INDITEX GROUP ANNUAL REPORT 2022

Index

Statement made about the contents of the Financial Annual Report

We, the members of the Board of Directors of the company, do hereby state and represent that, to the best of our knowledge and belief, the annual consolidated accounts for fiscal year 2022 (1 February 2022 – 31 January 2023), stated by the Board of Directors in the meeting held on 14 March 2023, drafted pursuant to the applicable accounting principles, give the true and fair view of the assets, the financial situation and the results of Industria de Diseño Textil, S.A. (Inditex, S.A.) and of the undertakings consolidated taken as a whole, and that the consolidated financial report includes a true review of the evolution and the corporate results, as well as of the position of Industria de Diseño Textil, S.A. (Inditex, S.A.) and of the undertakings consolidated taken as a whole, together with the description of the main risks and uncertainties they face up to.

In Arteixo (A Coruña), on 14 March 2023.

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

Audit Report on
Consolidated Annual Accounts

Building a better working world

Ernst & Young, S.L.
Calle de Raimundo Fernández Villaverde, 65
28003 Madrid

Tel: 902 365 456
Fax: 915 727 238
ey.com

AUDIT REPORT ON CONSOLIDATED FINANCIAL STATEMENTS ISSUED BY AN INDEPENDENT AUDITOR

Translation of a report and financial statements originally issued in Spanish. In the event of discrepancy, the Spanish-language version prevails (See Note 35)

To the shareholders of Industria de Diseño Textil, S.A.:

Audit report on the consolidated financial statements

Opinion

We have audited the consolidated financial statements of Industria de Diseño Textil, S.A. (the Parent) and its subsidiaries (the Group), which comprise the consolidated balance sheet at January 31, 2023, the consolidated income statement, the consolidated statement of comprehensive income, the consolidated statement of changes in equity, the consolidated statement of cash flows, and the notes thereto, for the year then ended (year 2022).

In our opinion, the accompanying consolidated financial statements give a true and fair view, in all material respects, of consolidated equity and the consolidated financial position of the Group at January 31, 2023, and of its financial performance and its consolidated cash flows, for the year then ended in accordance with International Financial Reporting Standards, as adopted by the European Union (IFRS-EU), and other provisions in the regulatory framework applicable in Spain.

Basis for opinion

We conducted our audit in accordance with prevailing audit regulations in Spain. Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the consolidated financial statements* section of our report.

We are independent of the Group in accordance with the ethical requirements, including those related to independence, that are relevant to our audit of the consolidated financial statements in Spain as required by prevailing audit regulations. In this regard, we have not provided non-audit services nor have any situations or circumstances arisen that might have compromised our mandatory independence in a manner prohibited by the aforementioned requirements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Domicilio Social: C/ Raimundo Fernández Villaverde, 65. 28003 Madrid - Inscrita en el Registro Mercantil de Madrid, tomo 9.364 general, 8.130 de la sección 3ª del Libro de Sociedades, folio 68, hoja nº 87.690-1, inscripción 1ª. Madrid 9 de Marzo de 1.989. A member firm of Ernst & Young Global Limited.

Key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our audit opinion thereon, and we do not provide a separate opinion on these matters.

Valuation of leases

Description

As of January 31, 2023, the Group operates with a total of 5,815 stores, most of which are under lease agreements, as well as certain logistics centers and other assets operated by the Group.

IFRS 16 application requires to carry out complex estimates, which entails the application of judgments in the definition of the hypotheses considered by Group's Management, mainly for the determination of the lease terms, the impacts of renegotiations and the discount rate applicable to each contract.

We have considered this area as a key audit matter due to the significance of the amounts involved, the different nature and characteristics of the lease contracts in force, as well as the complexity of the judgments made by Group Management to determine the value of such leases.

The information related to the criteria applied and the corresponding disclosures is included in Notes 3.2.o) and 16 of the attached consolidated financial statements.

Our response

In relation to this area, our audit procedures have included, among others, the following:

- Understanding of the process established by Group Management to determine the value of the leases, evaluation of the design and implementation of the relevant controls established in the aforementioned process and verification of the operational effectiveness of said controls, all in collaboration with our specialists in information systems.
- Assessment of the consistency of the accounting principles and criteria applied by the Group to estimate lease terms and applicable discount rates with the applicable financial reporting regulatory framework and with those applied in the previous year.
- Review, for a representative sample of lease contracts, of the consistency of the valuation of said leases with the terms and conditions of the corresponding contracts, as well as with the accounting principles and criteria applied by the Group.
- Review of the disclosures included in the consolidated financial statements and assessment of its adequacy with the applicable financial reporting regulatory framework.

The result of the procedures carried out described in the preceding paragraphs has been satisfactory in relation to the audit objectives pursued.

Valuation of inventories

Description

The Group has registered in the current assets of the consolidated balance sheet as of January 31, 2023, inventories for a net book value of 3,191 million euros, which represent 10.6% of total assets.

The centralized and integrated model of Inditex Group is characterized by managing a large number of references in the different markets in which it operates and by their high turnover levels.

Likewise, consumer behavior and other external factors significantly influence the valuation of inventories, requiring relevant estimates to determine the net realisable value of the references, which entails the application of judgments in the establishment of the hypotheses considered by Group Management in relation to said estimates.

We have considered this area as a key audit matter due to the significance of the amounts involved, the high number of points of sale and references and their high turnover, as well as the complexity of the judgments made by Group Management to determine the net realisable value of inventories.

The information related to the criteria applied and the corresponding disclosures is included in Notes 3.2.h) and 13 of the attached consolidated financial statements.

Our response

In relation to this area, our audit procedures have included, among others, the following:

- Understanding of the process established by Group Management for the management and valuation of inventories, evaluation of the design and implementation of the relevant controls established in the aforementioned process and verification of the operational effectiveness of said controls, all in collaboration with our specialists in information systems.
- Evaluation of the consistency of the accounting principles and criteria applied by the Group's Management for the valuation of the inventory of inventories with the applicable financial information regulatory framework and with those applied in the previous year.
- Assessment of the reasonableness of the key assumptions considered by Group Management to determine the net realisable value of inventories and their consistency with Group policy and with other available information, such as historical sales from similar seasons and forecasts of future sale.
- Procedures for recalculation, in collaboration with our specialists in information systems, of the net realisable value of the Group's finished product inventories.
- Review of the disclosures included in the consolidated financial statements and assessment of its adequacy with the applicable financial reporting regulatory framework.

The result of the procedures carried out described in the preceding paragraphs has been satisfactory in relation to the audit objectives pursued.

Information Systems

Description

The high volume of operations, the high automation of business processes and the relevance of information technology systems (IT) in the processes of generating the Group's financial information, expose it to a high dependence on the correct functioning of their information systems.

Consequently, to ensure the correct processing of financial information, it is key to maintain an adequate control environment over the information systems.

In turn, the assessment and management of cybersecurity risks is becoming increasingly relevant, taking into account the aforementioned technological dependency, the volume of Group operations and its geographical dispersion.

In this context, it is critical to evaluate issues such as the organization of the Technology area, which must allow adequate coordination and homogenization of the management of technological risks that may affect information systems, physical and logical security, and operations, the development and maintenance of the systems, databases and applications used in the process of preparing financial information. For this reason, we have considered the risks associated with information technology as a key audit matter.

Our response

Our audit procedures, carried out with the involvement of our information systems specialists, have included, among others, the following:

- Understanding of the information flows and the internal control environment of the Group related to the information systems, databases and key applications involved in the process of preparing financial information.
- Evaluation of the design and implementation of general IT controls related to access control, configuration management and modifications, as well as the operations of those applications that we have considered relevant for the generation of financial information, as well as the key automatic controls that operate in certain significant business processes, including the sales process.
- Performance of operational effectiveness tests and extended control procedures on:
    - logical security and access controls to operating systems, databases and relevant applications.
    - controls of development, maintenance and operation of applications and systems.
    - automatisms used in the generation of financial information.
- Review of the cybersecurity risk management model in relation to the main IT systems and evaluation of security measures and related action plans.

The result of the procedures carried out described in the preceding paragraphs has been satisfactory in relation to the audit objectives pursued.

Other matters

On March 16, 2022, other auditors issued their audit report on the consolidated financial statements for the year ended January 31, 2022, where they expressed an unmodified opinion.

Other information: consolidated directors report

Other information refers exclusively to the 2022 consolidated directors report, the preparation of which is the responsibility of the parent company's directors and is not an integral part of the consolidated financial statements.

Our audit opinion on the consolidated financial statements does not cover the consolidated directors report. Our responsibility for the consolidated directors report, in conformity with prevailing audit regulations in Spain, entails:

a. Checking only that the consolidated non-financial statement and certain information included in the Corporate Governance Report and in the Board Remuneration Report, to which the Audit Law refers, was provided as stipulated by applicable regulations and, if not, disclose this fact.

b. Assessing and reporting on the consistency of the remaining information included in the consolidated directors report with the consolidated financial statements, based on the knowledge of the Group obtained during the audit, in addition to evaluating and reporting on whether the content and presentation of this part of the consolidated directors report are in conformity with applicable regulations. If, based on the work we have performed, we conclude that there are material misstatements, we are required to disclose this fact.

Based on the work performed, as described above, we have verified that the information referred to in paragraph a) above is provided as stipulated by applicable regulations and that the remaining information contained in the consolidated directors report is consistent with that provided in the 2022 consolidated financial statements and its content and presentation are in conformity with applicable regulations.

Responsibilities of the parent company´s directors and the audit and compliance committee for the consolidated financial statements

The directors of the parent company are responsible for the preparation of the accompanying consolidated financial statements so that they give a true and fair view of the equity, financial position and results of the Group, in accordance with IFRS-EU, and other provisions in the regulatory framework applicable to the Group in Spain, and for such internal control as they determine is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, the directors of the parent company are responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

The audit and compliance committee is responsible for overseeing the Group's financial reporting process.

Auditor's responsibilities for the audit of the consolidated financial statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion.

Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with prevailing audit regulations in Spain will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with prevailing audit regulations in Spain, we exercise professional judgement and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with the audit and compliance committee of the parent company regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the audit and compliance committee of the parent company with a statement that we have complied with relevant ethical requirements, including those related to independence, and to communicate with them all matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the audit and compliance committee, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters.

We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter.

Report on other legal and regulatory requirements

European single electronic format

We have examined the digital files of the European single electronic format (ESEF) of Industria de Diseño Textil, S.A. and subsidiaries for the 2022 financial year, which include the XHTML file containing the consolidated financial statements for the year, and the XBRL files as labeled by the entity, which will form part of the annual financial report.

The directors of Industria de Diseño Textil, S.A. are responsible for submitting the annual financial report for the 2022 financial year, in accordance with the formatting and mark-up requirements set out in Delegated Regulation EU 2019/815 of 17 December 2018 of the European Commission (hereinafter referred to as the ESEF Regulation).

Our responsibility consists of examining the digital files prepared by the directors of the parent company, in accordance with prevailing audit regulations in Spain. These standards require that we plan and perform our audit procedures to obtain reasonable assurance about whether the contents of the consolidated financial statements included in the aforementioned digital files correspond in their entirety to those of the consolidated financial statements that we have audited, and whether the consolidated financial statements and the aforementioned files have been formatted and marked up, in all material respects, in accordance with the ESEF Regulation.

In our opinion, the digital files examined correspond in their entirety to the audited consolidated financial statements, which are presented and have been marked up, in all material respects, in accordance with the ESEF Regulation.

Additional report to the audit and compliance committee

The opinion expressed in this audit report is consistent with the additional report we issued to the audit and compliance committee on March 15, 2023.

Term of engagement

The ordinary general shareholders' meeting held on July 12, 2022 appointed us as auditors for 3 years, commencing on the financial year ended on January 31, 2023.

ERNST & YOUNG, S.L.
(Registered in the Official Register of Auditors under Nº S0530)

Hildur Eir Jónsdóttir

Hildur Eir Jónsdóttir
(Registered in the Official Register of Auditors under Nº 18201)

March 15, 2023

INDITEX

Translation of consolidated annual accounts originally issued in Spanish and prepared in accordance with the regulatory financial reporting framework applicable to the Group in Spain (see below and Note 35). In the event of a discrepancy, the Spanish-language version prevails.

CONSOLIDATED ANNUAL ACCOUNTS 2022

Consolidated income statement

(Amounts in millions of euros)	(Notes)	2022	2021
Net sales	(4)	32,569	27,716
Cost of sales	(5)	(14,011)	(11,902)
GROSS PROFIT		**18,559**	**15,814**
		57.0 %	57.1 %
Operating expenses	(6)	(9,867)	(8,596)
Other losses and income, net	(7)	(43)	(35)
GROSS OPERATING PROFIT (EBITDA)		**8,649**	**7,183**
Other results	(33)	(231)	-
Amortisation and depreciation	(8)	(2,899)	(2,901)
NET OPERATING PROFIT (EBIT)		**5,520**	**4,282**
Financial results	(9)	(214)	(142)
Results of companies accounted for using the equity method	(18)	53	58
PROFIT BEFORE TAXES (PBT)		**5,358**	**4,199**
Income tax	(25)	(1,211)	(949)
NET PROFIT		**4,147**	**3,250**
NET PROFIT ATTRIBUTABLE TO NON-CONTROLLING INTERESTS		**17**	**7**
NET PROFIT ATTRIBUTABLE TO THE PARENT		**4,130**	**3,243**
EARNINGS PER SHARE, euros	**(10)**	**1.327**	**1.042**

Consolidated statement of comprehensive income

(Amounts in millions of euros)	(Notes)	2022	2021
Net profit		4,147	3,250
Items that will be reclassified to the income statement in future years			
Other comprehensive income recognised directly in equity:			
Translation differences related to financial statements of foreign operations		126	122
Cash flow hedges			
Profit	(26)	-	6
Loss	(26)	(14)	-
Tax effect		2	(1)
Total		**114**	**127**
Transfers to the income statement:			
Cash flow hedges			
Profit	(26)	(6)	-
Loss	(26)	-	3
Tax effect		2	-
Total		**(4)**	**3**
Total comprehensive income for the year		**4,257**	**3,380**
Total comprehensive income attributable to:			
Equity holders of the Parent		4,240	3,373
Non-controlling interests		17	7
Total comprehensive income for the year		**4,257**	**3,380**

Consolidated balance sheet

(Amounts in millions of euros)	(Notes)	31/01/2023	31/01/2022
ASSETS			
NON-CURRENT ASSETS		**15,344**	**15,343**
Rights of use	(16)	4,910	5,224
Other intangible assets	(15)	810	589
Goodwill	(17)	193	202
Property, plant and equipment	(14)	7,591	7,481
Investment property		24	21
Financial investments	(18)	334	307
Other non-current assets	(19)	278	340
Deferred tax assets	(25)	1,203	1,179
CURRENT ASSETS		**14,639**	**13,602**
Non-currents assets held for sale	(33)	183	-
Inventories	(13)	3,191	3,042
Trade and other receivables	(12)	851	842
Income tax receivable	(25)	238	219
Other current assets		85	82
Other financial assets	(26)	8	22
Current financial investments	(21)	4,522	2,374
Cash and cash equivalents	(21)	5,561	7,021
TOTAL ASSETS		**29,983**	**28,945**

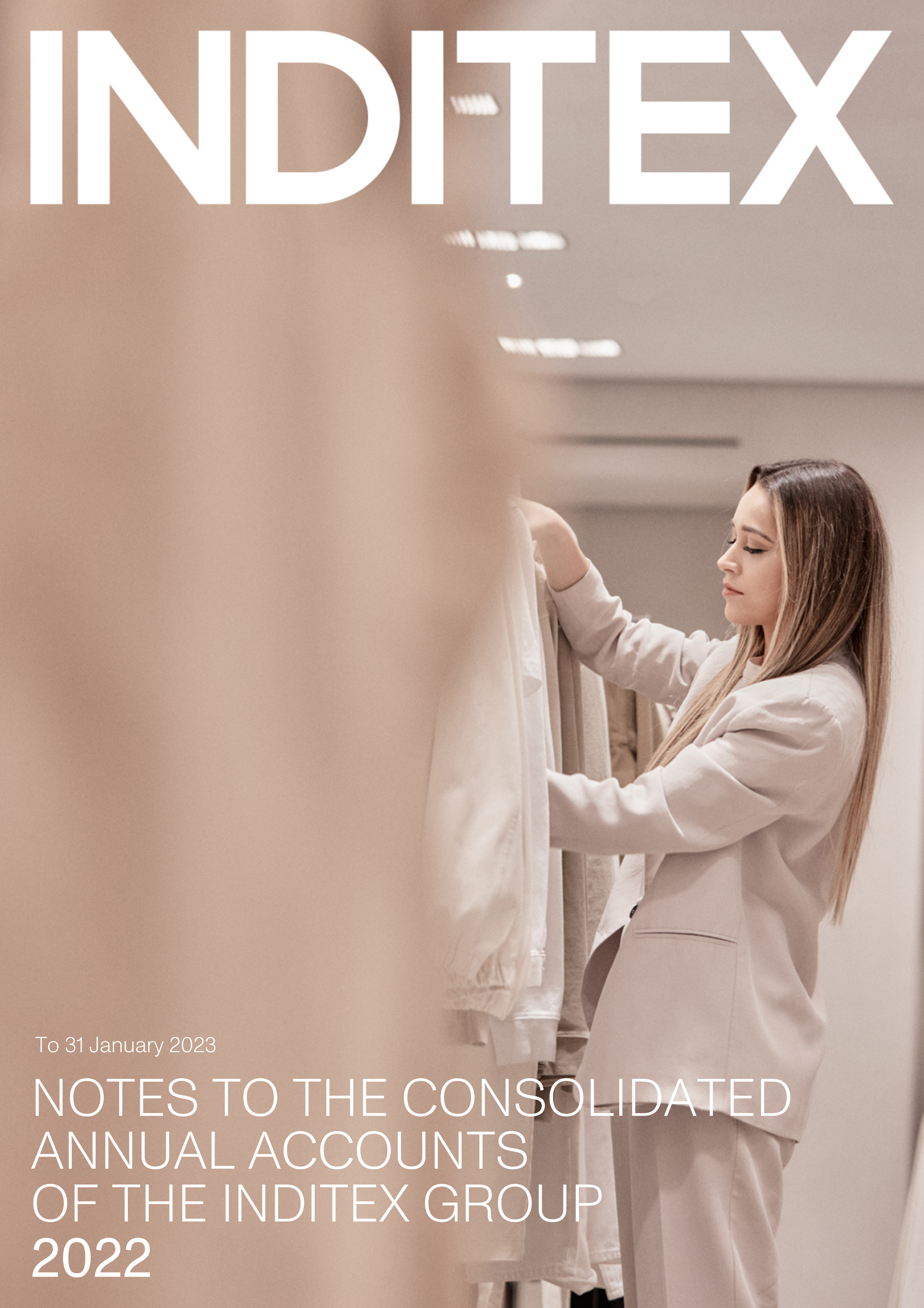
EQUITY AND LIABILITIES			
EQUITY		**17,033**	**15,759**
Equity attributable to the Parent		17,008	15,733
Equity attributable to non-controlling interests		25	26
NON-CURRENT LIABILITIES		**4,813**	**5,157**
Provisions	(22)	283	287
Other non-current liabilities	(23)	222	248
Financial debt	(21)	-	1
Non-current lease liability	(16)	3,924	4,262
Deferred tax liabilities	(25)	385	359
CURRENT LIABILITIES		**8,137**	**8,030**
Financial debt	(21)	13	35
Other financial liabilities	(26)	46	22
Current lease liability	(16)	1,517	1,562
Income tax payable	(25)	264	211
Trade and other payables	(20)	6,297	6,199
TOTAL EQUITY AND LIABILITIES		**29,983**	**28,945**

Consolidated statement of cash flows

(Amounts in millions of euros)	(Notes)	2022	2021
Profit before taxes and non-controlling interest		**5,358**	**4,199**
Adjustments to profit			
Amortisation and depreciation	(8)	2,899	2,901
Provisions for impairment		28	51
Results from companies consolidated by equity method	(18)	(53)	(58)
Lease financial expenses	(9)	116	92
Other		170	81
Income tax paid		(1,176)	(734)
Funds from operations		**7,343**	**6,530**
Variation in assets and liabilities			
Inventories		(193)	(759)
Receivables and other current assets		(58)	(154)
Current payables		(418)	1,136
Changes in working capital		**(669)**	**223**
Cash flows from operating activities		**6,674**	**6,754**
Payments relating to investments in intangible assets		(388)	(460)
Payments relating to investments in property, plant and equipment		(1,027)	(666)
Collections relating to investments in other financial investments		27	25
Payments relating to investments in other financial investments		(3)	-
Payments relating to investments in other assets	(19)	(18)	(8)
Collections relating to investments in other assets	(19)	54	54
Changes in current financial investments		(2,148)	(2,198)
Cash flows from investing activities		**(3,504)**	**(3,253)**
Payments relating to non-current financial debt		(1)	(5)
Payments relating to acquisition treasury shares		(61)	(71)
Changes in current financial debt		(17)	27
Lease payments fixed charge		(1,621)	(1,668)
Dividends		(2,914)	(2,192)
Cash flows used in financing activities		**(4,614)**	**(3,909)**
Net increase in cash and cash equivalents		(1,443)	(408)
Cash and cash equivalents at the beginning of the year	(21)	7,021	7,398
Effect of exchange rate fluctuations on cash and cash equivalents		(17)	31
Cash and cash equivalents at the end of the year	**(21)**	**5,561**	**7,021**

Consolidated statement of changes in equity

(Amounts in millions of euros)	Equity attributable to the Parent										
	Capital	Share premium	Retained earnings	Other reserves	Reserves of companies accounted for using the equity method	Treasury shares	Translation differences	Cash flows	Subtotal	Non-controlling interests	Total equity
Balance at 1 February 2021	**94**	**20**	**14,703**	**221**	**240**	**(51)**	**(704)**	**(3)**	**14,520**	**30**	**14,550**
Profit for the year	-	-	3,243	-	-	-	-	-	3,243	7	3,250
Profit distribution	-	-	(283)	250	33	-	-	-	-	-	-
Dividends distribution	-	-	19	-	(19)	-	-	-	-	-	-
Transfers	-	-	(53)	-	-	-	53	-	-	-	-
Hyperinflaction and Other movements	-	-	13	-	4	-	-	-	17	1	18
Other comprehensive income for the year	-	-	-	-	-	-	122	8	130	-	130
· Translation differences related to foreign operations	-	-	-	-	-	-	122	-	122	-	122
· Cash flow hedges	-	-	-	-	-	-	-	8	8	-	8
Operations with equity holders or owners	-	-	(2,180)	74	-	(71)	-	-	(2,177)	(12)	(2,189)
· Treasury shares	-	-	-	-	-	(71)	-	-	(71)	-	(71)
· Share-based payments recognition	-	-	-	74	-	-	-	-	74	-	74
· Share-based payments exercise	-	-	-	-	-	-	-	-	-	-	-
· Dividends	-	-	(2,180)	-	-	-	-	-	(2,180)	(12)	(2,192)
Balance at 31 January 2022	**94**	**20**	**15,462**	**545**	**258**	**(122)**	**(529)**	**5**	**15,733**	**26**	**15,759**
Balance at 1 February 2022	**94**	**20**	**15,462**	**545**	**258**	**(122)**	**(529)**	**5**	**15,733**	**26**	**15,759**
Profit for the year	-	-	4,130	-	-	-	-	-	4,130	17	4,147
Profit distribution	-	-	(58)	-	58	-	-	-	-	-	-
Dividends distribution	-	-	35	-	(35)	-	-	-	-	-	-
Transfers	-	-	(66)	-	-	-	66	-	-	-	-
Hyperinflaction and Other movements	-	-	(150)	1	(2)	-	93	-	(58)	1	(57)
Other comprehensive income for the year	-	-	-	-	-	-	126	(16)	110	-	110
· Translation differences related to foreign operations	-	-	-	-	-	-	126	-	126	-	126
· Cash flow hedges	-	-	-	-	-	-	-	(16)	(16)	-	(16)
Operations with equity holders or owners	-	-	(2,893)	(6)	-	(8)	-	-	(2,907)	(19)	(2,926)
· Treasury shares	-	-	-	-	-	(61)	-	-	(61)	-	(61)
· Share-based payments recognition	-	-	-	64	-	-	-	-	64	-	64
· Share-based payments exercise	-	-	2	(70)	-	53	-	-	(15)	-	(15)
· Dividends	-	-	(2,895)	-	-	-	-	-	(2,895)	(19)	(2,914)
Balance at 31 January 2023	**94**	**20**	**16,460**	**540**	**279**	**(130)**	**(244)**	**(11)**	**17,008**	**25**	**17,033**



INDITEX

To 31 January 2023

NOTES TO THE CONSOLIDATED ANNUAL ACCOUNTS OF THE INDITEX GROUP 2022

1. Activity and description of the Group

Industria de Diseño Textil, S.A. with registered office in Spain (Avenida de la Diputación s/n, Edificio Inditex, Arteixo, A Coruña), is the Parent of a fashion global group of companies present in 5 continents, in both hemispheres, north and south, the Inditex Group (hereinafter also "the Group", "the Inditex Group" or "the Company").

Inditex is listed on all the four Spanish stock exchanges.

Its main activity consists of offering the latest fashion trends (clothing, footwear, accessories and household textile products) to meet customer demands, using high quality and sustainability standards and at attractive prices.

This activity is carried out through different retail concepts: Zara, Pull&Bear, Massimo Dutti, Bershka, Stradivarius, Oysho and Zara Home. Each format operates through an online and store model that is managed directly by companies over which Inditex exercises control through the ownership of all or the majority of the share capital and of the voting rights, except in certain markets where, for several reasons, the business is carried out through franchises.

Certain franchise agreements entered into by the Group include purchase options which, if exercised, would essentially enable the Group to have access to the lease rights over the premises in which the franchised stores operate and the assets associated with these stores. These options may be exercised after a certain period of time has elapsed since the signing of the franchise agreement.

The Group holds joint ownership interests in the entities making up the Tempe Group. Based on an analysis of the contractual arrangements giving it joint control, the Group classified its ownership interest in the Tempe Group as a joint venture. The interest in the Tempe Group was accounted for using the equity method.

The Group does not have any other significant non-controlling interests.

In order to offer the latest fashion trends at the right time, meeting high standards of sustainability and with the required quality, at Inditex we have developed an integrated and flexible business model that is clearly customer-oriented.

This model helps face business environment challenges. The strong competitiveness in the sector, driven by new technologies and an increasingly awareness of environmental challenges, defines a context with a constantly evolving customer profile.

Furthermore, geopolitical, demographic and socioeconomic changes in supplier or distribution countries, or the retraction in consumption in certain markets, are, among others, factors which could affect the optimal achievement of our business targets. Business can also be affected by potential consequences of climate change, which could influence consumer demand patterns and the supply and demand of textile raw materials used to manufacture the garments, among others.

The internationalisation policy, the Group's multi-brand format, its sustainable production commitments and the support for total integration of channels and new technologies as alternatives for customer communication and sales, represent a means of risk diversification that mitigates our overall exposure to risks in the market.

The operation of this business model would not be feasible without the integration and flexibility of every stage of our value chain: design, production, logistics, stores and customers (with integrated points of sale, both physical and online).

The sales and design teams are strongly focused on the customer and firmly committed to sustainability in the processes and materials used in our products. The permanent contact with stores and online teams by our team of designers, through the Product Management Department, helps them to learn about customer preferences. In addition, their active promotion and search for more sustainable materials and production processes help to raise standards of quality and to reduce the social and environmental impact of our activity.

Manufacturing and procurement is based on environmentally and socially responsible management of the supply chain which ensures dignified working conditions for all the employees of suppliers and manufacturers. Our supply chain has a global presence, organised via 12 supplier clusters that concentrate 98% of total production (12 clusters and 97% of production in 2021), albeit with a very significant weighting of procurement in areas of proximity to the design centres. Accordingly, we have the capacity to adapt our commercial range to any change of trend that emerges, so as to immediately adjust the number of garments to actual demand, a factor which has proved crucial in 2022 and 2021.

The logistics and distribution system enables the Company to make continuous shipments to physical and online stores from the logistics centres of every retail concept throughout every season. This system operates mainly with centralised logistics centres for every chain, where stocks are kept and which distribute the products to physical and online stores worldwide.

