements.

Within the framework of the Due Diligence system, we also have the Procedure for Limitation of Business Relations with Suppliers in Restricted or Unauthorised Markets, which establishes limitations on procurement with

suppliers, allowing for procurement only with suppliers domiciled in markets authorised by the Group (i.e. those that meet the legal and business operating criteria), and the making of payments to those that, in compliance with the first requirement, also have bank accounts that are domiciled in said markets.

Prevention of crime and corruption models outside Spain

Furthermore, **at local level**, the implementation of **compliance models** has continued in 2020, providing compliance with the regulatory requirements in each jurisdiction where we have a presence, and the process of approval of the criminal risk prevention and anti-corruption models has been initiated, with full alignment and coordination with the system implemented in Spain, which also operates as a global system.

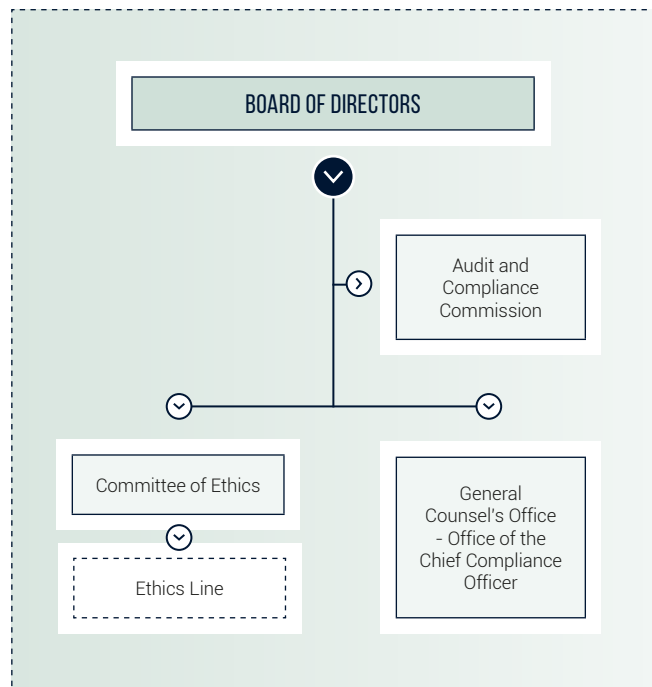
Also in 2020, the roll-out of two models in Mexico and Brazil has commenced, with the aim of complying with the legal requirements in these jurisdictions, always in alignment with the Model. In both cases, they have been subject to prior internal audit diagnosis and external legal advice, in order to review their suitability for regulations, recommendations and good practices.

The status and characteristics of the Compliance models implemented locally by the end of 2020 are detailed below:

	DESCRIPTION OF THE MODEL	REGULATION OR REFERENCE STANDARD	STATUS
	▼	▼	▼
FRANCE	Anti-corruption model	<i>Loi Sapin II</i>	2nd monitoring cycle
ITX RE DAC	Anti-corruption model	<i>Criminal Justice Act</i>	2nd monitoring cycle
UNITED KINGDOM AND IRELAND	Anti-corruption model	<i>UK Bribery Act</i>	2nd monitoring cycle
ITALY	Crime prevention model	<i>D. Lgs. 231/2001 - Administrative liability for offences</i>	Review and update of the model
RUSSIA	Anti-corruption model	<i>Criminal Code / Anti-corruption guidelines</i>	In the process of implementation
TURKEY	Anti-corruption model	<i>Criminal Code / Anti-corruption guidelines</i>	In the process of implementation
MEXICO	Crime prevention model	N/A	Implemented

b) Compliance

The management and monitoring bodies of the Compliance System and, in particular, the Model, consist of:



The **Audit and Compliance Committee**, which has the following functions, among others:

- (i) to assess the effectiveness of internal financial and non-financial risk control and management systems, including those related to corruption, and to assess the measures in place to prevent or mitigate the impact of risks detected and identified in the Matrix;
- (ii) to identify and re-assess the most significant financial and non-financial risks;
- (iii) to ensure that they are maintained and managed within the accepted tolerance levels, and
- (iv) to monitor compliance with and the effectiveness of Compliance policies and procedures.

Furthermore, the Audit and Compliance Committee reports to the **Board of Directors**, on a quarterly basis, and whenever requested, on compliance with the Code of Conduct and Responsible Practices as well as the Criminal Risk Prevention Model; and proposals can be suggested for the adoption of measures aimed at improving compliance with the Model and the Compliance System.

The Committee of Ethics and the General Counsel's Office - Office of the Chief Compliance Officer comprise the so-called Compliance Function. The **General Counsel's Office-Office of the Chief Compliance Officer**, which, as explained above, has the function of **operational management of the Compliance System** of Inditex and its Group, in general, and, in particular, the Criminal Risk Prevention Model. In turn, the **Committee of Ethics**, is the internal body responsible for **overseeing compliance with the Code of Conduct and the Criminal Risk Prevention Model**, as well as for ensuring the effectiveness of controls.

The Committee of Ethics submits a **report to the Audit and Compliance Committee**, at least every six months, containing an analysis of its activities and the application of the Code of Conduct and Responsible Practices, and the results of its monitoring of the Criminal Risk Prevention Model.

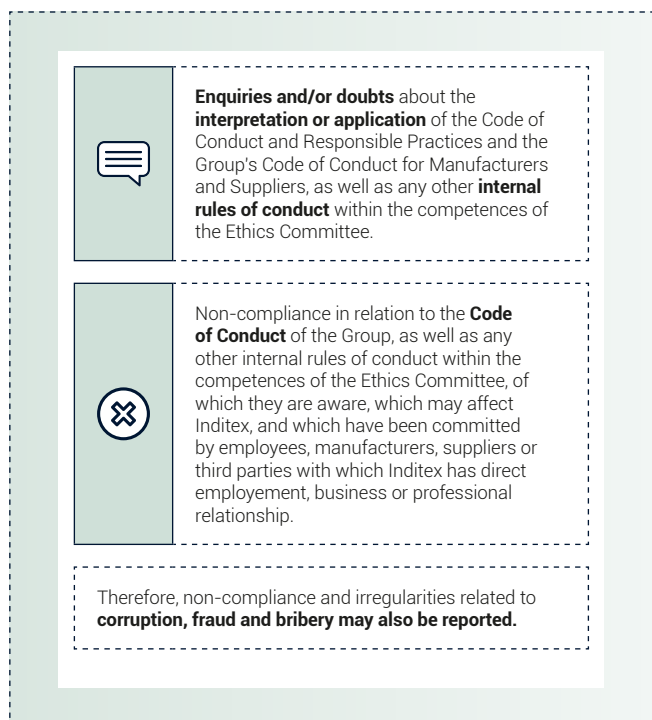
c) Committee of Ethics and Ethics Line

The Ethics Committee is an internal body reporting to the Board of Directors, through the Audit and Compliance Committee. This collegiate body consists of:



