

6.1. Good governance, corporate ethical culture and solid Compliance architecture

Related material topics: Ethical behaviour and governance; Stakeholder engagement.



6.1.1. Good corporate governance

GRI 2-9; 2-10; 2-11; 2-12; 2-13; 2-16; 2-17; 2-18; 2-19; 2-20; 2-21; 2-23; 2-24; 3-3; 201-3; 405-1; 405-2

Inditex relies on a Corporate Governance System comprising a series of rules, procedures and mechanisms to guarantee that the directors and the management team, who are responsible for the governance of the Company, carry out their duties in a **diligent, ethical and transparent** manner, are accountable for their activity—which is subject to verification and control, both internal and external—at the same time that the balance of powers and the respect for and equality of all our shareholders, especially minority ones, is ensured.

The Board of Directors of Inditex ensures **that the Company fulfils its social and ethical duties**, and its duty to act in good faith in dealings with employees and third parties, that no person or small group of persons holds decision-making power within the Company that is not subject to checks and balances, and that no shareholder receives privileged treatment over the others.

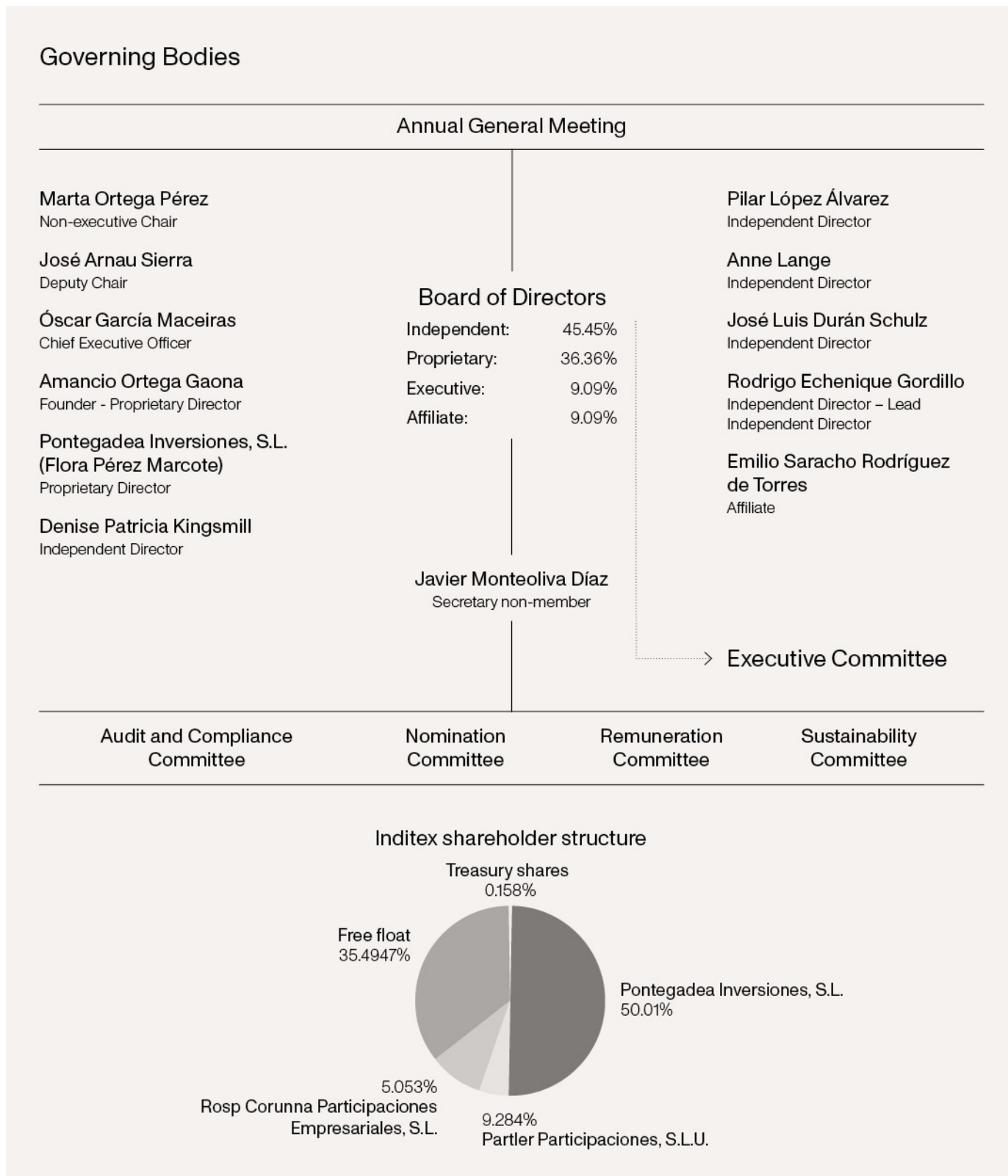
The Board performs its duties in accordance with the corporate interest, understood as the **viability and long-term maximisation of the value of the Company in the common interest of all our shareholders**, without overlooking other legitimate interests, public or private, that converge in the course of our business activity, especially those of our stakeholders: our employees, customers, and suppliers, and the civil society at large.

Consequently, the goal of maximising the Company's value may only be seen as the continuous creation of value for each of our main stakeholders.

To achieve these objectives, applicable legislative developments and recommendations are implemented and good corporate governance practices are systematically strengthened within the main body tasked with overseeing corporate governance: the Board of Directors and its committees. Upon approving and/or amending any internal regulation, priority is given to establishing rules that improve governance and, ultimately, the confidence of investors, shareholders and other stakeholders.

Inditex's Corporate Governance System is fully compliant with the regulatory requirements set forth in the applicable legislation, and the recommendations outlined in the Good Governance Code ('GGC') of the Spanish National Securities Market Commission ('CNMV').

6.1.1.1. Organisation and operation of governing bodies



Inditex’s 2022 Annual General Meeting (AGM) was held in hybrid format, with in person and remote attendance and participation. The appointments of Marta Ortega Pérez as Chair and Óscar

García Maceiras as CEO were ratified at the AGM. In addition, E&Y was appointed as the new statutory auditor. The new corporate governance structure with the roles of Chair and CEO

being separate, and with a single executive director, is thus implemented, in line with the recommendations of institutional investors and proxy advisers in Europe.

Detailed information on the Annual General Meeting and on the regulation, organisational and operational rules, composition, mission and competences and the main activities or action lines of the Board of Directors and the Audit and Compliance, Nomination, Remuneration and Sustainability Committees for 2022, is provided in the 2022 Annual Corporate Governance Report (ACGR). This report was approved by the Board of Directors at its meeting of 14 March 2023 and is available on our corporate website (in the *Investors* section, under *Corporate Governance > Reports & Regulations* sub-section) and on CNMV's website.

More information in the [Annual Corporate Governance Report](#) included in this Report.

Management Committee

Inditex's Management Committee is responsible for coordinating the Company's management and supporting the CEO in discharging his duties. Said Committee is conducive to collegiate decision-making in accordance with international best practices on corporate governance.

The members of the Management Committee as of 31 January 2023 were as follows:

Member	Position
Pablo del Bado Rivas	Pull&Bear Director
Miguel Díaz Miranda	Chief Financial Officer & Chief Operating Officer, Zara
Ignacio Fernández Fernández	Chief Financial Officer, Inditex
Javier García Torralbo	Chief Digital Officer, Inditex
Begoña López-Cano Ibarreche	Chief People Officer, Inditex
Javier Losada Montero	Chief Sustainability Officer, Inditex
Beatriz Padín Santos	Zara Woman Director
Jorge Pérez Marcote	Massimo Dutti Director
Óscar Pérez Marcote	Zara Director

6.1.1.2. Main lines of action by Inditex governing bodies in 2022:

/ The agenda of business to be transacted by Inditex governing bodies continues to be shaped by sustainability:

- Monitoring of the sustainability objectives for the 2020-2025 period.
- Review by the Board of Directors of the Sustainability Strategy.
- Approval of the new 'Workers at the Centre' strategy'.
- Review of investment projects in innovation and sustainability.
- Analysis of the financial impact and risk of climate change.