The people working in our Company make the sustained and sustainable development of this model possible: a diverse human team with 182 nationalities (177 nationalities in 2021), marked by its creative talent, its passion for fashion, teamwork, an enterprising spirit, permanent innovation and responsible effort.

The Group's goal is to provide fashion products that meet the most demanding sustainability and health and safety criteria, built on respect and promotion of human rights, transparency and continuous dialogue with stakeholders.

At 31 January 2023, the various Group concepts had stores in operation with the following geographical distribution:

Number of stores	Company Managed	Franchised	Total
Spain	1,187	38	1,225
Rest of Europe	2,486	157	2,643
Americas	597	153	750
Rest of the World	457	740	1,197
Total	**4,727**	**1,088**	**5,815**

At 31 January 2022, the geographical distribution of stores was as follows:

Number of stores	Company Managed	Franchised	Total
Spain	1,229	38	1,267
Rest of Europe	3,044	156	3,200
Americas	601	156	757
Rest of the World	539	714	1,253
Total	**5,413**	**1,064**	**6,477**

The majority of company-managed store premises are held under leases. Information on the main terms of the leases is provided in Note 16.

2. Basis for preparation

The consolidated annual accounts of the Inditex Group, which Parent is Industria de Diseño Textil, S.A., for 2022 were prepared by the Board of Directors on 14 March 2023 and will be submitted for approval at the corresponding Annual General Meeting. It is considered that they will be approved without any changes. The consolidated annual accounts for 2021 were approved by the shareholders at the Annual General Meeting held on 12 July 2022.

These consolidated annual accounts were prepared in accordance with the International Financial Reporting Standards (IFRS) and related interpretations (IFRIC and SIC) adopted by the European Union (IFRS-EU) and with the other provisions of the applicable regulatory financial reporting framework.

Inditex's financial year and that of most of its subsidiaries starts on 1 February of each year and ends on 31 January of the following year. The twelve-month period ended 31 January 2023 will hereinafter be referred to as "2022", the twelve-month period ended 31 January 2022 as "2021", and so on.

The consolidated financial statements are presented in euros, since the euro is the Group's presentation currency.

Unless otherwise stated, the amounts shown in these consolidated annual accounts are expressed in millions euros.

The separate annual accounts of the Parent (Inditex) for 2022 were prepared by the Board of Directors in a separate document to these consolidated annual accounts.

These consolidated annual accounts present fairly the equity and financial position of the Inditex Group at 31 January 2023, as well as the results of its operations, the changes in equity and the cash flows for the year then ended.

The consolidated annual accounts of the Inditex Group for 2022 were prepared on the basis of the accounting records of Inditex and of the other Group companies.

The Group uses certain performance measures additional to those defined in IFRS, since these measures include information that is essential to assess the evolution of the Group.

In the consolidated income statement, gross profit, EBITDA, EBIT and PBT are defined as follows:

- Gross profit: the difference between sales and the cost of sales. Note 4 and Note 5 contain detailed information on the items included in these line items in the consolidated income statement. The percentage gross profit is calculated as the gross profit in absolute terms as a percentage of net sales.
- Gross operating profit (EBITDA): earnings before financial results, results from companies consolidated by equity method, taxes and depreciation and amortisation, calculated as the gross profit less operating expenses and other gains and losses, net.
- Net operating profit (EBIT): earnings before financial results, results from companies consolidated by equity method and taxes, calculated as EBITDA less depreciation and amortisation and other results.
- Profit before taxes (PBT): calculated as EBIT less financial results and results from companies consolidated by equity method.

Other alternative measures of performance are as follows:

- Return on capital employed (ROCE): defined as PBT divided by average capital employed in the year (average of equity attributable to the Parent plus net financial debt for the year). The average capital employed considered for the ROCE calculation by concept relates to the non-current assets, excluding the deferred tax assets, of the concept.
- Return on equity attributable to the Parent (ROE), defined as net profit attributable to the Parent divided by average shareholders' equity for the year.

- Working capital: defined as inventories plus receivables minus current payables in the consolidated balance sheet.

- Net financial position: defined as Cash and Cash Equivalents and Current financial investments less Current and Non-current financial debt, with explicit interest (without considering lease debt).

- Average net financial debt: defined as Current and Non-Current Financial Debt with explicit interest (without considering lease debt), less Cash and Cash equivalents and Current financial investments (considered zero if the result is negative).

- Store operating profit: income generated by sales, at both physical stores and online, as well as all expenses directly attributable and necessary to generate said income.

- Quarterly results: calculated as the difference between the cumulative income statement at the end of each quarter less the cumulative income statement at the end of the immediately preceding quarter.
- Sales growth at constant exchange rates: year-on-year change in like-for-like sales growth, eliminating the exchange rate effect. This is defined as the calculation of sales in both periods, applying the exchange rate for the comparable period.

- Sales in comparable stores: those stores that have remained open continuously, without closures or refurbishments, throughout the entire period for comparison.

These consolidated annual accounts have been prepared on a going concern basis, in the absence of doubts as to the Group's ability to continue its operations. The assessment that there are no material uncertainties affecting the Group's capacity to continue with its operations was based on the following information:

- The Group obtained positive results in 2022 overall and in all of its operating segments (Note 11).

- Performance forecasts for Spring/Summer 2023.

- The capacity to adapt the supply chain to changing conditions.

- The flexibility of the model based on sales channel integration.

- The capacity to manage the financial risks to which the Group is exposed (Note 26 Financial instruments and risk management policy).

- The positive net financial position and the existence of sufficient undrawn financing facilities to fund the Group’s activities.

Impacts of Covid-19

The Covid-19 pandemic continued to affect business performance in 2022, albeit more moderately, as almost all restrictions have now been lifted and the situation in most of the Group’s markets has normalised, boosting the economic recovery and reinvigorating consumer spending.

The comparison of fiscal year 2022 with the same period of the previous year is somewhat skewed by the pandemic, due to the latter’s most significant impact in the first and fourth quarters of 2021 as a result of restrictions in important markets for the Group.

Some of the supply markets have continued to face sporadic disruptions as a result of the pandemic, including temporary factory closures, shipping delays, etc., but much less so than in previous years.

The flexibility of the business model has enabled the Group to soften the impact of these disruptions. By leveraging its highly diverse supply sources, along with its technological infrastructure, digitalisation initiatives and integration of the physical and online store on which the Group's integrated strategy hinges, it was able to continue operating as normal in this context. Business model flexibility, efficient management of the integrated inventory, and control over operating expenses have been and continue to be crucial to the group's operational and financial performance in the period.

The main judgements and estimates used to measure certain items of the financial statements were updated to take into account the impact of the pandemic. Moreover, the specific impacts associated with the pandemic were recognised in the income statement of the year, as part of operating profit:

- Rent concessions obtained from lessors were booked as negative variable lease payments (Note 3.2.o).

- Costs linked to the increase in Group store and workplace health and safety measures form a part of operating expenses in accordance with their nature.

- Payments received in various countries from social security systems or other government departments in order to maintain employment and safeguard economic activity were booked reducing the amount of the expense they are aimed at offsetting.

The Group’s long-term business plan is still in force, as the pandemic is considered to be a temporary situation that does not alter its long-term expectations. Accordingly, during the year, the Group has continued to implement the fully integrated store and online based on key strategic lines: product proposal, customer experience, sustainability and talent retention.

Conflict in Ukraine

As a result of the war in Ukraine, which began on 24 February 2022, the Group temporarily suspended operations in both Ukraine (from that very moment) and the Russian Federation (from 5 March), as the conflict prevented normal operations throughout the region. The Group's operations in Ukraine remain suspended to date and in the Russian Federation operations have been terminated (Note 33).

Macroeconomic environment

The uncertain and challenging macroeconomic and geopolitical environment were hallmarks of the year. Numerous markets have seen a widespread increase in interest rates, as well as a significant rise in inflation, affecting the cost of many of the goods and services in our value chain. In particular, commodity markets, especially energy and certain textile fibres, experienced a generalised uptick in the year. Energy costs, both in the sales markets and in supplying countries linked to the transformation processes in our value chain, have risen sharply.

The situation in the transportation market tended to normalise in the final months of the year, although it has not yet returned to pre-pandemic conditions. Restrictions on commercial traffic and rising fossil fuel prices, mainly as a result of geopolitical tensions, have added complexity to an already stressed environment.

In this very challenging context, once again the flexibility of our business model has come to the fore. Spending has been systematically and rigorously controlled. In addition, in anticipation of potential supply chain stress, and harnessing the flexibility of our business model, during the year the Group brought inventory inflows forward, a situation that normalised throughout the year.

Material estimates and measurement of uncertainty

In preparing the consolidated financial statements as at 31 January 2023 judgements and estimates were made in order to measure certain assets, liabilities, income, expenses and obligations reported herein. Below are the estimates and assumptions most exposed to uncertainty:

- The assessment of possible impairment losses on certain non-current, non-financial assets. In determining the recoverable value of non-current assets (in accordance with the methodology described in Note 3.2.f), estimates are made of the cash flows at cash-generating units (CGUs) for which purpose assumptions are made such as estimated sales growth at comparable stores, the performance of operating expenses and the gross margin of each of the CGUs. These estimates are based on the Group's prior experience and on macroeconomic indicators, and the costs incurred by the Group in relation to implementing the sustainability strategy are also considered. Accordingly, these estimates are affected by uncertainty to the extent that they depend on the future performance of each cash-generating unit and on the possibility of there being events outside the Group’s control in relation to the Covid-19 pandemic (such as mandatory temporary closures of physical stores for health reasons), the evolution of the conflict in Ukraine itself or a general decline in the economic environment that worsens revenue forecasts, as well as the costs increase.

- The determination of inventory costs and its net realisable value. In establishing the recoverable value of inventories (in accordance with the methodology described in Note 3.2.h), estimates of net realisable value are used, based on assumptions linked primarily to the success of the collections, which determines sales performance, stock rotation, the volume of discounted units and the percentage discount. These estimates are affected by uncertainty to the extent that they depend on future events associated with the collections’ commercial success.

- The opinions related to the determination of the lease term, as well as the estimation of the discount rates applied in the measurement of the liability under IFRS 16.

- Assessment of counterparty credit risk of financial institutions in which the Group holds Cash and cash equivalents and Current financial investments.

The remaining estimates, judgements and assumptions considered in preparing these consolidated annual accounts are as follows:

- The consideration of the online business in the model of the non-current assets impairment test.

- The useful life of property, plant and equipment, intangible assets and investment property.

- The fair value of certain assets, mainly financial instruments.

- The assumptions used in the actuarial calculation of liabilities for pensions and other obligations with employees.

- The calculation of the provisions required for contingencies relating to litigation in progress and doubtful debts.
- The recovery of deferred tax assets on the basis of the existence of future taxable profits.

The estimates used took into account the risks deriving from climate change. The costs linked to the Sustainability Strategy are factored into the Group's budgets and business plans which generally cover a 3-year period, and are used to test the impairment of the Group's non-financial assets (Note 3.2.f). However, given the nature of the Group's assets and the mitigation measures that it is implementing as part of its Sustainability strategy (Note 32), the risk deriving from climate change is not considered to have a material impact on the estimates of the useful lives of assets, the realisable value of inventories or the analyses in the impairment testing of non-financial assets.

These estimates were made using the best information available at the time of preparation of this consolidated annual accounts. However, events that take place in the future might make it necessary to change these estimates. Changes in accounting estimates would be applied prospectively in accordance with IAS 8.

In preparing these consolidated annual accounts the Group omitted any information or disclosures which, not requiring disclosure due to their qualitative importance, were considered not to be material in accordance with the concept of materiality defined in the IFRS Conceptual Framework.

The basis of consolidation and accounting policies applied are disclosed in Note 3.

3. Selected accounting policies

3.1. Basis of consolidation

i) Subsidiaries

Subsidiaries are entities over which the Parent has control and, therefore, the power to govern their financial and operating policies (Note 1). Subsidiaries are consolidated by aggregating the total amount of their assets, liabilities, income, expenses and cash flows, after making the adjustments and eliminations relating to intra-Group transactions. The results of subsidiaries acquired during the year are included in the consolidated annual accounts from the effective acquisition date. A detail of the subsidiaries is provided in Annex I.

For business combinations any excess of the consideration transferred plus the value assigned to non-controlling interests over the net amounts of the assets acquired and the liabilities assumed is recognised as goodwill.

Or, where appropriate, the deficiency, after assessing the amount of the consideration transferred, the value assigned to the non-controlling interests and the identification and valuation of the net assets acquired, is recognised in profit or loss.

Acquisitions of equity interests in businesses subsequent to obtaining control and partial disposals that do not result in a loss of control are recognised as transactions with shareholders in equity.

The non-controlling interests shown in the consolidated statement of changes in equity relate to non-controlling interests in subsidiaries, and they are presented in consolidated equity separately from the equity attributable to shareholders of the Parent.

The profit or loss and each component of other comprehensive income are allocated to the equity attributable to shareholders of the Parent and to non-controlling interests in proportion to their interests, even if this results in the non-controlling interests having a deficit balance. Agreements entered into between the Group and non-controlling interests are recognised as a separate transaction.

The share of non-controlling interests of the equity and income of the subsidiaries is presented under 'Equity attributable to non-controlling interests' and 'Net profit attributable to non-controlling interests', respectively.

ii) Jointly controlled entities

Jointly controlled entities are those entities over whose activities the Group has joint control, established by contractual arrangement. As indicated in Note 1, on the basis of the analysis performed of the contractual arrangements, the Group classified these interests as joint ventures. Pursuant to IFRS 11, Joint Arrangements, these entities are accounted for using the equity method in the consolidated financial statements.

iii) Harmonisation of criteria

Each of the companies included in the scope of consolidation prepares its annual accounts and other accounting records in accordance with the corresponding reporting standards, based on the legislation in force in the country of origin. Where these recognition and measurement criteria differ from those adopted by the Inditex Group in preparing its consolidated annual accounts, they are adjusted in order to present the consolidated annual accounts using uniform accounting policies.

iv) Intra-Group eliminations

All intra-Group receivables, payables and transactions, and any intra-Group gains or losses not yet realised vis-à-vis third parties, are eliminated in the consolidation process.

v) Translation of financial statements denominated in foreign currencies

The financial statements of companies with a functional currency other than the euro, except in the case of hyperinflationary countries, have been translated as follows:

- Assets and liabilities are translated to euros at the exchange rates prevailing at year-end.
- Items composing the equity of these companies are translated to euros at the historical exchange rates (or, for retained earnings, at the average exchange rates for the year in which they were generated).
- Income and expenses are translated to euros at the exchange rates prevailing at the dates on which they were recognised, while average exchange rates are used in those cases in which the application of this simplifying criterion does not generate significant differences.

The differences arising from the application of these exchange rates are included in consolidated equity under 'Translation differences'.

However, exchange differences arising from trade balances payable and receivable and financing transactions between Group companies, with foreseeable settlement, are recognised in income statement for the year.

vi) Financial statements in hyperinflationary economies

Since 1 August 2018 and 31 July 2022 Argentina and Turkey, respectively, have been considered hyperinflationary economies. Consequently, the Group's financial statements of Argentine and Turkish subsidiaries (see Annex I) have been integrated into the consolidated financial statements by making the hyperinflation adjustments provided for in IAS 29 in order to reflect changes in the overall purchasing power of their currencies; that is, the financial statements that were at historical values have been restated to current values, applying the corresponding general price index and converted to the Group's presentation currency, considering the closing exchange rate between the euro and the Argentine peso/Turkish lira.

General price indexes of general acceptance in Argentina and Turkey have been used to restate the financial statements at current values. Specifically, the Wholesale Price Index for the balances prior to 2017 (IPM) and the Consumer Price Index (CPI) for the balances from 2017 onwards have been used in Argentina. The Consumer Index Price (CPI) has been used in Turkey.

In relation to the conversion to presentation currency, a closing exchange rate of 203.46 Argentine pesos and of 20.45 Turkish liras per euro was applied.

These adjustments were made retrospectively from 1 February 2018 in Argentina and 1 February 2022 in Turkey. Hyperinflation adjustment has not been significant in the Net profit attributable to the Parent or the net equity of the Group.

There are no other companies in the consolidation perimeter of the Group, with the exception of the aforementioned, which have been considered hyperinflationary economies.

vii) Companies with a reporting date that differs from that of the Group

Companies with a reporting date that differs from that of the consolidated annual accounts were consolidated using the annual accounts at their respective reporting dates (see Annex I). Temporary adjustments are made to reflect the effect of significant transactions occurring between the reporting date of these subsidiaries and that of the consolidated annual accounts.

viii) Changes in the scope of consolidation

Annex I details all the companies in the consolidation perimeter.
In 2022, the following companies were merged:

Acquiring Company	Acquired Company
G.Zara Uruguay, S.A.	G.Zara Home Uruguay, S.A.
Inditex Österreich Gmbh	Massimo Dutti Österreich Clothing, Gmbh
	Pull & Bear Österreich Clothing, Gmbh
	Bershka Osterreich Clothing, Gmbh
	Zara Home Österreich Clothing Gmbh
ITX Turkey P.IT.IH.TIC.LTD.STI	Oysho Giyim Ltd.
	Massimo Dutti Giyim Ltd.
	Pull & Bear Giyim Ltd.
	Bershka Giyim Ltd.
	Stradivarius Giyim Ltd.
	Zara Home Ev Teks. Aks. Mob.
Itx Retail Suisse Sarl	Oysho Suisse Sàrl
	Massimo Dutti Suisse, S.A.R.L.
	Pull & Bear Suisse, Sárl
	Bershka Suisse, S.A.R.L.
	Zara Home Suisse Sàrl.
Zara Chile, S.A.	Zara Home Chile Spa
Itx Magyarország Kft.	Oysho Magyarorszag, Kft
	Massimo Dutti Magyarország Kft.
	Pull & Bear Magyarország, Kft.
	Bershka Magyarorszag, Kft
	Stradivarius Magyarorszag, Kft
	Zara Home Magyarorszag Kft.
Itx Bulgaria Eood	Oysho Bulgaria, Ltd.
	Massimo Dutti Bulgaria, Ltd.
	Pull & Bear Bulgaria, Ltd.
	Bershka Bulgaria, Ltd.
	Stradivarius Bulgaria, Ltd.
	Zara Home Bulgaria Eood
Massimo Dutti Limited Liability Company	Uterque Cis Limited Liability Company
Itx Retail Mexico, S.A. De C.V.	Robustae Mexico, S.A De C.V.
	Oysho Mexico, S.A. De C.V.
	Massimo Dutti Mexico, S.A. De C.V.
	Pull & Bear Mexico, S.A. De C.V.
	Stradivarius Mexico, S.A. De C.V.
Zara España, S.A.	Born, S.A.
	Kiddy's Class España, S.A.
Confecciones Fios, S.A.	Hampton, S.A.

3.2. Accounting policies

Standards effective for application in reporting periods beginning on or after 1 January 2022

The accounting policies used to prepare these consolidated annual accounts are the same as those applied to the consolidated annual accounts for the year ended 31 January 2022, since none of the standards, interpretations or amendments that are applicable for the first time this year have had an impact on the Group's accounting policies.

Standards and amendments issued and approved for application in the EU in reporting periods beginning on or after 1 January 2023

The Group is analysing the impact of the new standards and amendments to the existing ones entering into force in the European Union from 1 January 2023 onwards, although they are not expected to have a material effect on the consolidated annual accounts on the date on which their application becomes mandatory in the European Union.

Standards issued and pending approval for use in the European Union

The Group intends to adopt the standards, interpretations and amendments to standards issued by the IASB, which are not mandatory in the European Union, as soon as they enter into force, if they are applicable to it. Although the Group is currently analysing their impact, based on the analyses carried out to date, the Group estimates that their initial application will not have a material impact on its consolidated annual accounts on the date when their application becomes mandatory in the European Union.

a) Translation of foreign currency balances and transactions

Foreign currency transactions are translated by applying the exchange rates prevailing at the date of the transaction (except in the case of hyperinflationary countries). Monetary assets and liabilities denominated in foreign currencies are translated to euros at the end of the reporting period using the closing rate. Exchange differences arising on translating these items at those exchange rates are recognised in the consolidated income statement for the year as financial result.

In presenting the consolidated statement of cash flows, cash flows arising from transactions in a foreign currency are translated to euros by applying the exchange rates at the date of the cash flow. The effect of exchange rate changes on cash and cash equivalents denominated in foreign currency is presented separately in the consolidated statement of cash flows under “Effect of exchange rate changes on cash and cash equivalents”.

b) Property, plant and equipment

Items of property, plant and equipment are stated at cost, including any additional costs incurred until the assets are ready for their intended use, less accumulated depreciation and any impairment losses or write-downs that have to be recognised (Note 3.2.f).

Depreciation is taken on a straight-line basis over the estimated useful lives of the assets.

The estimated average useful lives are as follows:

Description	Useful life (years)
Buildings	25 to 50
Fixtures, furniture and machinery	8 to 20
Other property, plant and equipment	4 to 13

The Group reviews the useful lives of its property, plant and equipment at each financial year-end. Any change in the initially established estimates is accounted for as a change in an accounting estimate.

After initial recognition of an asset, only those costs that it is probable will give rise to future economic benefits and that can be measured reliably are capitalised.

Periodic maintenance, upkeep and repair expenses are recognised in profit or loss as they are incurred.

c) Other intangible assets

/ Industrial property: intellectual property is charged for the amounts paid for the acquisition of title to or the right to use the related items, or for the expenses incurred in registration of the rights developed by the Group. It is amortised on a straight-line basis over a maximum period of ten years.

/ Computer software: software is stated at cost and is amortised on a straight-line basis over a five to ten-year period.

/ Industrial designs: these items are reflected at their production cost, which includes the cost of samples, staff costs and other directly or indirectly attributable costs, and are amortised on a straight-line basis over an estimated useful life of two years.

/ Intellectual property: stated at cost and includes costs of right-of-use and development of online content. Amortised on a straight-line basis in less than one year.

The Group reviews the useful lives of its intangible assets at each reporting date. Any change in the initially established estimates would be accounted for as a change in an accounting estimate.

d) Equity holdings or instruments

Investments in companies over which the Group does not exercise significant influence are recognised at fair value through income statement.

e) Investment property

Investment property consists of assets held to generate rental income or for capital appreciation or both, and is stated at cost of acquisition less accumulated depreciation and any impairment losses that have to be recognised (Note 3.2.f). Investment property is depreciated on a straight-line basis over the useful lives of the corresponding assets.

f) Impairment of non-current assets

The Group periodically assesses whether there are any indications that its non-current assets, including goodwill, might have become impaired, in order to determine whether their recoverable amount is lower than their carrying amount (impairment loss). In the case of goodwill the impairment tests are performed at least once a year or more frequently if there are indications of impairment.

Impairment of non-current assets (property, plant and equipment and intangible assets) other than goodwill

The Group has developed a general, systematic procedure for carrying out these impairment tests based on the monitoring of certain events or circumstances, principally an analysis of commercial premises that have passed the initial period of consolidation determined by the Group for the generation of profits and which are incurring operating losses, as well as operating decisions regarding the continuity of a particular location, or other circumstances which indicate that the value of an asset may not be recovered in full. This methodology is applied to all the stores, except for those which, because of their importance, are considered to generate flows at a higher aggregation level (concept-country), as is the case of flagship stores and corporate assets. Flagship stores are those whose characteristics (basically their being in Premium locations) globally contribute to the overall set of the same brand's cash-generating units located in the country. For the impairment test, flagship stores are considered together with the other cash-generating units of a single concept and country.

Corporate assets essentially refer to the distribution centres, and the impairment tests are performed grouping together the cash generating units of each operating segment.

The operating profit is defined as total sales revenue less all the directly attributable expenses required to generate that revenue.

For those cash-generating units (CGUs) that are scheduled to be closed, an impairment loss is recognised using the same methodology.

In determining the assets with each CGU, the Group includes the net carrying amount of property, plant and equipment and intangible assets associated with that CGU, and the rights of use stemming from the lease agreements. Directly-related lease liabilities are not taken into account when determining the carrying amount of the CGU. Hence, in order to ensure consistency, the lease payments associated with this liability are not treated as cash outflows in calculating the cash flows associated with each CGU.

The recoverable amount of assets is the higher of fair value less costs to sell and value in use. Value in use is determined on the basis of the expected future cash flows for the period in which these assets are expected to generate revenue, expectations about possible variations in the amount or timing of those future cash flows, the time value of money, the price for bearing the uncertainty inherent in the asset, and other factors that market participants would consider in pricing the future cash flows to be derived from the asset.

Recoverable amount is determined for each individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. If this is the case, recoverable amount is determined for the CGU to which the asset belongs. Based on the actual management of operations, the Group has defined each of the commercial premises in which it carries out its activities (stores) as basic cash-generating units, although these basic units can be aggregated at concept-country level, or even at the level of all the companies located in a given country or all the companies corresponding to a given concept (concept level). Group assets which are not clearly assignable under this structure (for example industrial or logistics assets) are treated separately in a manner consistent with this general policy but considering their specific nature. In this case, the aforementioned indicator of impairment is applied at a higher aggregation level (concept-country, country or concept) and if it is necessary to calculate the impairment, all the cash flows generated at that aggregation level must be capable of ensuring the recovery of all the assets associated therewith.

The Group uses the budgets and business plans, which generally cover a period of three years, of the various cash-generating units to which the assets are assigned. The key assumptions on which the budgets and business plans are based are estimated sales growth in comparable stores and the evolution of the operating expenses and gross profit of each of the cash-generating units, based on experience and knowledge of the trends in each of the markets in which the Group operates and on the macroeconomic indicators that reflect the current and foreseeable economic situation for each market. Considering the Group's business model, online sales and associated costs by concept/country are attributed proportionally to the cash-generating units of each concept/country.

The estimated cash flows are extrapolated to the period not covered by the business plan using a growth rate and expense structure that are similar to those of the last year of the business plan in the remaining term of the leases for the commercial premises or without any time limit in the case of company-managed premises (perpetual income). Where the growth rates exceed the industry or country rates, the latter reflect Group's best estimates regarding the business performance, based on its understanding of each market.

The discount rate applied is usually a after-tax measure based on the risk-free rate for 30-year bonds issued by the governments in the relevant markets (or similar instruments, if no 30-year bonds have been issued), adjusted by a risk premium to reflect the increase in the risk of the investment per country and the systematic risk of the Group. The lease liability is considered to calculate the risk premium.

The average discount rate, resulting from those applied by the Group in the various markets, used for the purpose of calculating the present value of the estimated cash flows was as follows:

	2022 Average	2021 Average
Spain	8.41 %	7.29 %
Rest of Europe	8.95 %	8.34 %
Americas	12.29 %	12.17 %
Asia and rest of the world	7.47 %	7.17 %

The recoverable value of the assets calculated with pre-tax discount rates would not differ, as they are at an average of 8.55% for Spain, 9.06% for the rest of Europe, 12.51% for Americas and 7.58% for Asia and rest of the world.

Although the Group's business and profits for the years 2021 and, to a lesser extent, 2022 have been affected by the pandemic, its long-term business plan remains in effect as the pandemic is considered to be a temporary situation that does not alter its long-term expectations.

In testing the impairment of fixed assets, the key assumptions on which the budgets and business plans are built have been updated with the most recent information available, which factors in the uncertainty generated by the current macroeconomic and geopolitical environment, the Covid-19 pandemic, the demand for the products sold by the Group and other considerations affecting the estimated operating margin of each of the cash-generating units.

The results obtained from the 2022 impairment test performed on non-current assets (property, plant and equipment and intangible assets) are shown in the tables of changes included in Notes 14, 15 and 16 to the consolidated annual accounts relating to property, plant and equipment, other intangible assets and leases.

The related charge for the period amounting to 64 million euros (52 million euros in 2021) (Notes 8, 14, 15 and 16) is due primarily to the impairment corresponding to the closures scheduled and the impairment calculated based on the methods described previously.

Impairment losses reversed in the period amounting to 11 million euros (70 million euros in 2021) (Notes 8, 14, 15 and 16) correspond to those CGUs for which impairment had been recognised in prior years and for which, due to their earnings performance, the calculation for the year shows that the estimated flows make it possible to recover the value of the assets associated with the CGU and, consequently, the impairment losses recognised in prior years are fully or partially reversed.

In addition, considering the current macroeconomic context and the upward trend in interest rates, the Group has performed a sensitivity analysis on the result of the impairment test in the light of the following assumptions:

- Increase of 200 basis points in the discount rate.
- 10% reduction in future cash flows.

