INDITEX

ANNUAL REPORT ON REMUNERATION (ARR) 2022

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Company name:

Industria de Diseño Textil, S.A.

Registered office:

Avenida Diputación, Edificio Inditex, Arteixo (A Coruña)

About this Report

This Report (the “Report” or the “Annual Report on Remuneration of Directors”) provides information on remuneration of directors for the period running from 1 February 2022 through 31 January 2023 (financial year 2022) and offers detailed information about the Directors’ Remuneration Policy of INDUSTRIA DE DISEÑO TEXTIL, S.A. (INDITEX, S.A.), (“**Inditex**”or the “**Company**”) for 2023.

This Report has been drawn up by the Remuneration Committee (the “Remuneration Committee” or the “Committee”) pursuant to the provisions of section 541 of the Spanish Companies Act (“**LSC**” *(Spanish acronym*) or the “**Companies Act**”); Order EEC/461/2013 of 20 March, whereby the contents and structure of the annual corporate governance report, the annual remuneration report, and of other information instruments of listed companies, savings banks and other entities which issue securities admitted to trading on official securities markets, are determined, as amended by Order ECC/2515/2013 of 26 December; Circular 3/2021 of 28 September issued by the National Securities Market Commission (“**CNMV**” (*Spanish acronym*)) amending Circular 4/2013 of 12 June, which provides the standard forms of the annual report on remuneration of directors of listed companies and of members of the board of directors or the control committees of savings banks and other entities that issue securities admitted to trading on official securities markets and section 30 of the Board of Directors’ Regulations and section 6 of Inditex’s Remuneration Committee’s Regulations.

This Report is filed in free format, in accordance with the provisions of CNMV’s Circular 4 of 12 June 2013 (consolidated text); however, its contents comply with the minimum requirements established in the regulations above and is accompanied by the standardised statistical appendix stipulated therein.

It bears mentioning that for reasons beyond the Company’s control and on account of CNMV’s own systems, the information shown in the standardised statistical appendix for financial year 2023 actually refers to Inditex’s financial year 2022, and so on and so forth for all the previous years.

This Annual Report on Remuneration of Directors for financial year 2022 was approved by Inditex’s Board of Directors on 14 March 2023, on the proposal of the Remuneration Committee. As provided in section 541(4) LSC, this Report will be submitted to an advisory say-on-pay vote at the next Annual General Meeting as a separate agenda item.

A. Company remuneration policy for the current year

A.1.1. Current directors' remuneration policy for the current year

Inditex's Directors' Remuneration Policy for financial years 2021, 2022 and 2023 was approved at the Annual General Meeting held on 13 July 2021 (the **"2021 AGM**") with 98.42% of votes in favour.

The Annual General Meeting held on 12 July 2022 (the **"2022 AGM**") subsequently approved the amendment to the Policy with 98.6% of votes in favour. The purpose of the amendment brought forward by the Board of Directors, following a substantiated proposal of the Remuneration Committee, was to adapt the contents of the Policy to the new corporate governance structure approved in 2021, which took full effect in financial year 2022, with the full separation of the position of Chair of the Board of Directors and CEO, with a new Chair without executive functions, and a single executive director.

The remuneration policy applicable in financial year 2023 is therefore the policy as set out in the consolidated text of the Remuneration Policy approved at the 2021 AGM (the **"Remuneration Policy approved at the 2021 AGM**"), after its amendment approved at the 2022 AGM (the **"Current Text of the Remuneration Policy**").

A.1.1. a) Procedures and company bodies involved in determining, approving and applying the remuneration policy and its terms and conditions.

The procedures and Company bodies involved in determining and approving the Remuneration Policy and its terms and conditions are described below:

1. Annual General Meeting. Pursuant to section 529*septdecies* and *novodecies* LSC and article 31 of the Articles of Association, the Annual General Meeting shall be responsible for:

- Approving the Directors' Remuneration Policy, at least every three years.
- Determining the maximum amount of the annual remuneration to be paid to all directors in their status as such.

The Board of Directors plans to submit for approval at the 2023 Annual General Meeting the following proposed resolutions as separate agenda items: (i) the Annual Report on Remuneration of Directors for the year ended 31 January 2023 (submitted to an advisory say-on-pay vote); (ii) the Directors' Remuneration Policy for financial years 2024, 2025 and 2026; and (iii) approval of a new cash and shares Long-Term Incentive Plan for the management team, including the executive directors and other Inditex Group employees.

2. Board of Directors.Pursuant to sections 249 and 249*bis* LSC, the Board of Directors shall have the following powers, which are non-delegable:

- Decisions relating to remuneration of directors within the scope of the Articles of Association and of the Remuneration Policy approved by the General Shareholders' Meeting.
- The approval of the contracts entered into with the executive directors including, without limitation, the remuneration items they may be entitled to for the performance of executive functions, including the potential severance pay as a result of early termination, and the amounts to be paid by the Company as insurance premiums or contributions to savings systems.

3. Remuneration Committee.

Pursuant to the provisions of the Board of Directors' Regulations and the Remuneration Committee's Regulations, below is a summary of the duties the Committee is entrusted with regarding determination, enforcement, review and transparency of the Remuneration Policy:

a) Determination of the Remuneration Policy:

- To propose to the Board of Directors the Directors' Remuneration Policy as well as the regular review and update thereof.
- To propose to the Board of Directors the system and amount of the annual remuneration of directors, to be submitted to shareholders at the Annual General Meeting.
- To propose to the Board of Directors for approval, the individual remuneration of executive directors and the remaining basic terms and conditions of their contracts, including any potential severance pay or indemnity which may be payable in the event of termination of the contract by unilateral decision of the Company and the amounts to be paid by the Company as insurance premiums or contributions to savings schemes, pursuant to the provisions of the internal regulations of the Company and of the directors' remuneration policy from time to time in force.

b) Application of the Remuneration Policy:

- To approve at the beginning of each year the targets to which the annual variable remuneration of executive directors is tied and evaluate the achievement thereof at the end of the year. Further to such evaluation, the Remuneration Committee drafts a proposal on annual variable remuneration of executive directors that is submitted to the Board of Directors for approval.

- To approve the targets of each cycle of long-term variable remuneration for executive directors. The Remuneration Committee carries out an annual evaluation and an overall evaluation upon expiry of each cycle, of the level of achievement reached for each target, considering the information provided by the Company, and proposes to the Board of Directors for approval, the levels of incentive associated to achievement, based upon the performance scales set, and extraordinary factors, as the case may be, which may have occurred during the performance period of the plan in question.

  The evaluation of targets and the level of achievement thereof to which long-term annual variable remuneration is linked, is based upon the results provided by different areas and departments of the company, pursuant to the terms of section A.1.10 below. Considering the foregoing, the Remuneration Committee drafts a proposal on annual variable remuneration of executive directors which is submitted to the Board of Directors for approval. In the proposal on variable remuneration, the Remuneration Committee also considers the quality of results in the long-term as well as any risk associated thereto.

- To propose to the Board of Directors the cancellation of payment or, where appropriate, the refund (clawback) of the variable items of the remuneration of executive directors based on results, when these items have been paid on the basis of information clearly shown later to be inaccurate, as well as, where appropriate, filing claims or any other applicable measures.

c) Review of the Remuneration Policy:

- To regularly review the Directors' Remuneration Policy, including share-based remuneration systems and the application thereof, verifying that it is consistent with the specific circumstances of the Company, and aligned with its strategy, in the short, mid and long-term, and with market conditions, considering whether it contributes to building sustainable value, and to ensuring an appropriate risk control and management.

d) Transparency of the Remuneration Policy:

- To prepare and submit to the Board of Directors, for approval, the Annual Report on Remuneration of Directors, and to verify the information on the remuneration of directors provided in the corporate documents, the notes to the annual accounts and in the interim financial statements of the Company.

The Remuneration Committee meets at least three times a year and whenever it is deemed appropriate for its smooth operations, and at any rate, each time the Board of Directors or its Chairman requests the issuing of a report or the passing of proposals within its remit.

The Board of Directors or its Chair will request information from the Remuneration Committee. Likewise, the Committee shall consider the suggestions made by the Chair, Board members, officers and/or shareholders of the Company. Moreover, the Remuneration Committee shall hold a regular meeting every year to prepare the information on the remuneration of directors, which the Board of Directors has to approve and include as part of its annual public documentation.

The Remuneration Committee shall report to the Board of Directors on the matters discussed and the decisions made, accounting for its proceedings and work done in the meeting that the Board of Directors holds immediately after each meeting of the Remuneration Committee. Additionally, a copy of all the minutes taken at the Committee's meetings shall be made available to all directors.

In accordance with its schedule for financial year 2023, the Remuneration Committee is expected to hold, at least, 4 meetings.

A.1.1. b) Consideration of comparable companies in order to establish the Company's Remuneration Policy

The Remuneration Committee deems essential to regularly review the Directors' Remuneration Policy, in line with best practices on corporate governance endorsed by institutional investors and the recommendations of the main proxy advisors.

In financial year 2022, in the context of implementing the current organisational structure, the Remuneration Committee considered a number of **analyses into the external competitiveness of total remuneration**, with the support of an independent external advisor specialising in director remuneration, to propose appropriate levels of remuneration for both the new Chair of the Board of Directors (without executive functions) and for the CEO for his functions as the only executive director. These analyses were updated in the first quarter of financial year 2023 to ensure that they were still relevant and that the decisions on remuneration taken in financial year 2022 remained in line with market practice.

In particular, with regard to the remuneration of the (non-executive) Chair of the Board of Directors, market practice in **relevant European countries** has been considered. For this purpose, the amounts and remuneration practices for the remuneration of chairs of the board without executive functions in the companies that make up the **main stock market indices** (Ibex-35 in Spain, CAC40 in France, FTSE MIB in Italy, DAX40 in Germany, SMI 20 in Switzerland and FTSE 100 in the United Kingdom) have been analysed.

With regard to the CEO, several comparator groups were considered in financial year 2022, selected on the basis of sector, size and geographic spread criteria, in line with the analyses carried out in previous years for the Company's chief executive. The **comparator groups** considered are the following:

- *STOXX Europe 50*, comprising the 50 companies with the largest market capitalisation in Europe. This index was designed by STOXX Ltd.

- Large Ibex-35 companies comparable in size to Inditex (Iberdrola, Santander, Telefónica and BBVA).
- *Dow Jones Retail Titans 30 Index*, made up of the 30 leading companies of the retail sector. These companies are selected by Dow Jones based upon ranking by market capitalisation, revenue and net profit.

In financial year 2023, the findings for the STOXX Europe 50 group and the large Ibex-35 companies have been revised.

A.1.1. c) Information on external advisors.

To better discharge its duties, the Remuneration Committee may request the Board of Directors to engage legal, accounting, financial or other experts at the expense of the Company.

In this regard, in the current year to this date, the Remuneration Committee has been advised, in the exercise of its powers, by WTW, an independent consultant with experience in the field of directors' and senior executives' remuneration, on preparing this Report and the aforementioned remuneration benchmarks.

A.1.1. d) Procedures set forth in the current directors' remuneration policy in order to apply temporary exceptions to the policy, conditions under which those exceptions can be used and components that may be subject to exceptions according to the policy.

The Current Text of the Remuneration Policy does not allow for the possibility of applying temporary exceptions.

A.1.2. a) Remuneration mix. Criteria and targets taken into consideration in their determination and to ensure an appropriate balance between fixed and variable remuneration items.

Remuneration of **directors in their position as such** is fully comprised of **fixed remuneration items.**

The **executive directors'** total remuneration, the total remuneration is made up of a **fixed** element, a short-term or **annual variable** element **and** a **long-term** or multi-year variable element, in cash and/or in shares.

Pursuant to the Current Text of the Remuneration Policy, under a scenario with maximum achievement of targets, the **weight** of **variable** or at-risk remuneration with respect to total remuneration (considered for these purposes as fixed remuneration, annual variable remuneration and long-term incentive annualised according to the share price at the beginning of each cycle) could represent **up to 75%** for the CEO.

The remuneration mix of the different remuneration scenarios based upon target achievement ensures that the fixed remuneration represents a significant part of total remuneration, for the purposes of preventing taking any unnecessary risks.

Variable remuneration items to compensate executive directors, tied to the achievement of Group's targets, are **flexible** enough to allow their shaping, including the possibility to pay no variable remuneration component under certain circumstances; in such case, fixed remuneration would represent 100% of total remuneration. **Under no circumstances is variable remuneration guaranteed.**

A.1.2. b) Actions adopted to adapt the Remuneration Policy to the long-term targets, values and interests of the Company, and measures to guarantee that the long-term results of the company are taken into account in the Remuneration Policy

In the design of the remuneration scheme, fixed and variable components are efficiently balanced, as indicated above. Specifically, pursuant to the Current Text of the Remuneration Policy, long-term or multi-year variable remuneration, on an annualised basis and for a maximum target achievement scenario, has a weighting of less than 40% of total remuneration of the CEO (considering for these purposes the fixed, short-term variable and long-term variable remuneration annualised based on the share price at the beginning of each cycle).

Long-term variable remuneration plans are encompassed in a **multi-year framework** (of at least 3 years) to ensure that the evaluation process is based upon long-term results and that the underlying economic cycle of the Company and the achievement of strategic targets is considered therein.

Part of this long-term variable remuneration is **granted and delivered in shares**, based upon value creation, so that the interests of the executive directors and officers are aligned with those of the shareholders. Specifically, in a scenario of maximum target achievement, close to 30% of the CEO's total variable remuneration would be delivered in shares (this value considers the share price at the start of each cycle; it does not take into account the potential change in share price during the performance period).

The CEO has undertaken to hold the net shares that he may receive as a result of any element of variable remuneration for a term of at least 3 years until he holds a number of shares equivalent to at least 2 years of his fixed remuneration. In any case, once this shareholding target has been reached, the CEO must comply with the retention obligations set out from time to time for shares delivered through incentive schemes. These courses of action result in a better alignment of the interests of the CEO with those of the shareholders.

Payment of **variable remuneration** at Inditex, both annual and multi-year, is tied to the achievement of **sustainability targets** (ESG). These targets are aligned with the Group's sustainable strategy, wherein all stakeholders are considered, and allows rewarding its implementation. Namely, in financial year 2023 the **weight** of sustainability objectives on the CEO's aggregate variable remuneration is approximately **20%**.

A.1.2. c) Actions adopted relating to the remuneration system to reduce exposure to excessive risks and avoid conflicts of interest and clauses reducing the deferred remuneration or obliging the director to return remuneration received.

(i) Measures taken by the Company to reduce exposure to excessive risks

The measures taken by the Company to **reduce exposure to excessive risks** are:

- Executive directors' total remuneration comprises different remuneration items, mainly consisting of: (i) a fixed remuneration, (ii) a short-term variable remuneration (annual), and (iii) a long-term (multi-year) variable remuneration. **The remuneration mix** in the different remuneration scenarios based upon achievement of targets, ensures that the fixed remuneration represents a significant part of aggregate compensation, for the purposes of preventing taking any unnecessary risks.

- **No guaranteed variable** remunerations exist. Variable remuneration items are flexible enough to allow their shaping, to the extent that it is possible that no amount is paid in terms of variable remuneration.

(ii) Measures taken in respect of those categories of staff whose professional activities may have a relevant impact on the Company's risk profile.

The measures taken in respect of those categories of staff whose professional activities may have a **relevant impact on the Company's risk profile** are:

- The Remuneration Committee is responsible for considering and reviewing the Directors' and Senior Managers' Remuneration Policy and for enforcing it. Those professionals whose activity may have a relevant impact on the Company's risk profile are included in this group.

  In addition, the Committee is tasked with conducting regular reviews of the terms and conditions of the executive directors' and senior management's contracts and ensuring that they are consistent with the remuneration policies in force.