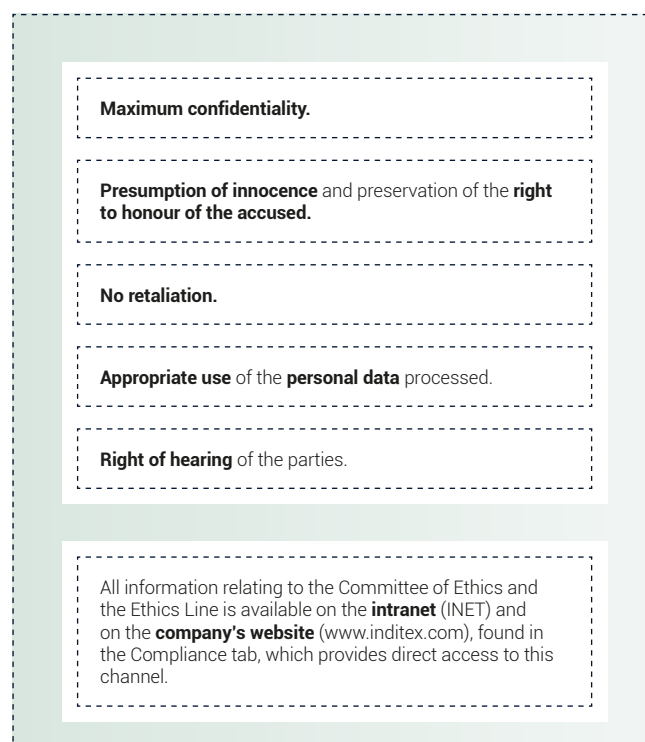
It is also the body responsible for overseeing the operation of the **Ethics Line** and compliance with its procedure, and should promote any necessary investigations. Operation of this Ethics Line is described in the **Ethics Line Procedure**.

The **Ethics Line** is a strictly confidential channel through which all employees of the Group, manufacturers, suppliers or third parties with a direct relationship and legitimate commercial or professional interest in the Group, regardless of their hierarchical level or their geographical or functional location, may communicate, including anonymously:

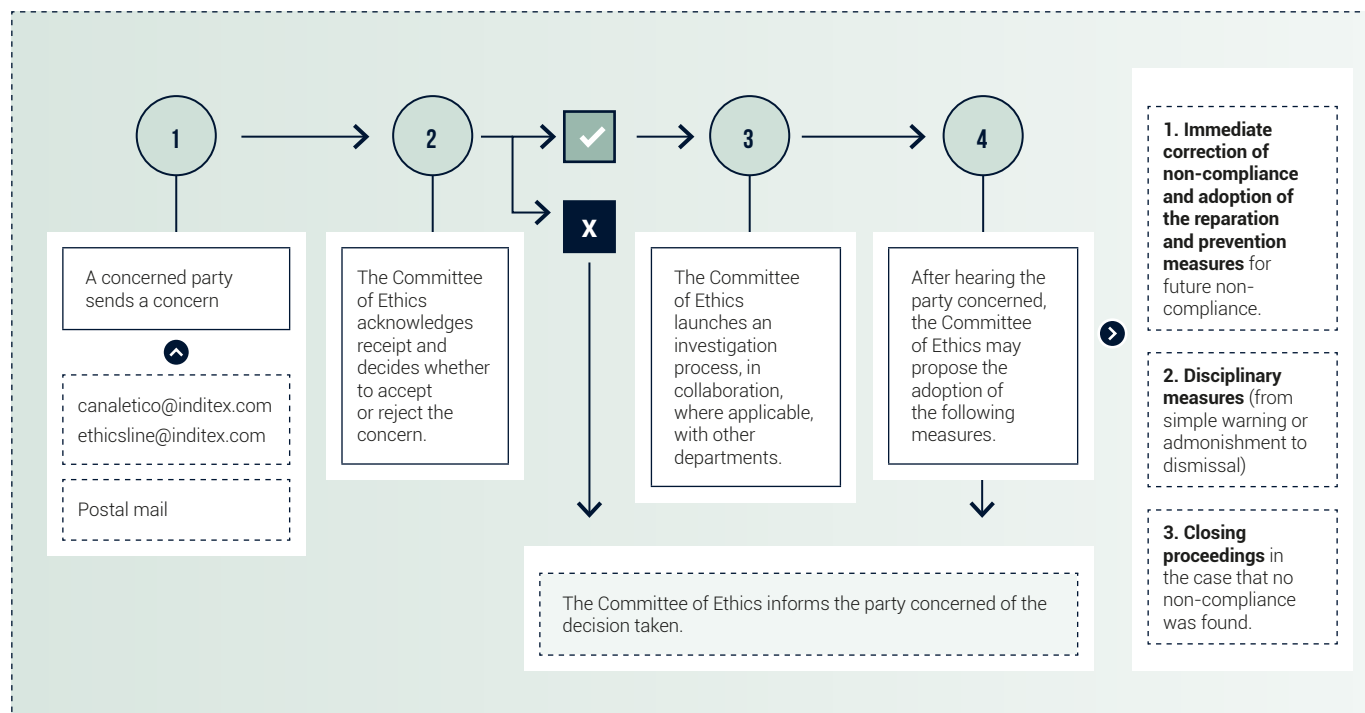


The Procedure, which was amended by the Board of Directors in December 2019, is found to be adequate for the regulatory requirements in relation to **protection of personal data** and **rights of users in grievance**

mechanisms, as well as international best practices in the field of Human Rights. In particular, this procedure offers the following **guarantees and safeguards** of the parties to the process:



Operation of the Ethics Line



The Ethics Committee's decisions are **binding** on the Inditex Group and the recipient, where applicable, of the same.

Ethics Line | Canada, United States of America and Puerto Rico

Inditex has also made the **Ethics Line** available to its **employees and third parties in Canada, the United States of America and Puerto Rico**, as an additional channel for raising queries and/or communicating breaches or irregularities related to the Code of Conduct and Responsible Practices, and other rules of conduct at Inditex. In line with local best practices, the management and administration of this channel has been entrusted to an external supplier. It is accessible by telephone and via the website, and is available 24 hours a day, 7 days a week.

Breakdown of communications by topic⁽¹⁾

	184	68
	HR, diversity and respect	Integrity in business
	18	45
	Environment and Health and Safety	Others

During 2020, the Committee of Ethics processed a total of 315 incidents (310 and 302 incidents in 2019 and 2018, respectively).

Of these 315 incidents processed by the Committee of Ethics, 10 were related to diversity and potential discriminatory behaviour. Following the corresponding investigations, none of the cases processed by the Committee of Ethics showed evidence of human rights violations, either in relation to Inditex's employees, or in relation to their suppliers of goods or service providers.