The sensitivity analysis evidences the existence of an additional asset impairment amounting to 2.3 and 6.5 million euros for each of the assumptions, respectively.

Impairment of goodwill

Goodwill acquired through a business combination is allocated to the group of basic cash-generating units aggregated at concept-country level, for the purpose of performing the related impairment tests. This aggregation is made on the basis of:

- The degree of independence of the cash flows in each case.
- How the Group monitors the economic performance of its operations, and the model with which its operations are conducted.
- The degree to which the CGUs are subject to the same macroeconomic circumstances.
- The level with which the goodwill would be naturally associated on the basis of the business model.

In any case, this aggregation is never larger than an operating segment, as defined in IFRS 8.

Each year, or more often if there are indications of impairment, an impairment test is performed, using the methodology described in the preceding point, unless, if the CGU in question is an acquired company, the cash flow analysis is performed considering a period of five years, after which perpetual income is projected using a perpetuity growth rate of 2% with respect to the growth of the preceding period. The impairment tests for 2022 and 2021 did not give rise to the recognition of any impairment loss on goodwill.

In addition, the Group has performed a sensitivity analysis similar to the one described in the section on non-current fixed assets.

This sensitivity analysis does not imply any additional impairment in 2022.

Reversals of impairment losses

Reversals of impairment losses on fixed assets are recognised with a credit to "Depreciation and amortisation charge" in the consolidated income statement, up to the limit of the carrying amount that the asset would have had, net of depreciation or amortisation, had the impairment loss never been recognised, solely in those cases in which, once the internal and external factors have been assessed, it can be concluded that the indications of impairment that led to the recognition of the impairment losses have ceased to exist or have been partially reduced.

The reversal of an impairment loss for a CGU is allocated to the assets of the unit, except for goodwill, pro rata with the carrying amounts of those assets and taking into account the limit for the reversal referred to in the preceding paragraph.

An impairment loss recognised for goodwill must not be reversed in a subsequent period.

g) Trade and other receivables

Receivables are initially recognised at fair value and subsequently at their amortised cost in accordance with the effective interest rate method, less the provision for losses through impairment.

A provision for impairment losses of trade receivables is established when the requirements set out in section l) Financial instruments are complied with. The amount of the provision is recognised in the income statement.

h) Inventories

Inventories are measured at the lower of acquisition or production cost and net realisable value.

The cost of inventories comprises all costs of purchase and costs of conversion, as well as design, logistics and transport costs and any directly allocable costs incurred in bringing the inventories to their present location and condition.

The costs of conversion comprise the costs directly related to the units of production and a systematically calculated portion of indirect, variable and fixed costs incurred during the conversion process.

Cost is calculated on a FIFO basis and includes the cost of materials consumed, labour and manufacturing expenses.

At each accounting close, the Group calculates the provision corresponding to the inventories that are estimated to be sold below their acquisition price. This provision is made for each campaign and for each retail concept.

Net realisable value is understood to be:

- Raw materials and other supplies: replacement cost. However, raw materials and other supplies are not written down below cost if the finished goods in which they will be incorporated are expected to be disposed of at or above production cost.

- Goods in progress: the estimated selling price for the corresponding finished goods, less estimated costs of completion.

- Finished goods for sale: estimated selling price in the normal course of business. In this regard, the Group's goods are sold in stores and online. Additionally, and to a very limited extent, goods not sold in stores or online are sold through third parties.

The selling price of goods varies over the course of their commercial lifetime, and during sale season a part of the various collections is sold at a discount.

To determine net realisable value, all costs necessary for the realisation of the sale, both incremental and direct costs specific to the realisation of the sale, are taken into account. In this regard, the Group does not have notable direct and specific costs linked to the sale of provisioned items. However, the Group incurs indirect selling costs such as staff or store lease expenses. Following an accounting treatment similar to that of IAS 36 (definition of 'costs of disposal') and IFRS 5 (definition of 'costs to sell'), the Group considers that these costs should not be taken into account in the determination of the net realisable value provision, as they are not considered direct and specific costs.

Furthermore, the determination of net realisable value is influenced by the evolution of various commercial variables, linked primarily to the success of the collections, which determines sales performance, stock rotation, the volume of discounted units and the discount percentage.

The Group's methodology for estimating the performance of these commercial variables consists of taking as a basis the historical information, the actual performance of the current collection up to the date on which these estimates are made and the end-of-campaign forecasts, i.e. considering not only the performance of the various commercial variables of similar campaigns in previous years, but also the actual data and forecasts of how the current campaign will develop in order to evaluate and consider the impacts associated with possible deviations from the historical performance. This analysis is carried out for each concept to ensure maximum reliability of the estimates.

i) Cash and cash equivalents

Cash and cash equivalents include cash on hand and demand deposits at banks. They also include other short-term, highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value, on initial investment. Investments which mature in less than three months from the acquisition date are also included.

In the statement of cash flows, bank overdrafts which are repayable on demand and form an integral part of the Group's cash management are included as a component of cash and cash equivalents. Bank overdrafts are recognised in the consolidated balance sheet as financial liabilities relating to bank borrowings.

j) Employee benefits

Obligations to Group personnel to be settled in the long term are estimated based on the dates on which they vest through the application, where appropriate, of actuarial assumptions. The Group has allocated a provision to cover the liability corresponding to the estimated portion vested at year end.

The staff costs incurred in the year are determined based on the best estimate of the degree to which the conditions giving entitlement to payment have been met and the period that has elapsed since the commencement of the vesting period for each of the obligations.

The staff costs incurred in relation to the beneficiaries of the plans referred to in Note 27 to the consolidated annual accounts are recognised with a credit to liability and equity accounts in the period in which the costs are incurred.

k) Provisions and contingent liabilities

Provisions are recognised in the balance sheet when:

- the Group has a present obligation (legal or constructive) as result of a past event;
- it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation; and
- a reliable estimate can be made of the amount of the obligation.

Provisions are quantified on the basis of the best information available at the date of preparation of the annual accounts and are reviewed at the end of each reporting period.

If it is no longer probable that an outflow of resources will no longer be required to settle the obligation, the provision is reversed. The provision is reversed against the consolidated income statement item where the corresponding expense was recognised.

There are no risks that might give rise to significant future contingencies affecting the Group that have not already been taken into account in these consolidated annual accounts.

On the other hand, contingent liabilities are possible obligations that arise as a result of past events, whose future materialisation is conditioned by whether or not one or more future events beyond the control of the Group occur. Unlike provisions, contingent liabilities are not recognised in the consolidated balance sheet, but are disclosed in the accompanying Notes to the annual accounts, unless the possibility of an outflow in settlement is considered to be remote.

The Group guarantees the debts of certain companies in the Netherlands, pursuant to the provisions of Article 403.1, Book 2, Part 9 of the Civil Code of the Netherlands.

l) Financial instruments

Financial assets

The Group's financial assets are maintained within a business model that aims to collect the contractual cash flows of financial assets, which are exclusively the principal and interest. For this reason, all of the Group's financial assets are valued after the initial recording at amortised cost, with the exception of bonds and derivative financial instruments, which are valued at their fair value.

Financial assets recognised at amortised cost: The amortised cost is determined using the effective interest rate method, which is the discount rate that equals the value of all future expected cash flows of a financial asset during its remaining life, excluding losses for impairment, to the value of said financial asset at the time of initial recognition.

The amortised cost of a financial asset is the amount at which the financial asset is initially recognised, less the repaid principal amounts, plus interest recognised by the effective interest rate method, less any impairment loss. The interest income derived from the application of the effective interest rate method is recognised as a financial result in the consolidated income statement. However, given that most of the Group's financial assets valued at amortised cost correspond to accounts receivable from customers and temporary financial investments, with maturities in the short term, the impact on the consolidated income statement for the years 2022 and 2021 of the effective interest rate method is not relevant.

Financial assets measured at fair value: Investment funds, as well as derivative financial instruments, which are maintained within the exchange rate risk hedging policy, are valued at their fair value. On the other hand, securities (which for the most part correspond to the guarantees of compliance with lease contracts for premises), are valued at their fair value, which does not differ significantly from the value of the consideration given.

Impairment of financial assets

The Group recognises a provision for impairment for financial assets recognised at amortised cost. This provision is updated at each closing date to reflect changes in the credit risk of each financial instrument since its initial recognition.

The Group's policy is to recognise the credit losses expected at 12 months, provided that:

- The credit risk is low at the time of initial recognition of the financial asset.
- The credit risk has not increased significantly since recognition date.

Otherwise, the Group would recognise the expected loss during the life of the financial asset. In such case, interest is calculated on the gross value of the financial asset. Additionally, if after the significant increase in credit risk, objective evidence of impairment of the financial asset is shown, interest is calculated considering the value of the financial asset, net of the recognised impairment. On the other hand, it is considered that a financial asset is unpaid when its expiration date has not been reimbursed.

To measure credit losses expected at 12 months on financial instruments other than trade receivables (Note 26) a methodology is used based on probability of default (PD), loss given default (LGD) and exposure at default (EAD), using market information. This methodology enables expected credit losses from the counterparty to be measured at the time of the initial recognition of the financial assets and allows it to be determined whether, at each accounting close date, there has been a significant increase in the risk of these financial assets or if the counterparty has incurred in default. This information is subject to periodic review by the Group's Management, which determines when there has been a significant increase in the counterparties' estimated credit losses. The estimated impairment loss is not significant, since almost all financial assets have a low risk.

In turn, for accounts receivable of commercial origin (Note 12), the Group has a methodology analogous to the one described above (Note 26), although in this case the measurement of credit risk of the counterparties is based on factors that affect the ability of debtors to meet payment obligations, such as factors of the economic environment where they operate or the history of defaults of the counterparty with the Group.

Likewise, a commercial debtor is considered to have incurred non-payment when it has not met its obligations at maturity, in which case a provision is established based on seniority for the past due balances held with said debtor.

Derecognition of financial assets

Financial assets are derecognised from the consolidated balance sheet when the contractual rights to receive cash flows from the asset expire or when substantially all the risks and benefits associated with their property are transferred to another entity.

m) Derivatives and hedging operations

Financial instruments acquired by the Group to hedge forecast transactions in foreign currencies are initially recognised at fair value.

Foreign currency hedges relating to forecast transactions are treated as cash flow hedges, and therefore any gains or losses derived from measuring the hedging instrument at fair value which correspond to the effective portion of the hedge are recognised in equity. The ineffective portion is charged to finance costs or credited to finance income, as appropriate.

Amounts recognised in equity are taken to income when the forecast transaction takes place with a charge or credit to the income statement heading under which it was recognised. Also, gains or losses recognised in equity are reclassified to finance income or costs when the forecast transaction is no longer expected to occur. The fair value of the hedges is recognised, depending on whether it is positive or negative, under "Other financial assets" or "Other financial liabilities" in the accompanying consolidated balance sheet.

In order for these financial instruments to qualify for hedge accounting, they are initially designated as hedging instruments and the hedging relationship is documented. Also, the Group verifies, both at inception and periodically over the term of the hedge, using "effectiveness tests", that the hedging relationship is effective, i.e. that it is prospectively foreseeable that the changes in the fair value or cash flows of the hedged item (attributable to the hedged risk) will be almost fully offset by those of the hedging instrument. Also, the ineffective portion of the hedging instrument is recognised immediately in the consolidated income statement.

Any gains or losses from changes in the fair value of financial instruments that are not considered to be accounting hedges are recognised directly in the income statement.

The fair value of the instruments was calculated using valuation techniques based on the spot exchange rate and yield curves, according to the fair value hierarchy shown below:

Level 1

Fair value is calculated on the basis of quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date.

Level 2

Fair value is calculated on the basis of inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly.

Level 3

A fair value measurement in which some significant variable is based on unobservable inputs for the asset or liability.

The measurement methodology, based on the aforementioned hierarchy, is as follows:

Level 2 instruments

The Group assigns the assets and liabilities associated with its OTC derivative positions to this level and measures them using observable market inputs.

Level 3 instruments

The Group allocates assets and liabilities related to its derivative positions where there are no observable market inputs. They are estimated through implicit market forward curves and extrapolations of observable market data. In the case of options, pricing models based on Black & Scholes formulas are used.

The Group does not have financial instruments included in Level 1.

Accordingly, the fair value of the instruments arranged by the Group is calculated as follows:

Foreign currency forwards
Fair value measurement

Foreign currency forwards are basically measured by comparing the contract strike price (agreed delivery price) with the market forward rate for the maturity of the contract. Once the estimated future settlement of the contract has been obtained based on the aforementioned comparison (in euros), the settlement is discounted using the risk-free zero coupon yield curve (or the interbank yield curve). This risk free valuation is subsequently adjusted to include each party's credit risk, both the risk corresponding to the counterparty (Credit Value Adjustment or "CVA" or counterparty default risk) and own risk (Debit Value Adjustment or "DVA" or own default risk).

The CVA and the DVA are calculated by multiplying the estimated exposure by the probability of default and the loss severity (which measures the loss given default). Where possible, the probability of default and the assumed recoverable amount in the event of default are obtained from quoted CDSs or from other observable market inputs. The CVA and the DVA calculations are netted for each counterparty with which the entity has an ISDA master agreement providing for the netting of the derivative positions in the event of default.

Options purchased
Fair value measurement:

The determination of the fair value of the ("Plain Vanilla") options is based on a modified version of the Black-Scholes formula (Garman-Kohlhagen). Fair value is a function of the price of the underlying, the strike price, the time to maturity and the volatility of the underlying. The credit adjustment is carried out by direct discounting with credit spread method curves.

Options sold
Fair value measurement:

The determination of the fair value of the options is based on a modified version of the Black-Scholes formula (Black 76 Model). Fair value is a function of the price of the underlying, the strike price, the time to maturity and the volatility of the underlying.

n) Revenue recognition

Revenue from sales is recognised when the commitment obligations with the customers have been satisfied and which, in general, occurs when the goods are given to the customer. Revenue is recognised by the value of the consideration received. Sales returns, actual and anticipated, are considered part of the total price of each sale transaction. The amount of the provision for expected refunds at the end of the fiscal year is not relevant in the accompanying consolidated income statement.

Sales of goods to franchises are recognised when control of the goods is transferred to the franchises. On the other hand, income from royalties received from franchisees is recognised as the franchisee makes use of the rights obtained through the franchise agreement.

In the accompanying consolidated balance sheet no assets nor liabilities have been recorded by contract, as they are not considered significant.

There are no significant contracts with financing components.

o) Leases

The Group actively manages a large number of lease contracts (more than 6,500 contracts).

The leases recognised in which the Group acts as the lessee relate mainly to the premises where the stores are located. It has also been determined that certain contracts for logistics services are leases based on the terms of said contracts which grant the Group exclusive access to the logistics facilities where these services are provided.

The contracts are very heterogeneous and the clauses agreed depend to a large extent on the market, the concept, the lessor, the specific location, whether they are in shopping centres or are street level stores, etc.; in short, they depend on each location and lessor, although the Group's policy is to always seek maximum flexibility (for example, through the absence of mandatory compliance periods and penalties, the longest possible extension options, variable payments that depend on the performance of the leased asset, etc.).

At the start date of each contract, the Group assesses whether a contract is or contains a lease. For those contracts that qualify as such, the Group recognises a liability for the present value of the lease payments known at the inception, to be made over the term of the lease and an asset for the right to use the underlying asset over the lease term. Right of use assets are measured at cost (which includes initial direct costs incurred, any lease payments made before or at the inception of the lease less incentives received) less accumulated depreciation and impairment losses, and are adjusted for any remeasurement of lease liabilities. The rights of use are amortised on a straight-line basis over the term of the lease.

Lease incentives include amounts received from shopping centre developers or owners of commercial premises as consideration for entering into a lease contract. They mainly correspond to amounts for refurbishing the leased premises to ready them for their intended use (contributions to construction work).

In the case of leases with fixed rents or guaranteed minimum rents, the contributions to construction work diminish the right-of-use asset, whereas in the case of leases with variable rents (for which a right-of-use asset is not previously recognised), these contributions are recognised as a non-current liability under “Other non-current liabilities - Lease incentives” and the portion expected to be taken to income in the following year as a current liability under “Trade and other payables”. These contributions linked to variable rental lease contracts are credited to income as a reduction in lease expenses under “Operating expenses” over the lease term.

The right to use the asset is presented under the “Rights of use” heading in the consolidated balance sheet.

The lease liability is initially measured at the present value of the known lease payments, except for those made before or at the commencement date of the contract. The present value of the lease liability is determined using an incremental interest rate by country, term and currency, based on the type of assets leased.

The lease payments included in the liabilities comprise:

- Fixed payments (including fixed payments in essence), less any incentive to lease receivables;
- Variable lease payments, which depend on an index or rate;
- Amounts the lessee expects to pay as residual value guarantees;
- The exercise price of a call option if the lessee is reasonably sure of exercising that option;
- Payments for penalties resulting from lease termination, if the term of the lease reflects that the lessee will exercise an option to terminate the lease.

Variable lease payments, which do not depend on an index or rate, are not included in the measurement of the lease liability and or of the right-of-use asset, and are recorded as an operating expense as they accrue.

The contingent rents, common expenses and other expenses related to the lease do not form part of the determination of the lease liability and of the right of use, and are recognised as an expense in the income statement on an accrual basis.Fixed-rent payments are replaced by the depreciation of the right of use and the interest recognised over the lease liability.

The lease liability is presented in two separate lines on the consolidated balance sheet, “Long-term lease liability” for the liability to be settled over a period exceeding 12 months and “Short-term lease liability” for the portion to be settled in the next 12 months.

After the commencement date, the lease liability is measured by increasing the carrying amount to reflect interest on the lease liability and reducing the carrying amount to reflect the lease payments made.

The Group remeasures the lease liability (and makes the corresponding adjustment to the right of use) when:

- There is a change in the term of the lease or a significant change in facts and circumstances that results in a change in the assessment of the exercise of an extension option, in which case the lease liability is measured by discounting the revised payments at the revised discount rate.
- A change in future lease payments results from a change in an index or a change in the expected payables related to a residual value guarantee, in which case the lease liability is measured by discounting the changed payments at the discount rate before the change.
- A lease is amended and the amendment is not accounted for as a separate lease, in which case the lease liability is remeasured by discounting the revised lease payments at a revised discount rate.

The Group applies the exemption relating to leases whose underlying asset is considered to be of low value. For these contracts, the Group recognises the lease payments as an operating expense over the term of the contract.

The Group applies IAS 36 to determine whether the right to use the asset is impaired, following the procedures described in section f) "Impairment of non-current assets" of this note on accounting principles. In particular, the right of use arising under a lease agreement is deemed to be an asset of the cash-generating unit with which it is associated.

Application of IFRS 16 requires significant judgements regarding certain key estimates, such as determination of the lease term and the discount rate (Note 2).

There is also considerable diversity in the terms agreed in the lease contracts, although the Group's policy is always to seek maximum flexibility with short or even non-existent mandatory periods and unilateral extension options for the Group that are as long as possible.

The mandatory term agreed in lease contracts averages less than 3 years. After these non-cancellable periods, the Group can terminate the contract simply by means of notice, generally of between 6 months and one year.

To determine the lease term there is an assessment of whether the lessee has reasonable certainty that they will exercise the lease extension option, or that they will not exercise the option to terminate the lease. The Group determines the lease term as the non-revocable period of the lease plus those unilateral options for extensions over which there is reasonable certainty of execution, and for which the following aspects are considered:

- The costs related to contract termination. There are generally no penalties for contract termination, other than the payment of fixed rents for non-cancellable periods, and there are no residual value guarantees.

- The importance of the leased asset for the Group's operations. The assets leased (individually) are not critical to the Group's operations, although there are certain key locations which contribute to the Group's image (flagship stores) or in which very significant investments have been made, where the degree of certainty regarding the execution of extension options or non-execution of cancellation options is higher.

- The conditions to be complied with in order to exercise or not exercise the options. Generally the required conditions are of an administrative nature, such as the deadline by which the intention to exercise the option needs to be notified, etc.

- The historical experience and the business plans approved by the Group's Management, which generally cover a 3-year period. These business plans consider the Group's strategic lines in order to anticipate and adapt to the transformation process currently underway in the sector as a result of the development of online sales. The Group periodically reviews these business plans and incorporates, among others, initiatives relating to the stores it plans to absorb or refurbish.

As mentioned above, the Group has a wide variety of lease contracts and has performed a case-by-case analysis to determine the lease term in each case. This analysis shows that the terms of leases vary widely, in a range of between 2 and 18 years. Stores earmarked for closure are not included in the above range and the term is adapted to the estimated date of closure.

The present value of the lease liability is determined using the implicit interest rate in the lease, and if this cannot be easily determined the lessee will use its incremental debt interest rate. Given the difficulty of determining the implicit interest rate of each lease, the Group uses its incremental interest rate by market, term and currency, based on the type of assets leased. The average weighted rate according to the lease of each contract by geographical area is as follows:

	2022	**2021**
Spain	2.20 %	0.23 %
Rest of Europe	2.43 %	0.91 %
Americas	4.80 %	3.80 %
Asia and rest of the world	3.10 %	2.03 %

As stated above, the Group performs very active management of its lease agreements, which leads to a high volume of additions, removals and contractual amendments. These amendments will add an additional variability factor to the Group's trading figures.

The Group has no relevant commitments as lessee in respect of uncommenced leases or residual value guarantees. The Group has no material lease commitments for which it does not yet have the underlying asset at its disposal for use. In general, the lease contracts do not contain any restrictions or covenants with lessors other than those generally governing this type of contract.

During the first five months of the financial year 2022 and financial year 2021, as a result of rental renegotiations linked to Covid-19, the Group has applied to all rent concessions the practical expedient introduced by the amendment to IFRS 16 – Leases – concerning the accounting of rent concessions. The amounts recognised in this connection in the consolidated income statement for the years 2022 and 2021 were 26 and 203 million euros, respectively.

p) Finance income and costs

Interest income and interest expenses are recognised on an accrual basis using the effective interest method. Dividend income is recognised when the right to receive payment is established.

q) Income tax

The income tax expense for the year comprises current tax and deferred tax. Current and deferred tax is recognised as income or as an expense and included in net profit or loss for the period, except to the extent that the tax arises from a transaction which is charged or credited, in the same or a different period, directly to equity, or from a business combination.

Current tax is the tax expected to be paid or recovered in the year, using tax rates in force at the consolidated balance sheet date, in respect of the current period, and any adjustment to tax payable or recoverable in respect of prior periods.

Deferred tax is calculated using the balance sheet liability method, which provides for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for tax purposes. Deferred tax liabilities are the amounts of income taxes payable in the future in respect of taxable temporary differences, while deferred tax assets are the amounts of income taxes recoverable in the future due to the existence of deductible temporary differences, tax loss carryforwards or tax credit carryforwards.

The Group recognises deferred tax assets and liabilities for temporary differences, except where they relate to the initial recognition of an asset or liability in a transaction which is not a business combination and which at the time of the transaction affected neither gross accounting profit nor taxable profit (tax loss), or in the case of deferred tax liabilities, where the temporary differences relate to the initial recognition of goodwill. Deferred tax liabilities are also recognised for temporary differences associated with investments in subsidiaries, except to the extent that the Parent is able to control the timing of their reversal and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled, based on tax laws that are in force at the consolidated balance sheet date, and reflecting the tax consequences that would follow from the manner in which the Group expects to recover or settle the carrying amount of its assets and liabilities.

Deferred tax assets are recognised to the extent that it is probable that future taxable profits will be available against which the corresponding unused tax losses or tax credits can be utilised. Deferred tax assets, whether recognised or not, are reviewed at each consolidated balance sheet date.

The Group only offsets current tax assets and liabilities if it has a legally enforceable right to set off the recognised amounts and intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

Deferred tax assets and liabilities are recognised in the consolidated balance sheet under non-current assets and liabilities, irrespective of the expected date of realisation or settlement.

r) Current and non-current assets and liabilities

The Group classifies assets and liabilities as current and non-current items in the consolidated balance sheet. Assets and liabilities are classified as current when they are expected to be realised or settled within twelve months of the balance sheet date, and are otherwise classified as non-current.

Assets and liabilities are not offset, unless required or permitted by a standard or interpretation.

s) Treasury shares

Treasury shares acquired by the Group are presented separately at cost as a reduction of equity in the consolidated balance sheet, and no gains or losses are recorded as a result of transactions carried out with treasury shares.

Costs incurred in treasury share transactions are recorded as a reduction of equity, after consideration of any tax effect.

t) Grants

When relating to expenses in the year (such as the partial or total payment of salaries or social security contributions during the months of lockdown), grants are accounted for as a reduction in expense in the year under the heading which resulted in their recognition.

u) Non-current assets held for sale

The Group classifies non-current assets as held for sale if it determines that their carrying amount will be recovered mainly through a sale rather than through continuing use, provided that the sale is considered highly probable, the asset is available for immediate sale in its present condition and the sale is expected to be completed within one year from the date of classification.

Assets are measured at the lower of carrying amount and fair value less costs to sell, and are presented in the consolidated balance sheet under 'Non-current assets held for sale' in Current assets. Assets are no longer depreciated or amortised once they are classified as held for sale.

4. Net sales

Sales in the consolidated income statement include amounts received from the sale of goods and income from rentals, royalties and other services rendered in the ordinary course of the Group's business, net of VAT and other sales taxes.

The detail of this line item in 2022 and 2021 is as follows:

	2022	2021
Net sales in company-managed stores and online	29,498	25,302
Net sales to franchises	2,674	2,150
Other sales and services rendered	397	264
Total	**32,569**	**27,716**

Group Management believes there are no differentiated income categories with respect to the manner in which the nature, amount, timing and uncertainty of revenues from ordinary activities and cash flows are affected by economic factors. This consideration is consistent with the breakdown of revenues by operating segments (Note 11).

5. Cost of sales

The detail of this line item in 2022 and 2021 is as follows:

	2022	2021
Raw materials and consumables	14,159	12,623
Change in inventories	(171)	(773)
Change in provisions	23	52
Total	**14,011**	**11,902**

Raw materials and consumables include mainly amounts relating to the acquisition from or production by third parties of products held for sale or transformation, and other direct expenses related to the acquisition of goods (Note 3.2.h).

6. Operating expenses

The detail of "Operating expenses" and of the changes therein is as follows:

	2022	2021
Personnel costs	4,753	4,179
Operating leases (Note 16.3)	859	519
Other operating expenses	4,255	3,898
Total	**9,867**	**8,596**

The detail of "Personnel costs" is as follows:

	2022	2021
Wages, salaries and similar	3,980	3,498
Social contributions	773	681
Total	**4,753**	**4,179**

The detail, by category, of the headcount of the Group and its jointly controlled entities at 31 January 2023 is as follows:

	Gender		
Categories	**W**	**M**	**Total**
Manufacturing and logistics	4,515	5,743	10,258
Central services	6,917	4,457	11,374
Stores	111,769	31,596	143,365
Total	**123,201**	**41,796**	**164,997**

The detail, by category, of the headcount of the Group and its jointly controlled entities at 31 January 2022 is as follows:

	Gender		
Categories	**W**	**M**	**Total**
Manufacturing and logistics	4,501	5,666	10,167
Central services	6,868	4,415	11,283
Stores	113,624	29,968	143,592
Total	**124,993**	**40,049**	**165,042**

The detail of “Other operating expenses” is as follows:

	2022	2021
Indirect selling expenses	2,546	2,514
Administrative expenses	559	516
Maintenance, repairs and utilities	730	609
Other	420	259
Total	**4,255**	**3,898**

“Indirect selling expenses” includes mainly expenses relating to store and online operations, commissions on credit, debit card payments, logistics and shipping to customers. “Administrative expenses” includes all kinds of professional services, “Maintenance, repairs and utilities” includes maintenance and utilities expenses and “Other” includes mainly travel, communications and other operating expenses.

7. Other losses and income, net

This heading includes extraordinary staff costs incurred in the year as well as the changes in the prices of the debts recognised as a result of the existence of cross call and put options between the Group and the owners of some of the shares of certain of the subsidiaries, since these cross options are considered to be a deferred acquisition of the shares constituting the underlying. The estimated option strike price is recognised as a liability and changes are recognised in the consolidated income statement (Note 26).