- All **members** of the **Remuneration Committee also sit on** the **Audit and Compliance Committee**. The Audit and Compliance Committee is responsible for overseeing enterprise risk management systems in respect of financial and non-financial risks. The presence of the same directors on both committees and the reporting to the Board of Directors by the Chairs of the Remuneration and the Audit and Compliance Committees on the main matters discussed in the meetings, ensures that risks associated to remuneration are considered in the course of the debates of the Remuneration Committee and of the Audit and Compliance Committee and in the proposals they submit to the Board of Directors, regarding both the determination and the evaluation of annual and multi-year incentives.

- Likewise, **three ordinary members** of the **Remuneration Committee** also **sit on the Sustainability Committee**. In particular, the Chair of the Sustainability Committee is a member of the Remuneration Committee. The Sustainability Committee is responsible for overseeing and monitoring proposals in the field of sustainability, on social and environmental issues, on health and safety of the products that the Company places on the market, and the relations with the different stakeholders, and with following up on the sustainable strategy, evaluating the level of compliance thereof and, as the case may be, proposing recommendations to improve the Group's positioning in the field. Thus, the fact that the same directors sit on the above referred board committees allows ensuring that alignment with the Group's priorities in the field of sustainability and with those of its stakeholders is considered upon establishing and enforcing the Remuneration Policy.

(iii) Measures taken by the Company to avoid potential conflicts of interest

With regard to the **measures** set to detect, determine and resolve any potential **conflicts of interest**, conflict of interest scenarios are defined in section 34 of the Board of Directors' Regulations, which also provides the rules which govern such conflicts. Sections 33 and 35 to 37 thereof cover the obligation of non-competition, the use of corporate assets, the use of non-public information for private purposes and the taking advantage of business opportunities corresponding to the Company. Meanwhile, section 39 covers such specific issues that Directors must report to the Company.

Additionally, section 1 of the Board of Directors' Regulations provides that the rules of conduct for directors shall apply, insofar as they are compatible with their specific nature, to senior managers of the Company, namely, the following sections: 32 (duty of confidentiality); 34 (conflicts of interest), with regard to the duty to inform the Company; 35 (use of corporate assets); 36 (non-public information); 37 (business opportunities), and 38 (prohibition to make undue use of the office).

Moreover, with regard to significant shareholders, senior managers and their related parties, section 40 of the Board of Directors' Regulations provides the rules applicable to "transactions with directors and significant shareholders". One of the duties assigned to the Audit and Compliance Committee consists of assessing and reporting on certain related party transactions. In light of this report, it is incumbent on the Annual General Meeting, the Board of Directors or another body with delegated authority, as the case may be, to approve the transaction when appropriate.

Meanwhile, section 4.8 of the Code of Conduct and Responsible Practices of the Group addresses how Inditex's employees must act when faced with a conflict of interest between their personal interests and those of the Company, as well as the situations which need to be reported to the Ethics Committee.

(iv) Measures taken by the Company regarding the clauses on reduction or return of variable remuneration

With regard to the **clauses on reduction** of the deferred remuneration or that force directors to **return** remuneration received when such remuneration has been based on certain figures that have clearly been shown to be inaccurate:

- The Remuneration Committee may propose to the Board of Directors the cancellation of payment or, where appropriate, the clawback of the variable items of the remuneration of executive directors based on results, when these items have been paid on the basis of information clearly shown later to be inaccurate. In such cases, the Committee may also propose the termination of the relationship with the relevant manager and the filing of the relevant claims, all the foregoing pursuant to the terms of section 6 of the Remuneration Committee's Regulations.

  In this regard, should (i) any event or circumstance occur that would result in the negative change or variation, in final terms, of the financial statements, results, economic data, performance data or otherwise, upon which the accrual and payment to the executive directors of any amount in terms of variable remuneration would have been based, and, (ii) should such change or variation determine that, if they had become known at the date of accrual or payment, the executive directors would not have received any amount, or, would have received a lesser amount than the one initially paid, the Remuneration Committee may propose to the Board of Directors that the Company claims the clawback of the full sum or of any excess paid (regardless of whether or not the executive director in question is still with the Company at the time of the claim).

- With regard to the current 2021-2025 Long-term Incentive Plan, as well as any outstanding variable remuneration while the Current Text of the Remuneration Policy is in effect, the Company may cancel before payment and/or claim refund of the incentive previously paid, in full or in part, in the event that any of the following unforeseen circumstances would occur during (i) the period immediately before consolidation, or (ii) the 2 years following settlement of the incentive for the executive director's performance in each cycle, as the case may be:

  – (i) losses in the Group (negative PBT) in the 2 years after the expiry of each cycle, attributable to management decisions made in the performance period of each cycle;

  – (ii) material restatement of the Group's financial statements, when so considered by the external auditors, except where this is appropriate pursuant to a change in accounting standards;

  – (iii) serious breach of the internal regulations on the part of the executive directors, as proven by the Ethics Committee.

A.1.3. Amount and nature of fixed components that are due to be accrued during the year by directors in their capacity as such.

Pursuant to section *529septdecies* LSC, the directors' remuneration policy must determine the maximum amount of remuneration that may be paid each year by the Company to all directors in their status as such. Under the Current Text of the Remuneration Policy, this maximum amount has been set at €3,380 thousand, in accordance with the current membership on the Board of Directors and its Committees.

Within the limit set by the Annual General Meeting, it is incumbent on the Board of Directors, upon proposal of the Remuneration Committee, to determine how and when such amounts are to be paid. At its meeting held on 14 March 2023 and on the proposal of the Remuneration Committee, the Board of Directors resolved to maintain the following amounts for financial year 2023 as set out in the Current Text of the Remuneration Policy (approved at the 2022 AGM with 98.6% of votes in favour):

- Each director will receive an annual fixed remuneration in the amount of €100,000 for their directorship.
- The Non-Executive Chair of the Board of Directors will receive an additional fixed remuneration of €900,000.
- The Deputy Chair or Deputy Chairs of the Board of Directors will receive an additional fixed remuneration of €80,000.
- Directors who in turn sit on the Audit and Compliance Committee, the Nomination Committee the Remuneration Committee and/or the Sustainability (including the Chair of each Committee) will receive an additional fixed remuneration of €50,000.
- The Chairs of the Audit and Compliance Committee, the Nomination Committee, the Remuneration Committee and the Sustainability Committee, will receive an additional fixed remuneration of €50,000.

Such amounts are fully independent and compatible with each other. They are paid fully in cash.

These items and amounts have remained unchanged since they were approved at the Annual General Meeting held on 19 July 2011 (with 99.59% of votes in favour), except for the fixed remuneration established for the non-executive Chair of the Board of Directors, as a position without executive functions created in financial year 2022, following the full separation of the position of Chair of the Board of Directors and CEO of the Company. This allocation also remains unchanged in 2023.

Except for the remuneration of the CEO for the performance of executive functions, the amounts shown above represent the only remuneration paid to directors of the Company for membership on the Board of Directors of Inditex or any Group company. No *per diems* are paid for attendance at board and committees' meetings, nor is there any remuneration in the form of profit-sharing or bonuses, or remuneration systems or pension plans incorporating variable remuneration, or severance payments for the termination of their relationship with the Company or any other items determined for the performance of executive functions. The remuneration of the (non-executive) Chair of the Board of Directors will not include either any other remuneration and/or compensation item in addition to the above.

The foregoing is notwithstanding the refund to the directors of any reasonable travelling and accommodation fees incurred upon attending the meetings of the Board of Directors or of the Committees where they sit.

Inditex has also taken out a D&O liability policy for directors, officers and staff performing similar duties in the Company.

A.1.4. Amount and nature of fixed components that are due to be accrued during the year for the performance of senior management functions of executive directors.

Pursuant to the provisions of the Current Text of the Remuneration Policy and as anticipated in the Annual Report on the Remuneration of Directors for financial year 2021, the CEO's fixed remuneration for financial year 2023 totals €2,500 thousand, remaining unchanged with respect to financial year 2022 (from the 2022 AGM).

A.1.5. Amount and nature of any component of remuneration in kind that will accrue during the year.

No remunerations in kind exist other than the delivery of shares referred to in the following section regarding variable components of remuneration.

A.1.6. Amount and nature of variable components, differentiating between those established in the short and long terms. Financial and non-financial, including social, environmental and climate change parameters selected to determine variable remuneration for the current year, explaining the extent to which these parameters are related to performance, both of the director and of the company, and to its risk profile, and the methodology, necessary period and techniques envisaged to be able to determine the effective degree of compliance, at the end of the year, with the parameters used in the design of the variable remuneration, explaining the criteria and factors applied in regard to the time required and methods of verifying that the performance or any other conditions linked to the accrual and vesting of each component of variable remuneration have effectively been met.

Monetary terms of the different variable components according to the degree of fulfilment of the objectives and parameters established, and whether any maximum monetary amounts exist in absolute terms.

With regards to directors in their status as such, including the Chair of the Board of Directors, the fixed remuneration items referred to above are the only remuneration paid to them for membership on the Board of Directors of Inditex. There is no remuneration under a profit-sharing scheme, nor any remuneration systems or schemes covering a variable remuneration.

For the **CEO**, the variable components of his remuneration for the performance of his executive functions, as stipulated in the Remuneration Policy approved at the 2021 AGM and the Current Text of the Remuneration Policy, are as follows:

- Short-term or annual variable remuneration.
- Long-term or multi-year variable remuneration.

Below is a description of the main features of each of such components:

- **Short-term or annual variable remuneration:**

Annual variable remuneration is tied to the achievement of annual quantitative and qualitative targets, specific, pre-established and quantifiable, aligned with the interest of the Company and consistent with the medium to long-term strategy.

Quantitative targets represent at least 60% of the aggregate incentive. They consist of metrics which ensure an appropriate balance between financial and operational elements of the management of the Company. Non-financial metrics represent at least 30% of the aggregate incentive.

A performance scale is associated, when reasonably possible, to targets. Such scale, fixed at the beginning of each financial year, includes a minimum threshold below which no incentive is paid, a level of achievement on target, which corresponds to the standard level of achievement of targets, and a maximum level of achievement, above which the incentive is not increased. Each metric is associated a specific performance scale, determined and calibrated in accordance with the variability of each of them and the target's level of requirement. In this regard, scales may have different slopes (i.e. relationship between level of achievement and level of payment). Additionally, the scale may include different payout levels between minimum and on target level, and between on target and maximum level of achievement regarding the same target.

The Remuneration Committee is responsible for approving the targets at the beginning of each financial year and evaluating their achievement at year end. This evaluation is done based upon the data and the results provided by the Financial Division, the General Counsel's Office –Compliance Office, the Corporate

Development Department and the Sustainability Department, all of which are first reviewed by the Audit and Compliance Committee and the Sustainability Committee, as the case may be, as well as upon the level of achievement of the relevant targets.

Further to such review, the Remuneration Committee draws up a proposal on annual variable remuneration which is submitted to the Board of Directors for approval. In this proposal, the Remuneration Committee also considers the quality of results in the long-term as well as any associated risk.

For the purposes of ensuring that the annual variable remuneration is effectively aligned with the performance of the CEO, any positive or negative economic effects arising from any extraordinary events which might introduce distortions into the results of the evaluation, may be removed upon determining the level of achievement of the quantitative targets.

In accordance with the Current Text of the Remuneration Policy, the **target amount** of the CEO's **annual variable remuneration**, i.e., the one which corresponds to a level of achievement of the objectives on target, shall be equivalent to **120% of the fixed remuneration** for the performance of executive functions. In case of **overachievement** of the pre-established targets, it could reach a maximum o**f 125% of the annual target variable remuneration** (150% of the fixed remuneration for the performance of senior management duties, i.e. €3,750 thousand).

The terms of the annual variable remuneration system for the CEO, including the structure, maximum levels of remuneration, targets established and the weight of each of them, are reviewed every year by the Remuneration Committee, considering the Company's strategy, business needs and status, and the recommendations and best practices in the market in the field of remuneration. Such terms are submitted to the Board of Directors for approval.

Namely, the Board of Directors has resolved on 14 March 2023, on the proposal of the Remuneration Committee, that the annual variable remuneration for the CEO in financial year 2023 will be determined in accordance with the following criteria:

Weighting	Target	Measurement criteria
70%	Net sales (35%) and contribution margin (35%)	The same criteria established for senior managers according to the budget of the Company are applied.
15%	CEO's personal performance	Assessment by the Board of Directors, on the proposal of the Nomination Committee.
	Strategic development of the Company	Boost of store and online integration, through the development and implementation of new processes and tools allowing to provide a differentiated customer experience, pursuant to the Groups' targets, along with the ongoing development of new initiatives that strengthen our values of sustainability and responsibility pursuant to the Group's objectives.
15%	Progress in implementation of the strategy towards global sustainability, measured against the following indicators:	(i) Increase in the number of sustainable items, measured through the use of raw materials from preferred sources: cotton, linen, polyester and cellulose fibres. (ii) Progress of the collaborative plan aimed at the environmental improvement of the supply chain, with a focus on reducing water and energy consumption. (iii) Progress towards our commitment that, from 2023, the waste generated at our corporate headquarters, logistics centres, own factories and own stores are appropriately collected and managed to be made available as a resource for repurposing through reuse or recycling. (iv) Percentage of packaging material collected to be recycled or reused in the supply chain (Green to Pack). (v) Development of additionality mechanisms in the renewable energy infrastructure. (vi) Level of implementation of environmental and social projects related to the in-store paper bag and envelope charging initiative. (vii) Progress in the elimination of single-use plastics from customer sales; (viii) Innovation project related to textile recyclability;
	Progress in corporate governance	Degree of compliance with the recommendations of the Good Governance Code of Listed Companies and alignment with international best practices
	Progress in implementing diversity and compliance programmes	Approval of internal regulations and degree of international roll-out

The short-term variable remuneration for 2023 on account of achievement of the above referred targets will be paid in 2024 in cash.

- **Multi-year or Long-term variable remuneration**

a) 2023 LONG-TERM INCENTIVE PLAN

The Board of Directors plans to submit for approval at the 2023 Annual General Meeting a new long-term cash and share incentive plan for members of the management team, including executive directors and other Inditex Group employees.

b) 2021-2025 LONG-TERM INCENTIVE PLAN

The Annual General Meeting held on 13 July 2021 approved the **2021-2025 Long-Term Incentive Plan**. The Plan consists of the combination of **a multi-year bonus in cash and the promise to deliver shares**, which, once a specific period of time has elapsed and the achievement of the specific targets has been verified, will be paid to the beneficiaries of the Plan, either in full or in the relevant applicable percentage, as the case may be.

The total duration of the Plan is **4 years**. It is structured in **2 overlapping** independent cycles:

– The first cycle of the Plan runs from 1 February 2021 to 31 January 2024.

– The second cycle runs from 1 February 2022 to 31 January 2025.

The Plan is linked to the Company's strategic objectives for the duration thereof. Upon completion of the performance period of each cycle, the Remuneration Committee shall assess the achievement reached for each objective and of the cycle as a whole, based on the data and results provided by the Financial Division, the General Counsel's Office, the Compliance Office and the Sustainability Department, and analysed first by the Audit and Compliance Committee and the Sustainability Committee, as appropriate. On the basis of this information, the Remuneration Committee shall propose, for approval by the Board of Directors, the performance-related incentive levels based on the established performance scales. Upon setting the targets and evaluating the achievement thereof, the Remuneration Committee will also take into consideration any associated risk. When determining the level of target achievement any positive or negative economic impact caused by extraordinary events that could distort the results of the evaluation is disregarded.

Under such Plan, executive directors will receive, if appropriate, an incentive which will materialize as follows**: 60% in share**s and **40% in cash**. Regarding 60% of the incentive which would, if appropriate, be settled in shares, the number of shares to be granted at the commencement of each cycle will be determined based upon the average weighted share price on the 30 trading days immediately prior to the commencement date of each cycle. Upon expiry of each cycle, the Remuneration Committee will assess the level of achievement of objectives and propose the number of shares to be delivered.