/ The Board's agenda was also marked by:

- The business situation, given the economic and social circumstances resulting from the Russia-Ukraine conflict.
- Implementation, at the various levels of the Organisation, of the changes to the corporate structure, which has resulted in:
 - (i) The formalisation of the relevant changes to the governing bodies and the Management Committee.
 - (ii) The amendment to internal regulations and to a number of corporate policies to bring them into line with the new organisational structure.

In this regard, mention should be made of the amendment to the Directors' Remuneration Policy for financial years 2021, 2022 and 2023, with a view to:

- Establishing **fixed remuneration** for the position of (non-executive) **Chair** of the Board of Directors, to this date a non-paid position.
- Adjustment of **the maximum amount of remuneration** that the Company may pay annually to **all the directors in their status as such**.
- Establishing the **total remuneration package for the new CEO** for the performance of his duties and responsibilities as chief executive in the new corporate governance structure, including the terms of his contract.

/ In addition, the Board Skills Matrix was approved.

6.1.1.3. Diversity on our governing bodies

Inditex has a Diversity and Inclusion (D&I) Policy, approved by the Board of Directors in December 2017, and partially amended in December 2020. This policy establishes the framework that promotes the values of diversity, multiculturalism, acceptance and integration in all the Group's entities and is driven by the most senior levels of the Company.

More information in section [5.1.1. Diversity, inclusion, equality and work-life balance](#) of this Report.

Inditex also has a Diversity of Board of Directors Membership and Director Selection Policy, approved by the Board of Directors on 9 December 2015 and last amended on 8 June 2021.

This policy sets forth the criteria for the selection of directors to guide the activities of the relevant governing bodies.

The Nomination Committee is the board specialised committee involved in the process of selection, nomination, ratification and re-election of our directors. The Nomination Committee's guiding principle is to guarantee a diverse membership in the various collegiate governing bodies of our Company, including among the criteria for consideration, diversity of knowledge, skills, age, international experience or geographic origin and, in particular, gender.

In 2022, this Committee compiled a **Board Skills Matrix**, as a tool with which to review the criteria needed to ensure an appropriate and diverse Board membership and selection of prospective candidates.

With regard to gender diversity, the Committee has consistently strived to achieve the highest levels of female representation. In 2019 the 30% target established in the Diversity of Board of Directors Membership and Director Selection Policy in force at the time and recommended by the Good Governance Code for Listed Companies had already been exceeded. In 2022, with five women on the Board, the **new target set in 2020 of 40% female directors out of the total board seats has been exceeded.**

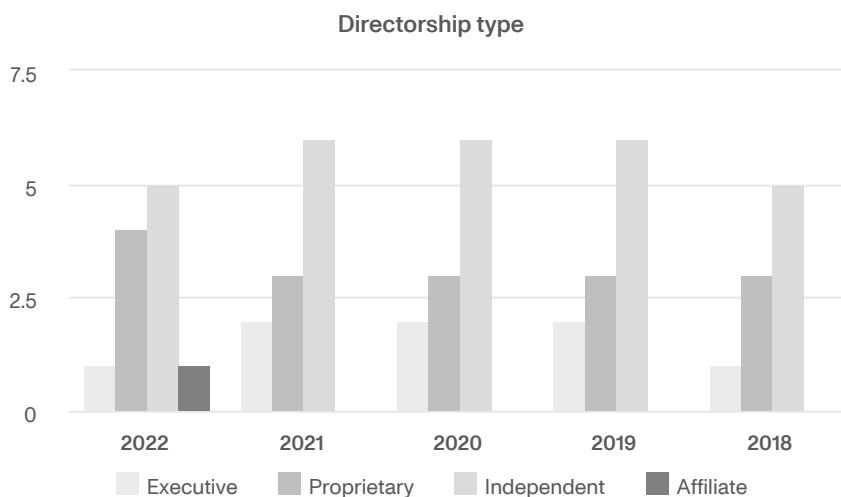
This also exceeds the target, to be achieved by June 2026, that 33% of non-executive directors or 40% of all directors, irrespective of whether or not they are executive directors, should be of the under-represented gender, as stipulated in the

Directive (EU) 2022/2381 of the European Parliament and of the Council of 23 November 2022 on improving the gender balance among directors of listed companies and related measures.

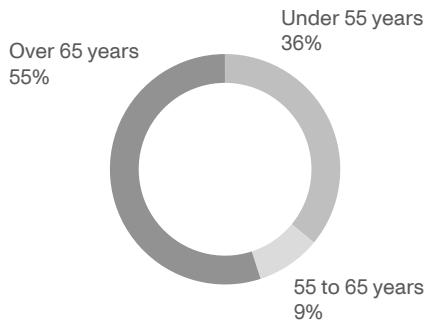
Governing Bodies	% women				
	2022	2021	2020	2019	2018
Board of Directors	45.45%	36.36%	36.36%	36.36%	33.33%
Audit and Compliance Committee	42.86%	42.86%	42.86%	36.36%	33.33%
Nomination Committee	40.00%	40.00%	40.00%	40.00%	33.33%
Remuneration Committee	20.00%	20.00%	20.00%	20.00%	33.33%
Sustainability Committee	60.00%	60.00%	60.00%	60.00%	NA

Moreover, the Committee is also responsible for the appointment and removal of Senior Managers, and must also ensure gender diversity and the promotion of female leadership, **encouraging the existence of a significant number of female senior managers.**

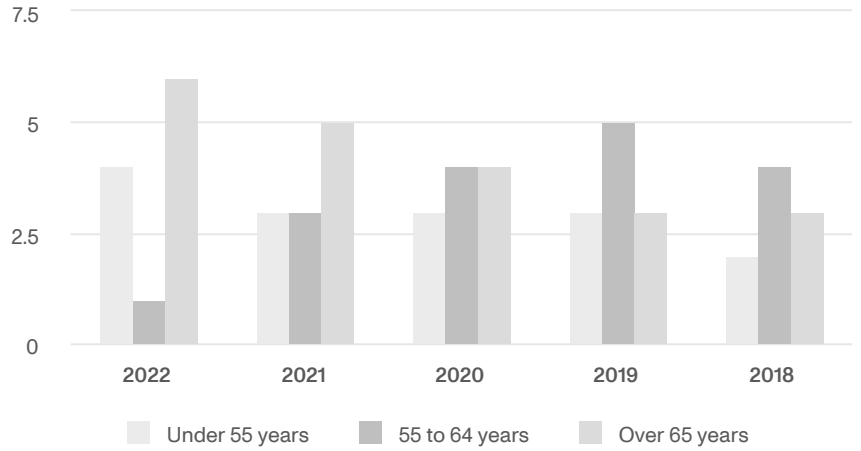
Main indicators of diversity within Inditex's Board of Directors for the last five years (2018, 2019, 2020, 2021 y 2022)



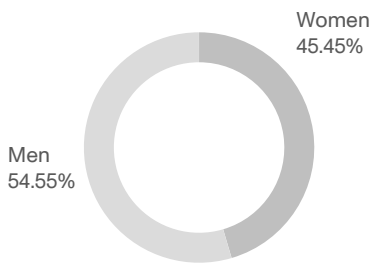
Age 2022



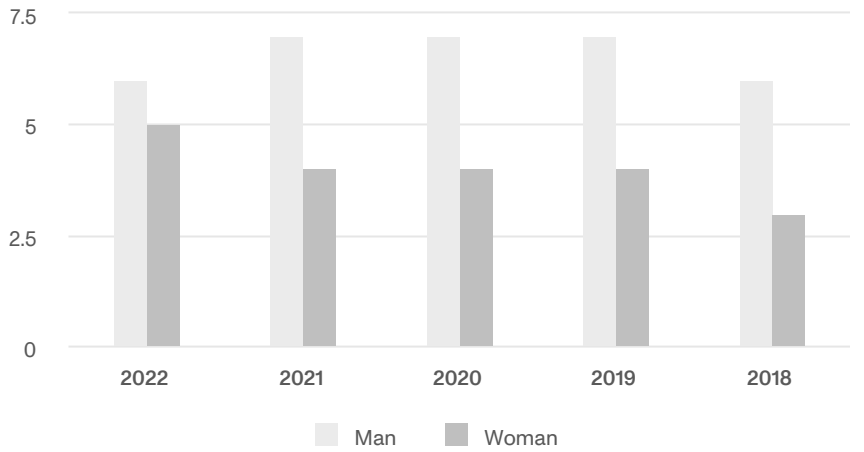
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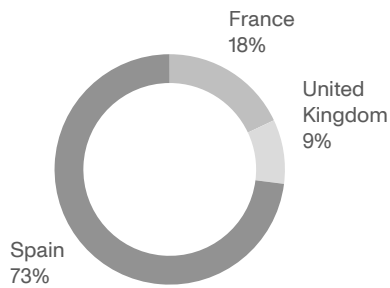
Gender 2022