Following there is a description of the main cross put and call options on those investments:

a) Subsidiary domiciled in South Korea

The Group holds a call option on 20% of the share capital of Zara Retail Korea, Ltd. This shareholding belongs to Lotte Shopping Co., Ltd., which in turn has a put option to sell the entire holding to Industria de Diseño Textil, S.A. The strike price is set on the basis of the non-controlling shareholder’s share of the equity of the investee when the call option is exercised.

b) Subsidiary domiciled in South Africa

The Group holds a call option on 10% of the share capital of ITX Fashion Retail South Africa (Proprietary), LTD. This shareholding belongs to Peter Vundla Retail (Propietary), LTD, which in turn has a put option to sell the entire holding to Industria de Diseño Textil, S.A. The strike price is set on the basis of the non-controlling shareholder’s share of the equity of the investee when the call option is exercised.

8. Amortisation and depreciation

The detail of "Amortisation and depreciation" is as follows:

	2022	2021
Amortisation and depreciation charge (Note 14, 15 and 16)	2,776	2,848
Changes in provisions (Note 14, 15 and 16)	53	(18)
Profit/(loss) on assets	145	61
Other (Note 33)	(75)	10
Total	**2,899**	**2,901**

9. Financial results

The detail of "Financial results" in the consolidated income statement for 2022 and 2021 is as follows:

	2022	2021
Finance income	85	4
Foreign exchange gains	47	43
Lease foreign exchange gains	-	1
Total income	**132**	**48**
Finance costs	(28)	(21)
Lease finance costs (Note 16)	(116)	(92)
Foreign exchange losses	(195)	(71)
Lease foreign exchange losses	(7)	(6)
Total expenses	**(346)**	**(190)**
Total	**(214)**	**(142)**

Finance income and costs comprise mainly (excluding Lease finance costs), the interest accrued on the Group's financial assets and liabilities during the year (Note 21).

Net foreign exchange differences are due principally to fluctuations in the currencies with which the Group operates (Note 26) between the time when income, expenses and asset acquisitions or disposals are recognised and when the corresponding assets or liabilities are settled or measured in accordance with the applicable accounting principles, as well as the impact of the hyperinflaction adjustment amounting to 90 million euros (16 million euros in 2021)

10. Earnings per share

Basic earnings per share were calculated by dividing net profit for the year attributable to the Parent by the weighted average number of ordinary shares outstanding during the year, excluding the average number of treasury shares held by the Group (Note 24), which totalled 3,112,455,405 in 2022 and 3,113,570,977 in 2021.

Diluted earnings per share are calculated based on the profit for the year attributable to the holders of equity instruments of the Parent and the weighted average of the ordinary shares outstanding for the dilutive effects of the potential ordinary shares.

As of 31 January 2023, taking into consideration treasury shares that are subject to the long-term incentive plans (Note 24), the calculation of diluted earnings per share would result in an amount of 1.326 euros per share (1.040 as of 31 January 2022).

11. Segment reporting

The principal activity of the Inditex Group comprises the retail and online distribution of clothing, footwear, accessories and household textile products through various retail concepts targeted at different sectors of the public.

The origin and predominant nature of the risks and rewards of the Inditex Group's business units are influenced mainly by the particular retail concept to which the units belong. The internal structure of the Inditex Group, the business decision-making process and the system for communicating information to the Board of Directors and Group Management are organised by retail concept and geographic area.

The key business indicators, understood as those that are part of the periodic segment reporting to the Board of Directors and the Group Management, and used in the decision-making process, are the sales figure and the profit before taxes by segment.

The segment liabilities, financial results and taxes are not disclosed as they do not form part of the key business indicators defined above or of the segment information reported periodically to the Board of Directors and to the Group Management.

Group Management believes there are no differentiated income categories with respect to the manner in which the nature, amount, timing and uncertainty of revenues from ordinary activities and cash flows are affected by economic factors.

The Inditex Group segment information is as follows:

2022

	Zara / Zara Home	Bershka	Other	Inter-segment	Total
Sales to third parties	23,902	2,396	6,451	(180)	32,569
Profit before taxes	4,002	326	1,030	-	5,358
Amortisation and depreciation	2,097	221	580	1	2,899
Segment total assets	24,826	1,432	3,725		29,983
ROCE	31 %	32 %	40 %		33 %
Number of stores	2,312	860	2,643		5,815

2021

	Zara / Zara Home	Bershka	Other	Inter-segment	Total
Sales to third parties	19,714	2,178	5,955	(131)	27,716
Profit before taxes	2,838	330	991	39	4,199
Amortisation and depreciation	2,040	233	623	5	2,901
Segment total assets	23,693	1,426	3,826		28,945
ROCE	25 %	32 %	37 %		28 %
Number of stores	2,489	971	3,017		6,477

For presentation purposes Inditex has integrated the reporting of Zara and Zara Home into a single segment due to the existing synergies between both concepts. The goal is to leverage the operational and brand management impact of the combined store and online platform.

In addition, the retail concepts other than Zara, Zara Home and Bershka have been grouped into a single reporting segment due to the similarities in the nature of the products sold and their management and monitoring model.

For the purpose of reconciliation with the consolidated financial statements, the sales to third parties relate to "Net sales" in the consolidated income statement and the depreciation and amortisation charge corresponds to "Amortisation and depreciation" in the consolidated income statement.

The segment's Profit before taxes refers to "Profit before taxes" in the consolidated income statement. Income and expenses which might be considered to be corporate in nature or as belonging to all segments were allocated to each of the segments based on distribution criteria considered reasonable by Group Management. Inter-segment transactions are carried out on an arm's length basis.

Total segment assets relate to "Total Assets" in the consolidated balance sheet.

The ROCE and ROE are calculated as defined in Note 2 to these consolidated annual accounts.

Zara was the first concept created by the Inditex Group and its positioning is based on a fashion offering featuring a wide range of products. Zara Home sells fashionable household products.

Bershka targets the younger consumers and its aim is to offer the latest fashion at affordable prices.

11.1. Geographical reporting

In the presentation of information by geographical segment, revenue is based on the geographical location of customers and segment non-current assets are based on the geographical location of assets. Segment non-current assets do not include deferred tax assets neither Other non-current assets.

	Net sales		Non-current assets	
	2022	2021	31/01/2023	31/01/2022
Spain	5,021	4,267	5,058	4,657
Rest of Europe	16,306	14,051	5,690	5,901
Americas	6,556	4,877	2,073	2,051
Asia and rest of the world	4,686	4,521	1,042	1,215
Total	**32,569**	**27,716**	**13,863**	**13,824**

12. Trade and other receivables

The detail of this line item at 31 January 2023 and 2022 is as follows:

	31/01/2023	31/01/2022
Trade receivables (Note 26)	267	267
Receivables due to sales to franchises (Note 26)	323	242
Public entities	147	251
Other current receivables (Note 26)	114	82
Total	**851**	**842**

Trade receivables are mainly customer debit/credit card payments pending collection.

Part of the Group's activity is carried on through franchised stores (Note 1). Sales to franchisees are made under agreed collection terms, which are partially guaranteed as described in Note 26.

Balances receivable from public authorities comprise VAT and other taxes and duties incurred by Group companies in the countries in which they operate.

Other current receivables include items such as rental incentives due from shopping centre developers (Note 16) and outstanding balances from sundry operations.

13. Inventories

The detail of this line item at 31 January 2023 and 2022 is as follows:

	31/01/2023	31/01/2022
Raw materials and consumables	228	199
Goods in process	65	59
Finished goods for sale	2,898	2,784
Total	**3,191**	**3,042**

The Group takes out insurance policies to cover the possible risks of material damage to its inventories.

14. Property, plant and equipment

The detail of the items composing “Property, plant and equipment” in the accompanying consolidated balance sheet and of the changes therein is as follows:

	Land and buildings	Fixtures, furniture and machinery	Other property, plant and equipment	Work in progress	Total
Cost					
Balance at 01/02/2021	2,263	11,086	844	248	14,442
Acquisitions	7	726	195	106	1,034
Hyperinflation adjustments	2	11	1	-	14
Disposals (Note 8)	(12)	(700)	(145)	-	(857)
Transfers	(3)	163	5	(171)	(6)
Foreign exchange translation differences	46	170	9	2	227
Balance at 31/01/2022	**2,303**	**11,456**	**909**	**185**	**14,854**
Balance at 01/02/2022	2,303	11,456	909	185	14,854
Acquisitions	3	932	207	199	1,341
Hyperinflation adjustments	3	152	15	-	170
Disposals (Note 8)	(14)	(716)	(182)	(10)	(922)
Transfers	(3)	(123)	(12)	(106)	(244)
Foreign exchange translation differences	16	(25)	(4)	1	(12)
Balance at 31/01/2023	**2,308**	**11,676**	**933**	**270**	**15,187**
Depreciation					
Balance at 01/02/2021	470	5,887	478	-	6,835
Depreciation charge for the year (Note 8)	41	800	198	-	1,039
Hyperinflation adjustments	1	8	1	-	10
Disposals (Note 8)	(5)	(556)	(137)	-	(698)
Transfers	(1)	(1)	-	-	(2)
Foreign exchange translation differences	6	96	8	-	110
Balance at 31/01/2022	**512**	**6,234**	**548**	**-**	**7,294**
Balance at 01/02/2022	512	6,234	548	-	7,294
Depreciation charge for the year (Note 8)	39	727	204	-	970
Hyperinflation adjustments	1	106	12	-	119
Disposals (Note 8)	(7)	(585)	(169)	-	(761)
Transfers	(8)	(71)	(9)	-	(88)
Foreign exchange translation differences	1	(23)	(3)	-	(25)
Balance at 31/01/2023	**538**	**6,388**	**583**	**-**	**7,509**
Impairment losses (Note 3.2.f)					
Balance at 01/02/2021	-	203	2	-	206
Charge for the year (Note 8)	-	36	-	-	36
Amounts charged to profit or loss (Note 8)	-	(68)	-	-	(68)
Disposals (Note 8)	-	(102)	-	-	(102)
Transfers	-	4	-	-	4
Foreign exchange translation differences	-	3	-	-	3
Balance at 31/01/2022	**-**	**76**	**2**	**-**	**79**
Balance at 01/02/2022	-	76	2	-	79
Charge for the year (Note 8)	-	41	5	-	46
Hyperinflation adjustments	-	1	-	-	1
Amounts charged to profit or loss (Note 8)	-	(8)	1	-	(7)
Disposals (Note 8)	-	(23)	(4)	-	(27)
Transfers	-	(4)	-	-	(4)
Foreign exchange translation differences	-	(1)	-	-	(1)
Balance at 31/01/2023	**-**	**83**	**4**	**-**	**87**
Carrying amount					
Balance at 31/01/2022	**1,791**	**5,146**	**359**	**185**	**7,481**
Balance at 31/01/2023	**1,770**	**5,205**	**346**	**270**	**7,591**

"Fixtures, furniture and machinery" includes mainly assets related to stores. "Other property, plant and equipment" includes, inter alia, information technology equipment and motor vehicles.

"Disposals" comprise mainly assets related to the commercial premises at which the Group carries out its commercial activities. "Transfers" correspond mainly to assets transferred to Non-current assets held for sale (Note 33).

Fully depreciated items of property, plant and equipment include mainly machinery, fixtures and furniture, with a gross cost value of 1,885 million euros at 31 January 2023 (1,970 million euros at 31 January 2022).

The Group performed an impairment test and a sensitivity analysis based on reasonably possible changes in the main variables used in asset measurement, and the results did not vary significantly (Note 3.2.f).

Through its corporate risk management policy, the Group identifies, assesses and controls damage and liability-related risks to which the Group companies are exposed. It does this by compiling and measuring the main risks of damage, loss of profits and liability affecting the Group and implements prevention and protection policies aimed at reducing, to the extent possible, the frequency and intensity of these risks. Likewise, standard measurement criteria are established at corporate level which enable the different risks to which the Group is exposed to be quantified and the assessment policies implemented for insurance purposes to be defined.

Lastly, the Group takes out insurance policies through corporate insurance programs to protect its assets from the various risks, and establishes suitable limits, excesses and conditions in view of the nature of the assets and the financial dimension of the Group.

15. Other intangible assets

"Other Intangible Assets" includes basically amounts paid for the registration and use of Group brand names, industrial designs of items of clothing, footwear, accessories and household goods created during the year, the cost of software applications and the cost of intellectual property development.

The detail of the items comprised under this paragraph in the consolidated balance sheet and of the changes therein in 2022 and 2021 is as follows:

	Industrial property	Computer software	Other intangible assets	Total
Cost				
Balance at 01/02/2021	35	578	197	810
Acquisitions	3	214	285	502
Disposals (Note 8)	-	(9)	(247)	(256)
Foreign exchange translation differences	-	-	(1)	(1)
Balance at 31/01/2022	**38**	**783**	**234**	**1,055**
Balance at 01/02/2022	38	783	234	1,055
Acquisitions	2	295	248	545
Disposals (Note 8)	-	(1)	(218)	(219)
Balance at 31/01/2023	**40**	**1,077**	**264**	**1,381**
Amortisation				
Balance at 01/02/2021	24	246	96	366
Amortisation charge for the year (Note 8)	2	100	253	355
Disposals (Note 8)	-	(9)	(247)	(256)
Transfers	-	-	1	1
Balance at 31/01/2022	**26**	**337**	**103**	**466**
Balance at 01/02/2022	26	337	103	466
Amortisation charge for the year (Note 8)	2	86	236	324
Disposals (Note 8)	-	-	(220)	(220)
Transfers	-	-	1	1
Balance at 31/01/2023	**28**	**423**	**120**	**571**
Carrying amount				
Balance at 31/01/2022	**12**	**446**	**131**	**589**
Balance at 31/01/2023	**12**	**654**	**144**	**810**

The Group performed an impairment test and a sensitivity analysis based on reasonably possible changes in the main variables used in asset measurement, and the results did not vary significantly (Note 3.2.f).

The Group capitalised 295 million euros in 2022 (214 million euros in 2021) corresponding to software development activities that meet the requirements for capitalisation under IAS 38. The Group also capitalised 248 million euros (285 million euros in 2021) in respect of the development of industrial designs and intellectual property, and other intangibles associated with the Group's activity that meet the requirements for capitalisation under IAS 38.

16. Leases

16.1. Right of use assets

This heading records the measurement of the right to use the asset underlying the lease contracts during the term of the contract, for those contracts in which the Group is the lessee.

Cost	
Balance at 01/02/2021	8,350
Acquisitions	1,422
Disposals (Note 8)	(533)
Foreign exchange translation differences	175
Balance at 31/01/2022	**9,414**
Balance at 01/02/2022	9,414
Acquisitions	1,392
Disposals (Note 8)	(551)
Foreign exchange translation differences	(16)
Balance at 31/01/2023	10,239

The Group leases commercial premises in which it carries out its business activity. New items for the year relate to additions amounting to 342 million euros (298 million euros in 2021) and sums associated with revaluations and renegotiations of contracts modifying the term and/or future rents amounting to 1,050 million euros (1,124 million euros in 2021).

Amortisation	
Balance at 01/02/2021	2,873
Amortisation charge for the year (Note 8)	1,454
Disposals (Note 8)	(220)
Transfers	(4)
Foreign exchange translation differences	68
Balance at 31/01/2022	**4,171**
Balance at 01/02/2022	4,171
Amortisation charge for the year (Note 8)	1,482
Disposals (Note 8)	(333)
Foreign exchange translation differences	(23)
Balance at 31/01/2023	**5,297**

Impairment losses	
Balance at 01/02/2021	-
Charge for the year (Note 8)	16
Amounts charged to profit or loss (Note 8)	(2)
Transfer	4
Foreign exchange translation differences	1
Balance at 31/01/2022	**19**
Balance at 01/02/2022	19
Charge for the year (Note 8)	18
Amounts charged to profit or loss (Note 8)	(4)
Foreign exchange translation differences	(1)
Balance at 31/01/2023	**32**
Carrying amount	
Balance at 31/01/2022	**5,224**
Balance at 31/01/2023	**4,910**

16.2. Lease liabilities

The breakdown of lease liabilities is as follows:

	31/01/2023	31/01/2022
Non-current	3,924	4,262
Current	1,517	1,562
Total	**5,441**	**5,824**

The breakdown of maturity is as follows:

	2022	2021
Less than one year	1,517	1,562
One to five years	3,656	3,674
Over five years	268	588

16.3. Other information

Amounts recognised in the consolidated income statement:

	2022	2021
Amortisation charge on right of use (Note 8)	1,482	1,454
Lease liabilities interest expenses (Note 9)	116	92
Variable rent payments (Note 6)	546	450
Others * (Note 6)	313	69

* Including mainly Common Expenses, other lease services and the rent concessions obtained pursuant to application of the practical expedient introduced by the amendment to IFRS 16

Some of the Group's commercial premises leases contain conditions for the payment of variable rent that are linked to the sales generated in such stores, such that the payment for the lease is linked to the development of the store. Variable rent in these stores amounted to 388 million euros (387 million euros in 2021). The expense for leases to which the low value exemption has been applied is not significant.

The amount of income from leasing and subleasing is not significant. The Group has no relevant commitments for signed lease contracts that have not yet entered into force.

17. Goodwill

The detail of this line item in the consolidated balance sheet and of the changes therein in 2022 and 2021 is as follows:

	2022	2021
Opening balance	202	201
Transfers (Note 33)	(10)	-
Foreign exchange translation differences	1	1
Closing balance	**193**	**202**

Investee	**2022**	**2021**
Stradivarius España, S.A.	53	53
Itx Portugal - Confecções, S.A.	51	51
Zara Polska, S.p. Zo.o.	33	34
Massimo Dutti Benelux, N.V.	20	20
Itx Retail Mexico, S.A. de C.V.	12	12
Other	24	32
Closing balance	**193**	**202**

The goodwill arising from the acquisition or termination of franchise contracts corresponds to the amount of the intangible assets that did not meet the requirements established in IFRS 3 for separate recognition. These requirements related essentially to the capacity of the assets to generate future cash flows.

The recovery of the goodwill is adequately guaranteed through the profitability of the acquired companies, whose future cash flows support the carrying amount of goodwill at year-end (Note 3.2.f).

Also, sensitivity analyses were performed based on reasonably possible changes in the main variables used in asset measurement, and the recoverable amount is higher than the related carrying amount (Note 3.2.f).

18. Financial investments

The detail of this line item in the consolidated balance sheet and of the changes therein in 2022 and 2021 is as follows:

	Loans and other credit facilities	**Investments accounted for using the equity method**	**Other**	**Total**
Balance at 01/02/2021	-	258	2	261
Acquisitions	-	58	-	58
Disposals (Note 28)	-	(25)	-	(25)
Transfers	9	-	-	9
Foreign exchange traslation differences	-	4	-	4
Balance at 31/01/2022	**9**	**295**	**2**	**307**
Balance at 01/02/2022	9	295	2	307
Acquisitions	-	53	3	56
Disposals (Note 28)	-	(27)	-	(27)
Transfers	3	-	(1)	2
Foreign exchange translation differences	(1)	(3)	-	(4)
Balance at 31/01/2023	**12**	**317**	**5**	**334**

The carrying amount of the ownership interest in the Tempe Group in the accompanying consolidated balance sheet does not differ significantly from the value of the Group's share of the net assets of the Tempe Group (Note 28).

There are no significant restrictions of any kind on the Tempe Group's ability to transfer funds to the Group in the form of cash dividends or the repayment of loans or advances granted by the Group.

19. Other non-current assets

The detail of this line item in the consolidated balance sheet and of the changes therein in 2022 and 2021 is as follows:

	Guarantees	Other	Total
Balance at 01/02/2021	329	51	380
Acquisitions	6	2	8
Disposals	(54)	-	(54)
Transfers	5	(2)	3
Foreign exchange translation differences	4	(1)	3
Balance at 31/01/2022	**290**	**50**	**340**
Balance at 01/02/2022	290	50	340
Acquisitions	12	6	18
Disposals	(54)	-	(54)
Transfers	(6)	(17)	(23)
Foreign exchange translation differences	(3)	-	(3)
Balance at 31/01/2023	**239**	**39**	**278**

The guarantees and deposits relate mainly to security deposits paid to owners of leased commercial premises to ensure compliance with the conditions stipulated in the leases (Note 16), and to amounts paid to secure compliance with contracts in force.

20. Trade and other payables

The detail of this line item in the consolidated balance sheets at 31 January 2023 and 2022 is as follows:

	31/01/2023	31/01/2022
Trade payables	4,544	4,636
Personnel	683	569
Public entities	553	490
Other current payables	517	504
Total	**6,297**	**6,199**

The following table shows the information on the average period of payment to suppliers in fiscal year 2022 and 2021, required by Law 15/2010, of 5 July:

	2022	2021
	Days	
Average period of payment to suppliers	39.91	41.84
Ratio of transactions settled	40.22	42.39
Ratio of transactions not yet settled	36.42	35.48
	Amount	
Total payments made	4,672	3,705
Total payments outstanding	413	324

	2022	2021
No. of invoices paid within the legal term (in thousands)	318	271
% of total subject invoices (number)	98 %	97 %
Amount of invoices paid within the legal term	4,589	3,619
% of total subject invoices (amount)	98 %	98 %

This information relates to suppliers and creditors of Group companies domiciled in Spain.

21. Net financial position

The detail of the Group's net financial position is as follows:

	31/01/2023	31/01/2022
Cash in hand and at banks	2,530	3,588
Short-term deposits	2,830	2,388
Fixed-income securities	201	1,045
Total cash and cash equivalents	**5,561**	**7,021**

Current financial investments	4,522	2,374
Current financial debt	(13)	(35)
Non-current financial debt	-	(1)
Net financial position	**10,070**	**9,359**

“Cash on hand and at banks” includes cash on hand and in demand deposits at banks. “Short-term deposit” and “Fixed-income securities” include term deposits and units in money market investment funds that use unitholders' contributions to acquire fixed-income securities with maturities of less than three months that have a high credit rating, are highly liquid and convertible to known amounts of cash, and are subject to an insignificant risk of changes in value. All the balances under this line item are unrestricted as to their use and there are no guarantees or pledges attached to them.

“Current financial investments” on the asset side of the consolidated balance sheet relates mainly to investments in money market investment funds and fixed-income securities, with maturities ranging from three to twelve months, all of which have high credit ratings and are highly liquid.

The detail of the Group's bank borrowings and obligations under finance leases is as follows:

	Loans	Other financial operations	Total
Current	12	1	13
Non-current	-	-	-
Total 31/01/2023	**12**	**1**	**13**

	Loans	Other Financial operations	Total
Current	34	1	35
Non-current	-	1	1
Total 31/01/2022	**34**	**2**	**36**

The total limit of financing facilities available at 31 January 2023 for the Group amount to 8,083 million euros (7,665 million euros at 31 January 2022). Committed financing facilities amounts to 3,569 million euros (3,567 million euros at 31 January 2022), undrawn at year-end. As at 31 January 2023 the subsidiaries had very short-term financing of 12 million euros (34 million euros in 2021). The financing is remunerated at interest rates negotiated by the Group, which usually comprise a money market rate plus a spread according to the creditworthiness of the company holding the debt.

Financial debt is denominated in the following currencies:

	31/01/2023	31/01/2022
Euro	2	2
Turkish lira	-	1
Indian rupee	-	2
Rouble	-	27
Hryvnia	11	4
Total	**13**	**36**

The maturity schedule of the Group’s bank borrowings at 31 January 2023 and 2022 was as follows:

	31/01/2023	31/01/2022
Less than one year	13	35
One to five years	-	1
Total	**13**	**36**

In addition, through its main banks, the Group made 2,420 million euros (2,277 million euros at 31 January 2022) in supply chain financing programmes available to its suppliers in order to give them access to liquidity. This allows suppliers to choose, on a voluntary basis, to bring forward the collection of their invoices. The initially agreed payment terms remain unchanged, and this item is therefore recognised under trade payables and shown as operating cash flow. At 31 January 2023 usage of these programmes amounted to 1,025 million euros (1,263 million euros in 2021).

22. Provisions

The detail of this line item in the consolidated balance sheet and of the changes therein in 2022 and 2021 is as follows:

	Pensions and similar obligations with personnel	Liability	Other provisions	Total
Balance at 01/02/2021	59	110	83	252
Provisions recorded during the year	31	33	3	67
Disposals	(9)	(6)	(2)	(17)
Transfers	(6)	-	(8)	(14)
Foreign exchange translation differences	(1)	-	-	(1)
Balance at 31/01/2022	**74**	**137**	**76**	**287**
Balance at 01/02/2022	74	137	76	287
Provisions recorded during the year	45	13	-	58
Disposals	(1)	(23)	-	(24)
Transfers	(28)	(3)	(1)	(32)
Foreign exchange translation differences	(1)	(2)	(3)	(6)
Balance at 31/01/2023	**89**	**122**	**72**	**283**

Provision for pensions and similar obligations to personnel

Certain Group companies have undertaken to settle specific obligations to personnel. The Group has recorded a provision to cover the liability corresponding to the estimated vested portion of these obligations at 31 January 2023.

Provision for liabilities

The amounts shown here correspond to present obligations due to legal claims or constructive obligations arising from past events which will probably result in an outflow of resources and can be reliably estimated. At the date of preparation of these consolidated annual accounts there were no legal proceedings the final outcome of which could significantly affect the Group's equity position.

In estimating the amounts provisioned at year-end, the Group used the following hypotheses and assumptions:

- Maximum amount of the contingency
- Foreseeable evolution and factors on which the contingency depends

The estimated average payment period for the amounts provisioned depends largely on the local legislation of each of the markets in which the Group operates. An analysis is performed each year of the portion that will foreseeably have to be paid the following year and the related amount is transferred to current payables.

The Directors of Inditex consider that the provisions recorded in the consolidated balance sheet adequately cover the risks relating to litigation, arbitration and other contingencies and do not expect any liabilities additional to those recognised to arise therefrom.

23. Other non-current liabilities

The detail of this line item in the consolidated balance sheet and of the changes therein in 2022 and 2021 is as follows:

	Lease incentives	Other	Total
Balance at 01/02/2021	182	98	280
Acquisitions	86	-	86
Changes through profit or loss	(7)	17	10
Transfers	(103)	(21)	(124)
Foreign exchange translation differences	(4)	-	(4)
Balance at 31/01/2022	**154**	**94**	**248**
Balance at 01/02/2022	154	94	248
Acquisitions	59	-	59
Changes through profit or loss	(1)	7	6
Hyperinflation adjustments	15	-	15
Transfers	(83)	(21)	(104)
Foreign exchange translation differences	(2)	-	(2)
Balance at 31/01/2023	**142**	**80**	**222**

Lease incentives correspond to incentives received from developers of shopping centres or owners of commercial premises under lease contracts with variable rental payments.

24. Equity

Share capital

At 31 January 2023 and 2022, the Company's share capital amounted to 94 million euros, and was divided into 3,116,652,000 fully subscribed and paid shares of 0.03 euros par value each. All the shares are of a single class and series, carry the same voting and dividend rights.

The Parent's share premium at 31 January 2023 and 2022 amounted to 20 million euros, while retained earnings amounted to 20,028 million euros and 21,024 million euros, respectively. The Company's legal reserve, amounting to 19 million euros, was recognised in compliance with Article 274 of the Spanish Companies Act, which establishes that 10% of profit for each year must be transferred to the legal reserve until the balance of this reserve reaches at least 20% of the share capital. The legal reserve is not distributable to shareholders and if it is used to offset losses, in the event that sufficient other reserves are not available for this purpose, the reserve must be replenished with future profits. At 31 January 2023 and 2022, the Parent had appropriated to this reserve the minimum amount required by the Spanish Companies Act.

The total consolidated reserves at 31 January 2023 include restricted reserves amounting to 1,144 million euros (1,271 million euros at 31 January 2022) whose distribution is limited due to domestic legal requirements (basically bylaw reserves).

Inditex shares are listed on the four Spanish stock exchanges. The shares are represented by book entries. Moreover, pursuant to Article 497 of the Spanish Companies Act, Inditex has engaged the services of Sociedad de Gestión de Sistemas de Registro, Compensación y Liquidación de Valores, S.A. (Iberclear) to provide the daily share ownership notification service. As per the Parent's shareholder register, the members of the Board of Directors directly or indirectly owned, at 31 January 2023 and 31 January 2022, 59.298% and 59,375%, respectively, of the Parent's share capital (Note 30). At 31 January 2023 and 2022, Pontegadea Inversiones, S.L. held 50.010% of the shares of Inditex.