The CEO has undertaken to hold for a term of at least 3 years the net shares that he may receive as a result of any element of variable remuneration, until he holds a number of shares equivalent to at least 2 years of his fixed remuneration. In any case, once this shareholding target has been reached, the CEO must comply with the holding obligations under this Plan, which involve holding a number of shares equivalent to the incentive received in shares, net of applicable taxes, for two years after their delivery.

Likewise, the Company may **cancel** before payment **and/or claim refund** of the long-term incentive previously paid, in full or in part, (clawback) should certain unforeseen circumstances occur during the 2 years following the delivery of the incentive for the proceedings of each cycle. Such specific circumstances have been addressed in section A.1 above.

The incentive amounts and features for the two cycles of the 2021-2025 Plan are detailed below.

– The **maximum amount of the incentive** assigned to the CEO would amount to:

	Maximum Incentive	=	Cash	+	Shares
First Cycle (2021-2024)	118% of annual fixed remuneration		€1,183 thousand		68,562
Second Cycle (2022-2025)	133% of annual fixed remuneration		€1,331 thousand		71,472

- With regard to the first cycle (2021-2024), the specified amount includes the total incentive granted for the full cycle taking into account the different positions held by the CEO, i.e. the amount granted for the performance of duties as General Counsel and Secretary of the Board in 2021 and the amount assigned as CEO, in accordance with the Remuneration Policy approved at the 2021 AGM, in force at the time of such assignment. The incentive, which is expressed as a percentage of the annual fixed remuneration, is calculated based on a fixed remuneration of €2,500 thousand (this amount corresponds to the annual fixed remuneration set for the CEO in accordance with the Current Text of the Remuneration Policy).
- For the second cycle (2022-2025) the amount shown includes the total incentive allocated for the full cycle taking into account his sole position as CEO.
  - Upon expiry of each cycle, the Remuneration Committee will assess the level of target achievement and propose the cash amount and the number of shares to be delivered. Target achievement will be measured through identifiable and quantifiable parameters known as metrics.

The incentive for the first cycle (2021-2024) will vary depending upon the following **metrics**, with the following weighting:

Weighting	Target	Measurement criteria
25%	Profit before Taxes ("PBT")	PBT figure for financial year 2023, expressed in euros, compared to the amount set by the Board of Directors as a target at the commencement of the first cycle.
25%	Store and Online Sales ("TTTT" (Spanish acronym))	Amount in euros of total sales in store and online in financial year 2023 at constant currency, according to the Company's information, measured against the amount set by the Board of Directors as a target at the commencement of the first cycle.
12.5%	Absolute Total Shareholder Return ("TSR")	Performance of an investment in Inditex shares over the period of the first cycle, determined by the ratio (expressed as a percentage) between the final value of a hypothetical investment in Inditex shares (reinvesting the dividends from time to time) and the initial value of that same hypothetical investment. The initial value is defined as average weighted share price on the 30 trading days immediately prior to 1 February 2021, excluding 1 February 2021[1], and the final value is defined as average weighted share price on the 30 trading days immediately prior to 31 January 2024 (included). To this end, for calculating such final value, the dividends or other similar amounts received by shareholders on said investment during the respective period of time will be considered, as if the gross amount thereof (before taxes) would have been reinvested in more shares of the same class on the first date on which the dividend or any similar amount is payable to shareholders and at the closing share price on that date. The TSR achieved will be measured against the target set by the Board of Directors at the commencement of the first cycle.
12.5%	Relative Total Shareholder Return ("TSR")	Comparison of the evolution of an investment in Inditex's shares with the evolution of an investment in shares of any of the companies included in the Peer Group of companies (as defined below), determined by the ratio (expressed as a percentage) between the final value of a hypothetical investment in shares (reinvesting the dividends from time to time) and the initial value of that same hypothetical investment. The initial value of Inditex and the companies in the Peer Group is defined as the weighted average share price on the 30 trading days immediately prior to 1 February 2021 (excluded), and the final value is defined as the weighted average share price on the 30 trading days immediately prior to 31 January 2024 (included). To this end, for calculating such final value, the dividends or other similar amounts received by shareholders on said investment during the respective period of time will be considered, as if the gross amount thereof (before taxes) would have been reinvested in more shares of the same class on the first date on which the dividend or any similar amount is payable to shareholders and at the closing share price on that date.
25%	Sustainability index (comprising 4 indicators)	(i) Sustainable product, measured as the percentage of sustainable garments. (ii) Waste management, measured as the percentage of Inditex facilities (headquarters, factories, logistics centres and stores) where a waste management system for an appropriate waste recycle, recovery and processing is in place, to be made as a resource for repurposing through reuse or recycling. (iii) Decarbonisation, measured as the reduction in the volume of greenhouse gas emissions in the company's own operations (Scope 1 and 2). (iv) Social, measured as the percentage of Inditex suppliers rated A or B in social audits.

1. Having found that the resolution passed at the Annual General Meeting regarding the approval of the aforementioned 2021-2025 Long-Term Incentive Plan erroneously refers to a reference price of €25.81 per share for the first cycle of the Plan, when the average weighted price of the Company's shares on the 30 trading days immediately prior to 1 February 2021 (exclusive) was €25.88 per share, the Board of Directors of Inditex resolved, on the proposal of the Remuneration Committee, to set the amount of the average share price at such amount, pursuant to the authority granted to the Board by the Annual General Meeting to rectify the resolution passed at the AGM.

- For the purpose of calculating the payout ratio attained for each level of achievement of targets, a **performance scale** will be determined for each metric, set at the commencement of the cycle, which will include a minimum threshold below which no incentive will be paid, corresponding to a payout ratio of 30% of the maximum incentive granted, and a maximum level, corresponding to a payout ratio of 100% of the Maximum Incentive Granted. For intermediate levels, the results shall be determined by linear interpolation.

  – PBT, TTTT, absolute TSR and Sustainability Index, the following will be measured:

Level of achievement	Level of Incentive (% of Maximum Incentive)
Below minimum	0%
Minimum	30%
Maximum	100%

Intermediate figures are calculated by linear interpolation.

  ◦ Regarding the evolution of relative TSR:

    ▪ The Peer Group is made up of the companies included in the Dow Jones Retail Titans 30 index (the "Peer Group").

    In this respect, for the first cycle (2021-2024), the index will be considered as it stood on 1 February 2021.

    ▪ At the end of the cycle, Inditex's TSR and the TSR of each company included in the Peer Group will be calculated. Afterwards, Inditex's TSR will be compared with the TSR of the companies within the Peer Group to identify between which positions Inditex is ranked. Subsequently, the portion of the incentive to be delivered shall be calculated, interpolating between the payout ratios of such positions, according to the difference between TSR values in accordance with the following scale:

Level of achievement	Place in ranking	Level of Incentive (% of maximum Incentive)
Below minimum	< 15th (median)	0%
Minimum	= 15th (median)	30%
Maximum	≥ 5th	100%

For intermediate positions, the payout ratio will be calculated by linear interpolation.

In order to be eligible to receive the relevant incentive, as a general rule, beneficiaries must remain in the Company until expiry of the accrual period.

The incentive for the second cycle (2022-2025) will vary depending upon the following **metrics**, with the following weighting:

Weighting	Target	Measurement criteria
25%	Profit before Taxes ("PBT")	PBT figure for financial year 2024, expressed in euros, compared to the amount set by the Board of Directors as a target at the commencement of the second cycle.
25%	Store and Online Sales ("TTTT" (Spanish acronym))	Amount in euros of total sales in store and online in financial year 2024 at constant currency, according to the Company's information, measured against the amount set by the Board of Directors as a target at the commencement of the second cycle.
12.5%	Absolute Total Shareholder Return ("TSR")	Performance of an investment in Inditex shares over the period of the second cycle, determined by the ratio (expressed as a percentage) between the final value of a hypothetical investment in Inditex shares (reinvesting the dividends from time to time) and the initial value of that same hypothetical investment. The initial value is defined as average weighted share price on the 30 trading days immediately prior to 1 February 2022 (excluded), and the final value is defined as average weighted share price on the 30 trading days immediately prior to 31 January 2025 (included). To this end, for calculating such final value, the dividends or other similar amounts received by shareholders on said investment during the respective period of time will be considered, as if the gross amount thereof (before taxes) would have been reinvested in more shares of the same class on the first date on which the dividend or any similar amount is payable to shareholders and at the closing share price on that date. The TSR achieved will be measured against the target set by the Board of Directors at the commencement of the second cycle.

Weighting	Target	Measurement criteria
12.5%	Relative Total Shareholder Return (“TSR”)	The relative TSR is defined as the performance of an investment in Inditex shares compared to the performance of an investment in a Peer Group (as defined below) during the period corresponding to the second cycle, determined by the difference (by subtraction) between Inditex's annualised TSR and the annualised TSR of this Peer Group. In order to calculate the performance of the investment in shares of Inditex and of each company in the Peer Group, we determine the quotient (expressed as a percentage ratio) between the final value of a hypothetical investment in shares (reinvesting the dividends from time to time) and the initial value of that same hypothetical investment. The initial value is average weighted share price of each company on the 30 trading days immediately prior to 1 February 2022 (excluded) (the “Initial Value”). The final value is average weighted share price of each company on the 30 trading days immediately prior to 31 January 2025 (included) (the “Final Value”). To this end, for calculating such Final Value, the dividends or other similar amounts received by shareholders on said investment during the respective period of time will be considered, as if the gross amount thereof (before taxes) would have been reinvested in more shares of the same class on the first date on which the dividend or any similar amount is payable to shareholders and at the closing share price on that date.
25%	Sustainability index (comprising 4 indicators)	(i) Fibre consumption: measured as the reduction in percentage points of the weight of conventional fibres in total fibre consumption (in tn), for the four fibres subject to a public commitment (cotton, polyester, man-made cellulosic fibres and linen). (ii) Water consumption: measured as the percentage reduction of water consumption (litre/kg) in the supply chain. (iii) Decarbonisation: measured as the percentage reduction in the volume of Scope 3 greenhouse gas emissions in the category “goods and services purchased”. (Iv) Social: measured as the percentage of suppliers of Inditex products that are classified with social ranking A and B.

- For the purpose of calculating the payout ratio attained for each level of achievement of targets, a **performance scale** will be determined for each metric, set at the commencement of the cycle, which will include a minimum threshold below which no incentive will be paid, corresponding to a payout ratio of 30% of the maximum incentive granted, and a maximum level, corresponding to a payout ratio of 100% of the maximum incentive granted. For intermediate levels, the results shall be determined by linear interpolation.

Level of achievement	Level of Incentive (% of Maximum Incentive)
Below minimum	0%
Minimum	30%
Maximum	100%

Intermediate figures are calculated by linear interpolation.

Regarding the evolution of relative TSR:

- The Peer Group consists of 14 competitors in the textile industry whose share price can be potentially impacted by external factors similar to Inditex's, as shown below: Nike, Fast Retailing, Lululemon Athletica, Adidas, H&M, Associated British Foods, VF Corporation, Burberry, Next, Puma, Zalando, JD Sports Fashion, Ralph Lauren Corporation and Hugo Boss.

  This Peer Group marks a departure from the Dow Jones Retail Titans 30 index, which Inditex has been using to measure relative TSR since the 2013-2016 cycle of the 2013-2017 Long-Term Incentive Plan.

  The original makeup of the Dow Jones Retail Titans 30 index, though biased towards North American companies, consisted of retailers whose business models were based on store sales or a combination of online and store sales, similar to Inditex. However, the index's makeup has shifted from European to Asian companies with an increasingly broader definition of "retail" and now includes a significant number of companies with a purely online business model at a different stage of the life cycle than Inditex.

  As a result, the Remuneration Committee has conducted a thorough analysis with a view to defining a peer group to appropriately reflect the performance of Inditex share in comparison to relevant peer companies, as well as its operating dynamics and complexity as an organisation in the medium term.

  The following selection criteria were applied:

  – Consumer discretionary textile sector, excluding the luxury segment.

  – Business model: mainly a combination of store and online sales.

  – Companies whose results are monitored by Inditex.

  – Share price correlation from 30%.

  – Volatility +/- 25 p.p. with respect to the volatility of Inditex share.

  – Higher proportion of European companies.

  – Mainly mature companies.

  As part of the selection process, a simulation of Inditex's TSR result and the TSR of this new Peer Group for the period covering the last four long-term incentive cycles that Inditex has had in place has been carried out to ensure that it appropriately reflects the performance of Inditex's share in comparison to that of the selected peer companies.

- The following will be calculated at the end of the second cycle:
  - Inditex's TSR and the TSR of each company in the Peer Group for the 2022-2025 period.
  - The arithmetic mean of the TSR of each company, resulting in the average TSR for the Peer Group.
  - Inditex's annualised TSR and the annualised TSR of the Peer Group.

Next, the difference (by subtraction) between Inditex's annualised TSR and the annualised TSR of the Peer Group will be calculated. This difference will be compared against the target set by the Board of Directors at the beginning of the second cycle and a payout ratio, ranging from 0% to 100% of the maximum incentive granted, will be applied in accordance with the specified scale.

In order to be eligible to receive the relevant incentive, as a general rule, beneficiaries must remain in the Company until expiry of the accrual period.

c) 2019-2023 LONG-TERM INCENTIVE PLAN:

The second cycle (2020-2023) of the **2019-2023 Long-Term Incentive Plan** approved at the Annual General Meeting held on 16 July 2019 expired on 31 January 2023. The characteristics and incentive amounts associated with each of the cycles are specified in section B of this Report, which includes information on the application of the Remuneration Policy in financial year 2022.

A.1.7. Main characteristics of long-term savings systems.

Pursuant to the Current Text of the Remuneration Policy, the CEO is not a beneficiary of any long-term saving system, including retirement and/or any other survivor benefit, partly or wholly funded by the Company. In any event, provision is made for the possibility that the Board of Directors may implement such a system for executive directors during its term.

A.1.8. Any type of payment or indemnification for early termination or dismissal, or deriving from the termination of the contractual relationship, in the terms provided, between the company and the director, whether at the company's or the director's initiative, as well as any type of agreement reached, such as exclusivity, post-contractual non-competition, minimum contract term or loyalty, that entitles the director to any kind of remuneration.

No severance pay has been agreed in case of termination of duties as director, except for that provided in subparagraphs iii) and iv) of the following section regarding the CEO for the performance of executive functions.

A.1.9. State the conditions that contracts should respect for those exercising senior management duties as executive directors.

Pursuant to the provisions of sections 249 and *529octodecies* LSC and section 30.3 of the Board of Directors' Regulations, the relevant terms of the contracts entered into with executive directors are detailed below:

(i) Term

The Chief Executive Officer's contract has an indefinite term.

(ii) Notice period

Both in case of termination of the contract on account of certain grounds attributable to Inditex, and on account of voluntary resignation of the executive director, notice shall be given at least 3 months in advance. Such notice may be replaced with an amount equivalent to the fixed remuneration of the non-observed term of notice.

(iii) Golden parachute clause

The CEO shall be entitled to severance pay in a gross amount equivalent to the remuneration of **two (2) years** calculated based upon the sum of his **annual fixed and variable remuneration**, established for the current year, where the relevant contract is terminated by unilateral decision of the Company, as well as in case of resignation tendered by the CEO under certain premises (including the succession in the company or a change in control in the Company that affects more than 50% of the share capital or of the voting rights, provided that a significant refreshment of the governing bodies of the Company or a change in the contents or purpose of the main business activity of the Company takes place at the same time, if such request for termination is made within six months of the occurrence of such succession or change. For such purpose, no succession or change in control shall be deemed to have taken place in the event of direct or indirect family succession in the ownership of the Company).

(iv) Agreement on exclusivity and post-contractual non-compete obligation

For as long as his contractual relationship with Inditex remains in force, the CEO shall perform his senior management functions exclusively for the Company and the Inditex Group, and he shall refrain from working either directly or indirectly for any third parties, or for his own account, even where the activities he may carry out would not compete with those of the Inditex Group. This provision does not apply to the office of non-executive director on the board of other companies which do not compete with Inditex, subject to the restrictions set out in the Board of Directors' Regulations.