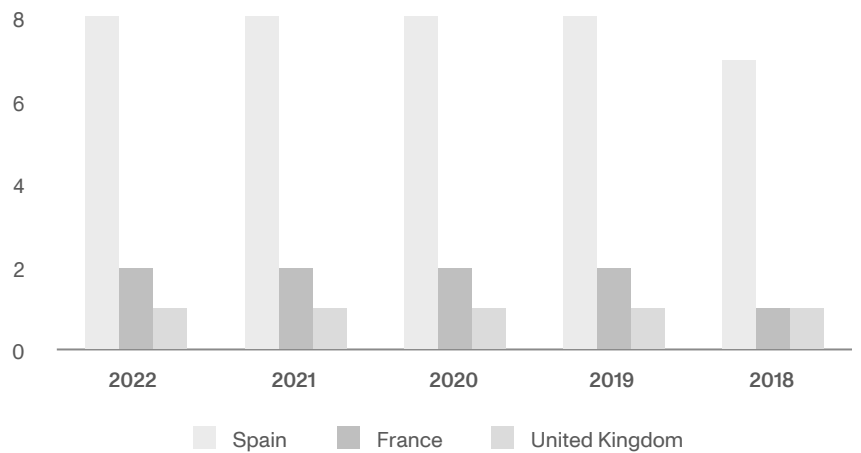
Gender

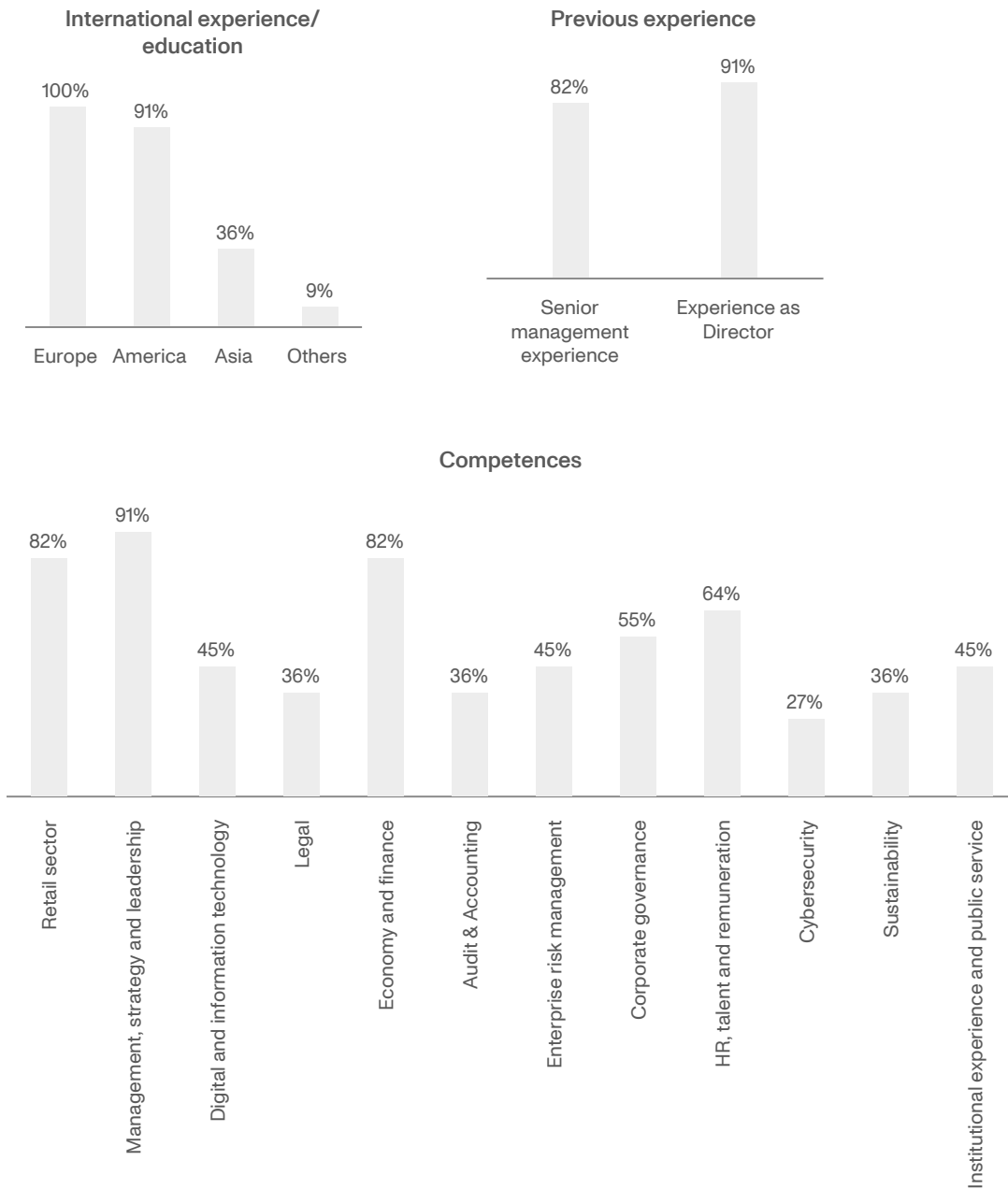


Geographical Area 2022



Geographical Area





Diversity on the governing bodies ensures there are multiple perspectives, helping risks and opportunities identification and, consequently, the achievement of corporate objectives.

In addition, the diversity driven by the governing bodies and Senior Management encourages the promotion of equal opportunities across the Organisation, nurturing a diverse and inclusive workplace, which contributes primarily to the achievement of Inditex’s corporate objectives and a better business performance.

6.1.1.4. Other indicators of Inditex Corporate Governance System

Item	2022	2021	2020	2019	2018
AGM attendance	88%	89%	89% ¹	88% ²	88% ³
Number of directors	11	11	11	11	9
Executive Directors	1	2	2	2	1
Independent Directors	5	6	6	6	5
Proprietary Directors	4	3	3	3	3
Affiliated Directors	1	-	-	-	-
Lead Independent Director	YES	YES	YES	YES	YES
Board meetings	10	7	7	5	5
Attendance %	98%	100%	100%	100%	100%
Meetings of the Audit and Compliance Committee	6	5	5	5	5
Attendance %	100%	100%	100%	100%	100%
Meetings of the Nomination Committee	5	4	4	5	5
Attendance %	100%	100%	100%	100%	100%
Meetings of the Remuneration Committee	5	3	4	5	3
Attendance %	100%	67%	100%	100%	100%
Meetings of the Sustainability Committee	6	4	3	0	0
Attendance %	100%	100%	100%	0%	0%

1. Of which 24.37% is free float.

2. Of which 23.28% is free float.

3. Of which 28.95% is free float.

6.1.1.5. Remuneration of Directors and Senior Managers

Detailed information on **the Directors' Remuneration Policy** in force for 2021, 2022 and 2023, its principles, foundations and elements, as well as its application in 2022, are set out in the 2022 Annual Report on Remuneration of Directors, approved by the Board of Directors at its meeting of 14 March 2023. This report is available on our corporate website (in the Investors section, under Corporate Governance > Reports & Regulations sub-section) and on CNMV's website.

More information in the [Annual Report on Remuneration \(ARR\)](#) included herein.