Dividends

The dividends paid by the Parent in 2022 and 2021 amounted to 2,895 million euros and 2,180 million euros, respectively. These amounts correspond to payments of 0.93 euros per share and 0.70 euros per share, respectively.

The distribution proposed by the Board of Directors is shown in Note 29.

Treasury shares

The Annual General Meeting held on 16 July 2019, approved a 2019-2023 Long-Term Incentive Plan (Note 26 to the consolidated annual accounts for 2019) and authorised the Board of Directors to derivatively acquire treasury shares to cater for this plan. Likewise, the Annual General Meeting held on 13 July 2021 approved a new 2021-2025 Long-Term Incentive Plan (Note 26 to the consolidated annual accounts for 2021).

At 31 January 2022, the Company owned a total of 4,226,305 treasury shares, representing 0.136% of the share capital.

During the first half of 2022, the first cycle (2019-2022) of the 2019-2023 Long Term Incentive Plan was settled. The part of the incentive in shares was delivered to the Plan beneficiaries and charged to treasury shares already owned by the Company on the delivery date. 1,793,791 shares, representing 0.058% of the share capital were delivered.

On 12 July 2022, pursuant to a new Temporary Share Buy-back Programme and under the authorisation in force granted by the Annual General Meeting, 2,500,000 treasury shares were acquired, in order to enable the Parent to fulfil the requirements of shares delivery to beneficiaries of the second cycle of the 2019-2023 Long-Term Incentive Plan as well as to the beneficiaries of the first cycle, and if applicable, the second cycle of the 2021-2025 Long-Term Incentive Plan.

Consequently, at 31 January 2023, the Company owned a total of 4,932,514 treasury shares, representing 0.158% of the share capital.

Translation differences

Details and variations in translation differences are as follows:

Currency	Balance at 31/01/2023	Reclassification	Variation	Balance at 01/02/2022
Brazilian real	95	7	(11)	99
Turkish lira	59	(12)	(36)	107
Mexican peso	50	16	(29)	63
Polish zloty	12	(1)	2	11
British pound	10	(3)	12	-
Russian rouble	-	(41)	(135)	176
US Dollar	(34)	47	-	(81)
Other	51	(79)	(23)	154
Total	**244**	**(66)**	**(219)**	**529**

The accumulated translation differences of the Russian Rouble were charged to results in 2022 as a consequence of the termination of operations in this market (Note 33).

25. Income tax

Companies included in these consolidated annual accounts pay the corporate income tax individually, except for certain countries (like Spain or the Netherlands) where they pay taxes under the consolidated tax group regime.

In the case of Spain, the consolidated tax group includes Industria de Diseño Textil, S.A., as the Parent, and those Spanish subsidiaries that meet the requirements provided for in Spanish legislation regulating the taxation of the consolidated tax groups as subsidiaries. The subsidiaries composing the aforementioned Spanish tax group are as follows:

Bershka BSK España S.A.	Hampton S.A.	Oysho Logística S.A.	Zara Diseño S.L.
Bershka Diseño S.L.	Indipunt S.L.	Plataforma Cabanillas S.A.	Zara España S.A.
Bershka Logística S.A.	Inditex S.A.	Plataforma Europa S.A.	Zara Home Diseño S.L.
Born S.A.	Inditex Logística S.A.	Plataforma Logística León S.A.	Zara Home España S.A.
Choolet S.A.	Kiddys Class España S.A.	Plataforma Logística Meco S.A.	Zara Home Logística S.A.
Comditel S.A.	Lefties España S.A.	Pull&Bear Diseño S.L.	Zara Logística S.A.
Confecciones Fíos S.A.	Lefties Logística S.A.	Pull&Bear España S.A.	Zara S.A.
Confecciones Goa S.A.	Massimo Dutti Diseño S.L.	Pull&Bear Logística S.A.	Zintura S.A.
Denllo S.A.	Massimo Dutti Logística S.A	Inditex Renovables S.L.	
Fashion Logistic Forwarders S.A.	Massimo Dutti S.A.	Stear S.A.	
Fashion Retail S.A.	Nikole S.A.	Stradivarius Diseño S.L.	
Glencare S.A.	Nikole Diseño S.L.	Stradivarius España S.A.	
Goa-Invest S.A.	Oysho Diseño S.L.	Stradivarius Logística S.A.	
Grupo Massimo Dutti S.A.	Oysho España S.A.	Trisko S.A.	

The balance of the “Current Liability for Income Tax” heading in the consolidated balance sheet corresponds to the provision for Income Tax relating to the profits for the year 2022, net of withholdings and prepayments made in the period. The heading “Creditors” includes the liability corresponding to other applicable taxes.

The balance of “Current asset for income tax” in the consolidated balance sheet corresponds, mainly, to amounts to be recovered from tax authorities for such concept. The balance of the “Accounts receivable” heading in the accompanying consolidated balance sheet includes, among others, the amount by which the input VAT exceeded output VAT for the period.

The income tax expense includes both the part concerning expense for current tax and the corresponding expense for deferred tax. The current tax is the amount to be paid for the income tax related to the fiscal gain of the period and for other fiscal charges derived from compliance with the regulations that regulate the income tax. The deferred tax reflects the amounts of tax on the profits to be paid or recovered in future periods and arises from the recognition of deferred tax assets and liabilities.

The income tax expense comprises the following:

	2022	2021
Current taxes	1,225	880
Deferred taxes	(14)	69

The reconciliation of the income tax expense that would result from applying the standard tax rate in force in Spain to the profit before tax and the income tax expense recognised in the consolidated income statement for 2022 and 2021 is as follows:

	2022	2021
Consolidated accounting profit for the year before taxes	5,358	4,199
Tax expense at tax rate in force in the country of the Parent	1,339	1,050
Net permanent differences	(83)	(73)
Effect of application of different tax rates	(88)	(61)
Adjustments to prior years' taxes	(17)	(19)
Tax withholdings and other adjustments	88	76
Adjustments to deferred tax assets and liabilities	5	3
Tax withholdings and tax benefits	(33)	(27)
Income tax expense	**1,211**	**949**

The permanent differences correspond, mainly, to expenses not tax deductible and to tax revenues for the contribution of rights to use certain assets to a subsidiary.

The companies that make up the consolidated Group have benefited from the tax benefits provided for in the tax regulations in force in each country amounting to 33 million euros at 31 January 2023 (27 million euros at 31 January 2022). These deductions and bonuses derive, fundamentally, from investments, the correction of double taxation and, to a lesser extent bonuses.

Temporary differences correspond mainly to differences between the carrying amount of an asset or liability in the balance sheet and its tax base, the main difference relating to right-of-use as a result of application of IFRS 16. The consolidated balance sheet closed as of 31 January 2023 includes the assets and liabilities for deferred taxes existing at that date.

The detail of "Deferred tax assets" and "Deferred tax liabilities" in the accompanying consolidated balance sheet is as follows:

Deferred tax assets arising from:	2022	2021
Provisions	155	151
Non-current assets	174	191
IFRS 16	207	220
Valuation adjustments	64	72
Tax losses	36	50
Intra-Group transactions	210	186
Other	357	309
Total	**1,203**	**1,179**

Deferred tax liabilities arising from:	2022	2021
Intra-Group transactions	163	155
IFRS16	73	64
Non-current assets	72	69
Valuation adjustments	6	4
Other	71	67
Total	**385**	**359**

These balances were determined using the tax rates that, based on enacted tax laws, will be in force in the period when they are expected to reverse, and in some cases these tax rates may differ from the tax rates in force in the present year.

The expense for deferred income tax was adjusted for the difference between the balances calculated at the tax rate in force at the end of the present year and those calculated at the new tax rates at which they will reverse.

The changes in deferred tax assets and liabilities in 2022 and 2021 were as follows:

Deferred tax assets arising from:	2022	2021
Opening balance	1,179	1,276
Charge/Credit to income statement	45	(90)
Charge/Credit to equity	1	19
Transfers	(22)	(26)
Closing balance	**1,203**	**1,179**

Deferred tax liabilities arising from:	2022	2021
Opening balance	359	396
Charge/Credit to income statement	31	(21)
Charge/Credit to equity	5	10
Transfers	(10)	(26)
Closing balance	**385**	**359**

At 31 January 2023, the Group has tax losses subject to compensation with future benefits amounting to 296 million euros (453 million euros at 31 January 2022). The aforementioned breakdown of Deferred tax assets includes those corresponding to tax loss carryforwards pending offsetting, with a balance of 36 million euros at 31 January 2023 (50 million euros at 31 January 2022) that, for the most part, are not subject to a period of effective compensation. The Group, based on the methodology established to verify the existence of signs of impairment in its non-current assets (Note 3.2.f), constructs the hypotheses to analyse the existence of sufficient fiscal gains in the future that allow to offset such tax losses before they prescribe. Additionally, the reversal in the same entity of deferred tax liabilities related to the same tax authority that may give rise to taxable amounts in sufficient quantity to apply the unused tax losses against them is taken into account.

In addition, some companies that make up the consolidated group have reserves that could be subject to taxation should they be distributed. These consolidated financial statements include the tax effect associated with such distribution insofar as it is likely to occur in the foreseeable future. Temporary differences, associated with investments in subsidiaries, associates and permanent establishments, which have not been registered for the exception provided for in IAS 12, amount to 358 million euros (292 million euros in 2021).

On the other hand, in accordance with the tax legislation applicable to the Parent of the Group, the dividends proposed or declared to the shareholders of said company, before the financial statements have been formulated and that have not been recognised as liabilities, do not generate consequences in the Income tax of the Parent.

The years open to inspection in relation to the main taxes vary according to the tax legislation of each country in which the Group operates. Ordinary audits are currently being performed on Group companies in various markets. In any case, it is not expected that, as a consequence of the ongoing verification actions, as well as those that could be carried out in the future in relation to non-prescribed periods, liabilities will be revealed that significantly affect the equity situation or the Group's results.

26. Financial instruments and risk management policy

Financial risk management policy

The Group’s activities are exposed to various financial risks: market risk (foreign currency risk, raw materials risk and interest rate risk) and other risks (credit risk, liquidity risk and country risk). The Group’s financial risk management focuses on the uncertainty of financial markets and aims to minimise the potential adverse effects on the profitability of its business.

This note provides information on the Group’s exposure to each of the aforementioned risks, the Group’s objectives, policies and processes for managing risk, the methods used to measure these risks, any changes from the previous year and the financial instruments used to mitigate the risks.

Foreign currency risk

The Group operates in an international environment and, accordingly, is exposed to foreign currency risk on transactions in currencies, in particular the US dollar (the euro is the Group's reference currency and the functional currency of the Parent). Foreign currency risk arises on future commercial transactions, recognised assets and liabilities and net investments in foreign operations.

Foreign currency risk is managed in line with the corporate risk management model guidelines, which establish the ongoing monitoring of exchange rate fluctuations and other measures designed to mitigate this risk, mainly through the optimisation of the Group's operations, including centralisation, in order to minimise the impact, using natural hedges, the benefits of diversification and the arrangement of financial hedges.

Merchandise and goods for resale are acquired partly through orders placed with foreign suppliers, mostly in US dollars. In accordance with prevailing foreign currency risk management policies, the Group’s Management arranges derivatives, mainly foreign currency forwards, to hedge fluctuations in cash flows relating to the EUR-USD exchange rate. The Group also uses non-derivative financial instruments as hedges (e.g., deposits held in currencies other than the euro), and these instruments are recognised under “Current financial asset”.

The Group's head companies supply their subsidiaries with finished goods for sale to the end customers. With a view to reducing the fluctuations in value of the expected foreign currency cash flows arising from these intra-Group transactions (denominated in currencies other than the euro), the Group occasionally uses financial derivatives such as purchased options, zero-premium option combinations and, occasionally, foreign currency forwards.

Certain Group subsidiaries are granted internal financing denominated in currencies other than the euro. In accordance with prevailing foreign currency risk management policies, derivatives are arranged, mainly forwards, to hedge the changes in fair value related to exchange rates.

As described in Note 3.2.m, the Group applies hedge accounting to mitigate the volatility that would arise in the consolidated income statement as a result of the existence of significant foreign currency transactions. Hedge accounting has been used because the Group meets the requirements described in Note 3.2.m on accounting policies in order to be able to classify financial instruments as hedges for accounting purposes.

The Group applies the hedge accounting rules established in the applicable reporting standards. As a result, certain financial instruments were formally designated as hedging instruments and the Group verified that the hedges are highly effective. The maturity dates of the hedging instruments were negotiated so that they coincide with those of the hedged items. In 2022, using hedge accounting, no significant amounts were recognised in consolidated income statement either as a result of transactions that ultimately did not occur or as a result of the ineffectiveness of the hedges. Approximately 71% of the cash flows associated with hedges in US dollars are expected to occur in the six months subsequent to year-end, while the remaining 29% are expected to fall due between six months and one year. Also, the impact on the consolidated income statement will foreseeably occur in those periods. The derivatives hedging the cash flows from intra-Group transactions to supply finished goods for sale to end customers have short-term time horizons aligned with the expected cash flows.

The fair value of the hedging instruments was calculated as described in Note 3.2.m.

Raw material risk

As a result of its business model, the Group is also exposed to potential cost volatility and inflation related to the impact resulting from price increases of the many raw materials (both textile and non-textile) consumed directly and indirectly in the Group's operations and in its procurement of goods, primarily our commercial products (clothing, footwear, accessories and household textile products), and services, especially in terms of supply and distribution transport, as well as energy consumption. This risk is measured using ‘at risk’ methodologies from a portfolio of exposures standpoint.

Economic risk measurement methodology

The Group uses the Cash-Flow-at-Risk (CFaR) methodology in order to estimate the potential impact of exchange rate and raw material price fluctuations on consolidated profit before tax and, if applicable, determine the relevant mitigation strategies. CFaR is a methodology widely used in risk management. It is an evolution of the Value-at-Risk (VaR) method focused on the possible loss related to future cash flows. Given a portfolio, exposed to one or more risks, the CFaR represents the maximum expected loss for a defined time horizon with a given confidence interval. The CFaR measures risk in aggregate terms, considering the potential diversification benefit resulting from the correlations between the components of the portfolio of exposures.

The underlying portfolio used in the CFaR calculation is composed of future flows denominated in the currency and/or raw material in which the underlying risk is expressed for up to one year. It is estimated that this portfolio represents substantially all of the Group's exposure to foreign currency and raw material price risk and that the possible adverse changes in exchange rates would affect the following year's consolidated profit. The main parameters and assumptions used in the CFaR calculation relate to the horizon of the estimated flows, the scenario simulation technique and the selected confidence interval. The cash flows considered have a duration of up to one year, taking as a time horizon the maturity date of each cash flow. Distributions are simulated using the Monte Carlo method by generating random scenarios based on market changes over the previous three years. A 95% confidence interval is selected. In addition, using the same methodology, the portfolio performance is analysed periodically and repeatedly under highly stressed scenarios based on market movements during historical periods of high volatility.

As regards the limitations of the calculation, it should be noted that the actual maximum loss could be higher than the estimated loss, since when opting for a 95% confidence level there are 5% of scenarios in which the expected loss is higher. In addition, future market changes do not necessarily coincide with the behaviour of the previous three years. It may also be the case that the estimated flows, i.e., the portfolio used for the calculation, differ from the actual flows. In addition, the Group uses the Value-at-Risk (VaR) method to manage foreign exchange risk in relation to the most relevant accounting items.

In accordance with the risk management framework, risk appetite and tolerance levels are set and residual risk is quantified. Furthermore, limits are set and monitored to ensure that residual risk is within the risk appetite and is also compliant with the established risk tolerance level.

It is estimated that the resulting negative impact on the 12-month expected cash flows, attributable to an adverse change in the exchange rate and raw material prices resulting from the CFaR calculation, could be 599 million euros at 31 January 2023 (381 million euros at 31 January 2022).

Credit risk

The Group is not exposed to significant concentrations of credit risk as policies are in place to cover sales to franchises and retail sales represent the vast majority of revenue. Collections are made primarily in cash or through credit card payments.

The Financial Risk Management Policy ensures the measurement, assessment, quantification and mitigation of the credit risk of investment products and the counterparty risk of financial institutions by establishing very detailed analysis criteria and Value-at-Risk (VaR) methodologies.

The VaR methodology implemented takes into account the counterparty's probability of default as estimated by the market, the time horizon of the investments, and the percentage of risk exposure that is not expected to be recovered in the event of default (loss given default). VaR represents the maximum expected loss for a defined time horizon with a given confidence interval. The exposures used are up to one year. Distributions are simulated using the Monte Carlo method by generating random scenarios based on market changes over the previous year. A 95% confidence interval is selected.

As regards the limitations of the calculation, it should be noted that the actual maximum loss could be higher than the estimated loss, since when opting for a 95% confidence level there are 5% of scenarios in which the expected loss is higher. In addition, future market changes do not necessarily coincide with the behaviour of the previous year.

In accordance with the risk management framework, risk appetite and target risk are set and residual risk is quantified. In addition, limits are set and monitored to ensure that residual risk is within the risk appetite and is also compliant with target risk.

Although credit risk increased as a result of the market conditions initially caused by Covid-19, credit risk in the market has since moderated. This, together with active management, allowed for its mitigation, thus returning the Group's residual risk to pre-pandemic levels.

It is estimated that the residual risk resulting from the Group's twelve-month cash investments could be up to 42 million euros at 31 January 2023 (15 million euros at 31 January 2022).

The credit risk resulting from the arrangement of financial derivatives is mitigated by the requirement that such instruments be subject to an ISDA master agreement.

Occasionally, where deemed necessary, the Group requests that additional security be provided in the form of pledged collateral.

In relation to accounts receivable of commercial origin, the Group estimates that at closing date there has not been a significant increase in credit risk since its recognition, which is why the expected loss at 12 months has been estimated, not being significant, and it has not been considered necessary to make valuation corrections with accounts receivable not due.

The main financial assets of the Group are shown in the "Financial instruments: other information" section below.

Liquidity risk

The Group is not exposed to significant liquidity risk, as it maintains sufficient cash and cash equivalents to meet the outflows required in its normal operations. If the Group has a specific financing requirement, either in euros or in other currencies, it resorts to loans, credit facilities or other types of financial instruments (Note 21).

Note 21 contains a detail of the financial liabilities, along with their scheduled maturities.

Interest rate risk

The Group's exposure to interest rate risk, which in no case is significant, arises principally in relation to the following items:

- Cash and cash equivalents: the generalised increase in interest rates, especially in the most significant currencies for the Group's investment (Note 21) has boosted the expected returns on the Group's financial position (Note 9).
- Financial debt: given the amount of the Group's external financing (Note 21), any change in interest rates at year-end would not significantly affect consolidated profits.
- Discount rates: used in the calculation of the impairment losses on non-current assets (property, plant and equipment and intangible assets) and goodwill. (Note 3.2.f).
- Derivatives: given the type of hedging instruments arranged, the interest rate risk is not material.

The Group does not have any material financial assets or liabilities designated as at fair value through profit or loss. A potential change in fair value would not imply significant impact.

Country risk

The international presence of the Group's business activities exposes it to the country risk of multiple geographical regions, in both its supply and its sales and distribution activities. The Group adapts its administrative and business processes in order to minimise country risk and take advantage of the benefits of geographical diversification.

The conflict in Ukraine forced the Group to suspend its operations in that country and in the Russian Federation (Note 33). Operations in Ukraine remain temporarily suspended. The Group continues to track the unfolding conflict and its complex repercussions closely, and to put in place plans to mitigate its impact.

One of the most significant manifestations of country risk is foreign currency risk and the possibility of exposure to limits or controls on the free circulation of cash flows due to a lack of currency convertibility, in current or capital account terms, or to unexpected restrictions on the movement of capital. The Group manages cash at corporate level based on a highly active repatriation policy aimed at reducing the aforementioned risks to a minimum. Country risk is also considered when assessing the jurisdictions in which the Group's cash is located.

At 31 January 2023, there was no significant risk in relation to the repatriation of funds or any material cash surpluses not available for use by the Group or its subsidiaries. Similarly, there are no significant restrictions on the Group's ability to access the assets and settle the liabilities of its subsidiaries.

At 31 January 2023, the Group was not operating in markets in which there was more than one exchange rate.

Capital management

The Group's capital management objectives are to safeguard its ability to continue operating as a going concern, so that it can continue to generate returns for shareholders and benefit other stakeholders, and to maintain an optimum capital structure to reduce the cost of capital.

The Group manages its capital structure and makes adjustments thereto in response to changes in economic conditions. The current capital management policy is based on self-financing through funds generated by operations. The shareholder remuneration policy is detailed in Note 30.

There were no significant changes to capital management in the year.

Financial instruments

At 31 January 2023 and 2022, the Group had arranged hedging derivatives consisting basically of forwards on its future purchases in US dollars, forwards to hedge intra-Group financing, and options. The fair value of these derivatives is recognised under “Other financial assets” or “Other financial liabilities” depending on the related balance.

On 16 January 2023, the Group entered into a VPPA (Virtual Power Purchase Agreement) for the supply of 100%-renewable electricity over a period of 10 years. The related projects are in the development phase, pending final approval, and will come on stream in 2025. This contract has been booked as a Level 3 financial instrument for which changes in the fair value of the option sold are recognised in the income statement.

The detail of “Other financial assets” and “Other financial liabilities” in the consolidated balance sheet is as follows:

Other financial assets	**2022**	**2021**
Fair value of the hedging instruments	8	22
Total	**8**	**22**

Other financial liabilities	**2022**	**2021**
Fair value of the hedging instruments	29	7
Reciprocal call and put options (Note 7)	17	15
Total	**46**	**22**

The detail of the fair value (measured as indicated in Note 3.2.m) of the financial instruments for 2022 and 2021 is as follows:

2022

OTHER FINANCIAL ASSETS MEASURED AT FAIR VALUE AND CLASSIFICATION ON A FAIR VALUE HIERARCHY

Description	**Level**	**Fair Value 2022**	**Transfer to Income**	**Transfer to Income from Equity**	**Income Recognise Directly in Equity**	**Fair Value 2021**
OTC Derivatives:						
Foreign currency forwards	2	8	(8)	(6)	-	22
Energy options	3	-	-	-	-	-
Total Derivates		**8**	**(8)**	**(6)**	**-**	**22**

OTHER FINANCIAL LIABILITIES MEASURED AT FAIR VALUE AND CLASSIFICATION ON A FAIR VALUE HIERARCHY

Description	**Level**	**Fair Value 2022**	**Transfer to Income**	**Transfer to Income from Equity**	**Income Recognise Directly in Equity**	**Fair Value 2021**
OTC Derivatives:						
Foreign currency forwards	2	29	8	-	14	7
Energy options	3	-	-	-	-	-
Total Derivates		**29**	**8**	**-**	**14**	**7**

2021

OTHER FINANCIAL ASSETS MEASURED AT FAIR VALUE AND CLASSIFICATION ON A FAIR VALUE HIERARCHY						
Description	**Level**	**Fair Value 2021**	**Transfer to Income**	**Transfer to Income from Equity**	**Income Recognise Directly in Equity**	**Fair Value 2020**
OTC Derivatives:						
Foreign currency forwards	2	22	14	-	6	2
Total Derivates		**22**	**14**	**-**	**6**	**2**

OTHER FINANCIAL LIABILITIES MEASURED AT FAIR VALUE AND CLASSIFICATION ON A FAIR VALUE HIERARCHY						
Description	**Level**	**Fair Value 2021**	**Transfer to Income**	**Transfer to Income from Equity**	**Income Recognise Directly in Equity**	**Fair Value 2020**
OTC Derivatives:						
Foreign currency forwards	2	7	(4)	(3)	-	14
Total Derivates		**7**	**(4)**	**(3)**	**-**	**14**

There have been no transfers between the different levels (Note 3.2.m).

Financial instruments: other information

The main financial assets held by the Group, other than cash and cash equivalents and derivative financial instruments, are the loans and receivables related to the Group's principal activity and the guarantees given in relation to the lease of commercial premises, which are shown under "Other non-current assets". The main financial assets of the Group are as follows:

	2022	**2021**
Cash and cash equivalents (Note 21)	5,561	7,021
Current financial investments (Note 21)	4,522	2,374
Trade receivables (Note 12)	267	267
Receivable due to sales to franchises (Note 12)	323	242
Other current receivables (Note 12)	114	82
Guarantees (Note 19)	239	290
Total	**11,026**	**10,276**

The main financial liabilities of the Group relate to accounts payable on commercial transactions.

In 2022 and 2021 no significant impairment losses were recognised on financial assets.

27. Employee benefits

Obligations for benefit plans or defined contributions

The Group does not maintain obligations with its employees as a general rule for defined benefit plans or contributions. However, in certain countries, due to the legislation or regulation in force or local labour practice, the Group assumes certain commitments related to the payment of certain amounts for accidents, illness or retirement, among others, sometimes partially paid by the worker and risk is partially or totally externalised through hiring the corresponding insurance policies.

Likewise, in certain countries, the worker participates in a percentage of the profits generated by the Group companies in that country. The liabilities related to these items are recorded in the "Provisions" and "Other non-current liabilities" heading in the consolidated balance sheet. The impact of these obligations on the consolidated income statement and the consolidated balance sheet is not significant.

Long-term incentive plans

2019-2023 Long-term incentive plan

The Annual General Meeting held on 16 July 2019 approved the 2019-2023 Long-Term Incentive Plan for members of the management team and other staff of Inditex and its Group of Companies (hereinafter referred to as the "2019-2023 Plan"). Under this Plan, each of the beneficiaries had the right, provided the terms and conditions established therein are fulfilled, to receive up to a maximum amount of the incentive allocated.

The 2019-2023 Plan combined a multi-year cash bonus and a promise to deliver shares which, after a specified period of time has elapsed and the achievement of the specific objectives has been verified, would be paid to the Plan beneficiaries, either in full or at the percentage applicable in each case.

The 2019-2023 Plan had a total duration of four years and was structured into two mutually independent time cycles. The first cycle (2019-2022) of the 2019-2023 Plan ran from February 1, 2019 to January 31, 2022 and was settled in the first quarter of 2022. The second cycle (2020-2023) runs from 1 february 2020 to 31 January 2023, and is scheduled to be settled in the first quarter of 2023.

The 2019-2023 Plan was linked to critical business targets and the creation of shareholder value. Furthermore, also linked long-term variable remuneration to objectives related to sustainability and the environment, with this index having a maximum weight of 10% over the whole.

The 2019-2023 Plan did not expose the Group to any material risks.

To cater for this 2019-2023 Plan, the Company has, as a plan asset, a sufficient number of treasury shares to be able to settle the future obligations (Note 24).

The incentive to be received will be calculated as provided for in resolution nine of the Annual General Meeting held on 16 July 2019.

2021-2025 Long-term incentive plan

The Annual General Meeting held on 13 July 2021 approved a new 2021-2025 Long-Term Incentive Plan for members of the management team and other personnel of Inditex and its Group of Companies (hereinafter referred to as the '2021-2025 Plan'). Under this Plan, each of the beneficiaries will be entitled, provided the terms and conditions established therein are fulfilled, to receive up to a maximum amount of the incentive allocated.

The 2021-2025 Plan combines a multi-year cash bonus and a promise to deliver shares which, after a specified period of time has elapsed and the achievement of the specific objectives has been verified, will be paid to the Plan beneficiaries, either in full or at the percentage applicable in each case.

The 2021-2025 Plan has a total duration of four years and is structured into two mutually independent time cycles. The first cycle (2021-2024) of the Plan runs from 1 February 2021 to 31 January 2024. The second cycle (2022-2025) spans the period from 1 February 2022 to 31 January 2025.

The 2021-2025 Plan is linked to critical business, sustainability and shareholder value creation targets. The most significant development is that the share of sustainability- and environment-linked goals has increased to 25% of the overall Plan, with respect to the 2019-2023 Plan.

The 2021-2025 Plan does not expose the Group to any material risks.

The liabilities related to the plans in cash is shown registered in the 'Provisions' and "Trade and other payables" item of the consolidated balance sheet, and its annual allocation is included in the 'Operating expenses' item in the consolidated income statement.

The amount relating to the equity-settled component of the plans is recognised under 'Equity' in the consolidated balance sheet and the related period charge is reflected under 'Operating expenses' in the consolidated income statement.

The impact of these obligations on the consolidated income statement and balance sheet is not significant.