Under the terms and conditions of his contract, compensation for the post-contractual non-compete obligation is included in the severance payment.

With regard to the post-employment non-compete agreement and as regards all members of the Board of Directors, irrespective of their directorship type, section 24.3 of the Board of Directors' Regulations provides that "the director who ends his/her mandate or for any other cause should cease to hold his/her office may not render service in another entity having a corporate purpose that is similar to that of the company for a period of two years".

(v) Clawback provision

Pursuant to the provisions of section A.1 above, should (i) any event or circumstance occur that would result in the negative change or variation, in final terms, of the financial statements, results, economic data, performance data or otherwise, upon which the accrual and payment to the executive director of any amount in terms of variable remuneration would have been based, and, (ii) should such change or variation determine that, if they had become known at the date of accrual or payment, the executive director would have received a lesser amount than the one initially paid, the Company shall be entitled to claim from him clawback of any excess paid.

Additionally, as explained in section A.1 above, the Company may cancel and/or claim the clawback of the long-term incentive previously paid to the executive director, in full or in part, in the event of occurrence of certain unforeseen circumstances during the 2 years following the delivery of the incentive.

A.1.10. The nature and estimated amount of any other supplementary remuneration accrued by directors in the current year in consideration for services rendered other than those inherent in their position.

Directors will not receive in the current year any remuneration other than that accrued for the services rendered in their position.

A.1.11. Other items of remuneration such us any deriving from the company's granting the director advances loans or guarantees or any other remuneration.

The granting of advance payments, loans or guarantees to directors is not covered in the Current Text of the Remuneration Policy.

As at the date of this Report, no advanced payment, loans or guarantees have been granted to any director.

A.1.12. The nature and estimated amount of any other planned supplementary remuneration to be accrued by directors in the current year that is not included in the foregoing sections, whether paid by the company or by another group company.

No supplementary remuneration other than the one explained above is provided in the Current Text of the Remuneration Policy.

As at the date of this Report, no supplementary remuneration has been accrued to directors in consideration for services rendered other than those inherent in their position, nor any additional remuneration item other than those addressed in the sections above.

A.2. Significant changes in the Remuneration Policy applicable in the current year.

No changes to the Current Text of Inditex's Remuneration Policy are expected in 2023, which, as explained in section A.1.1. above, is the consolidated text of the Remuneration Policy approved at the 2021 AGM, with 98.42% of votes in favour, after its amendment, approved at the 2022 AGM, with 98.6% of votes in favour. The Policy expires on 31 January 2024.

The Board of Directors plans to submit for approval at the 2023 Annual General Meeting the following proposed resolutions as separate agenda items: (i) the Annual Report on Remuneration of Directors for the year ended 31 January 2023 (to be submitted to an advisory say-on-pay vote); (ii) the new Directors' Remuneration Policy for financial years 2024, 2025 and 2026; and (iii) a cash and shares Long-Term Incentive Plan for the management team, including the executive directors and other Inditex Group employees. The terms of this new plan will be in line with the Current Text of the Remuneration Policy.

The new Remuneration Policy for financial years 2024, 2025 and 2026 is expected to have the same approach as the current one, maintaining the fundamental lines applied in previous years, although it might include some adjustments to reinforce its alignment with all stakeholders, particularly, the shareholders, with the Group's strategy and with the best corporate governance recommendations on remuneration matters.

A.3. Direct link to the document containing the company's current remuneration policy, which must be available on company's website.

A link to the Current Text of the Remuneration Policy applicable for financial year 2023 is provided below:

https://www.inditex.com/itxcomweb/api/media/6ff2001c-e0c9-4ce1-b8c9-46d12fe882f1/13.+AGM2022_Amendment+Remuneration+Policy+2021_2023.pdf?t=1657885632301

A.4. Consideration on the voting by the General Shareholders' Meeting on the annual report on remuneration for the previous year.

The 2022 AGM approved the following:

- The amendment to the Remuneration Policy approved at the 2021 AGM with 98.6% of votes in favour.
- The Annual Report on the Remuneration of Directors for financial year 2021 with 97.07% of votes in favour.

Since the first directors' remuneration policy was approved, the Annual Reports on the Remuneration of Directors have been broadly supported by shareholders in the advisory say-on-pay vote and, in addition, by institutional investors and proxy advisors.

B. Overall summary of how remuneration policy has been applied during the year ended

As discussed in section A.1.1. of the Report on the Remuneration of Directors for financial year 2021, a distinction must be made between two periods in financial year 2022 based on the corporate governance structure in place and the Remuneration Policy that has been applied during the period:

- From 1 February to 31 March 2022, a transitional period for the transfer of duties from Mr Pablo Isla Álvarez de Tejera, Executive Chairman during such period, to the CEO, Mr Óscar García Maceiras. The Directors' Remuneration Policy approved at the 2021 AGM was applicable in this period.

- From 1 April 2022 to 31 January 2023, the period starting with a new (non-executive) Chair of the Board of Directors, Ms Marta Ortega Pérez, and the CEO as the sole executive director. Again, two different time intervals should be considered in this period:

  – Between 1 April and the date of the 2022 AGM, directors' remuneration was in accordance with the Remuneration Policy approved at the 2021 AGM.

  – From the 2022 AGM until 31 January 2023, remuneration was in accordance with the Current Text of the Remuneration Policy and the agreement regarding the novation of Mr Isla's post-contractual non-compete clause, both of which were approved at the 2022 AGM.

Corporate governance structure	Period	Remuneration to be paid under the following Remuneration Policy
Transitional period for the transfer of duties from the previous Executive Chairman to the CEO	01/02/22 – 31/03/22	Remuneration Policy approved at the 2021 AGM.
(Non-executive) Chair of the Board of Directors and CEO fully in office	01/04/22 – Date of the 2022 AGM	
	Date of the 2022 AGM – 31/01/23	Current Text of the Remuneration Policy (as amended and approved at the 2022 AGM). Specific resolution of the 2022 AGM on the post-contractual non-compete clause.

The following sections detail the application of the Remuneration Policy applicable to financial year 2022.

B.1.1. Process followed to apply the remuneration policy and determine the individual remuneration contained in Statistical Appendix. Role of the Remuneration Committee, decisions made by the Board of Directors and role played by external advisors.

B.1.1. a) Composition of the Remuneration Committee.

As provided in Article 30 of the Articles of Association, section 17 of the Board of Directors' Regulations, and section 7 of the Remuneration Committee's Regulations, the Remuneration Committee shall be made up of a number of at least 3 and at most 7 non-executive directors, a majority of whom must be independent directors.

Members of the Remuneration Committee are appointed by the Board of Directors following a report of the Nomination Committee. The Chair of the Remuneration Committee is also appointed by the Board of Directors, out of the independent members of such Committee.

As of 31 January 2023 and as at the date of this Report, the Remuneration Committee was made up of the following members, **most** of them **independent directors** (all, except Mr José Arnau Sierra, proprietary director):

Mr Rodrigo Echenique Gordillo (Chair, Independent Director)	Bns. Denise Patricia Kingsmill (Member, Independent Director)
Mr José Arnau Sierra (Member, Proprietary Director)	Mr José Luis Durán Schulz (Member, Independent Director)
Mr Emilio Saracho Rodríguez de Torres (Member, Independent Director)	

As of 31 January 2023, Mr Javier Monteoliva Díaz is the Secretary non-member of the Committee, having been appointed by the Board of Directors following a favourable report from the Nomination Committee, on 29 November 2021.

The Remuneration Committee meets whenever it is deemed appropriate for its smooth operations, and in any case, whenever the Board of Directors or its Chair requests the issuing of a report or the issue of proposals within its purview. Moreover, the Remuneration Committee shall hold a regular meeting every year to prepare the information on the remuneration of directors, which the Board of Directors has to approve and include as part of its annual public documentation.

During the meeting that the Board of Directors holds immediately after each meeting of the Remuneration Committee, the Chair of the latter informs Board members of the business transacted in the course of such meeting.

B.1.1. b) Process followed to enforce the Remuneration Policy and determine individual remunerations.

The duties of the Remuneration Committee are covered in Article 30 of the Articles of Association, section 17 of the Board of Directors' Regulations and sections 5 and 6 of the Remuneration Committee's Regulations.

The Remuneration Committee met five (5) times in 2022, with the attendance of all its members (either in person or by proxy). This represents a 100% attendance rate. In financial year 2023 to the date of release of this Report, the Committee has met once.

At the aforementioned meetings, the Remuneration Committee has discussed, inter alia, the following matters and has resolved, where appropriate, to submit them to the Board of Directors for approval:

- In the meeting held on 14 March 2022:
  - Regarding Mr Isla and the outgoing CEO:
    - The evaluation of the level of achievement of the targets tied to the annual variable remuneration of the former Executive Chairman, Mr Isla, and the former CEO, Mr Crespo, for financial year 2021 and the payout level for each one. The Board of Directors approved the achievement of these targets at its meeting held on 15 March 2022 along with the corresponding level of the incentive payment.
    - The evaluation of the level of achievement of the targets for the various metrics to which the first cycle (2019-2023) of the 2019-2023 Long-Term Incentive Plan was tied and the corresponding payout level for the former Executive Chairman and CEO. At its meeting held on 15 March 2022, the Board of Directors approved the achievement of these targets and the corresponding level of the incentive payment.
  - In relation to the former Executive Chairman's departure:
    - The proposed settlement of the current long-term incentives, i.e. the second cycle (2020-2023) of the 2019-2023 Long-Term Incentive Plan and the first cycle (2021-2024) of the 2021-2025 Long-Term Incentive Plan. The proposed settlement was approved by the Board of Directors on 15 March 2022.
    - The proposal to the Board of Directors regarding the assessment of the target to which the annual variable remuneration for the period from 1 February to 31 March 2022 was tied and the settlement of such remuneration. The Board of Directors approved the proposed settlement at its meeting held on 15 March 2022.
    - The proposed settlement of the pro-rated part of the accrued fixed remuneration for FY2022 corresponding to the payments for the months of July and December. The Board of Directors approved the proposed settlement at its meeting held on 15 March 2022.
  - Regarding the new CEO:
    - The assessment of the level of achievement of the targets tied to the CEO's annual variable remuneration for financial year 2021, and the corresponding payout level (pro-rated according to the time spent in office in the aforementioned financial year). At its meeting held on 15 March 2022, the Board of Directors approved the achievement of these targets and the level of the incentive payment.
    - The assessment of the level of achievement of the targets for the various metrics to which the first cycle (2019-2022) of the 2019-2023 Long-Term Incentive Plan was tied and the corresponding payout level. At its meeting held on 15 March 2022, the Board of Directors approved the achievement of these targets and the level of the incentive payment.
    - The proposal to the Board of Directors on the new total remuneration package of the CEO for the performance of his duties and responsibilities as chief executive under the new corporate governance structure, including the terms of his contract, for financial year 2022. Thus:

      With a view to proposing to the Board of Directors the **fixed remuneration** of the position of **CEO**, the Remuneration Committee carried out a reflection exercise where it considered the following **factors and** applied the following **criteria:**

      - The principles and foundations set out in the Remuneration Policy approved at the 2021 AGM. In particular, the principle whereby this fixed remuneration must represent a sufficient part of their compensation package for the sake of achieving an appropriate balance between fixed and variable remuneration items.
      - The new corporate governance structure under which the roles of Chair and CEO are separate and the position of Chair of the Board of Directors is non-executive.
      - The consistency with the responsibility and duties as chief executive and leadership within the organisation, in line with the remuneration paid in the market by comparable companies.
      - The extent to which fixed and total remuneration is appropriate to reward the value of the contribution of the position and the individual, both to the Company and to shareholders.
      - Internal fairness with regard to the remuneration of the members of the Management Committee, made up of officers of the Inditex Group with a long track record and from different corporate and business areas.
      - Guidelines from institutional investors and proxy advisors, as well as feedback received from them in the Company's regular consultation process.
      - Total remuneration benchmarking for the lead executive in various comparator groups.

In view of the foregoing considerations, the Remuneration Committee proposed to set a fixed remuneration for the CEO amounting to €2,500 thousand on an annualised basis.

On the other hand, the specific amount of the **annual variable remuneration** (expressed as a percentage of the annual fixed remuneration) and the amount of the **long-term incentive** remained **unchanged** from those set out in the Remuneration Policy approved at the 2021 AGM.

The CEO's total remuneration was midway between the remuneration set out in the Remuneration Policy approved at the AGM 2021 (prior to its amendment) for the former Executive Chairman and CEO of the Company.

In addition, the Remuneration Committee reviewed Mr García Maceiras' contractual conditions as CEO specifically in relation to the **golden parachute and post-contractual non-compete clause**, in order to protect the interests of the Company and its shareholders, as detailed in section B.11. below.

The Board of Directors approved Mr Óscar García Maceiras' proposed remuneration for the performance of his executive functions, along with the terms of his new contract, at its meeting held on 15 March 2022.

– The proposal to the Board of Directors regarding the remuneration of the (non-executive) Chair of the Board of Directors in the new corporate governance structure.

In order to propose this specific remuneration to the Board of Directors, the Committee carried out a reflection exercise in financial year 2022, taking into account the following factors:

◦ The intrinsic value of the person holding the position, due to her knowledge of the retail business in the fashion industry and of the Inditex Group, where she has carried out different roles and performed different duties, and her importance from an institutional perspective.

◦ The special responsibility of the position and the criticality of the duties inherent thereto. Specifically, in addition to the duties inherent to the position of Board Chair, the (non-executive) Chair of the Board of Directors of Inditex has under her direct responsibility the areas of Internal Audit, General Counsel's Office, and Communication.

◦ Exclusive and additional dedication with respect to the members of the Board of Directors.

◦ Recommendations from institutional investors and proxy advisors, as well as general corporate governance recommendations.

◦ Market practices in relevant European countries. For this purpose, the amounts and remuneration practices for the remuneration of (non-executive) board chairs in the companies that make up the main stock market indices (Ibex-35 in Spain, CAC40 in France, FTSE MIB in Italy, DAX40 in Germany, SMI20 in Switzerland and FTSE 100 in the United Kingdom) were analysed.

As a result of the aforementioned analyses, the Remuneration Committee proposed to the Board of Directors to establish a specific fixed remuneration for the position of (non-executive) Chair of the Board of Directors, which amounts to €900,000 (annualised) and which will be paid in cash. Such proposal was approved by the Board of Directors on 15 March 2022.

– The proposal to increase the maximum amount of remuneration that the Company may pay annually to all directors in their status as such up to €3,380 thousand. Such proposal was approved by the Board of Directors on 15 March 2022.

– The proposal to amend the Remuneration Policy approved at the 2021 AGM, for evaluation and approval by the Board of Directors and subsequent submission to the binding vote at the 2022 AGM. The Board of Directors approved such Report on 15 March 2022.

– The proposed Annual Report on Remuneration of Directors for financial year 2021 to be submitted to the Board of Directors for evaluation and subsequent approval, and then to be submitted to an advisory say-on-pay vote at the 2022 AGM. The Board of Directors approved such Report on 15 March 2022.

- In the meeting held on 12 September 2022:

◦ The Committee submitted to the Board of Directors the proposal for the CEO's new contract in accordance with the Current Text of the Remuneration Policy, approved at the 2022 AGM, which sets out the new remuneration package for the CEO for the performance of his duties and responsibilities as the only executive director under the current corporate governance structure. The Board of Directors approved such contract on 13 September 2022.

◦ Monitoring and assessing the impact of the crisis arising from the Russia-Ukraine conflict on the conditions of the current long-term incentive plans.

- In the meeting held on 12 December 2022:

◦ Monitoring of the expected level of achievement of the second cycle (2020-2023) of the 2019-2023 Long-Term Incentive Plan.