Total remuneration of the Board of Directors in 2022 (in thousands of euros)

	2022	2021	2020	2019	2018
Total Remuneration of the Board of Directors	38,698	21,232	10,935	9,458	11,419

More information in section [C.1.13 Annual Corporate Governance Report](#) and in the [Annual Remuneration Report](#) included herein.

No gender-specific information is included regarding directors' average remuneration as there is no gender pay gap in Inditex's governing bodies. The remuneration of directors in their capacity as such consists of a fixed annual remuneration for each of them for their membership on the Board and its various committees and an additional remuneration for discharging the offices of Chair and Deputy Chair of the Board and for chairing the different committees. At present, both the Board of Directors

and two of Inditex's committees are chaired by women. Only the CEO receives a remuneration package (including fixed and variable components) for the performance of his executive duties, and the items and amounts of the CEO's remuneration are therefore not comparable to that of the other directors.

Average remuneration of Senior Management in 2022 (in thousands of euros)

The annual average remuneration earned by the 22 Senior Managers as of 31 January 2023 is as follows:

	2022	2021	2020	2019	2018
Average remuneration of Senior Management	4,044	3,294	1,324	1,434	1,944

More information in section [C.1.13 Annual Corporate Governance Report](#) of this Report.

	2022	2021	2020	2019	2018
Men	4,149	3,455	1,427	1,556	2,008
Women	3,753	2,801	993	1,033	1,726

6.1.1.6. Vision and challenges: towards sustainable governance

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

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

Accordingly, Inditex's Corporate Governance System provides a comprehensive vision that promotes responsible governance, in order to safeguard the interests of our shareholders, while at the same time reflecting and taking responsibility for the environmental, social and reputational impact of our activity, with the aim of maximising the long-term corporate interest through the continuous creation of value for each and every one of our stakeholders.

The result is a socially responsible and sustainable business model, in continuous participatory dialogue and aimed at the common benefit of all related strata.

Sustainability Governance



Our Corporate Governance System integrates sustainability by means of the following elements:

Integration of sustainability into the Company's management and corporate strategy

The **Sustainability Committee**, as an informative and advisory Board committee, is responsible for monitoring our social and environmental sustainability strategy and practices, as well as fostering a commitment to the Sustainable Development Goals.

Hence, it liaises directly with the Sustainability Department, which is responsible for defining the Group's sustainability strategy and which reports, at least quarterly, on the degree of achievement of the strategic objectives and the proposals in the areas of human rights, social, environment, and health and safety of our products.

Moreover, the Chief Sustainability Officer is a member of Inditex's Management Committee. This body reviews the strategy and business and investment plans also in this field and, at the same time, liaises directly with the various corporate and business areas responsible for executing the sustainability strategy and proposals.

Meanwhile, one of the main duties of the **Audit and Compliance Committee** is to oversee and assess financial and non-financial risks, such as those arising from the Group's actions in relation to its social, environmental and other sustainability practices.

The members of the Sustainability Committee, including its Chair, also serve on the Audit and Compliance Committee. The overlapping presence of directors on both committees and the report that the Chair of the Sustainability Committee submits to the Board of Directors regarding the main issues discussed at their respective meetings ensure that the most relevant social and environmental sustainability issues are taken into consideration in the deliberations of the Audit and Compliance Committee, allowing for a better identification of the risks and opportunities associated with these matters.

This system of dialogue at different levels within the Organisation, right up to the highest level, helps to better identify the sustainability risks, opportunities and impacts of our commercial operations.

In 2022 the Board of Directors assessed the Group's new Sustainability Strategy, presented by the Sustainability Department. This sustainability vision and strategy was already defined in the Group's **Sustainability Policy**, initially approved by the Board of Directors at its meeting on 14 December 2020. In addition, as part of the process of defining the climate change strategy in 2022, the Audit and Compliance Committee has analysed the scenarios and risks arising from climate change.

Establishing appropriate mechanisms to reflect the expectations of our stakeholders

The **Sustainability Committee** is also the body responsible for relations with the various stakeholders in the area of sustainability.

In particular, it is tasked with overseeing and evaluating, both the strategy of communication and relations with the various stakeholders, as well as the procedures and channels of communication in place at Inditex to guarantee proper and seamless communication with them.

Furthermore, Inditex has a **Social Advisory Board**. It is the Company's permanent external body which acts in an advisory and consultative capacity in matters of social and environmental sustainability. It is made up of persons external and independent of the Group. It arranges and institutionalises dialogue with those spokespersons considered key in the civil society in which we carry out our business model and plays, in addition, an important role in determining the materiality matrix, in which it participates in collaboration with our stakeholders.

The existence of robust sustainability monitoring mechanisms

In addition, the **Sustainability Committee** is further tasked with overseeing and verifying the process of preparing regulated and non-regulated non-financial information. This procedure is carried out in coordination with the **Audit and Compliance Committee**, which is responsible for the ultimate supervision and evaluation of the preparation process and the integrity of the non-financial information included in the directors' report, ensuring compliance with all legal requirements, and also dealing with the process of independent verification of this information. Such coordinated action ensures a global view of the effective implementation of policies relative to their respective areas of competence, as well as enhancing the quality of non-financial information made available to the market.

The link between sustainability performance and the remuneration system for our Executive Directors and Senior Managers

The Chief Executive Officer's variable remuneration, both annual and multi-year, is linked to the fulfilment of certain sustainability goals (environmental, social and corporate governance), consistent with the Group's sustainability strategy, which is a further incentive for the development of that strategy.

The annual variable remuneration of the Chief Executive Officer for 2022 is linked to, among other criteria, progress in the implementation of Inditex's global sustainability strategy. This progress will be measured according to the indicators updated at the 2022 Annual General Meeting, with a maximum weight of up to 15% of the total annual variable remuneration. The goals are as follows:

Weight	Goal	Measurement criteria
15%	Progress in the implementation of Inditex's global sustainability strategy, measured according to the following indicators:	<ul style="list-style-type: none"> (i) Increase in the number of sustainable items, measured by the following parameters: <ul style="list-style-type: none"> (a) More sustainable raw materials: cotton, linen, polyester and cellulosic fibres. (b) Garments under the Join Life sustainability label. (ii) Number of audits and control of discharges from dyeing facilities (wet processes) within the framework of the Zero Discharge of Hazardous Chemicals Commitment; (iii) Percentage reduction of waste generated internally at Inditex facilities (headquarters, logistics centres and own stores) (Zero Waste); (iv) Percentage of all packaging materials collected for recycling or reuse in the supply chain (Green to Pack); (v) Percentage of renewable energy consumption in Inditex's main facilities (headquarters, logistics centres and own stores); (vi) Degree of progress in rolling out the new Reusable shopping bag project; (vii) Degree of progress in the elimination of single use plastic for customers; and (viii) Innovation projects related to textile recyclability.

On the other hand, pursuant to the Remuneration Policy, the weight of sustainability metrics to which multi-year remuneration is tied may reach up to 25%. The metrics to which current long-term incentive plans are tied are shown below:

Weight	Goal	Measurement criteria
Between 10 % and 25 % ¹	Sustainability index (composed of 4 indicators)	<ul style="list-style-type: none"> (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) that have a waste management system to properly collect and manage such waste so as to be available resources for a new use by means of reusing or recycling. (iii) Decarbonisation, measured as the reduction in the volume of Greenhouse Gas emissions in own operations (scope 1 and 2). (iv) Social, measured as the percentage of suppliers of Inditex products ranked A or B in the social score index.

1. Bearing in mind that two different long-term incentive plans were in force throughout 2022, in which the weight of the sustainability index varied from 10% to 25%.

As a result, in 2022, the weight of sustainability objectives on aggregate variable remuneration has been approximately 20%.

Details of the objectives, the measurement criteria and the performance scales for each of the sustainability objectives tied to the Chief Executive Officer's variable remuneration are provided in the 2022 Annual Report on Remuneration of Directors. It was approved by the Board of Directors on 14 March 2023 and is available on the corporate website (in the Investors section, under Corporate Governance > Reports & Regulations sub-section) and on CNMV's website.