28. Jointly controlled entities

Inditex has a 50% stake in the group formed by the parent, Tempe, S.A., and its subsidiaries, which detail is shown in the Appendix I. These companies engage mainly in the design, supply and distribution of footwear to Inditex Group companies, their main customer.

Set forth below is the financial information of the Tempe Group, obtained from its consolidated financial statements prepared in accordance with IFRS, together with other relevant financial information:

	2022	2021
Fixed assets	254	251
Other	36	36
Non-current assets	**290**	**287**
Inventories	330	325
Trade and other receivables	436	392
Cash and cash equivalents	24	20
Current assets	**790**	**737**
Non-current liabilities	**(27)**	**(26)**
Trade and other payables	(393)	(387)
Other	(9)	(2)
Current liabilities	**(402)**	**(389)**
Net assets	**651**	**609**

	2022	2021
Net sales	1,408	1,305
Gross profit	**396**	**391**
Operating expenses	(246)	(214)
Amortisation and depreciation	(25)	(24)
Net operating profit (EBIT)	**125**	**153**
Net profit	**105**	**119**

In 2022 the Group received dividends totalling 27 million euros (25 million euros in 2021) from Tempe (see Note 18).

29. Proposed distribution of the profit of the Parent

The proposed appropriation of the Parent's profit in 2022 in the amount of 1,906 million euros made by the Board of Directors consists of distributing dividends in a maximum amount of 1,870 million euros and allocate at least 36 million euros to voluntary reserves.

The Board of Directors will propose to shareholders at the Annual General Meeting to pay shares with a right to dividend, a dividend of 1.20 euros per share, being comprised of a 0.796 euros per share ordinary dividend and a 0.404 euros per share bonus dividend.

Out of the total amount of 1.20 euros per share, 0.60 euros per share will be paid on 2 May 2023 as ordinary dividend against 2022 results, and 0.60 euros per share will be distributed against the Parent's unrestricted reserves, payable on 2 November 2023 as ordinary and bonus dividend.

The proposal covers a dividend distribution in the maximum amount of 3,740 million euros, corresponding to 1.20 (gross) euros per share for the entire stake of the Parent (3,116,652,000 shares). Since the Parent's net income in 2022 has reached 1,906 million euros, the difference between the interim dividend and the full dividend will be charged against the Parent's unrestricted reserve.

30. Remuneration of the Board of Directors and related party transactions

Remuneration of the Board of Directors

The remuneration earned by the Board of Directors of the Parent and Senior Management of the Group in 2022 is shown in the section on related party transactions.

Other information concerning the Board of Directors

At 31 January 2023, per the Parent's Register of Shareholders, the members of the Board of Directors directly or indirectly held the following ownership interests in the share capital of Inditex:

Name or company name of director	% Voting rights attributed to the shares		% Voting rights through financial instruments		% Total voting rights	From the total number of voting rights attributed to the shares, indicate, where appropriate, the additional votes attributed corresponding to the shares with a loyalty vote	
	Direct	Indirect	Direct	Indirect		Direct	Indirect
Ms Marta Ortega Pérez	0.0014%	-	-	-	0.0014%	-	-
Mr Amancio Ortega Gaona [1]	-	59.2940 %	-	-	59.2940%	-	-
Mr Óscar García Maceiras	0.0004%	-	-	-	0.0004%	-	-
Mr José Arnau Sierra	0.0010%	-	-	-	0.0010%	-	-
Pontegadea Inversiones, S.L. [2]	50.0100%	-	-	-	50.0100%	-	-
Bns Denise Patricia Kingsmill	-	-	-	-	-	-	-
Ms Anne Lange	-	-	-	-	-	-	-
Ms Pilar López Álvarez	0.0001%	-	-	-	0.0001%	-	-
Mr José Luis Durán Schulz	0.0001%	-	-	-	0.0001%	-	-
Mr Rodrigo Echenique Gordillo	0.0006%	-	-	-	0.0006%	-	-
Mr Emilio Saracho Rodríguez de Torres	-	-	-	-	-	-	-
Total					**59.298%**		

[1] Through Pontegadea Inversiones, SL and Partler Participaciones, S.L.U. (Partler 2006, S.L. holds 100% of its stake and its is controlled by Mr Ortega Gaona)

[2] Represented by Ms Flora Pérez Marcote

Pursuant to the provisions of article 229 of the Spanish Companies Act, as amended by Law 31/2014, of 3 December, none of the directors of Inditex has communicated any situation during 2022 any situation that, directly and/or indirectly, through persons related to them, could place them in a potential conflict of interest with the Parent.

Notwithstanding the foregoing, Mr Rodrigo Echenique Gordillo and Ms Pilar López Álvarez, hold positions on the Boards of Directors of Grupo Santander and Microsoft Western Europe, respectively, and perform their duties as independent directors of the Parent, without prejudice to the commercial relationships that Inditex has maintained with these companies for years. In any case, the Board of Directors ensures, through the Audit and Compliance Committee that the transactions with significant directors, significant shareholders and/or Senior Management, or with their respective related persons, are carried out under market conditions and respecting the principle of equal treatment to shareholders.

Furthermore, when the Board of Directors deliberated on the appointment and re-election of one position, the compensation or any other agreement referred to a director or to a person or company related to a director, the affected party was absent from the Company meeting during the deliberation and voting of the corresponding resolution.

Related party transactions

Related parties are the subsidiaries, jointly controlled entities (Note 28) and associates detailed in Appendix I to the notes to the consolidated annual accounts, the significant or controlling shareholders, the members of the Board of Directors of Inditex and the Senior Management of the Inditex Group, as well as their close family members, as defined in IAS 24, of Commission Regulation (EC) No 1126/2008, of 3 November, adopting certain international accounting standards, and in Article 2, section 3 of Spanish Ministry of Economy and Finance Order EHA/3050/2004, of 15 September, on information on related party transactions that issuers of securities listed on official secondary markets must disclose.

The transactions with related parties were performed on an arm's length basis.

Inditex Group companies

The transactions between Inditex and its subsidiaries, form part of the normal course of business in terms of their purpose and terms and conditions and were eliminated in full on consolidation and, therefore, they are not disclosed in this Note.

The following tables detail the transactions and the outstanding balances between Inditex and its jointly controlled entities in the consolidated balance sheet:

Transactions:

Company	2022	2021
Jointly controlled entities	(1,025)	(970)

Corresponding mainly to finished goods procurements.

Balances:

	31/01/2023	31/01/2022
Current financial investments	-	1
Trade and other receivables	37	11
Non-current financial investments	317	295
Trade and other payables	389	356
Current financial debt	2	-

The transactions with significant shareholders, the members of the Board of Directors and/or Senior Management are detailed below, as the case may be.

Significant shareholders

The transactions performed by the Inditex Group with Pontegadea Inversiones, S.L., Partler Participaciones S.L.U, Partler 2006, S.L. and/or with natural persons or companies related to them, and/or with Rosp Corunna Participaciones Empresariales, S.L.U. and/or with natural persons or companies related to it were as follows:

Company name of significant shareholder	Nature of relationship	Type of operation	2022	2021
Pontegadea Inversiones, S.L., Partler Participaciones, S.L.U., Partler 2006, S.L. or related entities or persons	Contractual	Lease of assets	(40)	(37)
Pontegadea Inversiones, S.L., Partler Participaciones, S.L.U., Partler 2006, S.L. or related entities or persons	Contractual	Services (construction work)	21	8
Pontegadea Inversiones, S.L., Partler Participaciones, S.L.U., Partler 2006, S.L. or related entities or persons	Contractual	Other income	2	-
Rosp Corunna Participaciones Empresariales, S.L. U. or related entities or persons	Contractual	Lease of assets	(1)	(1)

A significant part of the related-party transactions that are recorded every year in this section corresponds to the payment of rents associated with the commercial premises that several companies of the Group have leased for the exercise of their activity and which are owned by companies related to the controlling shareholder or to significant shareholders.

Members of the Board of Directors and Senior Management

The amounts indicated in the following tables and paragraphs referring to remuneration and termination benefits are expressed in thousands of euros in both years.

The following table show the remuneration and termination benefits of the members of the Board of Directors in 2022:

Name or social name of the Director	Type	Remuneration of Board members	Remuneration of Deputy Chairman of Board of Directors	Remuneration for serving on Comittees and other Board of Directors	Remuneration for chairing Committees	Fixed remuneration	Variable remuneration 2022	Multiannual variable remuneration (cash and shares) 2022	Compensation	Total 2022
Ms Marta Ortega Pérez (1)	Propietary	834	-	-	-	-	-	-	-	834
Mr Óscar García Maceiras	Executive	100	-	-	-	2,041	3,750	2,483	-	8,374
Mr Amancio Ortega Gaona	Propietary	100	-	-	-	-	-	-	-	100
Mr José Arnau Sierra	Propietary	100	80	200	-	-	-	-	-	380
PONTEGADEA INVERSIONES S.L. (2)	Propietary	100	-	-	-	-	-	-	-	100
Bns Denise Patricia Kingsmill	Independent	100	-	150	50	-	-	-	-	300
Ms Anne Lange	Independent	100	-	150	-	-	-	-	-	250
Ms Pilar López Álvarez	Independent	100	-	150	50	-	-	-	-	300
Mr Jose Luis Durán Schulz	Independent	100	-	150	28	-	-	-	-	278
Mr Rodrigo Echenique Gordillo	Independent	100	-	150	50	-	-	-	-	300
Mr Emilio Saracho Rodríguez de Torres	Affiliate	100	-	150	22	-	-	-	-	272
Mr Pablo Isla Álvarez de Tejera (3)	Executive	16	-	-	-	597	788	2,819	22,990	27,210
TOTAL		**1,850**	**80**	**1,100**	**200**	**2,638**	**4,538**	**5,302**	**22,990**	**38,698**

Notes:

(1) The remuneration for the financial year 2022 corresponds to the portion accrued in the period from 1 April 2022, the effective date of her appointment as new Chair (non-executive), through 31 January 2023.
(2) Represented by Ms Flora Pérez Marcote.
(3) The effective date of his resignation was 31 March 2022.

The total remuneration and termination benefits earned by Senior Management of the Inditex Group in 2022 were as follows:

2022

	SENIOR MANAGEMENT
Remuneration	92,020
Termination benefits	12,761
Total	**104,781**

The aforementioned remuneration for 2022 includes fixed remuneration and both, the short-term and long-term variable remuneration accrued by Senior Managers of the Group in office at 31 January 2023, as well as by those who have performed duties as senior managers at any time during the reporting period, including the corresponding compensation.

The evolution of Senior Managers' remuneration versus the previous year is primarily due to a higher number of officers that qualify as such and to the increase in the short-term and long-term variable remuneration as a result of the Company's strong operating performance in 2022. Additionally, long-term remuneration has also been affected by a higher price of Inditex shares compared to the one in the previous year.

The directors' remuneration for the 2022 financial year includes the fixed terms of the remuneration paid to Directors in their status as such and the fixed remuneration and the short-term and long-term variable remuneration earned by the CEO, Mr Óscar García Maceiras, and by the former Executive Chairman, Mr Pablo Isla Álvarez de Tejera, for the performance of their executive functions. In particular, it includes:

The amount of the remuneration earned by: (i) Mr García as director and for the performance of executive functions from 1 February 2022 through 31 January 2023 and by (ii) Mr Isla, in his capacity as director, and the part of his fixed remuneration (wage) earned for the performance of executive functions, both of them for the period running from 1 February 2022 through 31 March 2022, date of economic effects of his resignation.

Also included in the above referred global remuneration are the amounts accrued and paid in 2022 to the former Executive Chairman itemized as follows:

(i) The following amounts as early settlement of current incentives and other items of fixed remuneration:

– Of the incentive for the second cycle (2020-2023) of the 2019-2023 Plan: the incentive - determined by the board of directors to be for a level of achievement on target -, prorated for the time between the cycle commencement and the date of his departure, amounted to 980 thousand euros and 46,859 shares.

– Of the incentive for the first cycle (2021-2024) of the 2021-2025 Plan: the incentive - determined by the board of directors to be for a level of achievement on target -, prorated for the time between the cycle commencement and the date of his departure, amounted to 421 thousand euros and 24,418 shares.

– Of the annual variable remuneration for 2022: the incentive prorated for the time between the beginning of the year and the date of his departure - estimated by the Board of Directors at maximum level of achievement -, amounted to 788 thousand euros.

– Of the portion of the fixed remuneration for FY2022 (February and March 2022) he had earned as extra wage payments (July and December) the amount of 132 thousand euros.

(ii) As severance pay:

– Severance pay for termination amounted to 3,250 thousand euros, and

– The consideration for his post-contractual non-compete obligation amounted to 19,740 thousand euros.

With regard to the long-term variable remuneration, included therein is the amount accrued for the second cycle (2020-2023) of the 2019-2023 LTIP. The incentive accrued in 2022 in this regard has amounted to 2,483 thousand euros for the CEO and 35,628 thousand euros for Senior Managers, which has materialized as follows:

- CEO: (i) an incentive in cash in the aggregate gross amount of 1,035 thousand euros and (ii) incentive in shares equivalent to a total number of 49,477 shares corresponding to the gross amount of 1,448 thousand euros.

- Senior Managers: (i) an incentive in cash in the aggregate gross amount of 17,089 thousand euros and (ii) incentive in shares equivalent to a total number of 633,369 shares corresponding to the gross amount of 18,539 thousand euros.

It bears mention that for the purposes of quantifying the part of such incentive to be delivered in shares, the closing price of Inditex share on the last business day of the week before the board meeting when the board of directors assessed and approved the level of target achievement for the second cycle of the 2019-2023 Plan (i.e. 10 March 2023) was considered.

The incentive in cash and in shares will be delivered within the month following the publication of the annual accounts for 2022.

An itemised breakdown of the remuneration of the members of the Board of Directors in 2021 is as follows:

Name or social name of the Director	Type	Remuneration of Board members	Remuneration of Deputy Chairman of Board of Directors	Remuneration for serving on Comittees and other Board of Directors	Remuneration for chairing Committees	Fixed remuneration	Variable remuneration 2021	Multiannual variable remuneration (cash and shares) 2021	Compensation	Total 2021
Mr Pablo Isla Álvarez de Tejera	Executive	100	-	-	-	3,250	4,875	4,218	-	12,443
Mr José Arnau Sierra	Propietary	100	80	200	-	-	-	-	-	380
Mr Óscar García Maceiras (1)	Executive	17	-	-	-	277	382	70	-	746
Mr Carlos Crespo Gonzalez (2)	Executive	83	-	-	-	1,179	1,868	2,633	-	5,763
Mr Amancio Ortega Gaona	Propietary	100	-	-	-	-	-	-	-	100
PONTEGADEA INVERSIONES S.L. (3)	Propietary	100	-	-	-	-	-	-	-	100
Bns Denise Patricia Kingsmill	Independent	100	-	150	50	-	-	-	-	300
Ms Anne Lange	Independent	100	-	150	-	-	-	-	-	250
Ms Pilar López Álvarez	Independent	100	-	150	50	-	-	-	-	300
Mr José Luis Durán Schulz	Independent	100	-	150	-	-	-	-	-	250
Mr Rodrigo Echenique Gordillo	Independent	100	-	150	50	-	-	-	-	300
Mr Emilio Saracho Rodríguez de Torres	Independent	100	-	150	50	-	-	-	-	300
TOTAL		**1,100**	**80**	**1,100**	**200**	**4,706**	**7,125**	**6,921**	**-**	**21,232**

Notes:

(1) The remuneration for the 2021 financial year corresponds to the portion accrued in the period from December 1, 2021, the date of economis effects of his appointment as the new CEO, to January 31, 2022.
(2) The remuneration for the 2021 financial year corresponds to the portion accrued in the period from February 1 to November 30, 2021, the date of economic effects of his resignation as CEO.
(3) Represented by Ms. Flora Pérez Marcote.

The total remuneration and termination benefits earned by Senior Managers of the Inditex Group in 2021 were as follows:

2021

	SENIOR MANAGEMENT
Remuneration	69,204
Termination benefits	10,083
Total	**79,287**

The aforementioned remuneration for 2021 includes fixed remuneration and both, the short-term and long-term variable remuneration accrued by the Senior Managers of the Group in office at 31 January 2022, as well as by those who have performed duties as senior managers at any time during the reporting period, including the corresponding compensation. The directors' remuneration for the 2021 financial year includes fixed items of remuneration of directors in their capacity as such, as well as the short- and long-term fixed and variable remuneration accrued by the former Executive Chairman, Mr Pablo Isla Álvarez de Tejera, the new CEO, Mr Óscar García Maceiras, and the outgoing CEO, Mr Carlos Crespo González, for the performance of their executive duties. In particular, it includes:

The amounts corresponding to the remunerations accrued by: (i) Mr Pablo Isla Álvarez de Tejera, as a director and for the performance of his executive duties, from 1 February 2021 through 31 January 2022; (ii) Mr Óscar García Maceiras, as a director and for the performance of his executive duties, from 1 December 2021, the date of economic effects of his appointment, through 31 January 2022; and (iii) Mr Carlos Crespo González, as a director and for the performance of his executive duties, from 1 February 2021 through 30 November 2021, the date of economic effects of his resignation.

With regard to the long-term variable remuneration, included therein is the amount accrued for the first cycle (2019-2022) of the 2019-2023 Long-Term Incentive Plan. The incentive accrued in 2021 by the executive directors in terms of this incentive was 6,921 thousand euros. In turn, the sum of 27,581 thousand euros was accrued by the Senior Managers. This incentive materialised as follows:

- Executive directors: (i) an incentive in cash in the aggregate gross amount of 1,760 thousand euros for the former Executive Chairman, 36 thousand euros for the incoming CEO, and 1,099 thousand euros for the outgoing CEO; and, (ii) an incentive in shares equivalent to a total of 112,953 shares for the former Executive Chairman, corresponding to the gross amount of 2,458 thousand euros, 1,552 shares for the incoming CEO, corresponding to the gross amount of 34 thousand euros, and 70,499 shares for the outgoing CEO, corresponding to a gross amount of 1,534 thousand euros.

- Senior Managers: (i) an incentive in cash in the aggregate gross amount of 13,472 thousand euros, and (ii) an incentive in shares equivalent to 648,398 shares, corresponding to the gross amount of 14,109 thousand euros.

It bears mention that for the purposes of quantifying the part of such incentive to be delivered in shares, the closing price of Inditex share on the last business day of the week before the board meeting when the board of directors assessed and approved the level of target achievement for the first cycle of the 2019-2023 Plan was assessed and approved (i.e. 11 March 2022).

The incentive in cash and in shares was delivered within the month following the publication of the annual accounts for 2021.

31. External auditors

In 2022 and 2021 the fees for financial audit and other services provided by the auditor of the Group's annual accounts, Ernst & Young (Deloitte in 2021), or by any firms related to this auditor as a result of a relationship of control, common ownership or common management, were as follows:

	2022	**2021**
Audit services	6.7	7.3
Other assurance services	0.1	0.8
Total audit and similar services	**6.8**	**8.1**
Tax services	0.1	-
Other services	-	0.2
Total professional services	**6.9**	**8.3**

Furthermore, audit fees for services provided by auditors other than the main auditor, Ernst & Young (Deloitte in 2021) in 2022 amounted to 0.3 million euros (0.1 million euros in 2021).

32. Environment

Inditex has developed a flexible and integrated business model, with a strong customer focus and a clear approach in sustainability. In this regard, the bases of Inditex's sustainability strategy (which includes both the environmental and social areas) is outlined in its Sustainability Policy, which sets out, among other aspects, the Group's environmental principles, which are applied transversally across all its business areas and throughout its entire value chain.

These principles are embodied by three environmental strategies: Global Energy Strategy, Global Water Strategy and Biodiversity Strategy, as well as the commitments in respect of forest products, set forth in the Forest Product Policy.

Inditex has diverse sustainability objectives such as the use of 100% renewable electricity at its own facilities, the use of preferred fibres in its products (100% cotton and cellulosic fibres in 2023 and 100% polyester and linen in 2025) and a 25% reduction in water consumption in the supply chain by 2025, among others.

At the year-end, Inditex has no environmental liabilities, expenses, assets, provisions or contingencies that might be material with respect to its equity, financial position and profits (losses). Climate change has been assessed as part of the estimates and judgements made in the preparation of the consolidated accounts (Note 2) and is not considered to have a material impact thereupon.

The Non-Financial Information Statement of the Group includes information on Inditex's Commitment to Sustainability mainly in the following sections: 5.3 Our products, 5.5 Environment, 5.6 Suppliers and 5.7 Communities, as well as information on the risks and opportunities of climate change in section 6.3.4 Climate Change: risks and opportunities.

33. Non-current assets held for sale and other results

As a result of the Ukraine conflict, the Group halted operations in Ukraine as of 24 February 2022 and in the Russian Federation as of 5 March 2022.

a) Non-current assets held for sale

On 25 October 2022, the Group reached a preliminary agreement to sell the business in the Russian Federation to the Daher Group. At the date of preparation of these consolidated annual accounts, negotiations are being finalised, estimating that the conditions of the final agreement will not differ substantially from the agreement signed on 25 October 2022.

The agreement considers, through the sale of all of the shares of the company Joint Stock Company New Fashion (former JSC Zara CIS), the transfer of the assets and rights associated with 245 stores of the 514 that the Group had in Russia. Once the sales agreement is completed, the transferred premises will house points of sale of brands belonging to the Daher Group, totally unrelated to the Inditex Group. The agreement therefore considers Inditex Group's right to provide a franchise agreement to the Daher Group if new circumstances arise which, in Inditex's opinion, allowed the return of the Group's brands to this market. The transaction is subject to the obtaining of the relevant administrative authorisations from the Russian authorities, which at the date are in progress.

The amount of the net assets classified as held for sale have been adjusted to their realisable value. The detail as 31 January 2023, is as follows:

	31/01/2023
Fixed assets and other current assets	182
Deferred tax	12
Trade receivables and other current assets	22
Cash and cash equivalents	2
Trade creditors and other current liabilities	(35)
Total non-current assets held for sale	**183**

Non-current assets that do not form part of the transaction were fully impaired.

b) Other results

Under Other results of the consolidated income statement, with an amount of 231 million, the impact that the stoppage of operations in Ukraine and Russia has had for the Group in 2022 has been recognised, as well as the estimated cost associated with the termination and settlement of the Group's operations in the Russian Federation.

This amount mainly corresponds to personnel and lease expenses for a total of 129 million euros, the amortization and disposal of non-current assets amounting to 82 million euros and the reclassification of accumulated translation differences amounting to 7 million euros as a consequence of the termination of the Group's operations in Russia.

34. Events after the reporting period

Turkey is under the effects of the catastrophic earthquakes that have been occurring since February 6, 2023. Despite the fact that some of the factories of the Turkish supplier cluster are concentrated in the area affected by the earthquakes, the impact on the Group's global supply chain is not relevant, and both our and our supplier´s operations in the affected area tend to normalize.

35. Explanation added for translation to English

These consolidated annual accounts are presented on the basis of the regulatory financial reporting framework applicable to the Group in Spain (see Note 2). Certain accounting practices applied by the Group that conform with that regulatory framework may not conform with other generally accepted accounting principles and rules.

Appendix 1:
Composition of the Inditex Group

Company	Effective % of ownership	Location	Consolidation method	Reporting date	Concept	Line of business
Subsidiaries:						
Industria De Diseño Textil, S.A. (Inditex, S.A.)	Parent	A Coruña - Spain	Full Consol.	31-jan	—	Parent
Bershka Bsk España, S.A.	100.00%	Barcelona - Spain	Full Consol.	31-jan	Bershka	Retail sales
Bershka Cis Limited Liability Company	100.00%	Moscow - Russia	Full Consol.	31-dec	Bershka	Retail sales
Bershka Commercial (Beijing) Co. Ltd.	100.00%	Beijing - China	Full Consol.	31-dec	Bershka	Retail sales
Bershka Commercial (Shanghai) Co., Ltd.	100.00%	Shanghai - China	Full Consol.	31-dec	Bershka	Retail sales
Bershka Diseño, S.L.	100.00%	Barcelona - Spain	Full Consol.	31-jan	Bershka	Design
Bershka France, S.A.R.L.	100.00%	Paris - France	Full Consol.	31-jan	Bershka	Retail sales
Bershka Hong Kong, Ltd.	100.00%	Hong Kong SAR	Full Consol.	31-jan	Bershka	Retail sales
Bershka Korea, Ltd.	100.00%	Seoul - South Korea	Full Consol.	31-jan	Bershka	Retail sales
Bershka Logística, S.A.	100.00%	Barcelona - Spain	Full Consol.	31-jan	Bershka	Logistics
Bershka Polska, Sp. Z O.O.	100.00%	Warsaw - Poland	Full Consol.	31-jan	Bershka	Retail sales
Bershka Usa, Inc	100.00%	New York - USA	Full Consol.	31-jan	Bershka	Retail sales
Best Retail Kazakhstan, Llp	100.00%	Almaty - Kazakhstan	Full Consol.	31-dec	Bershka	Retail sales
Bske, Gmbh	100.00%	Hamburg - Germany	Full Consol.	31-jan	Bershka	Holding company
Itx Taiwan B.V. Bershka Taiwan Branch	100.00%	Taipei - Taiwan	Full Consol.	31-jan	Bershka	Dormant
Kg Bershka Deutschland, B.V. & Co.	100.00%	Hamburg - Germany	Full Consol.	31-jan	Bershka	Retail sales
Limited Liability Company "Bk Garments Blr"	100.00%	Minsk - Belarus	Full Consol.	31-dec	Bershka	Retail sales
Grupo Massimo Dutti, S.A.	100.00%	Barcelona - Spain	Full Consol.	31-jan	Massimo Dutti	Retail sales
Itx Taiwan B.V. Massimo Dutti Taiwan Branch	100.00%	Taipei - Taiwan	Full Consol.	31-jan	Massimo Dutti	Dormant
Kg Massimo Dutti Deutschland, B.V. & Co.	100.00%	Hamburg - Germany	Full Consol.	31-jan	Massimo Dutti	Retail sales
Limited Liability Company "Massimo Dutti Blr"	100.00%	Minsk - Belarus	Full Consol.	31-dec	Massimo Dutti	Retail sales
Massimo Dutti Belux, S.A.	100.00%	Bruges - Belgium	Full Consol.	31-jan	Massimo Dutti	Retail sales
Massimo Dutti Commercial (Beijing) Co. Ltd.	100.00%	Beijing - China	Full Consol.	31-dec	Massimo Dutti	Retail sales
Massimo Dutti Commercial (Shanghai) Co. Ltd.	100.00%	Shanghai - China	Full Consol.	31-dec	Massimo Dutti	Retail sales
Massimo Dutti Deutschland, Gmbh	100.00%	Hamburg - Germany	Full Consol.	31-jan	Massimo Dutti	Holding company
Massimo Dutti Diseño, S.L.	100.00%	Barcelona - Spain	Full Consol.	31-jan	Massimo Dutti	Design
Massimo Dutti France, S.A.R.L.	100.00%	Paris - France	Full Consol.	31-jan	Massimo Dutti	Retail sales
Massimo Dutti Hong Kong, Ltd.	100.00%	Hong Kong SAR	Full Consol.	31-jan	Massimo Dutti	Retail sales
Massimo Dutti India Private Limited	51.00%	Gurgaon - India	Full Consol.	31-mar.	Massimo Dutti	Retail sales
Massimo Dutti Korea, Ltd.	100.00%	Seoul - South Korea	Full Consol.	31-jan	Massimo Dutti	Retail sales
Massimo Dutti Limited Liability Company	100.00%	Moscow - Russia	Full Consol.	31-dec	Massimo Dutti	Retail sales
Massimo Dutti Logística, S.A.	100.00%	Barcelona - Spain	Full Consol.	31-jan	Massimo Dutti	Logistics
Massimo Dutti Macau Limitada	100.00%	Macao SAR	Full Consol.	31-dec	Massimo Dutti	Retail sales
Massimo Dutti Polska, Sp. Z O.O.	100.00%	Warsaw - Poland	Full Consol.	31-jan	Massimo Dutti	Retail sales
Massimo Dutti Uk, Ltd.	100.00%	London - UK	Full Consol.	31-jan	Massimo Dutti	Dormant
Massimo Dutti Usa, Inc.	100.00%	New York - USA	Full Consol.	31-jan	Massimo Dutti	Retail sales
Massimo Dutti, S.A.	100.00%	A Coruña - Spain	Full Consol.	31-jan	Massimo Dutti	Dormant
Master Retail Kazakhstan, Llp	100.00%	Almaty - Kazakhstan	Full Consol.	31-dec	Massimo Dutti	Retail sales
"Itx Albania" Shpk	100.00%	Tirana - Albania	Full Consol.	31-dec	Multi-concept	Retail sales