- The proposal of a new peer group and calculation methodology for the Relative TSR and of performance scales for the second cycle (2022-2025) of the 2021-2025 Long-Term Incentive Plan for each metric and the favourable report on the draft Annex III to the Regulations of such Plan. The Board of Directors approved the text of the aforementioned Annex III to the Regulations of the Plan at its meeting held on 14 December 2022.
- The acknowledgement of the list of beneficiaries for this second cycle.

- In the meeting held on 13 March 2023:
  - The evaluation of the level of achievement of the targets tied to the annual variable remuneration and the second cycle (2020-2023) of the 2019-2023 Long-Term Incentive Plan for the CEO for financial year 2022. The Board of Directors evaluated the achievement of such targets in the meeting held on 14 March 2023.
  - The proposal submitted to the Board of Directors on the remuneration of the CEO for the performance of executive functions in 2023, with regard to the amount and the remaining terms thereof. Such proposal was approved by the Board of Directors on 14 March 2023.
  - The draft of the Annual Report on Remuneration of Directors for financial year 2022 to be submitted to the Board of Directors for evaluation and subsequent approval, and to be subsequently submitted to an advisory say-on-pay vote at the 2023 Annual General Meeting. The Board of Directors approved such Report on 14 March 2022.

The information on the remaining proceedings of the Remuneration Committee in 2022 will be included in the Annual Corporate Governance Report and in the Annual Activities Report of the Remuneration Committee, which will be published in June.

B.1.1. c) Identity and role of external advisors.

To better perform its functions, the Remuneration Committee may request the Board of Directors to engage legal, accounting, financial or other experts at the expense of the Company.

In this regard, the Remuneration Committee has been advised in financial year 2022 by WTW, an independent consultant specialising in the field of compensation of directors and senior managers, (i) in the preparation of the Annual Report on the Remuneration of Directors for financial year 2021, (ii) the design of the 2021-2025 Long-Term Incentive Plan, (iii) the preparation of remuneration benchmarking on the remuneration of non-executive chairs of the board of directors and executive directors with full executive functions, (iv) the amendment of the Remuneration Policy and (v) the assessment of the implications for remuneration arising from the departure of the previous Executive Chairman. On this latter issue, the Committee was also assisted by law firm Uría & Menéndez, which provided legal advice on corporate governance and post-contractual non-compete clauses.

B.1.2. Explain any deviation from the procedure established for the application of the remuneration policy that has occurred during the year.

Regarding the former Executive Chairman, section B.10. sets out the terms of the novation of the executive services contract entered into between Mr Isla and the Company, dated 17 March 2015, the purpose of which was to update the post-contractual non-compete agreement. Since the amount in this update exceeded the provisions in the Remuneration Policy approved at the 2021 AGM with regard to severance payments for executive directors, at its meeting held on 14 December 2021 and on the proposal of the Remuneration Committee, the Board of Directors resolved to submit to the Annual General Meeting for approval the proposal regarding the Novation of Mr Isla's contract, the offer for which Mr Isla accepted on 15 March 2022. The 2022 AGM approved this resolution with 97.89% of votes in favour.

There were no other deviations from the established procedure for the application of the Remuneration Policy in financial year 2022.

B.1.3. Temporary exceptions to the remuneration policy and exceptional circumstances that have led to the application of these exceptions, the specific components of the remuneration policy affected and the reasons why the company deems that these exceptions have been necessary to serve the long-term interests and sustainability of the company as a whole or to ensure its viability. Quantification of the impact the application of these exceptions has had on the remuneration of each director in the financial year.

No temporary exceptions to the Remuneration Policy (in the two applicable versions thereof) have been applied during financial year 2022.

B.2. Actions taken to align the remuneration system with the long-term targets, values and interests of the Company, and measures to guarantee that the long-term results of the Company have been taken into consideration in the remuneration accrued. Actions taken regarding the remuneration system to reduce exposure to excessive risks and measures to avoid conflicts of interest.

B.2.1. Actions taken to align the remuneration system with the long-term targets, values and interests of the Company, and measures to guarantee that the long-term results of the Company have been taken into consideration in the remuneration accrued.

The measures taken in 2022 to ensure that **long-term results** of the Company **are considered** in the **application** of the Remuneration Policy are described below:

- Executive directors' total remuneration comprises different remuneration elements, mainly consisting of: (i) a fixed remuneration, (ii) a short-term variable remuneration (annual), and (iii) a long-term variable remuneration (multi-year).
- In financial year 2022, this long-term element had a weighting of approximately 40% of the total remuneration (fixed + short-term variable + long-term variable) for the executive directors.
- Long-term variable remuneration plans are part of a multi-year framework to ensure that the evaluation is based upon long-term results and that the underlying economic cycle of the Company is considered therein.
- Part of this remuneration is granted and delivered in shares, based upon shareholder value creation, so that the interests of executive directors and officers are aligned with shareholders' interests.
- The CEO has undertaken to hold for a term of at least 3 years the net shares that he may receive as a result of any element of variable remuneration, until he holds a number of shares equivalent to at least 2 years of his fixed remuneration. In any case, once this shareholding target has been reached, the CEO must comply with the holding obligations under the long-term incentive plans, which involve holding a number of shares equivalent to the incentive received in shares, net of applicable taxes, for two years after their delivery.

  While Mr Isla held the position of Executive Chairman, he committed to the Company to maintain in his personal wealth a number of shares equivalent to at least 2 years of fixed remuneration.

  These courses of action result in a better alignment of the interests of executive directors with those of the shareholders.

The Remuneration Policy in effect in 2022 (in the two applicable versions thereof) set an **appropriate balance between fixed and variable** items of the remuneration as described below:

- The design of the remuneration scheme shows an efficient balance between fixed and variable items, as described in section A.1. above.
- Variable remuneration items were flexible enough to allow their shaping, to the extent that it was possible that no amount was paid on in terms of variable remuneration, whether annual or multi-year; in such case, fixed remuneration would have represented 100% of total compensation.
- Variable remuneration is not guaranteed.

B.2.2. Actions taken regarding the remuneration system to reduce exposure to excessive risks and measures to avoid conflicts of interest.

The **measures** taken in 2022 with regard to **those members of staff** whose professional activity may have a **material impact on the risks profile** of the Company were:

- The Remuneration Committee was responsible for considering and reviewing the Directors' and Senior Managers' Remuneration Policy and for enforcing it. Those professionals whose activity may have a material impact on the risks' profile of the Company are included among them.
- All members of the Remuneration Committee also sit on the Audit and Compliance Committee. Therefore, the Chair of the Remuneration Committee is a member of the Audit and Compliance Committee. This ensures that risks associated to remuneration are considered in the course of the debates of the Remuneration Committee and of the Audit and Compliance Committee and in proposals submitted by both Committees to the Board of Directors, on both the determination and the process to assess annual and multi-year incentives.
- Likewise, three ordinary members of the Remuneration Committee also sit on the Sustainability Committee. In particular, the Chair of the Sustainability Committee is a member of the Remuneration Committee. The Sustainability Committee is responsible for overseeing and monitoring proposals in the field of sustainability, on social and environmental issues, on health and safety of the products that the Company places on the market, and the relations with the different stakeholders in the field of sustainability. Thus, the fact that the same directors sit on different committees allows ensuring that alignment with the Group's priorities in the field of sustainability for all its stakeholders is considered upon establishing and enforcing the Remuneration Policy.

With regard to **clawback** provisions in order to be entitled to claim the refund of variable items of the remuneration that are based on results, when such items have been paid on the basis of information clearly shown later to be inaccurate:

- A clawback clause is included in the contract executed with executive directors in respect of variable items of their remuneration in such cases. Additionally, the Company may cancel and/or claim the refund of the long-term incentive previously paid in full or in part, upon occurrence of certain unforeseen circumstances, as described in section A.1 above.
- The Remuneration Committee may propose to the Board of Directors the cancellation of payment or, where appropriate, the refund of the variable items of the remuneration of directors based on results, when they have been paid on the basis of information clearly shown to be inaccurate, as well as the termination of the relationship with the relevant supervisor and the filing of the relevant claims, pursuant to the terms of section 6 of the Remuneration Committee's Regulations.

The measures taken to detect, determine and resolve potential **conflicts of interest** have been addressed in section A.1.2.c) above.

B.3. How the remuneration accrued in the financial year complies with the provisions of the applicable remuneration policy and how it contributes to the long-term and sustainable performance of the company. Relationship between the remuneration accrued by the directors and the results or other performance measures of the company in the short and long term.

The Directors' Remuneration Policy for 2022 was approved at the 2021 AGM and the subsequent amendment was approved at the 2022 AGM.

The amounts set out in section A.1 above are the only remuneration paid in 2022 to directors in their status as such for membership on the Board of Directors of Inditex, or of any Group companies, except for the remuneration of executive directors for the performance of senior management functions. Directors have not received any other remuneration under a profit-sharing scheme or bonus, nor any remuneration systems or schemes covering a variable remuneration or based on results or other indicators of performance of the Company.

As regards executive directors, certain items of their remuneration for the performance of senior management functions are tied to results and other indicators of performance of the Company. In particular, in 2022:

- **Short-term or annual variable remuneration:**

As explained below, the Board of Directors resolved, on the proposal of the Remuneration Committee, that the annual variable remuneration for financial year 2022 should be determined in accordance with the following criteria for the CEO, Mr Óscar García Maceiras:

Weighting	Target	Measurement criteria
70%	Net sales (35%) and contribution margin (35%)	The same criteria established for senior managers according to the budget of the Company are applied
15%	Personal performance	Assessment by the Board of Directors, on the proposal of the Nomination Committee
	Strategic development of the Company	Boost of store and online integration, through the development and implementation of new processes and tools allowing to provide a differentiated customer experience, pursuant to the Groups' targets
15%	Progress in the implementation of the strategy towards global sustainability, measured against the following indicators:	(i) Increase in the number of sustainable items, measured against the following parameters: a More sustainable raw materials: cotton, linen, polyester and cellulose fibres. b Garments featuring the Join Life sustainability label. (ii) Number of audits and control of discharges at dyeing facilities (wet processes) within the scope of the Zero Discharge of Hazardous Chemicals (ZDHC) Programme; (iii) Percentage of waste reduction in respect of waste generated at Inditex facilities (HQ, logistics centres and own stores) (Zero Waste); (iv) Percentage of packaging material collected to be recycled or reused in the supply chain (Green to Pack); (v) Percentage of internal consumption of renewable energy at Inditex facilities (HQ, logistics centres and own stores); (vi) Progress in the roll-out of the "Reusable shopping bag" project; (vii) Progress in the elimination of single-use plastics from customer sales; (viii) Innovation projects related to textile recyclability:
	Progress in corporate governance	Degree of compliance with the recommendations of the Good Governance Code of Listed Companies and alignment with international best practices
	Progress in implementing diversity and compliance programmes	Approval of internal regulations and degree of international roll-out

In order to assess the criteria above for the purpose of determining the CEO's annual variable remuneration for financial year 2022, the Remuneration Committee has taken into account the target achievement levels and the performance scales associated with each target, with their corresponding slopes (i.e. the relation between the level of achievement and the payout level):

- The Inditex Group's net sales were €32.569 billion in financial year 2022, beyond the maximum achievement scenario which implies a 125% payout level for this target.
- The contribution margin was €5.520 billion in financial year 2022, beyond the maximum achievement scenario, which implies a 125% payout level for this target.

With regard to such results, the excellent operating performance of the Group in a highly volatile and uncertain context marked by cost inflation and disruption of the supply chain, should be underscored. This has resulted in the need for a very efficient management of every operating expense item, and in particular for an inventory position that balances appropriate levels of procurement with a high level of quality in terms of commercial success.

This operating performance of the Group has absorbed the impact of the Russia/Ukraine conflict and has entailed the end of operations in both markets since the beginning of FY2022. To the subsequent relevant loss of sales, and in particular, of contribution to the consolidated profit, an extraordinary negative accounting impact should be added, in the amount of €231 million. This is shown in the Income Statement for 2022.

Also noteworthy is the profound transformation of the Group's retail space, with different actions in terms of store openings, closings, absorptions and refurbishments aimed at creating a privileged space to showcase the commercial offer in a framework of omnichannel and eco-efficiency.

It also bears mentioning the Group's strong net cash position, in excess of €10 billion at year-end, that guarantees the financial soundness as well as the investment requirements associated with the company's operating performance in addition to an attractive remuneration policy predictable to our shareholders.

- For the remaining targets, with a 30% weight,:the Remuneration Committee has assessed a level of achievement and a payout level of 125% for these targets. In this respect, the Remuneration Committee has considered the following:

  – In terms of progress related to the Company's strategic development, throughout 2022 the Group continued to advance its strategy of integration between online and in-store. The most obvious example of this is Zara's latest store image, with boutique spaces dedicated to specific collections such as Lingerie, Beauty or Athleticz, combined with the introduction of new processes and technological improvements in the customer experience such as *Pay&Go*, the silo for online orders or the Store Mode. New openings such as Madrid Plaza de España or London Battersea provide unique retail spaces that offer customers a distinctive shopping experience, where they can choose to visit and browse directly or browse online, check available stock, pay without having to go to the till or buy products from the store online and pick them up within two hours.

– The findings of the evaluation of the CEO's performance, carried out by the Board of Directors at the meeting held on 14 December 2022, following a report from the Nomination Committee, with a high rating. This evaluation has particularly highlighted both his good and rapid adaptation to the position as well as his integrated management and his shared commitment to the Company's values and strategic vision.

  A very positive assessment was made of the systematic bolstering of good corporate governance practices, which has resulted mainly in a notable improvement in the working dynamics of the meetings of the Board and its committees, promoting open and constructive dialogue among directors, direct dialogue with the management team and transparency of information through the regular updates on business performance provided to the directors.

– Progress has continued in 2022 towards achievement of sustainability targets in accordance with the current Road Map. Thus:

  ▪ Increase in the number of sustainable items, measured by the following parameters: (i) more sustainable raw materials: cotton, linen, polyester and cellulosic fibres and (ii) garments under the *Join Life* sustainability label.

    In 2022, more than 60% of our products met *Join Life* requirements, far exceeding the commitment to have 50% of our collection under *Join Life* this year. In addition, in 2022, consumption of preferential raw materials, based on the classification established by the industry's benchmark organisations such as Textile Exchange, will already account for 60% of the total used, 43% more than in the previous year.

  ▪ Number of audits and control of discharges at dyeing facilities where wet processing is carried out in the framework of Inditex's commitment to the Zero Discharge of Hazardous Chemicals (ZDHC) Programme: *The List, by Inditex* ensures compliance with the chemical restrictions of the *Clear to Wear* product health standard and Inditex's commitment to achieve Zero Discharge of Unwanted Substances (also known as Zero Discharge or ZDHC Commitment (Zero Discharge of Hazardous Chemicals). Over the course of 2022, the Company has adopted the MRSL (Manufacturing Restricted Substances List) that regulates the quality of the ZDHC Foundation's discharges, thus taking a further step in industry convergence by facilitating compliance with manufacturing requirements by chemical suppliers as well as the facilities that use these chemicals. Likewise*, The List by Inditex* programme has been integrated into the ZDHC Foundation's chemical control strategy. This means that the whole industry will be able to benefit from crucial information to determine whether a chemical product complies with both the MRSL discharge parameters and the legal requirements applicable to the textile or leather article being marketed.

    Verification of compliance with the GtW 2.1 standard is evaluated periodically, through environmental audits, performed at suppliers and factories that belong to the Inditex supply chain and that carry out wet processes. These audits are carried out by independent external auditors. During financial year 2022, 2,065 audits have been carried out under this standard.