More information in the [Annual Remuneration Report](#) included herein.

The link between sustainability objectives and the remuneration system also applies to the Group's Senior Managers.

6.1.2. Internal corporate ethical culture

GRI 2-9; 2-24; 205-1; 407-1; 3-3; AF1; AF7

Inditex's Compliance System is based on the implementation of our corporate ethical culture as an objective shared by all those who make up the Company, because it is not only a matter of what we want to achieve, but of *how* we want to achieve it.



One of the goals of such System is to establish a regulatory compliance framework in keeping with the applicable legislation and regulations, so as to prevent and, where appropriate, limit any kind of legal liability for the Company. As for the *how*, Inditex's Compliance System is aimed at evidencing our **unwavering commitment** to conveying our corporate ethical culture to all our stakeholders, promoting respect for fundamental human and labour rights. Compliance is a consequence of this commitment, enshrined in the Compliance System explained in this chapter.

Evidence of this is the existence of an approved and published internal regulatory system reflecting our ethical culture. The **Code of Conduct and Responsible Practices** is the top-level regulation for Group employees, and the **Code of Conduct for Manufacturers and Suppliers** provides the benchmark regulation for Inditex suppliers and the entire supply chain.

Code of Conduct and Responsible Practices

The Code of Conduct and Responsible Practices (the '**Code of Conduct**') establishes Inditex's ethical commitments and sets out the behaviour expected of its employees. Its goal is to secure a professional, ethical and responsible commitment from Inditex and all its employees, in the course of their activities anywhere in the world, as a core element of its business culture underpinning the training and personal and professional well-being of its employees.

To this end, it defines the principles and values that must govern the relationships between the Group and our main stakeholders: employees, customers, shareholders, business partners, suppliers and those communities in which we implement our business model.

The United States, Puerto Rico and Canada have their own code of conduct, adapted to the applicable regulations and best practices in those countries, and inspired by and fully aligned with the Code of Conduct.

- ☑ All Inditex operations will be carried out in an ethical and responsible way.
- ☑ Compliance with the legislation in force in each country is a necessary prerequisite for the Code of Conduct.
- ☑ The behaviour of the employees of Inditex must conform to the spirit and the letter of the Code of Conduct.
- ☑ All persons, natural and legal, with any direct or indirect labour, economic, social and/or industrial relations with Inditex, will receive fair and dignified treatment.
- ☑ All activities of the Inditex Group will be conducted in the most environmentally-friendly way possible, fostering the conservation of biodiversity and the sustainable management of natural resources.

In 2022, a process of review and update of the Code of Conduct has been launched, that seeks 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 Company's digital transformation.

In keeping with best practices, the process involves the collaboration of various areas of the Company, as well as external advisers and Inditex's Social Advisory Board, as the main liaison with the Group's various stakeholders.

Code of Conduct for Manufacturers and Suppliers

This Code defines **minimum standards of ethical and responsible behaviour** that must be observed by all the **manufacturers and suppliers** of the Group across the supply chain, in accordance with Inditex Group's corporate culture, firmly grounded on respect for human rights and sustainability.

It applies to all manufacturers and suppliers involved in the raw material procurement, purchasing, manufacturing and finishing processes of products that are marketed by the Group, and it promotes and is based on the general principles that define the ethical behaviour of Inditex described above. Compliance with all the standards provided in the Code of Conduct for Manufacturers and Suppliers is a pre-requisite for a supplier or manufacturer to form part of Inditex's supply chain.

① More information in section [5.6. Suppliers](#) of this Report.

6.1.3. Compliance and criminal risk prevention systems

GRI 2-9; 2-12; 2-15; 2-18; 2-24; 2-26; 205-2; 205-3; 3-3; AF4

Strategy and governance

Inditex's Compliance System involves the entire company and its employees. In other words, it is transversal, meaning that it is a corporate function encompassing all our commercial formats.

The Compliance function manages the Group's global compliance system and liaises with all the Company areas and departments with compliance responsibilities.

The **Ethics Committee** and the **General Counsel's Office – Compliance Office** make up the so-called **Compliance function**. The General Counsel's Office – Compliance Office is tasked with managing the Compliance System of Inditex and its Group in general, and, in particular, the Model of Criminal Risk Prevention. The Ethics Committee is the internal body in charge of overseeing compliance with the Codes of Conduct, the Model of Criminal Risk Prevention and all other corruption prevention models, and monitoring the effectiveness of the controls.

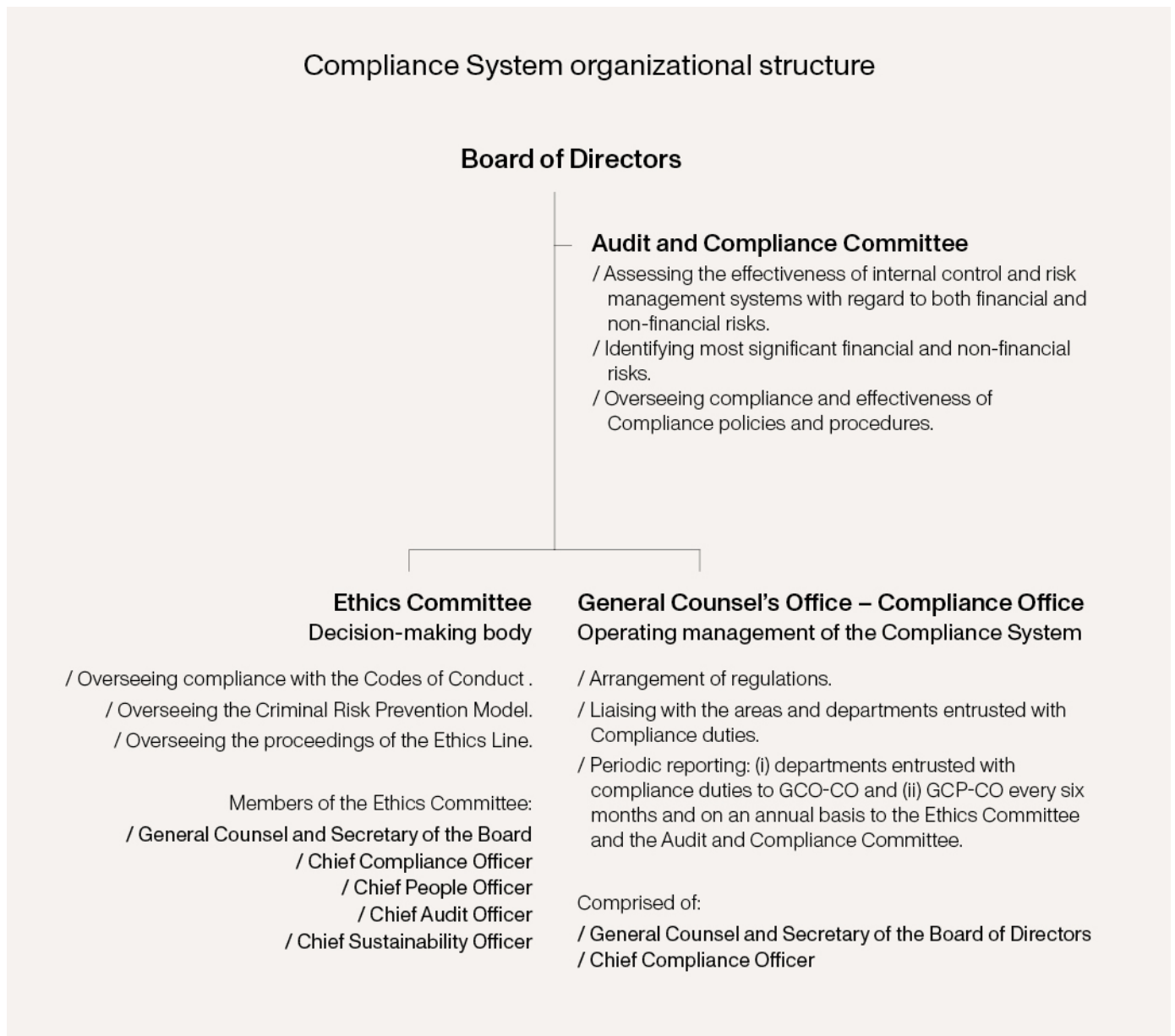
The independence of the Compliance function from Senior Managers is guaranteed by the direct dialogue between the Compliance Office and the Board of Directors, through the Audit and Compliance Committee, ensuring that the ultimate control of the Compliance System efficiency is exclusively incumbent on the Board.