(1) According to the Navex classification.

Cases relating to corruption, fraud and bribery⁽²⁾

During 2020, the Committee of Ethics processed 20 incidents related to private-to-private corruption. Of the closed incidents, 3 contain confirmed evidence of irregular practices, leading to the adoption of the corresponding corrective, mitigating and/or preventive measures, including disciplinary measures and/or termination of the employment relationship. No relevant aspects affecting the Company were observed in any of these cases.

During the 2020, 2019 and 2018 financial years, the Group was not aware, either through its Committee of Ethics or through other means, of any court proceedings related to corruption or bribery affecting the Company.

During 2020, the *Ethics Line* processed a total of 74 incidents, 59 of which were related to the United States and 15 to Canada (64 relating to the United States, and 12 to Canada, in 2019, respectively).

d) Training, communication and awareness-raising

Internal and external communication and dissemination

Training our employees and suppliers is key to building and growing our Compliance model. In these areas, we are fully confident of the values, principles and ethical guidelines that make up our internal corporate culture.

At Inditex, we promote **communication and dissemination of internal regulations** related to the Group's Compliance model and, in particular, the Criminal Risk Prevention Model. The Company facilitates the awareness and disclosure of the rules of conduct adopted, keeping individuals informed of both the correction and transparency objectives to be achieved, as well as way in which Inditex pursues its compliance objectives.

In light of the above, the policies and procedures that make up the Inditex Group Compliance model are available to all employees on the Company intranet (INET), using any device.

The new "**Compliance**" tab on the Company website (www.inditex.com) also includes the core compliance regulations, which are publicly accessible to all our stakeholders. The Group's Code of Conduct and Responsible Practices and of the Manufacturers and Suppliers, as well as the Integrity Policies of the Group are particularly worth highlighting, which represent the apex of the pyramid of the Group's rules of conduct and the pillar on which the Compliance system is built.

Likewise, in order to guarantee our **formal commitment**, at the highest level, to ethical and responsible behaviour that forms part of the Group's corporate culture, and to the Compliance System and, in particular, to the Criminal Risk Prevention Model, the **General Counsel's Office - Office of the Chief Compliance Officer** is responsible for:

1. Adequately notifying members of the Inditex Board of Directors, through quarterly monitoring, **and keeping them up to date** on matters related to the following aspects: (i) application of the Codes of Conduct and Responsible Practices and of Manufacturers and Suppliers and (ii) the activities and results of monitoring of the Inditex Group's Criminal Risk Prevention Model.
2. To promptly **report** all **approved internal corporate regulations** to all managers and other persons responsible for the Group's departments and operations (i.e. brand managers, directors and managers of Company departments, country managers in other markets and their chief financial officers, and other directors and chief operating officers and heads of departments), reminding them of their obligation to communicate the content of the notification and its regulations, to all persons involved in their respective areas of responsibility. When determining other potential recipients, the General Counsel's Office-Office of the Chief Compliance Officer also takes into account the specific scope of each of the policies and procedures that are communicated.

Throughout 2020, the General Counsel's Office-Office of the Chief Compliance Officer has **communicated and published** the following regulations on INET:

(2) Incidents of this nature are included in the "Integrity in Business" category.

REGULATIONS	CATEGORY	APPROVAL DATE
Procedure on the Financial Transaction Authorisation Flow	Procedure	08/04/2020
Instruction on the Creditor Payment Currency	Instruction	10/06/2020
Standards for development of the Financial Risk Management Policy	Credit Risk Management Procedure	13/10/2020
	Balance Sheet Currency Risk Procedure	13/10/2020
	Forward Flow Risk Procedure	13/10/2020
Third Party Financial Risk Management Procedure	Procedure	20/10/2020
Instruction for Withdrawal of Items at Point of Sale in Stores	Instruction	06/10/2020
Policy for Communication of Economic-Financial, Non-Financial and Corporate Information	Policy	14/12/2020

Thus, within the framework of the ongoing supervision and monitoring process of the Group's Compliance System and, in order to provide a response to the different regulatory requirements as well as the Compliance standards applicable at any given time, the General-secretariat of Regulatory Compliance has carried out the **review and update** of the following regulations:

REGULATIONS		CATEGORY	APPROVAL DATE	LATEST UPDATE
Diversity and Inclusion Policy		Policy	12/12/2017	14/12/2020
Procedure to cancel orders		Procedure	14/02/2018	08/10/2020
Financial Investment Policy (formerly Investment Policy)		Policy	10/12/2014	14/12/2020
Financial Risk Management Policy		Policy	09/12/2015	17/03/2020
Enterprise Risk Management Policy		Policy	09/12/2015	14/12/2020
Sustainability Policy (formerly Corporate Social Responsibility Policy + Environmental Sustainability Policy)	Corporate Social Responsibility Policy	Policy	09/12/2015	14/12/2020
	Environmental Sustainability Policy	Policy	09/12/2015	14/12/2020
Diversity of Board of Directors Membership and Director Selection Policy (formerly, Director Selection Policy)		Policy	09/12/2015	14/12/2020

Training methods

The promotion of the internal corporate ethical culture and the Inditex Group Compliance System is based on the implementation of training methods tailored to the risk profile of the different groups of employees that make up Inditex. In this regard, at Inditex we produce, on a regular basis, specific content according to the training needs of each group.

In particular, the Committee of Ethics approved a Training Plan on 2 December 2019, on *Criminal Compliance*, which responds to the training requirements on Criminal Compliance required by international standards and Circular 1/2016 of the Public Prosecutor's Office. The Map, derived from the Matrix, has been used as a basis for preparation of this training plan after its review and update, and, consequently, the objective is to provide training on the different risk occurrences that are relevant to the Company.

As a result, the Plan determines and identifies the training recipients, being the employees at Inditex who carry out their professional activity in areas that have associated risks identified as "high" in the Matrix, i.e.: (i) those who have control management responsibility associated with a risk event; (ii) those who carry out functions of product purchase or contracting of supplies and services with third parties; (iii) those who, without being responsible for managing a certain control, participate in the control configuration process; and (iv) the Group's directors and authorised representatives.

During 2020, our established training objectives were impacted by covid-19, and mainly by the mobility restriction measures imposed in the different markets. As the situation has been normalised, training has resumed, and in most cases it is conducted in online format.

Within the framework of the regular training plan on Compliance of the Inditex Group, the following **training actions** carried out during 2020 are worth highlighting:

1. New employee hires

All new employee hires of the Inditex Group receive **initial training in Compliance matters**, and in particular in the Code of Conduct and Responsible Practices, as well as training on the Ethics Line, during the *Welcome Day* training sessions, in person or online.