Company	Effective % of ownership	Location	Consolidation method	Reporting date	Concept	Line of business
"Itx Kosovo" L.L.C.	100.00%	Pristina	Full Consol.	31-dec	Multi-concept	Retail sales
Cdc Trading (Shanghai) Co. Ltd.	100.00%	Shanghai - China	Full Consol.	31-dec	Multi-concept	Buyer
Corporacion De Servicios Xxi, S.A. De C.V.	100.00%	Mexico City - Mexico	Full Consol.	31-dec	Multi-concept	Services
Fashion Logistics Forwarders, S.A.	100.00%	A Coruña - Spain	Full Consol.	31-jan	Multi-concept	Logistics
Fashion Retail, S.A.	100.00%	A Coruña - Spain	Full Consol.	31-jan	Multi-concept	Retail sales
Fgi Gestión Mex, S.A. De C.V.	100.00%	Mexico City - Mexico	Full Consol.	31-dec	Multi-concept	Construction
G.Zara Uruguay, S.A.	100.00%	Montevideo - Uruguay	Full Consol.	31-jan	Multi-concept	Retail sales
Goa-Invest Deutschland, Gmbh	100.00%	Hamburg - Germany	Full Consol.	31-jan	Multi-concept	Construction
Goa-Invest, S.A.	100.00%	A Coruña - Spain	Full Consol.	31-jan	Multi-concept	Construction
Indipunt, S.L.	100.00%	A Coruña - Spain	Full Consol.	31-jan	Multi-concept	Logistics
Inditex Belgique S.A.	100.00%	Brussels - Belgium	Full Consol.	31-jan	Multi-concept	Retail sales
Inditex Ceská Republika, S.R.O.	100.00%	Prague - Czech Republic	Full Consol.	31-jan	Multi-concept	Retail sales
Inditex Danmark A/S	100.00%	Copenhaguen - Denmark	Full Consol.	31-jan	Multi-concept	Retail sales
Inditex France, S.A.R.L.	100.00%	Paris - France	Full Consol.	31-jan	Multi-concept	Dormant
Inditex Montenegro, D.O.O. Podgorica	100.00%	Podgorica - Montenegro	Full Consol.	31-dec	Multi-concept	Retail sales
Inditex Norge As	100.00%	Oslo - Norway	Full Consol.	31-jan	Multi-concept	Retail sales
Inditex Österreich Gmbh	100.00%	Vienna - Austria	Full Consol.	31-jan	Multi-concept	Retail sales
Inditex Renovables, S.L.	100.00%	A Coruña - Spain	Full Consol.	31-jan	Multi-concept	Services
Inditex Romania, S.R.L.	100.00%	Bucharest - Romania	Full Consol.	31-dec	Multi-concept	Retail sales
Inditex Slovakia, S.R.O.	100.00%	Bratislava - Slovakia	Full Consol.	31-jan	Multi-concept	Retail sales
Inditex Ukraine Llc	100.00%	Kiev - Ukraine	Full Consol.	31-dec	Multi-concept	Retail sales
Inditex Usa, Llc	100.00%	New York - USA	Full Consol.	31-jan	Multi-concept	Holding company
Itx Asia Pacific Enterprise Management, Co., Ltd.	100.00%	Shanghai - China	Full Consol.	31-dec	Multi-concept	Buyer
Itx Bh D.O.O.	100.00%	Sarajevo - Bosnia Herzegovina	Full Consol.	31-dec	Multi-concept	Retail sales
Itx Bulgaria Eood	100.00%	Sofia - Bulgaria	Full Consol.	31-dec	Multi-concept	Retail sales
Itx Canada, Ltd	100.00%	Montreal - Canada	Full Consol.	31-jan	Multi-concept	Retail sales
Itx Croatia, Ltd.	100.00%	Zagreb - Croatia	Full Consol.	31-jan	Multi-concept	Retail sales
Itx E-Commerce (Shanghai) Co., Ltd.	100.00%	Shanghai - China	Full Consol.	31-dec	Multi-concept	Retail sales
Itx Financien III, B.V.	100.00%	Amsterdam - Netherlands	Full Consol.	31-jan	Multi-concept	Financial services
Itx Financiën, B.V.	100.00%	Amsterdam - Netherlands	Full Consol.	31-jan	Multi-concept	Financial services
Itx Finland Oy	100.00%	Helsinki - Finland	Full Consol.	31-jan	Multi-concept	Retail sales
Itx Global Solutions Limited	100.00%	Hong Kong SAR	Full Consol.	31-jan	Multi-concept	Services
Itx Hellas Single Member S.A.	100.00%	Athens - Greece	Full Consol.	31-jan	Multi-concept	Retail sales
Itx Italia Srl	100.00%	Milan - Italy	Full Consol.	31-jan	Multi-concept	Retail sales
Itx Japan Corporation	100.00%	Tokyo - Japan	Full Consol.	31-jan	Multi-concept	Retail sales
Itx Korea Limited	100.00%	Seoul - South Korea	Full Consol.	31-jan	Multi-concept	Retail sales
Itx Luxembourg S.A.	100.00%	Luxembourg - Luxembourg	Full Consol.	31-jan	Multi-concept	Retail sales
Itx Magyarország Kft.	100.00%	Budapest - Hungary	Full Consol.	31-jan	Multi-concept	Retail sales
Itx Merken, B.V.	100.00%	Amsterdam - Netherlands	Full Consol.	31-jan	Multi-concept	Services
Itx Nederland Bv	100.00%	Amsterdam - Netherlands	Full Consol.	31-jan	Multi-concept	Retail sales
Itx Portugal - Confecções, S.A.	100.00%	Lisbon - Portugal	Full Consol.	31-jan	Multi-concept	Retail sales
Itx Re Designated Activity Company	100.00%	Dublin - Ireland	Full Consol.	31-jan	Multi-concept	Insurance
Itx Retail Ireland Limited	100.00%	Dublin - Ireland	Full Consol.	31-jan	Multi-concept	Retail sales
Itx Retail Mexico, S.A. De C.V.	100.00%	Mexico City - Mexico	Full Consol.	31-dec	Multi-concept	Retail sales
Itx Retail Suisse Sarl	100.00%	Fribourg - Switzerland	Full Consol.	31-jan	Multi-concept	Retail sales
Itx Rs Doo Beograd	100.00%	Belgrade - Serbia	Full Consol.	31-jan	Multi-concept	Retail sales

Company	Effective % of ownership	Location	Consolidation method	Reporting date	Concept	Line of business
Itx S, D.O.O	100.00%	Ljubljana - Slovenia	Full Consol.	31-jan	Multi-concept	Retail sales
Itx Services India Private Limited	100.00%	Gurgaon - India	Full Consol.	31-mar	Multi-concept	Buyer
Itx Sverige Ab	100.00%	Stockholm - Sweden	Full Consol.	31-jan	Multi-concept	Retail sales
Itx Taiwan B.V. Taiwan Branch	100.00%	Taipei - Taiwan	Full Consol.	31-jan	Multi-concept	Retail sales
Itx Trading, S.A.	100.00%	Fribourg - Switzerland	Full Consol.	31-jan	Multi-concept	Buyer
Itx Tryfin B.V.	100.00%	Amsterdam - Netherlands	Full Consol.	31-jan	Multi-concept	Financial services
Itx Turkey Perakende Ithalat Ihracat Ve Ticaret Limited Sirketi	100.00%	Istanbul - Turkey	Full Consol.	31-jan	Multi-concept	Retail sales
Itx Uk Ltd.	100.00%	London - UK	Full Consol.	31-jan	Multi-concept	Retail sales
Itx Usa, Llc	100.00%	New York - USA	Full Consol.	31-jan	Multi-concept	Retail sales
Itxr Macedonia Dooel Skopje	100.00%	Skopje - North Macedonia Rep.	Full Consol.	31-dec	Multi-concept	Retail sales
Lelystad Platform, B.V.	100.00%	Amsterdam - Netherlands	Full Consol.	31-jan	Multi-concept	Logistics
Nueva Comercializadora Global Xxi, S.A. De C.V.	100.00%	Mexico City - Mexico	Full Consol.	31-dec	Multi-concept	Logistics
Plataforma Logística Meco, S.A.	100.00%	Madrid - Spain	Full Consol.	31-jan	Multi-concept	Logistics
Zara Chile, S.A.	100.00%	Santiago de Chile - Chile	Full Consol.	31-dec	Multi-concept	Retail sales
Zara Holding II, B.V.	100.00%	Amsterdam - Netherlands	Full Consol.	31-jan	Multi-concept	Holding company
Zara Holding, B.V.	100.00%	Amsterdam - Netherlands	Full Consol.	31-jan	Multi-concept	Holding company
Limited Liability Company "Oysho Blr"	100.00%	Minsk - Belarus	Full Consol.	31-dec	Oysho	Retail sales
Oysho Cis Limited Liability Company	100.00%	Moscow - Russia	Full Consol.	31-dec	Oysho	Retail sales
Oysho Commercial & Trading (Shanghai) Co. Ltd.	100.00%	Shanghai - China	Full Consol.	31-dec	Oysho	Retail sales
Oysho Diseño, S.L.	100.00%	Barcelona - Spain	Full Consol.	31-jan	Oysho	Design
Oysho España, S.A.	100.00%	Barcelona - Spain	Full Consol.	31-jan	Oysho	Retail sales
Oysho France, S.A.R.L.	100.00%	Paris - France	Full Consol.	31-jan	Oysho	Retail sales
Oysho Hong Kong Limited	100.00%	Hong Kong SAR	Full Consol.	31-jan	Oysho	Retail sales
Oysho Kazakhstan, Llp	100.00%	Almaty - Kazakhstan	Full Consol.	31-dec	Oysho	Retail sales
Oysho Korea, Ltd.	100.00%	Seoul - South Korea	Full Consol.	31-jan	Oysho	Retail sales
Oysho Logística, S.A.	100.00%	Barcelona - Spain	Full Consol.	31-jan	Oysho	Logistics
Oysho Macau Limitada	100.00%	Macao SAR	Full Consol.	31-dec	Oysho	Retail sales
Oysho Polska, Sp. Z O.O.	100.00%	Warsaw - Poland	Full Consol.	31-jan	Oysho	Retail sales
Itx Taiwan B.V. Pull & Bear Taiwan Branch	100.00%	Taipei - Taiwan	Full Consol.	31-jan	Pull & Bear	Dormant
Limited Liability Company "Pull And Bear Blr"	100.00%	Minsk - Belarus	Full Consol.	31-dec	Pull & Bear	Retail sales
P&Be, Gmbh	100.00%	Hamburg - Germany	Full Consol.	31-jan	Pull & Bear	Holding company
Plataforma Cabanillas, S.A.	100.00%	A Coruña - Spain	Full Consol.	31-jan	Pull & Bear	Logistics
Pro Retail Kazakhstan, Llp	100.00%	Almaty - Kazakhstan	Full Consol.	31-dec	Pull & Bear	Retail sales
Pull & Bear Belgique, S.A.	100.00%	Brussels - Belgium	Full Consol.	31-jan	Pull & Bear	Retail sales
Pull & Bear Commercial (Beijing) Co. Ltd.	100.00%	Beijing - China	Full Consol.	31-dec	Pull & Bear	Retail sales
Pull & Bear Deutschland, B.V. & Co. Kg	100.00%	Hamburg - Germany	Full Consol.	31-jan	Pull & Bear	Retail sales
Pull & Bear Diseño, S.L.	100.00%	A Coruña - Spain	Full Consol.	31-jan	Pull & Bear	Design
Pull & Bear España, S.A.	100.00%	A Coruña - Spain	Full Consol.	31-jan	Pull & Bear	Retail sales
Pull & Bear France, S.A.R.L.	100.00%	Paris - France	Full Consol.	31-jan	Pull & Bear	Retail sales
Pull & Bear Korea, Ltd.	100.00%	Seoul - South Korea	Full Consol.	31-jan	Pull & Bear	Retail sales
Pull & Bear Logística, S.A.	100.00%	A Coruña - Spain	Full Consol.	31-jan	Pull & Bear	Logistics
Pull & Bear Polska, Sp. Z O.O.	100.00%	Warsaw - Poland	Full Consol.	31-jan	Pull & Bear	Retail sales
Pull And Bear Cis Limited Liability Company	100.00%	Moscow - Russia	Full Consol.	31-dec	Pull & Bear	Retail sales

Company	Effective % of ownership	Location	Consolidation method	Reporting date	Concept	Line of business
Pull And Bear Hong Kong, Ltd.	100.00%	Hong Kong SAR	Full Consol.	31-jan	Pull & Bear	Retail sales
Limited Liability Company "Stradivarius Blr"	100.00%	Minsk - Belarus	Full Consol.	31-dec	Stradivarius	Retail sales
Spanish Retail Kazakhstan, Llp	100.00%	Almaty - Kazakhstan	Full Consol.	31-dec	Stradivarius	Retail sales
Stradivarius Belgique, S.A.	100.00%	Brussels - Belgium	Full Consol.	31-jan	Stradivarius	Retail sales
Stradivarius Cis Limited Liability Company	100.00%	Moscow - Russia	Full Consol.	31-dec	Stradivarius	Retail sales
Stradivarius Commercial (Shanghai) Co. Ltd	100.00%	Shanghai - China	Full Consol.	31-dec	Stradivarius	Retail sales
Stradivarius Diseño, S.L.	100.00%	Barcelona - Spain	Full Consol.	31-jan	Stradivarius	Design
Stradivarius España, S.A.	100.00%	Barcelona - Spain	Full Consol.	31-jan	Stradivarius	Retail sales
Stradivarius France, S.A.R.L.	100.00%	Paris - France	Full Consol.	31-jan	Stradivarius	Retail sales
Stradivarius Hong Kong, Ltd.	100.00%	Hong Kong SAR	Full Consol.	31-jan	Stradivarius	Retail sales
Stradivarius Korea, Ltd.	100.00%	Seoul - South Korea	Full Consol.	31-jan	Stradivarius	Retail sales
Stradivarius Logística, S.A.	100.00%	Barcelona - Spain	Full Consol.	31-jan	Stradivarius	Logistics
Stradivarius Polska, Sp. Z O.O.	100.00%	Warsaw - Poland	Full Consol.	31-jan	Stradivarius	Retail sales
Uterqüe Giyim Ithalat Ihracat Ve Ticaret Limited Sirketi	100.00%	Istanbul - Turkey	Full Consol.	31-jan	Uterqüe	Dormant
Uterqüe Kazakhstan Llp	100.00%	Almaty - Kazakhstan	Full Consol.	31-dec	Uterqüe	Dormant
Uterqüe Mexico, S.A. De C.V.	100.00%	Mexico City - Mexico	Full Consol.	31-dec	Uterqüe	Dormant
Uterqüe Polska Sp. Z O.O.	100.00%	Warsaw - Poland	Full Consol.	31-jan	Uterqüe	Dormant
Choolet, S.A.	100.00%	A Coruña - Spain	Full Consol.	31-jan	Zara	Textile Manufacturing
Comditel, S.A.	100.00%	Barcelona - Spain	Full Consol.	31-jan	Zara	Buyer
Confecciones Fios, S.A.	100.00%	A Coruña - Spain	Full Consol.	31-jan	Zara	Textile Manufacturing
Confecciones Goa, S.A.	100.00%	A Coruña - Spain	Full Consol.	31-jan	Zara	Textile Manufacturing
Denllo, S.A.	100.00%	A Coruña - Spain	Full Consol.	31-jan	Zara	Textile Manufacturing
Fsf New York, Llc.	100.00%	New York - USA	Full Consol.	31-jan	Zara	Real estate
Fsf Soho, Llc	100.00%	New York - USA	Full Consol.	31-jan	Zara	Real estate
Glencare, S.A.	100.00%	A Coruña - Spain	Full Consol.	31-jan	Zara	Textile Manufacturing
Inditex Australia Pty Ltd	100.00%	Sydney - Australia	Full Consol.	31-jan	Zara	Retail sales
Inditex Logistica, S.A.	100.00%	A Coruña - Spain	Full Consol.	31-jan	Zara	Logistics
Inditex Trent Retail India Private, Ltd.	51.00%	Gurgaon - India	Full Consol.	31-mar.	Zara	Retail sales
Inditex Vastgoed Korea, Ltd.	100.00%	Seoul - South Korea	Full Consol.	31-jan	Zara	Real estate
Inditex, S.A.	100.00%	A Coruña - Spain	Full Consol.	31-jan	Zara	Dormant
Itx Hong Kong Limited	100.00%	Hong Kong SAR	Full Consol.	31-jan	Zara	Retail sales
Itx Taiwan, B.V.	100.00%	Amsterdam - Netherlands	Full Consol.	31-jan	Zara	Holding company
Joint Stock Company New Fashion	100.00%	Moscow - Russia	Full Consol.	31-dec	Zara	Retail sales
Kg Zara Deutschland B.V. & Co.	100.00%	Hamburg - Germany	Full Consol.	31-jan	Zara	Retail sales
Lefties España, S.A.	100.00%	A Coruña - Spain	Full Consol.	31-jan	Zara	Real estate
Limited Liability Company "Zara Blr"	100.00%	Minsk - Belarus	Full Consol.	31-dec	Zara	Retail sales
Nikole Diseño, S.L.	100.00%	A Coruña - Spain	Full Consol.	31-jan	Zara	Design
Nikole, S.A.	100.00%	A Coruña - Spain	Full Consol.	31-jan	Zara	Buyer
Plataforma Europa, S.A.	100.00%	Zaragoza - Spain	Full Consol.	31-jan	Zara	Logistics
Plataforma Logística León, S.A.	100.00%	León - Spain	Full Consol.	31-jan	Zara	Logistics
Retail Group Kazakhstan, Llp	100.00%	Almaty - Kazakhstan	Full Consol.	31-dec	Zara	Retail sales
Sci Vastgoed Ferreol P03302	100.00%	Paris - France	Full Consol.	31-dec	Zara	Real estate
Sci Vastgoed France P03301	100.00%	Paris - France	Full Consol.	31-dec	Zara	Real estate
Sci Vastgoed General Leclerc P03303	100.00%	Paris - France	Full Consol.	31-dec	Zara	Real estate

Company	Effective % of ownership	Location	Consolidation method	Reporting date	Concept	Line of business
Sci Vastgoed Nancy P03304	100.00%	Paris - France	Full Consol.	31-dec	Zara	Real estate
Snc Zara France Immobilière	100.00%	Paris - France	Full Consol.	31-dec	Zara	Real estate
Stear, S.A.	100.00%	A Coruña - Spain	Full Consol.	31-jan	Zara	Textile Manufacturing
Trisko, S.A.	100.00%	A Coruña - Spain	Full Consol.	31-jan	Zara	Textile Manufacturing
Zara Argentina, S.A.	100.00%	Buenos Aires - Argentina	Full Consol.	31-jan	Zara	Retail sales
Zara Brasil, Ltda.	100.00%	Sao Paulo - Brazil	Full Consol.	31-dec	Zara	Retail sales
Zara Commercial (Beijing) Co., Ltd	100.00%	Beijing - China	Full Consol.	31-dec	Zara	Retail sales
Zara Commercial (Shanghai) Co. Ltd.	100.00%	Shanghai - China	Full Consol.	31-dec	Zara	Retail sales
Zara Deutschland, Gmbh	100.00%	Hamburg - Germany	Full Consol.	31-jan	Zara	Holding company
Zara Diseño, S.L.	100.00%	A Coruña - Spain	Full Consol.	31-jan	Zara	Design
Zara España, S.A.	100.00%	A Coruña - Spain	Full Consol.	31-jan	Zara	Retail sales
Zara Fashion (Shanghai) Co., Ltd.	100.00%	Shanghai - China	Full Consol.	31-dec	Zara	Retail sales
Zara France, S.A.R.L.	100.00%	Paris - France	Full Consol.	31-jan	Zara	Retail sales
Zara Home Retail South Africa (Pty) Ltd.	100.00%	Johannesburg - South Africa	Full Consol.	31-jan	Zara Home	Retail sales
Zara Logística, S.A.	100.00%	A Coruña - Spain	Full Consol.	31-jan	Zara	Logistics
Zara Macau Limitada	100.00%	Macao SAR	Full Consol.	31-dec	Zara	Retail sales
Zara Management, B.V.	100.00%	Amsterdam - Netherlands	Full Consol.	31-jan	Zara	Holding company
Zara Mexico, B.V.	100.00%	Amsterdam - Netherlands	Full Consol.	31-jan	Zara	Holding company
Zara Mexico, S.A. De C.V.	100.00%	Mexico City - Mexico	Full Consol.	31-dec	Zara	Retail sales
Zara Monaco, Sam.	100.00%	Monte Carlo - Monaco	Full Consol.	31-jan	Zara	Retail sales
Zara Polska, Sp. Z O.O.	100.00%	Warsaw - Poland	Full Consol.	31-jan	Zara	Retail sales
Zara Puerto Rico, Inc.	100.00%	San Juan - Puerto Rico	Full Consol.	31-jan	Zara	Retail sales
Zara Retail Korea, Co. Ltd.	80.00%	Seoul - South Korea	Full Consol.	31-jan	Zara	Retail sales
Zara Retail Nz Limited	100.00%	Auckland - New Zealand	Full Consol.	31-jan	Zara	Retail sales
Zara Retail South Africa (Proprietary), Ltd.	90.00%	Johannesburg - South Africa	Full Consol.	31-jan	Zara	Retail sales
Zara Usa, Inc.	100.00%	New York - USA	Full Consol.	31-jan	Zara	Retail sales
Zara Vastgoed, B.V.	100.00%	Amsterdam - Netherlands	Full Consol.	31-jan	Zara	Real estate
Zara, S.A.	100.00%	A Coruña - Spain	Full Consol.	31-jan	Zara	Dormant
Zara, S.A.	100.00%	Buenos Aires - Argentina	Full Consol.	31-jan	Zara	Dormant
Zintura, S.A.	100.00%	A Coruña - Spain	Full Consol.	31-jan	Zara	Textile Manufacturing
Itx Finance Asia Limited	100.00%	Hong Kong SAR	Full Consol.	31-jan	Zara	Financial services
Itx Taiwan B.V. Zara Home Taiwan Branch	100.00%	Taipei - Taiwan	Full Consol.	31-jan	Zara Home	Dormant
Limited Liability Company "Zara Home Blr"	100.00%	Minsk - Belarus	Full Consol.	31-dec	Zara Home	Retail sales
Zara Home Australia Pty Limited	100.00%	Sydney - Australia	Full Consol.	31-jan	Zara Home	Retail sales
Zara Home Belgique, S.A.	100.00%	Brussels - Belgium	Full Consol.	31-jan	Zara Home	Retail sales
Zara Home Brasil Produtos Para O Lar, Ltda.	100.00%	Sao Paulo - Brazil	Full Consol.	31-dec	Zara Home	Retail sales
Zara Home Cis Limited Liability Company	100.00%	Moscow - Russia	Full Consol.	31-dec	Zara Home	Retail sales
Zara Home Commercial & Trading (Shanghai), Co. Ltd	100.00%	Shanghai - China	Full Consol.	31-dec	Zara Home	Retail sales
Zara Home Deutschland, B.V. & Co. Kg	100.00%	Hamburg - Germany	Full Consol.	31-jan	Zara Home	Retail sales
Zara Home Diseño, S.L.	100.00%	A Coruña - Spain	Full Consol.	31-jan	Zara Home	Design
Zara Home España, S.A.	100.00%	A Coruña - Spain	Full Consol.	31-jan	Zara Home	Retail sales
Zara Home France, S.A.R.L.	100.00%	Paris - France	Full Consol.	31-jan	Zara Home	Retail sales

Company	Effective % of ownership	Location	Consolidation method	Reporting date	Concept	Line of business
Zara Home Hong Kong Limited	100.00%	Hong Kong SAR	Full Consol.	31-jan	Zara Home	Dormant
Zara Home Kazakhstan, Llp	100.00%	Almaty - Kazakhstan	Full Consol.	31-dec	Zara Home	Retail sales
Zara Home Korea Limited	100.00%	Seoul - South Korea	Full Consol.	31-jan	Zara Home	Retail sales
Zara Home Logística, S.A.	100.00%	A Coruña - Spain	Full Consol.	31-jan	Zara Home	Logistics
Zara Home Macau Sociedade Unipessoal Limitada	100.00%	Macao SAR	Full Consol.	31-dec	Zara Home	Retail sales
Zara Home Mexico, S.A. De C.V.	100.00%	Mexico City - Mexico	Full Consol.	31-dec	Zara Home	Retail sales
Zara Home Polska, Sp. Z.O.O.	100.00%	Warsaw - Poland	Full Consol.	31-jan	Zara Home	Retail sales
Zara Home Uk, Ltd.	100.00%	London - UK	Full Consol.	31-jan	Zara Home	Dormant
Zhe, Gmbh	100.00%	Hamburg - Germany	Full Consol.	31-jan	Zara Home	Holding company

Company	Effective % of ownership	Location	Consolidation method	Reporting date	Chain	Line of business
Jointly contolled entities:						
Tempe, S.A.	50.00%	Alicante - Spain	Equity method	31-jan	Multi-concept	Sale of footwear
Tempe México, S.A. de C.V.	50.00%	Mexico City - Mexico	Equity method	31-dec	Multi-concept	Dormant
Tempe Logística, S.A.	50.00%	Alicante - Spain	Equity method	31-jan	Multi-concept	Logistics
Tempe Diseño, S.L.U.	50.00%	Alicante - Spain	Equity method	31-jan	Multi-concept	Design
Tempe Trading Asia Limited	50.00%	Hong Kong - China	Equity method	31-jan	Multi-concept	Sale of footwear
TMP Trading (Shanghai) Co. Ltd	50.00%	Shanghai - China	Equity method	31-dec	Multi-concept	Sale of footwear
Tempe Giyim, Ltd.	50.00%	Istanbul - Turkey	Equity method	31-jan	Multi-concept	Dormant

INDITEX

INTEGRATED DIRECTORS’ REPORT 2022


INDITEX
At 31 January 2023
(Amounts expressed in millions of euros)
CONSOLIDATED
DIRECTORS' REPORT
2022

Situation of the entity

The information relating to the "Situation of the entity" is detailed in section 4. Our strategy in the Inditex Group's Statement on Non-Financial Information.

Organisational structure

Inditex's corporate governance is articulated through the following institutional and operational bodies and mechanisms:

/ Annual General Meeting

/ Board of Directors

/ Executive Committee

/ Management Committee

/ Audit and Compliance Committee

/ Nomination Committee

/ Remuneration Committee

/ Sustainability Committee

/ Market Transparency Committee

/ Ethics Committee

Business performance and results

Key financial and non-financial indicators

Inditex continues to focus on four key areas: A unique product proposition, enhancing the customer experience, sustainability, and the talent and commitment of our people. Over 2022, we have seen very strong progress of our unique business model.

In 2022, Inditex's fully integrated model had a very strong operating performance. Sales, EBITDA and net income reached historic highs.

In 2022, Inditex's traffic and store sales increased markedly. Key to this was store differentiation. Online sales continue progressing satisfactorily and were above the record figures of FY2021.

Inditex ceased operations in 514 stores and online platforms in the Russian Federation on 5 March 2022. 82 stores and online operations in Ukraine remain closed since 24 February 2022.

In 2022, store sales grew 23% reflecting incremental footfall and increasing store productivity. This higher level of store sales has been achieved with 10% less stores and 6% less commercial space than in 2021. Our ongoing store optimisation and digitalisation programme continues to be key.

For FY2022, the Board of Directors will propose to the AGM a dividend increase of 29% to €1.20 per share, composed of an ordinary dividend of €0.796 and a bonus dividend of €0.404 per share. The dividend will be made up of two equal payments: On 2 May 2023 a payment of €0.60 per share (ordinary). On 2 November 2023 a payment of €0.60 per share (€0.196 ordinary + €0.404 bonus).

In 2022, Inditex opened stores in 33 markets. The group remained very active in store optimisation activities (201 openings, 186 refurbishments which include 94 enlargements and 349 absorptions). At the end of FY2022 Inditex operated 5,815 stores.