For its part, the **Ethics Committee** submits, at least every six months, a **report to the Audit and Compliance Committee** to review its activities and the enforcement of the Code of Conduct and Responsible Practices, as well as the results of the supervision of the Model of Criminal Risk Prevention.

The Chief Compliance Officer reports to the Audit and Compliance Committee which, in turn, keeps the Board of Directors apprised on a quarterly basis and whenever the Board so requests, on the operation of the key elements of the Compliance System and on how the Company manages compliance risks. The Audit and Compliance Committee may submit proposals for adopting measures to improve the effectiveness of the Compliance System.

In this regard, in 2022, the methodology of the Compliance function's reporting system was revised, focusing on identifying the most significant potential compliance risks, by means of new severity criteria, and gathering more comprehensive information on the action plans devised to avoid and mitigate these risks.

Thus, the management and oversight of the Compliance System and, in particular, the Criminal Risk Prevention Model, is entrusted to the following bodies:



This Compliance System is based on a **structure of core (high-level) standards**, approved by the Board of Directors that apply globally, and a series of organisational documents.

Moreover, the Inditex Group's Compliance System is specifically regulated through the following standards:

- / The Group's **Codes of Conduct** (detailed in the above section).
- / The **Compliance Policy**: which sets out the commitments that all our employees must undertake, regardless of their location and position.

- / The **Compliance Management Procedure**, which develops the contents of the Policy and sets out the organisational measures to prevent, detect and manage Non-Compliance Risks, reinforcing a culture of ethical compliance.

- / Anti-corruption regulations: our **Integrity Policies**.

Inditex has a set of internal rules, approved by the Board of Directors, which enshrines our firm commitment against any form of corruption, fraud, money laundering or illegal financing.

In particular, in order to ensure that the activities performed by Inditex, as well as the work carried out by all our employees and the third parties with which we are engaged in business relations, comply with the **provisions of the anti-bribery and anti-corruption regulations** in place in Spain and in the rest of

the markets in which the Group is present. The Integrity Policies are linked to the ethical values of our Group and consist of:

/ The Policy on Donations and Sponsorships.

/ The Policy on Gifts and Business Courtesies.

/ The Policy on Dealings with Public Officials.

/ The Conflicts of Interest Policy. It establishes the principles and criteria to be taken into consideration to prevent, detect, report and manage any conflicts of interest that might arise in the performance of the professional activities of Inditex employees, and which could compromise the objectivity or professionalism required in the performance of their duties.

/ The Anti-Money Laundering and Terrorist Financing Policy. It defines the due diligence processes implemented within the Company, taking into account the different types of business activities we conduct, namely:

- The process to limit cash payments in stores, whereby certain mechanisms are developed to monitor payments in cash by customers in stores; and
- The identification and review of potential risks from our business partners, suppliers and other third parties, in accordance with due diligence measures outlined in our internal regulations, shown below.

/ The Due Diligence Policy: Inditex is firmly committed to controlling and preventing compliance risks at the third parties with which it deals. For this purpose, a third-party control system has been implemented, which is described in the Due Diligence Policy and its implementing regulations. The aforementioned Policy includes the principles and action criteria that aim to align Inditex's relationships with our business partners, suppliers and large customers:

- the processes described in the international standard ISO 37001 on Anti-Bribery Management Systems in organisations;
- anti-corruption regulations; and
- applicable anti-money laundering regulations.

It also aims to ensure compliance with trade sanctions and restrictions adopted and implemented in, at least, the European Union, the United States, the United Kingdom and the United Nations.

Key Internal Regulations

Core regulations

2012

- / Code of Conduct and Responsible Practices
- / Code of Conduct for Manufacturers and Suppliers

2016

- / Zero Standard
- / Compliance Policy

Integrity and Transparency

2016-2017

- / Policy on Gifts and Business Courtesies
- / Policy on Dealings with Public Officials
- / Policy on Donations and Sponsorships

2018-2020

- / Anti-Money Laundering and Terrorist Financing Policy

Ethics Line

2012-2019

- / Ethics Line Procedure (approved in 2012 and reviewed in 2019)
- / Regulations of the Ethics Committee (approved in 2012 and amended in 2022)

Criminal Risk Prevention Model

As part of its Compliance System, Inditex also relies on an **organisational and management model for crime prevention** or the Model of Criminal Risk Prevention, aimed at preventing **and managing the risks** related to the potential commission of offences under Spain's Criminal Code, in particular corruption, fraud and bribery. This Model, which is constantly evolving and adapting, comprises the following documents:

Model of Criminal Risk Prevention

Policy on Criminal Risk Prevention

Which associates commitments to an ethical behaviour undertaken under the Code of Conduct and Responsible Practices with such offences whose perpetration the Policy intends to prevent.

It expressly forbids offering, granting, soliciting or accepting, directly or indirectly, gifts or handouts, favours or compensation in cash or in kind, irrespective of their nature, to or from any authorities or public officials and includes specific guidelines to deal with public officials.

Criminal Risk Prevention Procedure

Which establishes, among other things, the roles and responsibilities of the areas tasked with controlling and verifying the Model, as well as reporting on it, and the functions of the Ethics Committee regarding criminal risk prevention, as well as the Company's organisational measures on the matter.

Risk and Control Matrix

- / Lists the criminal risks;
- / Details risk events applicable to Inditex's operations;
- / Establishes the controls in place to prevent risk events from occurring;
- / Designates the area that owns the controls and reports the evidence of their implementation;
- / Allocates the frequency with which they must be reported.

The Model of Criminal Risk Prevention, approved by the Board of Directors in 2016 and reviewed periodically, **is subject to a continuous assessment and improvement process** to adapt it to the growth of the Group and to statutory requirements, recommendations and best practices applicable in the field at any given time, thus ensuring its effectiveness.

In 2022 the Risks and Controls Matrix was fully updated. This update consisted of analysing and reviewing potential criminal risks inherent in the Group's activities, in accordance with new legislation and the Group's processes and controls. As a result of this review, the risks and controls contained in the Matrix have been updated, focusing on those key controls that prevent or mitigate the risks identified.

Likewise, in order to reduce criminal risks inherent in the business carried out by Inditex, and in particular the offences of public corruption and/or corruption in business identified in the Matrix, the controls in place have been monitored based upon risk prioritisation as determined in the risk map (the 'Map').

Main corruption risks identified in the Criminal Risk Map:

	2022
Corruption risks	Corruption in business
	Corruption in international transactions - Bribery
	Influence peddling - Bribery

Towards a Global Compliance model

In 2022, the review and transformation of the Model of Criminal Risk Prevention and the local Compliance models into a Global Compliance Model has commenced, with the aim of integrating the existing risk and control matrices into a corporate Matrix.

This new global and integrated Compliance Model will be based on statutory requirements and international best practices and, where necessary, adapted to local regulations.

In 2022, we have continued implementing **local compliance models**, in keeping with the regulatory requirements in each jurisdiction where we operate.

Due diligence

Inditex has a solid control system defined in its **Due Diligence Policy** and the implementing regulations thereof.

The due diligence process regulated by the aforementioned Policy consists of the **identification and analysis of all the suppliers, business partners and third parties** with which Inditex has commercial relations, as well as, in certain cases, their main shareholders, directors and beneficial owners. This process identifies potential risks related to corruption, fraud, tax evasion, money laundering, international trade sanctions and/or any other reputational or similar risks that may pertain to these third parties. The identified risks will lead to the implementation of an action plan coordinated by the Compliance function, which may range from remedial measures to the termination of the business relationship with the third party in question. The Policy and its implementing regulations describe the responsibilities of the areas involved in the various procedural review flows, as well as in the design, execution and monitoring of any action plans established.