Likewise, at the time of contracting, all new employee hires receive specific training in the Code of Conduct and Responsible Practices by the Personnel teams, while at the same time they assume their firm commitment to compliance by signing the work contract, which includes an adherence clause, or the corresponding certification.

The breakdown of training measures carried out for new additions is shown below.

GROUP	SUBJECT	REGION	ATTENDEES
NEW EMPLOYEES			
Corporate HQ employees	Compliance	Spain (in person)	33
		Spain (online)	18
Foreign subsidiary employees	Compliance	China (online)	11
		Ukraine (online)	
		United States (online)	

As a result, taking into account the number of new registrations recorded during 2020 as a proportion of the average workforce, 10.8% of the total employees of the Group received training on Compliance during the aforementioned year (29% of employees in 2019 and 2018), according with the following breakdown:

	% TOTAL		
GEOGRAPHICAL AREA	2020	2019	2018
SPAIN	1.8%	14.9%	13.7%
REST OF EUROPE	11.0%	31.5%	33.2%
AMERICAS	16.5%	34.2%	42.0%
ASIA AND THE REST OF THE WORLD	25.2%	44.9%	45.6%
TOTAL	10.8%	29%	29%

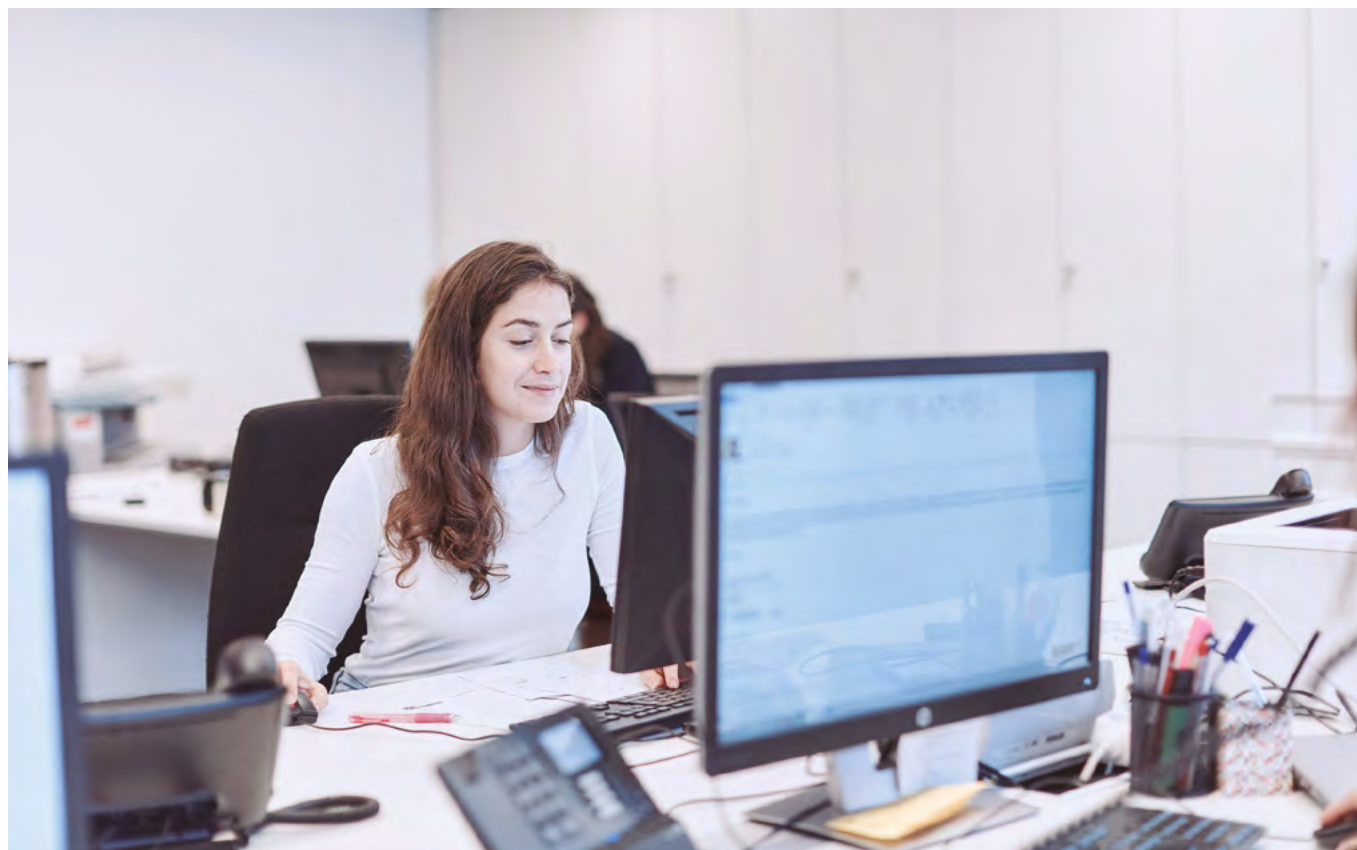
	% TOTAL		
PROFESSIONAL CLASSIFICATION	2020	2019	2018
MANAGEMENT	0.7%	1.8%	3.3%
SUPERVISORS	0.4%	1.6%	4.2%
SPECIALIST	13.4%	34.6%	33.9%
TOTAL	10.8%	29%	29%

2. Existing employees

We carry out training on a regular basis, in person or online, aimed at groups that, either due to their position and responsibility, or whether due to the type of activity they perform, are exposed to a **greater risk of committing violations** with regard to compliance and, in particular, to committing **violations related to private-to-private corruption**.

In this regard, training should be provided to members of the Group's management and governing bodies who, due to their responsibilities and functions, receive recurrent training.

Throughout 2020, the General Counsel's Office-Office of the Chief Compliance Officer has communicated and published the following regulations on INET:



GROUP	SUBJECT MATTER	REGION	ATTENDEES
GOVERNING BODIES SENIOR MANAGEMENT			
Zara Holding Supervisory Board	Compliance	The Netherlands (online)	11
Subsidiary corporate management	Compliance Prevention of bribery and corruption	Turkey (online)	6
ITX Trading Management	Compliance	Switzerland	1
Bangladeshi Management	Compliance	Bangladesh	1
HQ	Ethics and Compliance	Spain (online)	145
CORPORATE HQ			
HQ staff, formats, logistics and factories	Compliance	Spain (online)	1,938
HQ staff foreign subsidiaries (local Due Diligence reviewers)	Due Diligence procedure	Belarus (online) China (online) United States (online) Turkey (online) Croatia (online) Ukraine (online)	10
Personnel subject to Internal Regulations of Conduct (IRC)	Internal Regulations of Conduct (IRC)	Spain (online)	2
HQ staff Purchasing and Contracting	Internal regulation communication	Spain (online)	11
HQ staff Risk Management	Internal regulation communication	Spain (online)	4
Subsidiary corporate personnel	Compliance	Switzerland (online)	8
Personnel chains (BSK, ZARA KIDS, LFT, PB, STR, ZARA SRA, ZARA MAN) and Administration - Sustainability	Compliance	Bangladesh (online)	49
Subsidiary HQ staff	Code of Conduct, Integrity Policies and Ethics Line	Mexico	111
ITX Trading personnel	Code of Conduct.	Asia	116
Subsidiary HQ staff	Code of Conduct.	China	375
STORES LOGISTICS-DISTRIBUTION FACTORIES			
Kiddy's Class store staff	"Good morning" – Compliance	Spain (in person)	236
Zara Spain store staff	"Good morning" – Compliance	Spain (in person)	2,624
Zara Home store personnel – Store Managers	"Masterclass" – Compliance	Spain (online)	130
Subsidiary chain store staff	"Good morning" – Compliance	Germany (in person)	506
		Finland/Denmark/Norway/Sweden (online)	569
		Austria	3,542
		France	4,906
		Romania	2,112
		Russia	2,007
		Switzerland	34
		Turkey	189
		Ukraine	824
		Argentina	1969
Subsidiary chain store staff	Code of Conduct.	Uruguay	452
		Brazil	264
		Mexico	909

In relation to the above, we should highlight the online training session given to our employees in Zara, Zara Home and Zara.com (mainly, the sales teams) of the Group's Central Services, as well as factory and logistics employees, who, during the course of their professional activity, have frequent contact with suppliers and/or civil servants or public administrations. The theme of this session was mainly the Code of Conduct and Responsible Practices - especially in relation to the prevention of

corruption, fraud and bribery, and conflicts of interest - the Integrity Policies and the Ethical Line.

This is one of the most important training courses, as: (i) the workforce of the Zara, Zara Home and Zara.com sales teams represent 42.7% of the total number of employees that make up the Group's sales teams (30% and 36.9% of employees in 2019 and 2018, respectively); and (ii) the groups to which this training is aimed at, employees of other departments and areas that, while

not belonging to the sales teams, are also exposed to a high risk of corruption, have been extended.

In view of the above, 65.3% of the Group's Senior Management, has received Criminal Compliance training (33.33% and 100% of Senior Management in 2019 and 2018, respectively).

Furthermore, it is essential to pass on the culture of corporate ethics and compliance and to raise awareness amongst third parties with whom we have a direct business relationship. In this regard, throughout the 2020 fiscal year, the **online training sessions** on the culture of compliance and corporate ethics taught by the General Secretariat-Regulatory Compliance Management to the **supplier cluster** located in **Bangladesh** stand out, as reflected below:

GROUP	SUBJECT MATTER	REGION	ATTENDEES
SUPPLIERS			
Supplier clusters	Compliance	Bangladesh	111

Awareness-raising and education measures

1. Acceptance of the Code of Conduct:

All our employees adhere to the Code of Conduct and Responsible Practices and receive specific training on this at the beginning of their working relationship with the Group.

In addition, since November 2020, our employees at Central Services and the headquarters of all chains within Spain, as well as corporate service employees located in France and Portugal, whenever they access the Company's IT systems from their computer and, prior to this access, must accept our Code of Conduct and Responsible Practices. It is expected that, during 2021, this initiative will be rolled out in other European countries as well as Canada.

All our suppliers agree to comply with the Code of Conduct for Manufacturers and Suppliers before starting their business relationship with the Group.

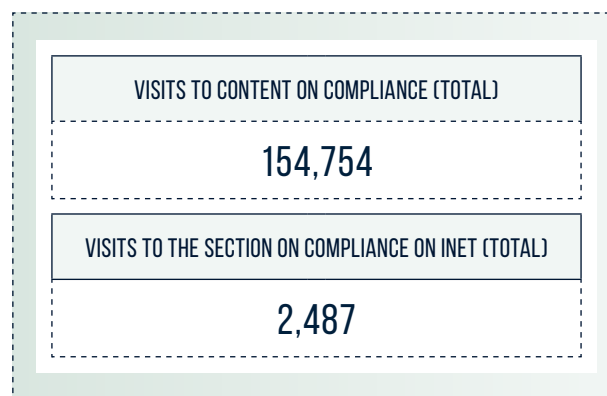
2. Annual reminder of the prohibition of gifts – Ethics Committee:

The Ethics Committee sends an annual email with a reminder of the provisions contained in the Code of Conduct and Responsible Practices and the Policy of Gifts and Business Courtesies, relating to the acceptance and receipt of gifts from suppliers, attaching a letter template to be sent to the Group's

suppliers to remind them of such prohibitions. This email is sent to Group executives and middle managers, as well as to the employees of the Spanish chains who, due to their relationship with suppliers or other third parties, need to be especially aware of the risks arising from corruption offences between individuals or businesses.

3. Compliance section on the intranet (INET) and the Company website:

In order to achieve the highest possible degree of dissemination and awareness of our corporate ethics culture, all our internal standards of conduct are published and easily accessible on our Company website, in the section "Compliance," subsection "Corporate Ethics", and on the INET, for the benefit of our employees. Details of the visits received on the INET website accessing the Compliance section as well as content related to Compliance are as follows:



4. Other communication and awareness actions

At Inditex, we also implement various internal communication and dissemination initiatives for our employees, including: (i) placement of posters on the Code of Conduct and the Ethics Channel, located within the stores of the different chains and markets, directly accessible in the local language, via a QR code, (ii) publication of information leaflets online on INET and (iii) other communication and awareness actions (ethics/integrity sessions, *push* notifications, etc.)

In this regard, special mention should be made of the two-week *Ethics Week* held in China (7 - 18 December 2020) to promote "Integrity" as one of the Company's values in the country, which included various initiatives such as: (i) integrity promotion videos with participation of the management team (including the Group's director in China); (ii) participation of the Chinese Integrity Ambassador; (iii) competition and challenges for our employees; and (iv) placement of posters in offices and stores.

Moreover, all stores of the Inditex Group and its chains in Europe, Asia and the United States currently contain signage in workplaces. These posters incorporate a QR Code through which our employees can access the content of the Code of Conduct and the Ethics Channel. In addition, in 2020, a reminder campaign was held in France on the Code of Conduct and Responsible Practices, with the publishing of a news report and a *push* notification, sent to a total of 9,038 employees (offices and stores).

In Uruguay, specific communication and awareness actions have been carried out with regard to the Code of Conduct, through e-mail communications, poster placement in workplaces as well as with the publication of related content on INET. A total of 306 employees have been targeted for these actions.

1.6.3. Good Corporate Governance

Corporate Governance can be defined as the way companies are organised, managed and controlled. This is therefore a speciality within the management and organisation framework of the Compliance System, of a general and transversal nature, which seeks to ensure compliance at all times, at the highest level, that is, by the management team and members of the Board Of Directors, of the standards, recommendations and best practices in the field.