  ▪ Percentage of waste reduction in respect of waste generated at Inditex facilities (HQ, logistics centres and own stores) (*Zero Waste*): In 2022, the Company has continued to make progress in the programme to reduce waste generated internally at Inditex facilities (*Zero Waste*). As a result, during the year, waste generated per unit sold was reduced by 4% compared to 2021. In 2022, 92.2% of the waste collected at our facilities was sent for reuse and recycling or energy recovery. Headway was also made in the programme to ensure that store waste is managed correctly.

  ▪ Percentage of packaging material collected to be recycled or reused in the supply chain (*Green to Pack*): In 2022, the *Green to Pack* boxes used for transport and distribution of our products contained more than 75% post-consumer recycled cardboard.

  ▪ Percentage of internal consumption of renewable energy at Inditex facilities (HQ, logistics centres and own stores): In 2022, the target of 100% renewable electricity consumption in our facilities (including all the Company facilities - HQ, logistics centres, factories and stores, with the exception of international offices) was reached.

  ▪ Progress in the roll-out of the "*Reusable shopping bag*" project: The roll out of the "*Reusable shopping bag*" project continued in 2022, reaching 59 markets at year-end, with a consequent reduction in the volume of bags used.

  ▪ Progress in the elimination of single-use plastics from customer sales: In 2022 all packaging coming into the store was mapped, both plastic items accompanying our products and in-store items, eliminating or replacing the vast majority of these items. In addition, efforts continue to replace residual packaging and strengthen the necessary control mechanisms to avoid single-use plastics at source, and their arrival in warehouses and stores.

    The Company is also participating in *The Fashion Pact's* (RE)SET project, which involves the development of alternative and recycled material solutions for all single-use plastics in the textile value chain.

- Innovation projects related to textile recyclability: Through the collaborative *Sustainability Innovation Hub*, the Company collaborated with more than 200 start-ups and participated in more than 30 pilot tests in 2022. Two particularly noteworthy initiatives that have become a reality in 2022 result from this collaborative effort: (i) Infinited Fiber, with whom a purchase commitment for more than €100 million has been signed, and (ii) the contribution made to Circ, an innovative start-up promoting a disruptive recycling technology with the aim of generating new sustainable fibres for use by the textile industry.

– Progress in **corporate governance.**

- In terms of the composition and structure of the corporate bodies, financial year 2022 was the year in which the changes in the organisational structure approved by co-option by the Board of Directors at its meeting held on 29 November 2021 took full effect, following a careful transition period, thus bringing the orderly and planned process of succession to the chairmanship to a successful conclusion.

  The resulting organisational structure has contributed to: (i) strengthening diversity among directors and reducing their average tenure, (ii) strengthening female representation, exceeding the 40% target established for 2022, (iii) fully separating the position of Board Chair from that of the Company's CEO, (iv) maintaining the existence of a balanced composition between proprietary and independent directors, while meeting the requirements that non-executive directors represent a broad majority on the board and that the proportion of independent directors be at least equal to the company's free float, (v) upholding the values of Inditex and the continuity of the founding partner and main shareholder's vision, while at the same time ensuring the stability of the company due to the extensive experience of both the CEO and the new Chair, (vi) providing expertise in areas such as digital transformation, sustainability, compliance, corporate governance and relations with regulators, along with leadership and commercial strategy management, in particular in the areas of product, design, innovation and brand image, which are strategic priorities for the Company and (vii) at the same time, this gradual board refreshment has resulted in a younger, more diverse and plural Board with the ability to address issues in a more up-to-date manner and in line with the expectations and demands of new generations of customers and other stakeholders.

  In view of the aforementioned far-reaching changes in the composition of Inditex's governing bodies, at its meeting held on 12 May 2022, the Board of Directors approved a skills matrix. This board skills matrix is designed as an instrument to provide objective criteria in the selection and appointment of directors and is very useful for projecting aspects such as diversity on the Board, not only in terms of experience and knowledge, but also with regard to aspects such as gender, age, origin and years in office (for the purpose of complying with the principle of progressive renewal).

  It should also be noted that this new organisation came hand in hand with a change in the Company's management model, with the creation of the Management Committee to support the CEO in the exercise of his functions, promoting an environment of collegiate decision-making, in line with international corporate governance best practices. In 2022, the Management Committee met 15 times to discuss all aspects of business operations.

- As regards organisational and operational aspects, one of the key features of the 2022 financial year was the increase in the number of meetings held by the Board of Directors (a total of 10, compared to 7 in the previous financial year), combining in person meetings with hybrid meetings, with directors attending the meetings both physically and remotely. The agenda of business transacted by Inditex's different corporate bodies (duly planned) is increasingly dominated by sustainability.

  In addition, the ITX Board Academy director training plan, launched in 2021 by the General Counsel's Office together with the Board committees responsible for these matters, was stepped up.

- As far as the Annual General Meeting is concerned, an external advisor was commissioned in financial year 2022 to review compliance with the standards, rules and procedures that the Board of Directors of Inditex has put in place in relation to (i) the publication of the notice of meeting, (ii) the management of shareholders' rights, and (iii) the preparation and holding of the 2022 AGM. This verification resulted in the issuance of an unqualified report.

Bearing in mind the foregoing and other aspects addressed in the relevant corporate governance reports, the Audit and Compliance Committee has conducted an analysis of the suitability of the Corporate Governance system and has positively assessed such system. It has considered that the Company has achieved full compliance with the regulatory requirements in the applicable law and with the recommendations of the Good Corporate Governance Code of Listed Companies, approved by CNMV in February 2015, and amended in June 2020, as can also be seen in section G. "Degree of compliance with Corporate Governance recommendations" in the Annual Corporate Governance Report for financial year 2022.

- With regard to progress in terms of Compliance, several projects and initiatives were implemented in financial year 2022, among which the following are worth highlighting:

  – A process was started to review and update the Code of Conduct and Responsible Practices in order to bring its contents, structure and approach into line with the new regulatory realities and challenges, the commitments undertaken by the Company, especially in the area of sustainability, and the digital transformation of the Company. Following the applicable good practices, the process is being carried out with the cooperation of different areas of the Company, external advisors and Inditex's Social Advisory Board, as the main point of contact with the Group's different stakeholders.

- A review has been carried out and the transformation of the Model of Criminal Risk Prevention and the local compliance models into a Global Compliance Model has begun with the aim of improving the efficiency of risk identification, prioritisation and management. With this aim in mind, an analysis of legislation, the main international standards and best practices in the field of Compliance was carried out. As part of the project carried out during the year, a comprehensive review of the Risk and Control Matrix of the Model of Criminal Risk Prevention was carried out in accordance with legislative developments, internal regulations and changes in the Organisation.

- A number of initiatives were implemented to ensure the operation of the Ethics Channel is in line with new regulatory requirements and applicable best practices. Specifically, the Regulations of the Ethics Committee were amended in order, inter alia, to strengthen the supervisory and management functions of this body with respect to the Ethics Line, to make certain changes to its operations and, where necessary under the applicable regulations, to provide it with the authority to set up local bodies similar to the Ethics Committee. In addition, successive national transpositions of Directive (EU) 2019/1937 on Whistleblower Protection were monitored and analysed to ensure the Ethics Channel's compliance with the applicable requirements.

- Moreover, in financial year 2022, the Compliance Training Plan was redesigned to include both the training, awareness and sensitisation actions aimed at addressing the Group's primary compliance risks and the role of the Compliance Function in the coordination and management of the Training Framework Plan, which aims to organise and standardise, under the same umbrella, the training provided by the main corporate areas exposed to compliance risks. In this context, with the aim of promoting the Group's corporate ethical culture and compliance system, a global compliance training course was launched in 2022 on “Tra!n”, the corporate e-learning platform, which also has a specific area dedicated to “Culture and values”. This course is mandatory for a certain group of Group employees who, either because of their position or responsibilities or because of the type of work they perform, are exposed to a higher risk of Compliance. In addition, in order to bolster Compliance training and awareness among the third parties with which Inditex has business relationships, a specific compliance e-learning training course was launched in 2022. It is aimed at the Group's main product suppliers, which are present in more than 50 markets. This course will make it possible to convey to these suppliers the principles and guidelines of behaviour that the Company expects from them within the framework of the commercial or professional relationship with Inditex.

  In addition, further progress was made during financial year 2022 in the implementation of third-party due diligence, by regularising all the Group's existing suppliers and broadening knowledge and control over the members of the production supply chain.

  In financial year 2022, the Board of Directors approved the Global sexual harassment and sex or gender identity-based harassment at the workplace prevention Policy and reviewed and/or updated the Policy on statutory auditor contracting for the provision of non-audit services, the Indirect Procurement Policy, the Sustainability Policy, the Community Investment Policy and the Internal Code of Conduct in the Securities Markets. In addition, four procedures and nine terms of reference or charters of board committees or internal function were approved and/or revised.

- As regards progress in the area of Diversity and Inclusion, during this year 2022, internal awareness of the Group's Diversity and Inclusion Policy was further strengthened through various training activities, as well as the active participation of the diversity team in a number of operational meetings in different countries. The recognition of "Diversity Champions" has also been extended to all the Group's chains to act as internal ambassadors of the diversity policy and diversity strategy. In terms of training, this year we created our own diversity and inclusion channel for the Tra!n e-learning platform, which will make it possible to have all the training activities related to this area in one place and organised by level, target groups and specific themes. This channel was launched as a pilot to all *champions and changemakers* in the Company (around 1,500 people) and will be made public to all teams worldwide at the beginning of financial year 2023. 2022 also saw the renewal of GEEIS, our gender equality certification for corporate departments and areas. It was extended to include certification in the area of diversity, and our Nordic hub was certified for the first time. All the projects carried out were accompanied by 4 awareness-raising and sensitisation initiatives: (i) 8 March for gender equality, (ii) 21 May for cultural and socio-ethnic diversity, (iii) the “*I'm proud*” initiative for LGBTIQ+ people in July and (iv) the 3rd edition of *Impact Week* for the inclusion of people with disabilities in December. Regarding this latter pillar of the Company’s diversity strategy, the inclusion of people with disabilities, a direct boost was given in 2022 with the commitment to recruit 1,500 more people in the teams around the world in the next two years, doubling the current number. This commitment was bolstered by the signature of the Global Business Disability Network (GBDN) Charter of the International Labour Organization (ILO). 2022 was a year of consolidation in the diversity and inclusion strategy in its four pillars of activity, allowing to further strengthen the values of respect, fairness and non-discrimination.

Therefore, on the proposal of the Remuneration Committee, the Board of Directors resolved an overall payout level of the annual variable remuneration for financial year 2022 for the CEO equivalent to 125% of target, i.e. €3,750 thousand (150% of his annual fixed remuneration).

The settlement of Mr Isla's annual variable remuneration for his period of service in financial year 2022 is detailed in section B.10.

- **Multi-year or Long-term variable remuneration:**

The second cycle (2020-2023) of the 2019-2023 Long-Term Incentive Plan (the "**2019-2023 Plan**"), approved at the Annual General Meeting held on 16 July 2019, ended on 31 January 2023.

The features and amounts for the second cycle (2020-2023) are set out below:

- This cycle began on 1 February 2020 and ended on 31 January 2023.

- The amount of the incentive for the second cycle (2020-2023) assigned to the CEO was as follows:

Executive Director	Target Incentive	=	Cash	+	Shares
CEO	70% of annual fixed remuneration		€700 thousand		33,460 shares

In a scenario of overachievement, the incentive would be equivalent to 185% of the above referred target incentive.

- The metrics to which this cycle is tied, and their weightings, are as follows:

Weighting	Target	Measurement criteria
30%	Profit before Taxes ("PBT")	PBT in a certain period of time.
30%	Same-store Sales ("MMTT")	Sales in comparable physical and online stores, according to the information released by the Company.
30%	Relative Total Shareholder Return ("TSR")	Comparison of the evolution of an investment in Inditex's shares with the evolution of an investment in shares of any of the companies included in the Peer Group of companies (as defined below), determined by the ratio (expressed as a percentage) between the final value of a hypothetical investment in shares (reinvesting the dividends from time to time) and the initial value of that same hypothetical investment.
10%	Sustainability index (comprising 4 indicators)	(i) Percentage of factories within Inditex's supply chain where wet processing (such as washing, dyeing and printing) is carried out, that use *The List, by Inditex* standard as a reference to select the chemical products used in their processes. This percentage will be verified by means of the relevant audits. It is measured at the end of each cycle. (ii) Percentage of waste (in terms of waste similar to urban waste and hazardous waste) internally generated at Inditex headquarters, and at all own factories and logistics centres, that is recycled, evaluated and appropriately managed to be made available as a resource for repurposing through reuse or recycling.It is measured at the end of each cycle. (iii) Greenhouse as direct emissions reduction ratio in own operations in respect of total net sales of the Group. It is measured at the end of each cycle. (iv) Percentage of Inditex's suppliers of goods ranked A and B following their social audit. The average of the three years of each cycle is measured.

- In order to calculate the incentive achieved for each level of achievement of objectives, a Maximum Incentive level and a **performance scale** for each metric. have been determined The performance scales are described below:

  – Regarding PBT and MMTT:

Level of achievement	Level of Incentive (% of Maximum Incentive)
Below minimum	0%
Minimum	50%
Target	75%
Maximum	100%
Overachievement	125%

Intermediate figures are calculated by linear interpolation.

– Regarding the evolution of relative TSR:

– The Peer Group is made up of the companies included in the Dow Jones Retail Titans 30 index as of 1 February 2020 (the "Peer Group").

– For the purposes of Inditex's TSR and the TSR of each company within the Peer Group, initial value shall be understood as the average weighted closing share price of each company on the 30 trading days immediately prior to 1 February 2020 (excluded) (the "Initial Value").

– For the purposes of Inditex's TSR and the TSR of each of the companies included in the Peer Group, final value shall be understood as the average weighted closing share price of each company on the 30 trading days immediately prior to 31 January 2023 (included) (the "Final Value").

– To this end, for calculating such Final Value, the dividends or other similar amounts received by shareholders on said investment during the respective period of time will be considered, as if the gross amount thereof (before taxes) would have been reinvested in more shares of the same class on the first date on which the dividend or any similar amount is payable to shareholders and at the closing share price on that date.

– At the end of the cycle, Inditex's TSR and the TSR of each company included in the Peer Group is calculated. The companies within such Peer Group are ranked in descending order, based upon the highest or lowest TSR of each of them. A payout ratio ranging from 0% to 125% of Maximum Incentive is assigned to each position in the ranking, in accordance with the following scale:

Level of achievement	Place in ranking	Level of incentive
Below minimum	< 15th (median)	0%
Minimum	= 15th (median)	30%
Maximum	5th to 8th (75th percentile but below 90th percentile)	100%
Overachievement	1st to 4th (ranked at or above 90th percentile)	125%

For intermediate positions between median and 75th percentile within the Peer Group, the payout ratio will be calculated by linear interpolation.

– Afterwards, Inditex's TSR will be compared with the TSR of the companies within the Peer Group to identify between which positions Inditex is ranked. Subsequently, the portion of the incentive to be delivered shall be calculated, interpolating between the payout ratios of such positions, according to the difference between the values of TSR.

– Regarding the Sustainability index: the Remuneration Committee jointly evaluates the 4 indicators above referred based upon the results achieved, disclosed by the Company's Sustainability Department, in accordance with the following performance scales defined for each of them:

– Indicator no. 1: ensuring the use of the *The List by Inditex* standard for chemical products used in the textile industry:

Percentage of factories where wet processing is carried out across Inditex's supply chain that use *The List* as a reference standard	Level of Incentive (% of maximum incentive)
< 45%	0%
45%	50%
48%	75%
51%	100%
>55%	125%

– Indicator no. 2: Improvement of own waste management:

Percentage of waste similar to urban waste	Percentage of hazardous waste appropriately managed to be recovered	Level of Incentive (% of maximum incentive)
< 85%	< 80%	0%
85%	80%	50%
88%	82.5%	75%
91%	85%	100%
> 95%	> 88%	125%

– Indicator no. 3: GHG emissions reduction:

Percentage of reduction of GHG emissions upon expiry of each cycle of the 2019-2023 Plan	Level of Incentive (% of maximum incentive)
< 4%	0%
4%	50%
5%	75%
6%	100%
> 8%	125%

– Indicator no. 4: concentrating production in suppliers ranked A and B following their social audits:

Percentage of concentration of production in suppliers ranked A and/or B following their social audit upon expiry of each cycle of the 2019-2023 Plan	Level of Incentive (% of maximum incentive)
< 90%	0%
90%	50%
92%	75%
94%	100%
> 95%	125%

– The incentive will be delivered within the calendar month following the publication of the 2022 annual accounts.