The due diligence process, for which the Compliance function is responsible, is separate from but aligned with any other analysis of a social, environmental, operational, financial, commercial or any other nature which the Group may be engaged in with suppliers and other third parties.

📌 More information in the section [5.6 Suppliers](#) of this Report.

This due diligence process is developed and implemented based on a number of principles:

- / It sets forth the obligation to submit all **business partners, large customers, suppliers and third parties** with whom Inditex engages in business relations to this due diligence process.
- / It is a **necessary prerequisite** in order to commence business relations with third parties.
- / It prohibits any **business dealings** with third parties for whom **compliance risks have been detected**, when no action plan to mitigate or remedy such risks is under way.
- / It shall be carried out in accordance with the **principles of reasonableness and proportionality**, by applying different levels of analysis based on criteria such as business turnover, industry or market risk or other factors.

This process is carried out over two phases:

- 1) At the outset of the commercial relationship with Inditex: all suppliers and other third parties that enter into commercial and/or professional relations with the Group are subject to the scheduled due diligence process. This is increasingly demanding in accordance with certain factors, including: (i) the third party's total estimated business with Inditex; (ii) the market in which the third party is based and carries out its main business; (iii) the sector to which it belongs; and (iv) its degree of interrelation with the authorities and public officials.
- 2) Over the course of the commercial relationship with Inditex: in addition, all existing suppliers are periodically assessed, submitting them to the flow that may be applicable to them, in accordance with Inditex's due diligence regulations.

Inditex has also implemented the **Procedure for Limiting Trade Relations with Suppliers**, approved in 2017, which establishes restrictions on hiring suppliers, only allowing those based in markets authorised by the Group to be hired (i.e., those who meet legal and business operation criteria); and on making and receiving payments only to and from those suppliers which, having met the foregoing requirement, have a bank account opened in such markets.

Furthermore, Inditex guarantees that, via the implementation of the Inditex Minimum Requirements (IMRs), all the product suppliers with whom it works agree to comply with certain social, environmental and product health and safety standards, among others.

Grievance Mechanisms: the Ethics Line

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

Raise questions and/or doubts

on the **construction or enforcement** of the Code of Conduct and Responsible Practices and the Code of Conduct for Manufacturers and Suppliers, and of any **other internal conduct regulations** that fall within the purview of the Ethics Committee.

Report breaches

by employees, manufacturers or third parties engaged in an employment, business or direct professional relationship with Inditex, of the **Codes of Conduct** and **other internal conduct regulations** that fall within the purview of the Ethics Committee affecting Inditex they may be aware of

Any **corruption, fraud and bribery-related breach and/or irregularity** may also be reported.

The **Ethics Committee** is the internal body in charge of overseeing the proceedings of **the Ethics Line** and compliance with its procedure, pursuing any investigations that may be necessary. This internal body operates in accordance with the provisions of the **Regulations of the Ethics Committee**, which was updated in 2022 for the purposes, inter alia, of strengthening supervisory and management functions with respect to the Ethics Line, including certain changes to its operating procedures and conferring on the Committee, where necessary pursuant to applicable regulations, the power to set up local counterpart committees. The operation of the Ethics Line is set out in the **Ethics Line Procedure**.

This Procedure, which was amended by the Board of Directors in December 2019, is aligned with the principles of Directive (EU) 2019/1937 on the protection of persons who report breaches of Union law and, in particular, with the regulatory requirements regarding the **protection of personal data** and the **rights of users of whistleblowing mechanisms**, as well as with international best practices in the field of human rights. In this regard, in 2022 subsequent transpositions of the Directive into national Law have been monitored and analysed to ensure that the Ethics Line is compliant with the applicable requirements. This Procedure offers the following **guarantees and protection measures** to the parties involved in the process:

- / Utmost **confidentiality**.
- / **Presumption of innocence** and preservation of the **right to honour of the accused**.
- / **Non-retaliation**.
- / **Appropriate use of personal data** processed.
- / The parties' **right to be heard**.

All the information regarding the Ethics Committee and the Ethics Line is available on our **intranet** and on our **corporate website** (www.inditex.com), under the Ethical Commitment tab, which provides direct access to this channel.

How the Ethics Line works

The decisions of the Ethics Committee, as a collegiate and independent body, are **binding** upon the Inditex Group and, as the case may be, on the persons to whom they are addressed.

How the Ethics Line works

1. Concerns

The party concerned reports an incident.
canaletico@inditex.com / ethicsline@inditex.com / postal mail.

2. Management

The Ethics Committee acknowledges receipt and decides whether to accept or disregard the concern.

3. Investigation

The Ethics Committee launches an investigation, in collaboration, where applicable, with other areas.

4. Measures

After hearing the party concerned, the Ethics Committee will resolve:

- / To close proceedings where no breach exists; or
- / The existence of an infraction, deciding on its severity and the advisability of adopting disciplinary measures and/ or complementary actions.

In the event of breach and, unless the Ethics Committee decides to directly exercise this power, the measures will be determined by the competent department or area based on the severity of the infraction and other circumstances. Such measures may consist of:

- / Immediate correction of the breach and adoption of measures to remedy and prevent future breaches;
- / Disciplinary measures (from a simple warning or admonishment, to dismissal).

Local Ethics Lines

In addition to the Ethics Line, Inditex has local Ethics Lines in the United States, Puerto Rico and Canada, as well as in Croatia and Sweden (the latter since 15 July 2022), in order to comply with the requirements and/or best practices applicable in those markets.

In keeping with local best practices, the management of the **Ethics Line for Canada, the United States and Puerto Rico** has been entrusted to an external supplier. It can be accessed by telephone and via the website and is available 24/7.

Breakdown of concerns by topic¹

2022	2021
209 HR, Diversity and Workplace Respect	159 HR, Diversity and Workplace Respect
90 deal with potential situations of harassment, discrimination and/ or violation of fundamental rights	54 deal with potential situations of harassment, discrimination and/ or violation of fundamental rights
119 are about disagreement with working conditions, the grounds for dismissal or staff selection processes	105 are about disagreement with working conditions, the grounds for dismissal or staff selection processes
73 Business Integrity*	72 Business Integrity*
6 Environment, Health and Safety	3 Environment, Health and Safety
0 Misuse, Misappropriation of Corporate Assets	7 Misuse, Misappropriation of Corporate Assets
0 Accounting, Auditing and Financial Reporting	0 Accounting, Auditing and Financial Reporting
24 Others	16 Others
80 Cases beyond the authority of the Committee	132 Cases beyond the authority of the Committee
392 Total number of concerns received	389 Total number of concerns received

* Includes cases related to potential behaviors of taking advantage of the position in Inditex to obtain business opportunities for one's own benefit or other benefits, conflicts of interest and/or fraud or breach of procedures.

¹ In accordance with the Navex classification.

In 2022, the Ethics Committee processed a total of 312² cases (257, 315, 310 and 302 cases in 2021, 2020, 2019 and 2018, respectively).

	2022	2021
Concerns received	392	389
Concerns processed	312	257
Concerns classified as beyond the scope of its authority	80	132
(i) Disciplinary measures or termination of employment due to confirmed cases of corruption	3	2
(ii) Total number of confirmed cases where contracts with business partners have been terminated or not renewed due to corruption-related offences	0	0
Confirmed cases of discrimination	1 ¹	0
Disciplinary measures or termination of employment due to confirmed cases of discrimination	1	0
Confirmed cases of harassment	1	0
Disciplinary measures or termination of employment due to confirmed cases of harassment	1	0

1. In two (2) of the cases processed by the Ethics Committee over the course of 2022 in relation to discrimination and harassment, the existence of inappropriate conduct was confirmed, although in neither cases evidence of discriminatory behaviour and/or harassment was found; the appropriate measures were taken, which in both cases resulted in the termination of the employees concerned.

In any event, of the cases currently being examined concerning potential cases of mobbing, sexual harassment, discrimination or other potential violations of human rights, 15 of them relate to situations potentially experienced by employees of suppliers of goods and service providers. With regard to the confirmed cases of corruption, no relevant aspects affecting the Company have been observed in any of them.