A corporate governance system has been set up at Inditex that is an essential part of corporate Compliance, with a series of standards, procedures and mechanisms to ensure that directors and the management team, responsible for the Company's governance, act with diligence, ethics and transparency in the exercise of their functions, to be held accountable for their activity - which is subject to internal and external verification and control - while ensuring the balance of powers, and the respect and equality of all our shareholders, especially minority shareholders.

The General Shareholders' Meeting constitutes the supreme and sovereign body of expression of the will of our shareholders, while the Board of Directors, except in matters reserved for the competency of the General Shareholders' Meeting are established as the highest decision-making, supervisory and control body of the Company, as it has been entrusted with the functions of leadership, administration, management and representation.

The Board of Directors also has a series of delegated and specialised committees for issues and competences: (i) Audit and Compliance Committee; (ii) Nomination

Committee; (iii) Remuneration Committee; and (iv) Sustainability Committee.

In accordance with the internal regulations of Inditex, the Board of Directors has generally delegated the day-to-day management of business to the executive bodies and our management team, concentrating their activity on the general supervisory function, which includes guiding Inditex's policy, controlling the management bodies, evaluating the management of directors, adopting the most relevant decisions for the Company and acting as a liaison with our shareholders.

The Board of Directors is also responsible for ensuring that the Company complies with its social and ethical duties and its duty to act in good faith in its dealings with our employees and with third parties, and to ensure that no person or small group of persons has decision-making power within the Company that is not subject to checks and balances and that no shareholder receives privileged treatment in relation to other shareholders.

The Board performs its functions in accordance with the Company's interest, understood as the **viability and maximisation of the Company's long-term value in the common interest of all our shareholders**, which should not prevent the consideration of other legitimate public or private interests, which converge in the development of our business activity, and especially our stakeholders: our employees, customers, and suppliers, and civil society in general, determining and reviewing their business and financial strategies according to this criterion, seeking to establish a reasonable balance between the chosen proposals and the risks assumed.

Consequently, the objective of maximising the Company's value can only be understood as the continuous creation of value for each and every one of our main stakeholders.

In short, Inditex has established a concept of good corporate governance that is a strategic instrument for the development of our ethical, efficient and competitive business model.

To achieve these objectives, new legislation and applicable recommendations are implemented, and good corporate governance practices are systematically reinforced within the main body responsible for corporate governance, the Board of Directors, as well as in its delegated Committees. In the approval and/or review of any internal standard, the establishment of standards that improve governance and, therefore, the confidence of investors, shareholders and other stakeholders is a priority.

Inditex's corporate governance system today achieves a degree of total compliance with the regulatory requirements contained in the applicable legislation and achieves practically absolute compliance with the recommendations of the Good Governance Code of Listed

Companies of the Spanish Securities Market Commission (CNMV) (hereinafter "CBG").

The Annual Corporate Governance Report for the 2020 financial year, approved by the Board of Directors at its meeting of 9 March 2021, and available on our Company website (in the "Compliance" section, paragraph "Good Corporate Governance", "Annual Corporate Governance Report") and on the CNMV website, provides complete and reasoned information on the Company's governance structure and practices.

a) Towards sustainable governance

Sustainability is one of the essential elements of Inditex's Corporate Governance System. In this regard, this system has been in a process of continuous review and improvement, evolving in line with international recommendations and best practices in the field, and especially with the ESG (*Environmental, Social and Governance*) criteria, towards a sustainable governance system.

The Group's commitment to sustainability is reflected at the highest level of the Company, based on the highest governing bodies, with sustainability as an integrated factor in the decision-making process.

Therefore, Inditex's Corporate Governance System offers a comprehensive vision that promotes responsible governance, to preserve the interests of our shareholders, whilst at the same time, it has become aware of and is taking responsibility for the environmental, social and reputational impact of our activity, seeking to maximise long-term corporate interest through the necessary continuous creation of value for all of our stakeholders. In this way, a socially responsible and sustainable business model is established, in continuous participatory dialogue and for the common benefit of all stakeholders involved.

This integration of sustainability into our Corporate Governance System is built through the following elements:

- The integration of sustainability into corporate management and strategy

In order to adapt its organisational structure at the highest Organisation level to the Group's strategy, clearly oriented towards the field of social and environmental sustainability, the Board of Directors at its meeting of 11 June 2019, approved the creation of the **Sustainability Committee**, as an informative and advisory delegated committee, responsible for advising the Board on matters within its competence and for supervising and controlling proposals in

matters of sustainability in the areas of Human Rights, social, environmental, and the health and safety of our products, as well as promoting commitment to Sustainable Development Goals.

In other words, the Committee is responsible for monitoring our strategy and social and environmental sustainability practices. All of this allows us to define the corporate strategy, taking into account the opportunities, risks and impacts arising from sustainability, as well as the procedures for establishing, measuring and achieving sustainability objectives, considering the interests of all our stakeholders and without losing sight of the precautionary principle in the Company's decision-making. All of which is faithfully reflected in the Group's **Sustainability Policy**, recently approved by the Board of Directors, at its meeting of 14 December 2020, and is consolidated into one of the previous Policies on Environmental Sustainability and Corporate Social Responsibility, and it sets out the Group's new vision and strategy in terms of sustainability.



More information can be found in the section *Our approach to sustainability* of this Annual Report.