In order to determine the level of achievement reached and the resulting level of payment, at its meeting held on 14 March 2023 and on the proposal of the Remuneration Committee, the Board of Directors has taken into account the following results:

- Growth in Same-store Sales in the period from 1 February 2020 to 31 January 2023 was 13.3% on an annualised basis. This growth is significantly above the overachievement scenario set at the beginning of the cycle.

- The Group's PBT in financial year 2022 was €5.358 billion. This growth is significantly above the overachievement scenario set at the beginning of the cycle.

- Inditex's Total Shareholder Return ("TSR") position is below the median TSR ranking of the Peer Group. Therefore, the payout level is zero.

- Regarding the sustainability index:

(i) The percentage of factories within Inditex's supply chain where wet processing (such as washing, dyeing and printing) is carried out, that use *The List by Inditex* standard as a reference to select the chemical products used in their processes, was above 55% on 31 January 2023 according to the audits conducted.

(ii) The percentage of waste reduction internally generated at Inditex headquarters, and at all own factories and logistics centres, that is appropriately recycled, evaluated and managed to be recovered, preventing discharge to landfill, was 92.4% for urban assimilable waste and 80.9% for hazardous waste on 31 January 2023.

(iii) The ratio of direct greenhouse gas emission reductions in own operations to the Group's total sales volume has been reduced by more than 8% from 1 February 2020 to 31 January 2023.

(iv) The percentage of Inditex's product suppliers with a social ranking of A and B has exceeded 95% in the average of the three years of the cycle.

The Remuneration Committee has assessed the results with a full view of the achievements in the second cycle period to ensure that the level of pay is consistent with them, carrying out an appropriate balance between the Company's performance and the protection of shareholders' interests. Without prejudice to underscoring the good performance of sustainability metrics, the level of achievement of financial metrics has been considered, which is significantly above the initial overachievement scenario:

- Growth in Same-store Sales exceeds the long-term rate of between 4% and 6% expected in 2019 before the COVID-19 pandemic (announced in the financial year 2019 results report) and is 8 p.p. above the growth achieved in the previous 2019-2021 cycle (5.28%).

- Inditex Group's PBT in 2022 amounts to €5.358 billion, versus the PBT in the previous year which stood at €4.199 billion. This is 14% above the levels achieved in financial year 2019. These results were achieved without operations in Russia and Ukraine since March 2022. Russia and Ukraine's PBT represented 11.1% on total PBT in 2021 (the year before the end of the cycle) and 10.5% in 2019 (beginning of the cycle).

- Regarding relative Total Shareholder Return (TSR), as this was totally an unpredictable event in 2020 and with a logical impact on the share value, the level of direct exposure to Russia and Ukraine of the Dow Jones Retail Titans 30 stocks set at the beginning of the second cycle of the 2019-2023 Plan was assessed. Specifically, 21 companies with no commercial presence in Russia and Ukraine have been identified, and the remaining 8 companies have medium or low exposure. Inditex had a higher level of exposure.

  Viewed by geography, these findings are even more relevant for the purpose of understanding the different evolution of TSR for the various index constituents:

  - Of the 17 North American companies comprising the Dow Jones Retail Titans 30 as of 1 February 2020 (and representing 59% of the index), 15 companies (88%) have no direct exposure to Russia and Ukraine and only 2 of them have exposure, albeit to a low degree. This factor partially explains the better TSR performance of companies based in the United States and Canada.

  - Of the 7 companies with headquarters in Asia-Pacific and Africa (24% of the index), 3 of them have no direct exposure to Russia and Ukraine, 3 have a low degree of exposure and only one has a medium degree of exposure.

  - Of the 5 European companies (17% of the index), only 2 have a medium-high degree of exposure to Russia and Ukraine. The rest have no direct exposure or a low degree.

Based on this analysis, the Remuneration Committee proposed to recognise an overall achievement of the financial targets of 116.7% of the incentive granted in the scenario of overachievement. As a result, the **overall incentive payout level is 80% of the incentive** allocated in the overachievement scenario.

On the proposal of the Remuneration Committee, the Board of Directors resolved the following incentive amounts:

For the CEO:

- A cash incentive of €1,035 thousand.
- A share incentive equivalent to 49,477 shares.

The settlement of the incentive for Mr Isla, in his capacity as former Executive Chairman of the Company, has been detailed in section B.10.

B.4. Report on the result of the advisory say-on-pay vote at the Annual General Meeting on remuneration in the previous year, indicating the number of votes in favour, votes against, abstentions and blank ballots:

The Annual Report on the Remuneration of Directors for 2022 was submitted to the advisory say-on-pay vote at the Annual General Meeting on 12 July 2022, as agenda item number 9, with the following outcome:

	Number	**% of total**
Votes cast	2,732,426,019	99.54 %

	Number	**% cast**
Votes against	79,935,473	2.93 %
Votes in favour	2,652,490,546	97.07 %
Abstentions	12,744,943	0.46 %
Blank votes	78	0 %

B.5. Determination of the fixed components accrued and vested during the year by the directors in their capacity as such, and their change with respect to the previous year.

To determine the remuneration accrued by the directors in their status as such in 2022, the amounts fixed in the Remuneration Policy approved at the 2021 AGM and in the Current Text of the Remuneration Policy as amended and approved at the 2022 AGM have been considered. These amounts have been applied since the resolution passed at the Annual General Meeting held on 19 July 2011, except for the position of non-executive Chair of the Board of Directors, which was created in financial year 2022..The different items and amounts have been detailed in section A.1.7. above.

Pursuant to the foregoing, and based on the current composition of the Board of Directors and its Committees, in 2022 the total amount accrued by the directors in their status as such for the performance of supervisory and collegiate decision-making duties amounted to €3,230 thousand, of which €100,000 correspond to the CEO, Mr Óscar García Maceiras, who held the position of director throughout financial year 2022 and €16 thousand to Mr Isla for holding the position of director in the transitional period from 1 February until 31 March 2022.

B.6. Determination of the salaries accrued and vested by each of the executive directors over the past financial year for the performance of management duties, and their change with respect to the previous year.

The fixed remuneration accrued by the CEO for senior management functions in financial year 2022 totalled €2,041 thousand. This amount is the sum of the following payments:

- From 1 February to 11 July 2022, remuneration for this item was in accordance with the Remuneration Policy approved at the 2021 AGM for this position. Therefore, in this period, the fixed remuneration accrued amounted to €689 thousand.
- From the 2022 AGM until 31 January 2023, remuneration was in accordance with the Current Text of the Remuneration Policy. Therefore, in this period, the fixed remuneration accrued amounted to €1,352 thousand.

The payments were made in 14 instalments and entirely in cash.

For Mr Isla, as mentioned in the Annual Report on the Remuneration of Directors for financial year 2021, the remuneration for the period from 1 February to 31 March 2022, the effective date of his resignation, was in accordance with the terms set at the Remuneration Policy approved at the 2021 AGM for the position. Therefore, the fixed remuneration accrued by Mr Isla in this period was €597 thousand (this amount includes the payments for the months of February and March and the prorated part of the 13th and 14th months extraordinary payments).

B.7. Nature and main characteristics of the variable items of the remuneration systems accrued in the year ended.

A detailed breakdown of annual variable remuneration and long-term incentive plans is provided in sections A.1. and B.3. of this report.

B.8. Reduction or return (clawback) of certain variable components, and, where appropriate, amounts reduced or clawed back, grounds for reduction or clawback and years to which they refer.

No such proceedings have taken place in 2022.

B.9. Main characteristics of the long-term savings systems.

In financial year 2022 Inditex has made no contributions to the defined contribution pension schemes.

B.10. Severance pay or any other type of payment deriving from early cessation, accrued and/or received by directors during the year ended.

At its meeting held on 29 November 2021 and following a report from the Nomination Committee, the Board of Directors of Inditex resolved by unanimous vote, inter alia, to accept the resignation tendered by Mr Pablo Isla Álvarez de Tejera as member and Executive Chairman of the Board of Directors of Inditex and as member and Chairman of its Executive Committee. The termination took effect on 31 March 2022, until which time Mr Isla continued to perform his duties.

As stated in section A.1. 8. of the Directors' Remuneration Report for financial year 2021, upon the departure of Mr Isla as Executive Chairman of the Company, on the proposal of the Remuneration Committee and after an in-depth analysis process, the Board of Directors approved at its meeting held on 14 December 2021 the offer to amend the Service Contract entered into between the Company and Mr Isla in 2015 (the "**Contract**"), in order to update the post-contractual non-compete clause included therein, both in terms of a broader definition of the scope of the post-contractual non-compete clause of Mr Isla (covering the marketing of any products that are the same, similar or complementary to those marketed by the Inditex Group, through online channels, and logistics services) and also, accordingly, as regards the compensation to be paid by the Company (increased to a total amount equivalent to two (2) annual payments of his total target remuneration) and the multiplier applicable to the penalty in the event of breach of such obligation (double the compensation received). The novation was intended to increase the deterrent effect and thus improve the protection of the Company's legitimate interests (the "**Novation of the Contract**"). Mr Isla accepted the offer on 15 March 2022.

Based on the above, the total amount to be paid by the Company to Mr Isla in consideration of his post-contractual non-compete obligation amounted to nineteen million seven hundred and forty thousand euros (€19,740,000.00).

In any case, under no circumstances did the sum of this amount and the severance payment also agreed (the gross amount equivalent to one (1) year's fixed remuneration established for financial year 2022, i.e. €3,250 thousand) exceed an amount equal to two (2) years of Mr Isla's maximum total remuneration.

Since the total amount of compensation for the aforementioned non-compete obligation exceeds the provisions of the then applicable Remuneration Policy as regards payments for termination of executive directors' contracts, the effectiveness of such Novation of the Contract was subject to the proviso that it be approved at the Company's Annual General Meeting in accordance with the provisions of section 529*novodecies*(5) LSC. The 2022 AGM approved the Novation of the Contract with 97.89% of votes in favour.

In accordance with the provisions of the Remuneration Policy approved at the 2021 AGM, the Company paid Mr Isla the following amounts within 15 days following the date of termination of his Contract: (i) €3,250 thousand as severance pay for termination and (ii) €3,250 thousand, as compensation for the post-contractual non-compete obligation. The Company paid the remaining €16,490 thousand to Mr Isla within 15 days after the date of the 2022 AGM in accordance with the Current Text of the Remuneration Policy.

At its meeting held on 15 March 2022 and on the proposal of the Remuneration Committee, the Board of Directors resolved to pay the following amounts to Mr Isla as settlement of current incentives and fixed remuneration:

- Settlement of the incentive for the second cycle (2020-2023) of the 2019-2023 Long-Term Incentive Plan.

  As shown in section B.3. above, this cycle ran from 1 February 2020 to 31 January 2023. Therefore, on Mr Isla's effective termination date, i.e. 31 March 2022, 2 year and 2 months had elapsed out of a total accrual period of 3 years. Since the metrics associated with this cycle (PBT, MMTT, relative TSR and sustainability index) are measured at the end of the cycle, it was not possible to determine an accurate level of achievement. Therefore, the Board of Directors resolved to consider as the level of achievement solely for the purposes of the early settlement a "target" level of achievement in view of the good results of Inditex in 2021. As a result, the target incentive, pro-rated for the time elapsed from the commencement of the cycle until the termination date, would amount to €980 thousand and 46,859 shares.

- Settlement of the incentive for the first cycle (2021-2024) of the 2021-2025 Long-Term Incentive Plan.

  As shown in section A.1.6. above, this cycle runs from 1 February 2021 to 31 January 2024. Therefore, on Mr Isla's effective termination date, i.e. 31 March 2022, 1 year and 2 months had elapsed out of a total accrual period of 3 years. Since the metrics associated with this cycle (PBT, TTTT, total TSR, relative TSR and sustainability index) are measured at the end of the cycle, it was not possible to determine a precise level of achievement. Therefore, the Board of Directors resolved to consider as the level of achievement solely for the purposes of the early settlement a “target” level of achievement in view of the good results of Inditex in 2021. As a result, the target incentive, pro-rated for the time elapsed from the commencement of the cycle until the termination date, would amount to €421 thousand and 24,418 shares.

- Settlement of the annual variable remuneration for financial year 2022.

  The Board of Directors deemed that the transfer of duties from Mr Isla to the (non-executive) Chair of the Board of Directors and to the CEO has been successfully completed. In addition, sales continued to improve compared to the same months in the previous year. On this basis, the Board of Directors has resolved to consider a maximum level of achievement for the incentive (125% of target). As a result, the early settlement amount of the annual variable remuneration for financial year 2022, prorated for the time elapsed from the beginning of the financial year (1 February 2022) until the termination date (31 March 2022), amounted to €788 thousand.

- Settlement of the accrued pro-rated share of the fixed remuneration for financial year 2022 corresponding to extraordinary payments.

  Pursuant to the Remuneration Policy approved at the 2021 AGM and as stated in Mr Isla's Contract, the amount of the annual fixed remuneration for his executive duties was paid in 14 instalments. As a result, 2 payments were due for the period between 1 February and 31 March 2022, and the prorated part of the extraordinary payments that would have been made in July and December was also accrued. This amount was €132 thousand.

Lastly, for information purposes, the features of the pension scheme of which Mr Isla was a beneficiary and the amount of the accumulated funds are set out below.

From 2011 to 31 January 2015, Mr Isla was the beneficiary of a defined contribution pension scheme, implemented through a group life insurance policy underwritten with an insurance company of repute in Spain (the “**Policy**”).

Contributions to such pension scheme up to the specified date were made by Inditex in the month of September of each of the years referred to in the paragraph above. The amount of the annual contributions each year was equivalent to 50% of the fixed remuneration paid each year by Inditex to Mr Isla.

As has been the norm since 2015, in financial year 2022, no contributions have been made to the pension scheme for Mr Isla.

Pursuant to the terms and conditions of the Policy, in case of termination at Inditex before the retirement age, Mr Isla would keep 100% of the entitlement to the accumulated funds under the Policy. However, this being a pension commitment, Mr Isla or his successors, as the case may be, shall not materialise such rights until any of the contingencies covered by the Policy would occur. General contingencies covered are retirement (regular or early), permanent disability while in performance of professional duties (ranked as total/absolute and severe disability) and death while in performance of professional duties. As an exception, acute illness and long-term unemployment will also be considered.

Pursuant to the provisions of Royal Decree 681/2014 of 1 August, whereby the Regulations on Pension Plans and Funds approved by Royal Decree 304 of 20 February 2004 were amended, the Policy also covers the possibility of receiving retirement benefit upon attaining 65 years where the Social Security retirement benefit is not available, as well as receiving the retirement benefit in advance on account of termination of the employment agreement and joining the ranks of unemployed following the loss by the company of its legal personality, collective dismissal, dismissal on objective grounds and insolvency proceedings. These benefits are separate from any other to which Mr Isla may be entitled on other grounds.

At 31 December 2023, the accumulated funds amounted to €9,838 thousand.

B.11. Significant changes in the contracts entered into with executive directors.

On the proposal of the Board of Directors, the 2022 AGM passed a resolution to amend the Remuneration Policy approved at the 2021 AGM, section 3 of which defines the key aspects of the new remuneration package and other basic contractual conditions to be applied to the CEO under the new corporate governance structure.