During 2022, 2021, 2020, 2019 and 2018, the Group has not been aware, either through its Ethics Committee or through other means, of any court proceedings for corruption or bribery that affect the Company.

In 2022, no significant (firm) legal actions have been registered in the Inditex Group, either through the Ethics Line or through other available channels, in connection with unfair competition and monopolistic and anti-trust practices.

In 2022, the Ethics Line processed a total of 149 cases (77, 74 and 76 in 2021, 2020 and 2019, respectively), 135 concerning the United States, and 14 concerning Canada (72, 59 and 64 concerning the United States, and 5, 15 and 12 concerning Canada in 2021, 2020 and 2019, respectively).

No potential breaches were reported through the Croatian and Swedish Ethics Lines in the reporting period.

Training, communication and awareness-raising

Internal and external communication and dissemination

Educating our employees and suppliers is key to building and growing our Compliance System. We trust them fully to uphold the **values, principles and ethical standards of conduct** that make up our corporate ethical culture.

At Inditex we promote **the communication and dissemination of internal regulations** linked to the Group's Compliance System and we facilitate the knowledge and disclosure of the rules of conduct adopted to all the parties affected by them, keeping them informed about the way in which Inditex pursues its compliance objectives. Likewise, in order to ensure our **formal commitment** at the highest level, to ethical and responsible behaviour, **the Compliance function**, which is managed by the **General Counsel's Office – Compliance Office**, is responsible for:

- **Adequately informing** and updating the members of the **Board of Directors of Inditex**, by means of quarterly follow-up reports, in relation to (i) the work carried out by the Compliance function, (ii) specific projects underway, (iii) the activities and results of the supervision of the Model of Criminal Risk Prevention of the Group, and (iv) the status of the cases processed by the Ethics Committee. Moreover, prior to the meetings of the Board of Directors, the General Counsel's Office provides the members of the Board with those internal regulations that have been amended or drawn up during the quarter.
- **Promptly communicating the compliance regulations** to all the **officers and other supervisors of the Group's areas and activities**, reminding them of their duty to disclose the content of the regulations to all staff under their respective areas of responsibility.

During fiscal year 2022, the Board of Directors has approved the Global Sexual Harassment and Sex or Gender Identity-Based Harassment at the Workplace Prevention Policy and has 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 Occupational Health and Safety Policy, the Community Investment Policy and the Internal Regulation of Conduct in the Securities Markets (IRC). In addition, 4 procedures and 9 terms of reference of committees statutes of internal functions have been approved and/or revised.

In particular, with regard to anti-corruption, the General Counsel's Office has communicated and published the following internal regulations:

(a) Donations and Sponsorship Management

Procedure: the General Counsel's Office has approved a new Procedure governing the process of managing, approving and documenting the Group's Corporate Community Investment initiatives (e.g. donations), as well as patronage and sponsorships. Its purpose is to ensure that all initiatives are commensurate with the Group's ethical principles and values and, in particular, to prevent and avoid any corrupt practices.

² The total number of cases handled by the Ethics Committee does not include such cases that were not admitted on account of being beyond the scope of its authority. Considering all such cases, the total number of cases seen amounts to 392.

(b) Indirect Procurement Policy: in September 2022, the Board of Directors approved the new Group Indirect Procurement Policy, which replaces and supersedes the one approved in 2015. The Policy establishes a global framework for procurement management, aligned with the Group's strategic objectives, as well as for mitigating the Company's risks. The Policy follows the general principles of transparency, coordination, segregation of duties, flexibility and simplification.

The policies, procedures and instructions that make up the Compliance System of the Group are available to all employees on the corporate intranet (INET) and can be accessed from any device. Furthermore, the main compliance regulations, publicly available to all our stakeholders can be found in the 'Ethical Commitment' tab on Inditex corporate website.

In addition, every year the Ethics Committee sends out an e-mail to all employees with an Inditex Group corporate e-mail address to remind them of the provisions of the Code of Conduct and of the **Policy on Gifts and Business Courtesies**, regarding the acceptance and receipt of gifts from suppliers, along with a standard letter form to be sent to the Group's suppliers reminding them of such prohibitions.

Listed below are the persons to whom the above Anti-Corruption Policies and Procedures were communicated in 2022, by professional category and region:

Procedure for donations and sponsorships management	
Job classification	No. of people
Management	230
Supervisors	35
Specialist	85
Total	350
Region¹	No. of people
America	27
Asia and rest of the world	45
Spain	171
Europe (ex- Spain)	107
Total	350
Indirect Procurement Policy	
Governance body	No. of people
Board of Directors	11
Job classification	No. of people
Management	648
Supervisors	1,658
Specialist	1,015
Total	3,321
Region¹	No. of people
America	233
Asia and rest of the world	369
Spain	1,881
Europe (ex- Spain)	838
Total	3,321
Gifts reminder	
Job classification	No. of people
Management	1,137
Supervisors	10,188
Specialist	3,319
Total	14,644
Region¹	No. of people
America	685
Asia and rest of the world	1,012
Spain	10,122
Europe (ex- Spain)	2,825
Total	14,644

1. Without Russia and Ukraine: due to the situation during the 2022 fiscal year in both markets, they have not been taken into account for the purposes of calculating the data.

Lastly, all of the Group's product suppliers can use the supplier extranet to consult the IMRs applicable to them. Notable among all these regulations are the Code of Conduct and Responsible Practices and the Code of Conduct for Manufacturers and Suppliers, which set out the anti-corruption obligations binding upon all suppliers.

Training actions

The promotion of the corporate ethical culture and the Compliance System of the Inditex Group is based on the implementation of training actions adapted to the risk profile of the different groups of employees that form part of Inditex. In this regard, in 2022, the Criminal Compliance Training Plan, that meets training requirements in the area of criminal risk prevention, was reshaped, resulting in a holistic Compliance Training Plan (the **Training Plan**), which includes training and awareness-raising measures aimed at covering the priority Compliance risks to which the Group is potentially exposed. The Training Plan, addressed to both Group employees and third parties (e.g. suppliers), primarily covers the following topics:

- / Code of Conduct and Responsible Practices
- / Code of Conduct for Manufacturers and Suppliers
- / Ethics Line
- / Anti-corruption and integrity (Integrity Policies and Conflict of Interest Policy)
- / Criminal risk prevention
- / Due diligence
- / Prevention of market abuse and protection of inside and/or confidential information

The Training Plan also covers the role of the Compliance function in the coordination and management of the so-called Compliance Training Framework Plan, launched in 2022. This Plan aims to organize, under a single umbrella, all training provided by the main corporate areas exposed to compliance risks. The goal is to ensure a homogeneous and robust oversight of training to mitigate priority compliance risks and contribute to building a corporate ethical culture.

Employee compliance training

Within the framework of the Compliance Training Plan, in 2022, specific training (either in person or online) was provided to groups who, on account of their position and responsibilities or because of the type of activity they carry out, are exposed to a **greater risk of compliance breaches** and, in particular, to **crimes related to corruption in business**.

In 2022, a new compliance training course was created in "TraIn", the corporate e-learning platform, which has a specific area dedicated to "Culture and values".

Listed below are the persons who received anti-corruption training (either in person or online) in 2022, by professional category and region:

Priority group

Professional category	No. of unique people trained	% (of the annual average staff in 2022)
Management	4,373	70.63
Supervisors	2,882	72.18
Specialist	12,317	69.26
Total	19,525	69.82
Region¹		
America	1,044	87.19
Asia and rest of the world	1,253	74.02
Spain	7,513	75.43
Europe (ex- Spain)	9,717	64.28
Total	19,525	69.82

1. Excluding Russia and Ukraine; due to the situation in both these markets in 2022, they were not included for the purpose of calculating the figure, as no communication and dissemination measures have been carried out in connection with this training.

Likewise, at the end of 2022, a Compliance e-learning training course has been made available to more than 3,700 ITX Trading suppliers in 50 markets, which will allow to convey the principles and behaviour guidelines we expect from the main product suppliers within the framework of our commercial or professional relations with them.