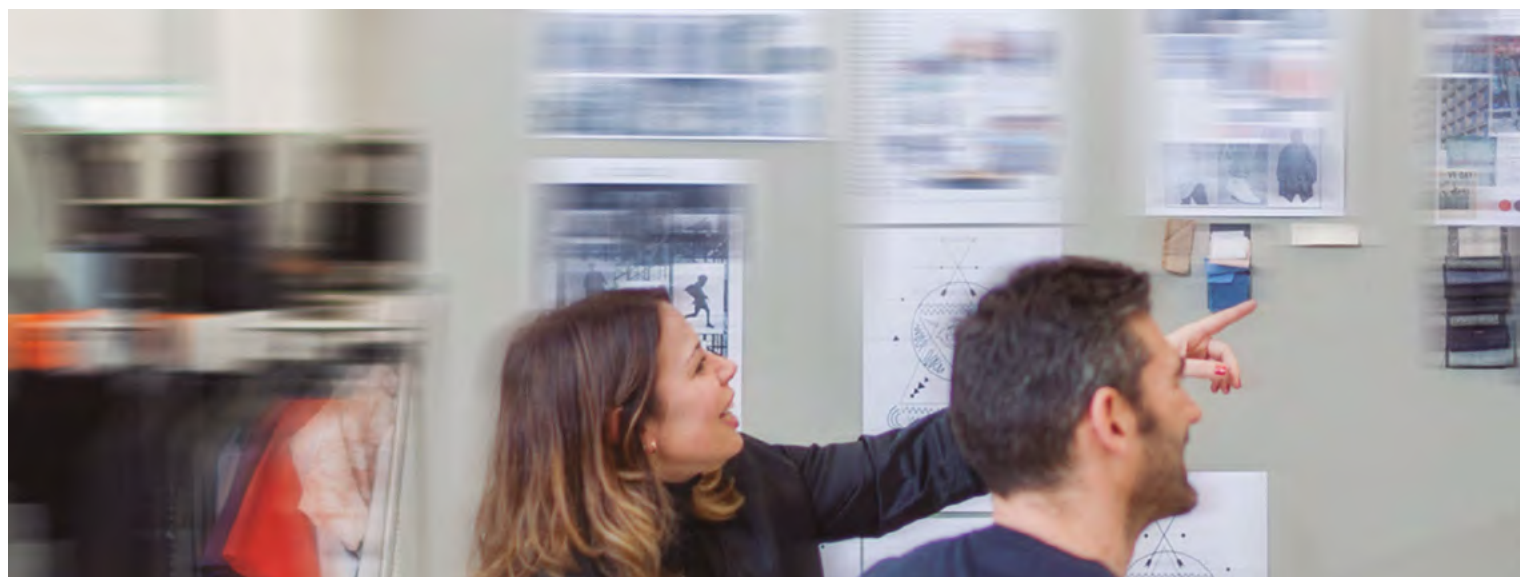
- The establishment of suitable mechanisms to reflect the expectations of our stakeholders

The Sustainability Committee is also the body responsible for stakeholder relations in the field of sustainability.

In particular, it is entrusted with the function of supervising and evaluating - in coordination with the Audit and Compliance Committee on matters within its competence - both the communication strategy and relationship with the different stakeholders, as well as the procedures and communication channels available to us at Inditex to ensure proper and continuous communication with them.

The **Social Advisory Board** is a permanent external body of the Company, with an advisory and consultative role in terms of sustainability, both social and environmental. It is composed of persons or institutions that are external and independent to the Group. It undertakes the role of formalising and institutionalising dialogue with those interlocutors considered key in civil society, in the locations we develop our business model and, it also plays a key role in determining the materiality matrix, in which it participates in collaboration with our stakeholders. The Social Advisory Board acts as the main interlocutor of the Sustainability Committee, maintaining an effective and continuous dialogue.

All of this also contributes to better identification and prevention of the risks and impacts relating to sustainability in our business operations.



- Strong sustainability monitoring mechanisms

The Sustainability Committee is responsible for monitoring and controlling the sustainability proposals in the areas of Human Rights, social, environmental, and health and safety aspects of our products, as well as for monitoring the strategy and practices of social and environmental sustainability.

Furthermore, the Committee has been entrusted with tasks related to the monitoring and verification of the process of preparing the regulated and unregulated non-financial information, within the scope of its competences. This procedure is carried out in coordination with the **Audit and Compliance Committee**, which is ultimately responsible for monitoring and evaluation of the process of preparation and integrity of the non-financial information included in the directors' report, ensuring compliance with all legal requirements, and also dealing with the independent verification process of this information. This coordinated action makes it possible to have a consolidated view of the effective implementation of the policies related to respective areas of competence, as well as a higher quality of non-financial information that is made available to the market.

To this end, Inditex also has the **Policy on Disclosure of Financial, Non-financial and Corporate Information**, approved by the Board of Directors at its meeting of 14 December 2020. The purpose of this Policy is to establish the framework for action and to define the general principles governing the Company's communication in terms of economic-financial, non-financial and corporate information, through both regulated and unregulated channels, with the main purpose being to ensure the protection of stakeholders and the orderly functioning of the

market. The Sustainability Committee has the power to guarantee the effective application of this policy, as far as their field of competence is concerned.

Among the various principles defined in the aforementioned Policy, the following are highlighted for these purposes: (a) takes as a strategic objective the transparency of information regarding the Company in relations with our stakeholders; (b) ensures that the dissemination of economic-financial, non-financial and corporate information adequately reflects the Company's principles and strategy in environmental, social and governance matters (ESG-*Environmental, Social and Governance*); and (c) seeks to ensure that information of this nature disseminated through unregulated channels is truthful and consistent with this same information previously disseminated, through regulated channels.

For its part, the **Audit and Compliance Committee** is entrusted as the body responsible for the monitoring and control of the effectiveness of the internal enterprise risk management systems, the monitoring and evaluation of financial and non-financial risks, as well as those arising from the Group's actions in relation to its social and environmental sustainability practices, etc.

Members of the Sustainability Committee, including its Chairman, are also members of the Audit and Compliance Committee. The presence of cross-committee directors on both committees and the report presented by the Chair of the Sustainability Committee at the Board of Directors meetings on the main issues tackled in their respective meetings, ensure that the most significant issues relating to social and environmental sustainability are taken into consideration in the deliberations of the Audit and Compliance Committee, allowing better



identification of the risks and opportunities associated with these matters.

The Committee of Ethics is an internal body reporting to the Board of Directors, through the Audit and Compliance Committee, and is made up of the following:

In order to ensure proper monitoring, as set out in Paragraph 1.6.1.c) above, the Committee of Ethics reports to the Audit and Compliance Committee at least every six months.

- The link between sustainability performance and the remuneration system of our Executive Directors and Senior Management

Inditex has a **Directors' Remuneration Policy**, approved by the Annual General Meeting on 17 July 2018, and subsequently amended at the Annual General Meeting of 16 July 2019, in force for the 2019, 2020 and 2021 financial years. This policy is accessible in the new Compliance section, *Corporate Governance sub-section, Annual General Meeting area*, on the Company's website.

The principles and basis for the Remuneration Policy in relation to the remuneration of executive directors for the performance of executive functions include, among others, the following:

- **Moderation:** Remuneration is proportionate to the characteristics of the Company and the business model, always based on the principle that it is neither excessive nor so insufficient that would result in taking inappropriate risks.
- **Link to the strategy:** part of the remuneration is linked to the achievement of the objectives that comprise the Group's strategy. Progress in

sustainability and environmental commitment is an important criterion.

- **Long term:** it is in line with the Company's long-term values and objectives.

In accordance with this Policy, the executive directors' remuneration package consists of a fixed element, a variable remuneration element in the short term or annual period, and a variable remuneration element in the long term or multi-annual.

This remuneration mix is based on a balance between the fulfilment of short, medium- and long-term objectives, which allow the remuneration of continuous performance over a sufficient period of time to assess its contribution to sustainable value creation.

Furthermore, the payment of the variable remuneration of our Executive Directors, both annual and multiannual, is linked to the fulfilment of certain sustainability objectives (environmental, social and corporate governance). These objectives are aligned with the Group's sustainable strategy, which considers all the Inditex stakeholders, and allow the development of this strategy.