In the context of the departure of the former Executive Chairman and the tightening of his post-contractual non-compete clause explained in section B.10 above, the Remuneration Committee also considered it appropriate to review the contractual conditions of Mr García Maceiras as CEO, specifically in relation to the golden parachute clause and the post-contractual non-compete clause, bearing in mind that the fact that when evaluating the conditions established for Mr Isla in his Contract and in the Remuneration Policy approved by the 2021 AGM, for the purposes of post-contractual non-compete, these had been deemed insufficient to protect the interests of Inditex.

When updating these conditions, the Remuneration Committee also took into account:

- The guidelines of institutional investors and proxy advisors, as well as recommendation 64 of the Good Governance Code of Listed Companies in Spain.

- Ibex-35 market practice in relation to severance payments and post-contractual non-compete clauses.

As a result, the Current Text of the Remuneration Policy fixes the gross compensation payable in the cases identified therein at an amount equivalent to the remuneration for two (2) years, calculated based on the annual fixed and variable remuneration of the CEO for the current year. This severance payment includes compensation for the post-contractual non-competition obligation.

In any case, the aforementioned severance payment is in accordance with the limits on the maximum amounts of severance payments for executive directors set out in the recommendations of the Good Governance Code of Listed Companies.

For the Executive Chairman, at its meeting held on 13 December 2021, the Remuneration Committee resolved to submit to the Board of Directors a proposal for the Novation of Mr Isla's Contract, as described in section B.10. above, in order to strengthen the post-contractual non-compete clause. Such proposal was accepted and implemented in March 2022 and approved at the 2022 AGM.

B.12. Any supplementary remuneration accrued by directors in consideration of the provision of services other than those inherent in their position.

No supplementary remuneration other than the one explained above is provided in the Current Text of the Remuneration Policy.

As at the date this Report is issued, no supplementary remuneration has been accrued by the directors in consideration for any services rendered outside of their post.

B.13. Any remuneration deriving from advance payments, loans or guarantees granted.

The granting of advance payments, loans or guarantees to directors is not covered in the Current Text of the Remuneration Policy.

As at the date of this Report, no advance payment, loans or guarantees have been granted to any director.

B.14. Remuneration in kind accrued by the directors over the year.

No remunerations in kind exist.

B.15. Remuneration accrued by directors by virtue of payments settled by the listed company to a third company at which the director renders services when these payments seek to remunerate the director's services to the company.

As at the date this Report is issued, no such remuneration has been accrued by any director.

B.16. Any other items of remuneration other than those mentioned in the previous sections.

As at the date this Report is issued, no other additional item of remuneration other than the ones mentioned in the previous sections are provided in the remuneration system for directors.

C. Statistical Appendix III to the annual report on the remuneration of directors of listed public companies (CNMV's Circular 2/2018, of 12 June), corresponding to Industria de Diseño Textil, S.A.

ISSUER IDENTIFICATION

Ending date of reference period: 31/01/2023

CIF: A-15075062

Company name: Industria de Diseño Textil, S.A.

Registered office: Avenida de la Diputación, Edificio Inditex, Arteixo (A Coruña)

Statistical appendix to the annual report on remuneration of directors of listed public companies

B. OVERALL SUMMARY OF HOW REMUNERATION POLICY HAS BEEN APPLIED DURING THE YEAR ENDED

B.4. Report on the result of the advisory say-on-pay vote at the Annual General Meeting on the annual remuneration report for the previous year, stating the number of votes against that may have been cast:

	Number	% of total
Votes cast	2,732,426,019	99.54 %

	Number	% cast
Votes against	79,935,473	2.93 %
Votes in favour	2,652,490,546	97.07 %
Abstentions	12,744,943	0.46 %
Blank ballots	78	0 %

C. ITEMISED INDIVIDUAL REMUNERATION PAYABLE TO EACH DIRECTOR

Name	Type	Accrual period 2022
Ms MARTA ORTEGA PÉREZ	Proprietary	From 01/04/2022 to 31/01/2023
Mr ÓSCAR GARCÍA MACEIRAS	Executive	From 01/02/2022 to 31/01/2023
Mr AMANCIO ORTEGA GAONA	Proprietary	From 01/02/2022 to 31/01/2023
Mr JOSÉ ARNAU SIERRA	Proprietary	From 01/02/2022 to 31/01/2023
PONTEGADEA INVERSIONES, S.L. (REPRESENTED BY MS FLORA PÉREZ MARCOTE)	Proprietary	From 01/02/2022 to 31/01/2023
BNS. DENISE PATRICIA KINGSMILL	Independent	From 01/02/2022 to 31/01/2023
Mr JOSÉ LUIS DURÁN SCHULZ	Independent	From 01/02/2022 to 31/01/2023
Mr RODRIGO ECHENIQUE GORDILLO	Independent	From 01/02/2022 to 31/01/2023
Ms PILAR LÓPEZ ÁLVAREZ	Independent	From 01/02/2022 to 31/01/2023
Mr EMILIO SARACHO RODRÍGUEZ DE TORRES	Independent	From 01/02/2021 to 31/01/2022
Ms ANNE LANGE	Independent	From 01/02/2022 to 31/01/2023
Mr PABLO ISLA ÁLVAREZ DE TEJERA	Executive	From 01/02/2022 to 31/03/2022

C.1. Complete the following tables regarding the individual remuneration of each director (including the remuneration paid for performing their executive duties) payable during the financial year.

a) Remuneration from the reporting company:

i) Remuneration in cash (in thousand euro)

Name	Fixed remuneration	Attendance fees	Remuneration for membership of board committees	Salary	Short-term variable remuneration	Long-term variable remuneration	Compensation	Other items	Total year 2022	Total year 2021
Ms MARTA ORTEGA PÉREZ	834	-	-	-	-	-	-	-	834	-
Mr ÓSCAR GARCÍA MACEIRAS	100		-	2,041	3,750	1,035			6,926	712
Mr AMANCIO ORTEGA GAONA	100	-	-	-	-	-	-	-	100	100
Mr JOSÉ ARNAU SIERRA	100	-	200	-	-	-	-	80	380	380
PONTEGADEA INVERSIONES, S.L. (REPRESENTED BY MS. FLORA PÉREZ MARCOTE)	100	-	-	-	-	-	-	-	100	100
BNS. DENISE PATRICIA KINGSMILL	100	-	150	-	-	-	-	50	300	300
Mr JOSÉ LUIS DURÁN SCHULZ	100	-	150	-	-	-	-	28	278	250
Mr RODRIGO ECHENIQUE GORDILLO	100	-	150	-	-	-	-	50	300	300
Ms PILAR LÓPEZ ÁLVAREZ	100	-	150	-	-	-	-	50	300	300
Mr EMILIO SARACHO RODRÍGUEZ DE TORRES	100	-	150	-	-	-	-	22	272	300
Ms ANNE LANGE	100	-	150	-	-	-	-	-	250	250
Mr PABLO ISLA ÁLVAREZ DE TEJERA	16	-	-	597	788	1,402	22,990	-	25,793	9,985

ii) Table of changes in share-based remuneration schemes and gross profit from vested shares or financial instruments

Name	Name of Plan	Financial instruments at start of FY2022		Financial instruments granted in FY2022		Financial instruments vested during the year				Instruments matured but not exercised	Financial instruments at end of FY2022	
		No. instruments	No. equivalent shares	No. instruments	No. equivalent shares	No. instruments	No. equivalent/ vested shares	Price of vested shares	Gross Profit from vested shares or financial instruments (thousands of euros)	No. instruments	No. instruments	No. equivalent shares
Mr ÓSCAR GARCÍA MACEIRAS	Second cycle (2020-2023) of the 2019-2023 Long-term Incentive Plan	61,854	61,854			49,477	49,477	29.27	1,448	12,377	0	0
Mr ÓSCAR GARCÍA MACEIRAS	First cycle (2021-2024) of the 2021-2025Long-term Incentive Plan	68,562	68,562								68,562	68,562
Mr ÓSCAR GARCÍA MACEIRAS	Second cycle (2022-2025) of the 2021-2025 Long-term Incentive Plan			71,472	71,472							
Mr PABLO ISLA ÁLVAREZ DE TEJERA	Second cycle (2020-2023) of the 2019-2023 Long-term Incentive Plan	120,172	120,172			46,859	46,859	19.88	932	73,313		
Mr PABLO ISLA ÁLVAREZ DE TEJERA	First cycle (2021-2024) of the 2021-2024 Long-term Incentive Plan	116,568	116,568			24,418	24,418	19.88	485	92,150		

iii) Long-term savings systems

Name	Remuneration from vesting of rights to savings system (€ thousand)
Mr PABLO ISLA ÁLVAREZ DE TEJERA	

Name	Contribution over the year from the company (€ thousand)				Amount of accrued funds (€ thousand)			
	Savings systems with vested economic rights		Savings systems with non-vested economic rights		Financial year 2022		Financial year 2021	
	Financial year 2022	Financial year 2021	Financial year 2022	Financial year 2021	Systems with vested economic rights	Systems with non-vested economic rights	Systems with vested economic rights	Systems with non-vested economic rights
Mr PABLO ISLA ÁLVAREZ DE TEJERA	-	-	-	-	9,838	-	9,422	-

iv) Details of other items

Name	Concept	Amount of remuneration
No data		

b) Remuneration paid to the company's directors for being members on the boards of other group companies:

i) Remuneration in cash (in thousand euro)

Name	Fixed remuneration	Attendance fees	Remuneration for membership of Board committees	Salary	Short-term variable remuneration	Long-term variable remuneration	Indemnification	Other items	Total FY 2022	Total FY 2021
No data										

ii) Table of changes in share-based remuneration schemes and gross profit from vested shares or financial instruments

Name	Name of Plan	Financial instruments at start of FY2022		Financial instruments granted in FY2022		Financial instruments vested during the year				Instruments matured but not exercised	Financial instruments at end of FY2022	
		No. instruments	No. equivalent shares	No. instruments	No. equivalent shares	No. instruments	No. equivalent/ vested shares	Price of vested shares	EBITDA from vested shares or financial instruments (€ thousand)	No. instruments	No. instruments	No. equivalent shares
No data												

iii) Long-term savings systems

Name	Remuneration from vesting of rights to savings systems
No data	

Name	Contribution over the year from the company (thousands of euros)				Amount of accrued funds (thousands of euros)			
	Savings systems with vested economic rights		Savings systems with non-vested economic rights		Financial year 2022		Financial year 2021	
	Financial year 2022	Financial year 2021	Financial year 2022	Financial year 2021	Systems with vested economic rights	Systems with non-vested economic rights	Systems with vested economic rights	Systems with non-vested economic rights
No data								

iv) Details of other items

Name	Concept	Amount of remuneration
No data		

c) Summary of remuneration (in thousand euro):

This should include a summary of the amounts corresponding to all the remuneration items included in this report that have accrued to each director (in €k) .

Name	Remuneration accrued in the company					Remuneration accrued in group companies				
	Total cash remuneration	EBITDA of vested shares or financial instruments	Remuneration by way of savings systems	Other items of remuneration	Total FY2022 company	Total cash remuneration	Gross profit of vested shares or financial instruments	Remuneration by way of savings systems	Other items of remuneration	Total FY2022 group
Ms MARTA ORTEGA PÉREZ	834				834					
Mr ÓSCAR GARCÍA MACEIRAS	6,926	1,448			8,374					
Mr AMANCIO ORTEGA GAONA	100				100					
Mr JOSÉ ARNAU SIERRA	380				380					
PONTEGADEA INVERSIONES, S.L. (REPRESENTED BY MS. FLORA PÉREZ MARCOTE)	100				100					
BNS. DENISE PATRICIA KINGSMILL	300				300					
Mr JOSÉ LUIS DURÁN SCHULZ	278				278					
Mr RODRIGO ECHENIQUE GORDILLO	300				300					
Ms PILAR LÓPEZ ÁLVAREZ	300				300					
Mr EMILIO SARACHO RODRÍGUEZ DE TORRES	272				272					
Ms ANNE LANGE	250				250					
Mr PABLO ISLA ÁLVAREZ DE TEJERA	25,793	1,417			27,210					
TOTAL	**35,833**	**2,865**			**38,698**					

C.2. State the development over the last 5 years of the amount and the percentage change in the remuneration earned by each of the listed company's directors who have been directors during the year, the consolidated results of the company and the average remuneration on a full-time equivalent basis of the employees of the company and its subsidiaries who are not directors of the listed company.

	Total amounts accrued and annual variation								
	Financial year 2022	Percentage variation 2022/2021	Financial year 2021	Percentage variation 2021/2020	Financial year 2020	Percentage variation 2020/2019	Financial year 2019	Percentage variation 2019/2018	Financial year 2018
Executive Directors (€ thousand)									
Mr ÓSCAR GARCÍA MACEIRAS	8,374	1022%	746	0%	0	0%	0	0%	0
Mr PABLO ISLA ÁLVAREZ DE TEJERA	27,210	119%	12,443	111%	5,885	(5%)	6,209	(35%)	9,489
Non-executive Directors									
Mr AMANCIO ORTEGA GAONA	100	0%	100	0%	100	0%	100	0%	100
Mr JOSÉ ARNAU SIERRA	380	0%	380	0%	380	15%	330	0%	330
PONTEGADEA INVERSIONES, S.L. (REPRESENTED BY MS. FLORA PÉREZ MARCOTE)	100	0%	100	0%	100	0%	100	0%	100
BNS. DENISE PATRICIA KINGSMILL	300	0%	300	0%	300	20%	250	0%	250
Mr JOSÉ LUIS DURÁN SCHULZ	278	11%	250	(8%)	273	(9%)	300	0%	300
Mr RODRIGO ECHENIQUE GORDILLO	300	0%	300	0%	300	0%	300	0%	300
Ms PILAR LÓPEZ ÁLVAREZ	300	0%	300	8%	277	11%	250	87%	134
Mr EMILIO SARACHO RODRÍGUEZ DE TORRES	272	(9%)	300	0%	300	0%	300	0%	300
Ms ANNE LANGE	250	0%	250	0%	250	762%	29	0%	0
Consolidated results of the company (€ million)	5,358	28%	4,199	200%	1,401	(70%)	4,681	6%	4,428
Average employee remuneration (€ thousand)	**25**	**9%**	**23**	**28%**	**18**	**(18%)**	**22 %**	**10%**	**20 %**

This annual remuneration report has been approved by the Board of Directors of the Company in the meeting held on 14 March 2023.

State whether any director has voted against or abstained from approving this Report.

Yes ☐ No ☒

Name or company name of the member of the board of directors who has not voted for the approval of this report	Reasons (against, abstention, non-attendance)	Explain the reasons

Pursuant to the provisions of section 253 of the Revised Text of the Companies Act, and section 34 of the Code of Commerce, the Directors of the company Industria de Diseño Textil, S.A. proceeded at the meeting held on 14 March 2023, to issue the consolidated annual accounts and the consolidated directors' report for the financial year ended 31 January 2023. The annual accounts consist of the documents preceding this page (consolidated income statement, consolidated statement of comprehensive income, consolidated balance sheet, consolidated statement of cash flows, consolidated statement of changes in equity and notes to the consolidated financial statements). The consolidated directors' report includes the statement on non-financial information, the Annual Corporate Governance Report and the Annual Report on Remuneration of Directors.

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Ms Marta Ortega Pérez
Chair

Mr Amancio Ortega Gaona
Ordinary Member

Mr José Arnau Sierra
Deputy Chairman

Mr Oscar García Maceiras
CEO

Pontegadea Inversiones, S.L
Ordinary Member
Ms Flora Pérez Marcote

Bns Denise Patricia Kingsmill
Ordinary Member

Ms Pilar López Álvarez
Ordinary Member

Ms Anne Lange
Ordinary Member

Mr José Luis Durán Schulz
Ordinary Member

Mr Rodrigo Echenique Gordillo
Ordinary Member

Mr Emilio Saracho Rodríguez de Torres
Ordinary Member

INDITEX