Details of the objectives, measurement criteria, as well as the achievement scales associated with each of the sustainability objectives linked to the variable remuneration of the Executive Directors are included in the Annual Report on the Remuneration of Directors, corresponding to the year 2020, approved by the Board of Directors at its meeting of 9 March 2021, and available on our Company website (in the Compliance section, *Corporate Governance sub-section, Remuneration Report (RR)*) and on the CNMV website.



For more information, see section 2.4.3. *Remuneration of directors and senior management* in this Annual Report.

The alignment of sustainability objectives to the remuneration system is extended to the Group's senior management.

i For more information can be found in the section *Our approach to sustainability* of this Annual Report.

- Our commitment to diversity reflected in the composition of governing bodies

At Inditex, we have the **Diversity and Inclusion Policy**, approved by the Board of Directors in December 2017, and partially amended in December 2020, which establishes the framework promoting the values of diversity, multiculturalism, acceptance and integration in all entities of the Group, and which is driven at the highest level of the Company.

i For more information, see section 2.2.2. *Diversity and Inclusion Policy* of this Annual Report.

Thus, the Nomination Committee is the specialised board committee involved in the selection, appointment, ratification and re-election of our directors. The main performance criteria of this Committee is to guarantee diversity in the composition of the different corporate governing bodies of our Company, including among its criteria the consideration of diversity of knowledge, skills, experiences, age, international experience or geographical origin and, especially, gender.

As the Nomination Committee has considered in its analysis of the requirements of the Company and the Board of Directors, as set out in the corresponding supporting report dated 8 June 2020, the following can be concluded with regard to the current composition of Inditex's Board of Directors:

- (i) A diverse membership in terms of factors such as origin, knowledge and experience, especially promoting technological profiles and *expertise* in sustainability in line with the Group's strategic axes.
- (ii) A balance in the presence of men and women.

These conclusions were ratified by the Board itself, in its report approved on 9 June 2020. Both reports were published on the Company website at the time the Inditex General Shareholders' Meeting was convened.

With regard to gender diversity, the Committee has displayed a consistent effort in maintaining the highest levels of female representation possible. A clear example of this is that in 2019, the target established in the Directors Selection Policy in force at that time was exceeded 30% and then recommended by the Good Governance of Listed Companies.

Additionally, in the recent amendment of Inditex's internal regulations, approved by the Board of Directors at its meeting of 14 December 2020, the Committee has set a **new target of 40% of female directors out of the total number of Board members, to be reached by the end of 2022.**

On the other hand, the Committee is also assigned functions related to the appointment and removal of members of Senior Management, and must also ensure gender diversity and the promotion of female leadership, **encouraging the presence of a significant number of female senior managers.**

This commitment to diversity is reflected both in the Board of Directors' Regulations and the terms of reference of the Nomination Committee, and in the **Diversity of Board of Directors Membership and Director Selection Policy**, (available in the section "Compliance", "Corporate Governance sub-section", "Annual General Meeting area" on the Company's website), as well as in the Group's Diversity and Inclusion Policy.

Diversity in a Company's governing bodies contributes to it having a plural vision, helping to identify risks and opportunities and, consequently, to achieve corporate objectives. Diversity promoted by the governing bodies and Senior Management also assists the promotion of equal opportunities throughout the organisation, as well as a diverse and inclusive work environment, which contributes in an essential way to the achievement of Inditex's corporate objectives and better business performance.

b) Organisation and operation of governing bodies to deal with the challenges of covid-19

The impact of the global health crisis arising from covid-19 on the normal functioning of the Company's governing bodies is evident, which, since it began, has already demanded exceptional measures to adapt work operations and dynamics.

- Annual General Meeting

In a context marked by specific measures restricting mobility in certain parts of the national territory, and in order to guarantee the normal operation of the Company and the achievement of its objectives, as well as to protect the interests of our shareholders and other stakeholders, the Annual General Meeting of 14 July 2020 was held, with both shareholders and proxy holders participating physically as well as remotely.

To this end, the necessary means to guarantee equality of treatment and the exercise of their rights to attend and participate at the General Meeting were articulated and made available to our shareholders, through the use of distance communication means that allowed remote connection and in real time.

Additionally, the necessary preventive measures were implemented to preserve the health of all individuals involved in its organisation and that of our shareholders who chose to physically attend the meeting.

- Board of Directors and board committees

On the other hand, a major aspect of covid-19 has meant that the board of directors and its committees have held virtual meetings, by means of videoconference or conference call systems.

This situation has also affected the schedule of the Board of Directors and its delegated Committees, as well as the degree of involvement and participation of our Directors, as the frequency of the sessions and communication between them has increased in order to monitor the situation closely.

Furthermore, regular meetings were held throughout 2020 to update processes related to covid-19 and to analyse possible effects on the business and the attainment of strategic objectives.

Dialogue, coordination and interaction between executive directors, senior management and those responsible for the business units of the different locations have also been strengthened to ensure adequate monitoring and information flow, allowing for rapid and appropriate decision-making, especially in relation to the Group's critical or higher-risk areas.

Among the decisions taken by the Board of Directors during the crisis management, it is worth highlighting the measures aimed at preserving the Company's liquidity, such as the reduction of the annual variable remuneration of executive directors and senior management by 50% and the review of the extraordinary dividend policy in light of current circumstances. In addition to this, the business plan has been updated to adapt it to the new situation.

Finally, in a clear digital context, new tools have been introduced to be used by directors, in order to facilitate their participation, allowing them to be properly recognised and to cast their votes, all in a secure environment.

To conclude, the crisis resulting from the pandemic has highlighted the importance of maintaining a well-articulated corporate governance scheme and practices that can respond to such disruptive challenges.



For more information, see section 1.1. *Response to the global challenges arising from covid-19* in this Annual Report.

These matters, as well as others not covered in this Annual Report, are included in the Annual Corporate Governance Report corresponding to the financial year 2020, approved by the Board of Directors on 8 March 2021, which contains all the relevant and complete information relating to the Inditex corporate governance system, that is to say, on: (i) the structure of the property; (ii) information on the General Shareholders' Meeting; (iii) the structure and functioning of the Board of Directors and the delegated committees; (iv) the main features of directors' and senior management remuneration; (v) significant transactions, by amount or relevance, with related and intragroup parties; (vi) the risk control system; as well as (vii) the description of the internal risk control and management system in relation to the Group's financial reporting process (ICFR). Additionally, detailed and complete information on directors' remuneration, and in particular on executive directors, is available in the Annual Report on Directors' Remuneration for the financial year 2020, also approved by the Board of Directors on the same date. Both documents are available on the corporate website in the Compliance section: <https://www.inditex.com/es/compliance/buen-gobierno-corporativo/junta-general-de-accionistas>