Total Selling Space (m2)	2022	2021	22/21
Zara (Zara and Zara Home)	3,027,914	3,140,790	(4)%
Pull&Bear	368,418	399,699	(8)%
Massimo Dutti	218,263	256,505	(15)%
Bershka	458,374	512,644	(11)%
Stradivarius	304,075	321,147	(5)%
Oysho	96,314	111,372	(14)%
Total	**4,473,358**	**4,742,157**	**(6)%**

In 2022, gross space increased 4.5%. Net space growth, which adjusts for absorptions, was -6%. Excluding the space closed in the Russian Federation net space growth was +1%.

A list of the number of stores by concept is included in the table below:

Concept	31/01/2023	31/01/2022
Zara	1,885	2,007
Zara Home	427	482
Pull&Bear	789	864
Massimo Dutti	548	682
Bershka	860	971
Stradivarius	849	915
Oysho	457	556
Total	**5,815**	**6,477**

Company-managed stores and franchised stores at the end 2022:

Concept	Company Managed	Franchised	Total
Zara	1,616	269	1,885
Zara Home	341	86	427
Pull&Bear	624	165	789
Massimo Dutti	436	112	548
Bershka	694	166	860
Stradivarius	647	202	849
Oysho	369	88	457
Total	**4,727**	**1,088**	**5,815**

Sales in company-managed and franchised stores:

Concept	Company Managed	Franchised
Zara (Zara and Zara Home)	87%	13%
Pull&Bear	79%	21%
Massimo Dutti	79%	21%
Bershka	81%	19%
Stradivarius	76%	24%
Oysho	81%	19%
Total	**85%**	**15%**

A list of the stores' locations by concepts and by market at FYE is included in Annex III.

In 2022, our collections were very well received by customers. Sales reached €32.6 billion (+17.5% versus 2021). Sales in constant currencies grew 18%. Sales were positive (i) in all key geographical areas (ii) both in stores and online (iii) and in all concepts.

Online sales also grew satisfactorily at 4% over the record figure of 2021 to reach €7.8 billion. Customer engagement remains very high.

Net sales by concept are shown in the table below:

Concept	2022	22/21
Zara (Zara and Zara Home)	23,761	21 %
Pull&Bear	2,152	15 %
Massimo Dutti (*)	1,593	4 %
Bershka	2,384	10 %
Stradivarius	2,056	13 %
Oysho	623	4 %
Total	**32,569**	**18 %**

*Growth excludes Uterqüe sales in Massimo Dutti's 2021 reported sales.

Store & Online sales by geographical area are shown in the table below:

Area	2022
Europe ex-Spain	47.5 %
Americas	20.0 %
Asia & RoW	18.1 %
Spain	14.4 %
Total	**100 %**

In 2022, the execution of the business model was very strong. Gross profit increased 17% to €18.6 billion. The gross margin reached 57% (-8 bps).

The tight control of operations and the implementation of efficiencies has resulted in operating expenses growth of 15%, below sales growth. Including all lease charges, operating expenses grew 5 percentage points below sales growth.

	2022	2021	22/21
Personnel expenses	4,753	4,179	14%
Rental expenses	859	519	66%
Other operating expenses	4,255	3,898	9%
Total	**9,867**	**8,596**	**15%**

EBITDA reached €8.6 billion (+20%), EBIT came to €5.5 billion (+29%).

The following chart shows the breakdown of financial results:

	2022	2021
Net financial income (losses)	56	(17)
Lease finance costs	(116)	(92)
Foreign exchange gains (losses)	(155)	(33)
Total	**(214)**	**(142)**

Results from companies consolidated by the equity method came to €53 million.

PBT increased 28% to €5.4 billion. The breakdown of profit before tax by concept is shown below:

PBT by concept		
Concept	**2022**	**2021**
Zara (Zara and Zara Home)	4,002	2,890
Pull&Bear	355	317
Massimo Dutti	226	250
Bershka	326	321
Stradivarius	371	332
Oysho	78	89
Total PBT	**5,358**	**4,199**

Net income increased 27% versus 2021 to €4.1 billion.

Return on Equity, defined as net income on average shareholder's equity:

	2022	2021
Net income	4,130	3,243
Shareholders equity - previous year	15,733	14,520
Shareholders equity - current year	17,008	15,733
Average equity	16,371	15,126
Return on Equity	**25%**	**21%**

Return on Capital Employed (ROCE), defined as PBT on average capital employed (shareholder's equity plus net financial debt):

	2022	2021
Income before taxes	5,358	4,199
Average capital employed:		
Average shareholders' equity	16,371	15,126
Average net financial debt (*)	-	-
Total average capital employed	16,371	15,126
Return on Capital employed	**33 %**	**28 %**

(*) Zero when net cash

Return on Capital Employed by concept:

Concept	2022	2021
Zara (Zara and Zara Home)	31%	25%
Pull&Bear	46%	40%
Massimo Dutti	27%	26%
Bershka	32%	32%
Stradivarius	51%	48%
Oysho	31%	35%
Total	**33%**	**28%**

To complement the financial statements included in the consolidated annual accounts of the Inditex Group, attached there is Annex II showing the 2022 results by quarter.

Issues relating to sustainability and employees

In this document includes the Group's Statement on Non-Financial Information, which includes information about issues relating to sustainability and employees in sections 4.1 Sustainability, one of our pillars; 5.1 Our People; 5.3 Our Products; 5.5 Environment; 5.6 Suppliers and 5.7 Communities.

Liquidity and capital resources

Lease adjusted Funds from Operations have increased 18%.

	2022	2021
Funds from operations*	**5,722**	**4,862**
Change in working capital	(669)	223
Cash from operations	**5,053**	**5,085**
Capital expenditure	(1,415)	(1,126)
Free Cash Flow	**3,638**	**3,959**

*The cash lease payments fixed charge has been added back.

Given the strong execution of the business model, the net cash position grew 8% to €10 billion.

	31/01/2023	31/01/2022
Cash & cash equivalents	5,561	7,021
Short term investments	4,522	2,374
Current financial debt	(13)	(35)
Non current financial debt	-	(1)
Net financial cash (debt)	**10,070**	**9,359**

In the face of possible supply chain tensions going into FY2022, Inditex temporarily accelerated inventory inflows in the first nine months of the year in order to increase product availability without any change to commitment levels. Collections were of high quality and led to strong sales growth. Due to robust sales over 2022 and a progressive normalisation in supply chain conditions by the end of the year, inventory returned to regular levels and was just 5% higher as of 31 January 2023.

	31/01/2023	31/01/2022
Inventories	3,191	3,042
Receivables	851	842
Payables	(6,561)	(6,411)
Operating working capital	**(2,520)**	**(2,526)**

Capital expenditure for FY2022 came to €1.4 billion, of which €192 million relates to extraordinary capex linked to multiyear projects.

The Group's capital structure is characterised by the low debt/equity ratio as a result of the practically non-existent financing and the strength of its equity.

The Group's organic growth and its CAPEX needs have been financed substantially in full with the funds generated by the business, which has enabled the Group to maintain its solid cash position.

The Group considers that no changes will arise with regard to the generation and management of liquidity in FY2022.

Additionally, the Group has available credit lines, against which no amounts have been drawn down (see Note 21 to the consolidated annual accounts), that guarantee access to such additional funds as might be required.

Analysis of contractual obligations and off balance sheet transactions

The section "Information on the outlook for the Group" outlines the projected execution of investments, mainly in stores, for the next financial year. However, at year-end there were no firm investment commitments of a material amount.

Main risks and uncertainties

In order to facilitate unified and comprehensive risk management, the Group has established a common definition of risk for the Organisation as a whole. Accordingly, the Group defines a risk as “any potential event that may have a negative impact on the achievement of the business objectives”.

The risks reviewed are classified and grouped in the following categories:

Financial risks

Financial risks are threats originating in the macroeconomic sphere, financial markets, global value chains and industry- or company-specific events that may prevent the proposed objectives from being attained.

The normal functioning of the Group's operations exposes it to risks of a financial nature. This category includes market risk, foreign exchange rate risk, counterparty risk, inflation and risk relating to raw material price increases, economic contraction and the competitive environment. The euro is the Group’s presentation currency. Its international transactions require the use of numerous non-euro currencies giving rise to foreign currency exchange risk. The Group has investments overseas whose assets are exposed to the foreign currency exchange risk. Given that the Group consolidates the annual accounts of all its companies in its presentation currency, i.e., in euros, it is exposed to foreign exchange translation risk resulting from all its entities located outside the Economic and Monetary Union. The Company is also exposed to the risk arising from the payment and collection flows in currencies other than the euro in relation to the acquisition and provision of goods and services in both Group and non-Group transactions.

The Group is exposed to counterparty risk from its suppliers of goods and services, as well as from its customers and business partners which could impact the normal performance of some of its operations. The majority of its revenue relates to retail sales which are collected on demand, either in cash or through a credit card. There are therefore no significant concentrations of credit risk. The financial solvency of the Group's most important third parties is analysed and monitored as part of an analysis process that also encompasses legal, compliance, reputational and other aspects. The Group is also exposed to the risk that counterparties (mainly financial) fail to comply with their obligations in relation to investing the Company's liquidity, credit policies or other funding and guarantee vehicles, as well as the derivative instruments arranged to hedge financial risks.

Interest rate and liquidity risk are also assessed. The Group manages cash at corporate level based on a highly active repatriation policy aimed at reducing the aforementioned risks to a minimum, also taking into account sovereign or jurisdiction risk. Consideration is also given to the potential impact of inflation affecting costs linked to the acquisition of goods and services. In this regard, it is worth noting the increase in the price of the many raw materials consumed directly and indirectly in the Group's operations and in its procurement of goods and services. The Group is monitoring the evolution of the raw material markets. It actively manages their impact, taking advantage of the flexibility of our business model, which enables the diversification of sources and the adaptability of the value chain based on expected demand forecasting.

Lastly, this category includes risks relating to the competitive environment, meaning the difficulties in adapting to the environment or market in which the Group operates, as regards both the procurement processes and the product retailing and sale activities. It consists of the Group's possible inability to follow and respond to changes in its target market or to adapt to new situations in its supply or distribution countries, considering the difficulties involved in recognising and taking on board the ongoing changes in fashion trends, and in manufacturing, supplying and marketing new items that meet customer expectations. The optimal achievement of business objectives may be shaped by a potential decline in sales resulting from an economic downturn, whether global or limited to one or more of the markets in which the Group operates.

Geopolitical risks

Geopolitical risks arise from a deterioration in the political situation, society's crime levels, changes in the ideology, leadership and regulation of its authorities, politically motivated conflicts at home or between nation states that threaten operations or forecast performance.

Potential instability in the territories where the Group's supply chains are located, as well as where products are marketed, is a significant risk. Sometimes instability manifests itself through frictions that hinder the normal movement of goods during the transport process, whether due to sociopolitical instability, infrastructure saturation or constraints, especially on key routes, which generate bottlenecks due to supply-demand imbalances that limit access to transport and/or erode business margins.

The business model is based on a value chain with multiple geographic origins. The Group’s integrated sales model enables it to operate in more than two hundred markets, which ensures a significant level of diversification and resilience. As a result of its broad geographic presence, the Group is directly or indirectly exposed to multiple legislations in the countries where it operates (tax, customs, labour, trade and consumer, industrial and intellectual property, personal data protection and privacy regulations). Regulatory changes, as well as differing or even divergent treatment of legal facts in different jurisdictions, expose the Group to potential negative effects of a financial, compliance and/or reputational nature.

The conflict in Ukraine has led the Group's operations in Ukraine to be suspended temporarily, and its operations in the Russian Federation to be terminated definitively (Note 33 of consolidated annual accounts). The Group continues to track the unfolding conflict and its complex repercussions closely, and to put in place plans to mitigate its impact.

Technological risks

The technological risk category includes targeted cyberattacks, collapse of critical infrastructure, industrial accidents with direct or indirect impacts, as well as the inability to adapt to technological advances.

These include the risks associated with the technological infrastructure, the effective management of information, IT and robotic networks and communications. They also include those relating to the physical and technological security of systems, in particular, the risk of cyberattacks on information systems, which could potentially compromise the continuity of operations and/or the confidentiality, integrity and availability of critical data.

These risks may significantly affect the normal functioning of the Group's operations. Some of the operational risks are concentrated at logistics centres and at third-party operators transporting goods. The concepts' clothing, footwear, accessories and household products are distributed from different logistics centres, owned by the Group and operated by third parties, located throughout Spain and complemented by a logistics connection hub in the Netherlands. There are additional smaller logistics centres located in other countries and operated by third parties which carry out small scale distribution operations.

The ability to adapt to technological innovations and evolutions in a broad sense, and digitalisation, both in customer interaction through the development of a satisfactory omni-channel experience, as well as in the improvement of operational processes, is essential to ensure the Group's commercial success in a highly competitive environment.

Environmental risks

Environmental risks are risks associated with natural disasters, climate change and the interactions resulting from human exploitation of the environment.

Key operations pertaining to business and transport processes could be paralysed as a result of natural disasters (floods, fires, earthquakes, etc.), especially if they affect the Group's critical infrastructures. The Group's performance is exposed to the potential impact of climate change in its various manifestations of physical risk, whether chronic or acute, as well as the risks resulting from the transition to a low-carbon economy.

In this regard, significant changes in weather cycles may affect consumer demand patterns and the supply and demand of textile raw materials used to manufacture the garments, among others. There are potential financial and reputational risks associated with the nature, speed and focus of policy, legal, technological and market changes as society transitions to a low-carbon economy.

There is also a risk arising from the potential adverse environmental effects of the Group's value chain due to the discharge of undesirable or hazardous substances, or potentially resulting in the loss of biodiversity, deforestation, soil degradation, shortage of raw materials, among others.

Social risks

The category of social risks includes risks arising from socio-economic trends, including the evolution of preferences in societies, social norms, demographics, as well as the prevalence of diseases and the development of public healthcare systems.

Human resource-related risks pertain to the necessity to adapt the organisational culture to the needs of staff in a new and complex environment, where the sustainability of human capital becomes more relevant and which aims to ensure the quality of employment, health and well-being of staff, work-life balance, diversity, and other factors.

This category includes the risk of infectious diseases. It corresponds to the potential disruption caused by a local, regional or global pandemic as a result of infectious diseases against which there is little or no pre-existing immunity in the human population.

Lastly, this category also includes risks which have a direct influence on the perception of the Group by its stakeholders (customers, employees, shareholders and suppliers) and society in general. They arise from the possibility of the inappropriate management of issues relating to corporate ethics, social and environmental sustainability, responsibility for the health and safety of the products, the corporate image of the Group, as well as its image in social networks, and any other potential breach that might have an impact on the Organisation's reputation.

Governance risk

Governance risks include a set of risks of a different nature. These include non-compliance by the Company, and in particular by its Board of Directors and Senior Management, with the law in a formal or material sense; good governance guidelines and best practices; as well as the commitments that Inditex voluntarily undertakes as a business, and the risks resulting from the tactical and strategic decisions of the Group's Management that may result in the non-fulfilment of the business objectives of the functional areas or of the Group, as well as regulatory risks of a criminal nature, such as crimes related to corruption, fraud and/or bribery, or any other damage to the reputation of the Company.

Risk management in the Group is a process promoted by the Board of Directors and Senior Management and is the responsibility of all members of the Group, the purpose of which is to provide reasonable assurance that the objectives established by the Group will be achieved as a response to the social and environmental challenges, furnishing all stakeholders with sufficient guarantees to ensure that the value generated will be protected.

In this context, the Group's Integrated Risk Management System ('IRMS') is based on the Risk Management and Control Policy, which sets out the basic principles, key risk factors and the general framework for risk management and control.

The Risk Management and Control Policy is implemented and complemented by specific policies and internal regulations relating to certain units or areas of the Group. The policies and internal regulations developed and implemented by these areas for the management of the different types of risks include: the Financial Risk Management Policy, the Code of Conduct and Responsible Practices, the Code of Conduct for Manufacturers and Suppliers, the Criminal Risk Prevention Policy, the Sustainability Policy, the Information Security Policy, the Policy on Human Rights, the Diversity and Inclusion Policy, the Compliance Policy, and the Anti-Money Laundering and Terrorist Financing Policy, among others.

For more details, see section 6.3 Responsible risk management of the Statement on Non-Financial Information.

Significant events after the reporting period

Turkey is under the effects of the catastrophic earthquakes that have been occurring since February 6, 2023. Despite the fact that some of the factories of the Turkish supplier cluster are concentrated in the area affected by the earthquakes, the impact on the Group's global supply chain is not relevant, and both our and our supplier´s operations in the affected area tend to normalize.

Information on the outlook for the Group

Spring/Summer 2023 collections have been very well received by our customers. Store and online sales in constant currency between 1 February and 13 March 2023 increased 13.5% versus the same period in 2022.

Adjusting for the operations in the Russian Federation and Ukraine over 2022 store and online sales in constant currency between 1 February and 13 March 2023 increased 17.5%.

Inditex continues to see strong growth opportunities. Our key priorities are to continually improve the product proposition, to enhance the customer experience, to increase our focus on sustainability and to preserve the talent and commitment of our people. Prioritising these areas will drive long-term organic growth.

The flexibility and responsiveness of our business in conjunction with in-season proximity sourcing allows a rapid reaction to fashion trends and a unique market position. Our business model has great potential going forward.

The growth of the Group is underpinned by the investment in stores, the advances made to the online sales channel and the improvements to the logistics platforms with a clear focus on innovation and technology. Sustainability is a key part of the strategy.

Over 2022, we have seen very strong progress of our unique business model and a material increase in differentiation through efficiencies in all areas of our operations that will result in an enhanced customer experience.

To take our business model to the next level and extend our differentiation further we are developing a number of initiatives in key areas for the coming years.

/ Product Proposition

We will continue focusing on the creativity, quality and design of all our products and reinforcing the commercial initiatives of all our concepts. Zara Woman Vacation Look, Massimo Dutti Linen or Bershka Denim Statement are just some of the proposals that will be available throughout 2023.

To strengthen our ability to offer customers the latest fashion where and when they want, we are going to increase our logistics capacity in our distribution centers in Arteixo, in Zaragoza and in Lelystad (Zara), Tordera (Bershka) and Sallent (Stradivarius) with a special focus on the optimisation and automation of our operations.

/ Customer experience

We will continue to offer the best shopping experience to our customers, both in our stores and on our online platforms.

Regarding our stores, the concepts will launch in new markets (Stradivarius in Germany, Oysho in the United Kingdom) and new locations (Zara in Champs Elysées-Paris and in Plaza del Duque-Seville). Additionally, we will make important enlargements in some of our most emblematic stores (Zara Rue de Rivoli-Paris, Zara Stratford-London or Bershka Vittorio Emmanuelle-Milan).

We see significant long-term growth opportunities in the United States. Over 2023-2025, Zara will undertake at least 30 projects (new stores, relocations and enlargements) in cities such as New York, Los Angeles, Miami, Chicago, Boston, Dallas, Austin and Las Vegas.

From 2023, we will introduce a new security technology in our stores that will eliminate the need for hard tags. This new technology will allow a significant improvement in customer experience, facilitating interaction with our products and improving the purchasing process. The new system will be progressively implemented in all the concepts and will be the basis for us to continue deepening the digitalisation of stores and their integration with online platforms in the coming years.

In our online channels, we will also continue to improve our customers' experience by making tools available to them such as a new size recommender and a real-time personalisation model that will facilitate the search.

/ Sustainability

At Inditex we are on the right track to achieve all the sustainability commitments previously announced. In this sense, in 2022 we achieved 100% of the electricity used in our facilities (central services, logistics platforms and stores) from renewable energy.

In terms of circularity, the Zara Pre-Owned platform, currently available in the United Kingdom, will reach new relevant markets, starting with France and Germany. Through this platform, we will continue helping our customers to extend the life cycle of their Zara garments through donation, repair or resale.

We continue deepening our sustainability strategy and we will present at the next AGM new commitments that demonstrate our ambition in this area.

/ People

We will continue to promote the talent and commitment of our teams in order to reinforce our attractiveness as a benchmark employer.

In 2023, our Changemakers project will already be present in all markets and with the ambition of having at least one sustainability ambassador in each store.

We are increasing our diverse and inclusive character, strengthened by our incorporation into the Global Business and Disability Network of the International Labor Organization (ILO) and our commitment to double the number of employees with some type of disability in two years.

Our commitment goes beyond our teams and reaches the people who work in our supply chain. In 2022, we have reached the fifteenth anniversary of our agreement with IndustriALL. This is one of the key tools used to promote worker participation, respect for freedom of association and collective bargaining. The next step will be the launch of a new strategy for Workers in the Centre 2023-2025 with renewed ambition in order to be able to positively transform the entire industry.

Inditex operates in 213 markets with low share in a highly fragmented sector and we see strong growth opportunities. We expect increased sales productivity in our stores going forward. The growth of gross space in 2023 will be around 3%. Optimisation of stores is ongoing. Inditex expects space contribution to sales to be positive in 2023. We continue to see a very healthy evolution of online sales and an increasing participation in the group total. At current exchange rates Inditex expects a -1% currency impact on sales in FY2023.

For 2023, Inditex expects a stable gross margin (+/-50 bps).

For 2023, we are planning investments that will scale our capabilities, obtain efficiencies and increase our competitive differentiation to the next level. We estimate ordinary capital expenditure of around €1.6 billion.

R&D+I activities

The Inditex Group carries out research, development and innovation activities in all areas of its business with the aim of improving the manufacturing and distribution processes and developing technologies that facilitate business management, either using its own resources or with the help of third parties. In particular, we highlight the activity of designing clothing, accessories and household items, logistics and those related to technology linked to point-of-sale terminals, to administration and inventory management systems, to delivery systems at distribution centres, to communication with stores, to garment labelling and, finally, to the activity linked to the digital transformation of the business.

Acquisition and sale of treasury shares

The Annual General Meeting held on 16 July 2019, approved a 2019-2023 Long-Term Incentive Plan (Note 26 to the consolidated annual accounts for 2019) and authorised the Board of Directors to derivatively acquire treasury shares to cater for this plan. Likewise, the Annual General Meeting held on 13 July 2021 approved a new 2021-2025 Long-Term Incentive Plan (Note 26 to the consolidated annual accounts for 2021).

At 31 January 2022, the Company owned a total of 4,226,305 treasury shares, representing 0.136% of the share capital.

During the first half of 2022, the first cycle (2019-2022) of the 2019-2023 Long Term Incentive Plan was settled. The part of the incentive in shares was delivered to the Plan beneficiaries and charged to treasury shares already owned by the Company on the delivery date. 1,793,791 shares, representing 0.058% of the share capital were delivered.

On 12 July 2022, pursuant to a new Temporary Share Buy-back Programme and under the authorisation in force granted by the Annual General Meeting, 2,500,000 treasury shares were acquired, in order to enable the Parent to fulfil the requirements of shares delivery to beneficiaries of the second cycle of the 2019-2023 Long-Term Incentive Plan as well as to the beneficiaries of the first cycle, and if applicable, the second cycle of the 2021-2025 Long-Term Incentive Plan.

Consequently, at 31 January 2023, the Company owned a total of 4,932,514 treasury shares, representing 0.158% of the share capital.

Other salient information

Stock market information

The Inditex share price closed 2022 at 28.62 euros per share on 31 January 2023, presenting an increase of 7%. The average daily trading volume was approximately 4.3 million shares. In the same period, the Ibex 35 was up by 5% while the Dow Jones Stoxx 600 Retail rose by 17%.

Inditex's market capitalisation stood at 89,199 million euros at the end of the period, up 873% on its capitalisation when its shares were admitted to trading on 23 May 2001, as compared with a 6% decrease in the Ibex 35 index in the same period.

The dividend for 2021 totalling 0.93 euros per issued share was paid in May and November 2022.

Dividends policy

The dividends paid by the Parent in 2022 and 2021 amounted to 2,895 million euros and 2,180 million euros, respectively. These amounts correspond to payments of 0.93 euros per share and 0.70 euros per share, respectively.

The distribution proposed by the Board of Directors is shown in Note 29.

Other disclosures

Related party transactions

Transactions with related parties are described in Note 28 and 30 to the consolidated annual accounts. The Company did not carry out any related party transactions during the year that substantially affected its financial position or results.

Information on average payment periods required by Law 15/2010, of 5 July

The Group's supplier payment policy complies with the periods for payment to suppliers set in the late payment legislation in force. The Group is developing measures to try to reduce the payment period in those rare cases in which the established maximum payment period is exceeded. The aforementioned measures will focus on reducing the length of the processes involved in the receipt, verification, acceptance and accounting of invoices (enhancing use of electronic and technological methods) and improving the procedure for incident resolution in these processes.

Annual Corporate Governance Report

The Annual Corporate Governance Report for 2022 is included herein. It will be filed with the Spanish National Securities Market Commission (CNMV) as an additional regulatory disclosure on 15 March 2023 and is available at www.inditex.com and on the CNMV website(www.cnmv.es).

Non-financial and diversity, equality, non-discrimination and disability information

Group´s Statement on Non-Financial Information includes information on diversity, equality, non-discrimination and disability is provided in sections 5.1.1 Diversity, inclusion, equality and work-life balance and 5.1.5 Remuneration policy, which include information about diversity, equality, no discrimination and disability.

Alternative performance measures

The Gross Margin, EBITDA, EBIT, PBT, ROCE, ROE, working capital, net financial position, average net financial debt, quarterly results, sales growth at constant exchange rates and sales in comparable stores, are defined in Note 2 to the consolidated annual accounts for 2022.

The information disclosed in this document may contain statements in relation to future intentions, expectations and projections. All such statements, except for those based on historical data, are forward-looking statements, including, inter alia, those that address our financial position, business strategy, management plans and objective for future transactions. The aforementioned intentions, expectations or projections are subject per se to risks and uncertainties which could cause actual results to differ from those anticipated.

These risks include, but are not limited to, competition within the sector, consumer preferences and spending trends, economic and legal conditions, restrictions on free trade and/or political instability in those markets where the Inditex Group has a presence or in those countries in which Group products are manufactured or distributed.

The risks and uncertainties that could potentially have an impact on the information disclosed are difficult to predict. The Group undertakes no obligation to publicly update or revise any of the forward-looking statements in the event that any unforeseen changes or events arise which might affect them.

Annex II

Income statement: FY2022 quarterly results:

	2022 Quarterly results			
	Q1	**Q2**	**Q3**	**Q4**
Net sales	6,742	8,103	8,211	9,514
Cost of sales	(2,688)	(3,563)	(3,272)	(4,488)
Gross profit	**4,054**	**4,539**	**4,939**	**5,026**
	60.1 %	56.0 %	60.2 %	52.8 %
Operating expenses	(2,126)	(2,424)	(2,440)	(2,877)
Other net operating income (losses)	(11)	(3)	(8)	(21)
Gross operating profit (EBITDA)	**1,917**	**2,112**	**2,491**	**2,129**
	28.4 %	26.1 %	30.3 %	22.4 %
Other results	(216)	-	(14)	-
Amortisation and depreciation	(667)	(715)	(730)	(786)
Operating income (EBIT)	**1,034**	**1,396**	**1,747**	**1,342**
	15.3 %	17.2 %	21.3 %	14.1 %
Financial results	(49)	(62)	(59)	(44)
Results from companies consolidated by equity method	5	16	6	26
Income before taxes (PBT)	**990**	**1,350**	**1,693**	**1,324**
	14.7 %	16.7 %	20.6 %	13.9 %
Taxes	(225)	(311)	(388)	(287)
Net income	**766**	**1,039**	**1,305**	**1,037**
	11.4 %	12.8 %	15.9 %	10.9 %
Minorities	**6**	**4**	**5**	**2**
Net income attributable to the controlling company	**760**	**1,035**	**1,301**	**1,035**
	11.3 %	12.8 %	15.8 %	10.9 %

Annex III

Detail of stores by concept and market as at 31 January 2023:

Market	Zara	Pull&Bear	Massimo Dutti	Bershka	Stradivarius	Oysho	Zara Home	INDITEX
ALBANIA	1	1	1	2	2	-	1	8
GERMANY	69	13	9	17	-	-	7	115
ANDORRA	2	1	1	1	1	1	1	8
SAUDI ARABIA	50	23	10	32	42	13	7	177
ALGERIA	3	3	1	4	4	2	3	20
ARGENTINA	11	-	-	-	-	-	-	11
ARMENIA	2	3	2	3	2	1	1	14
ARUBA	1	-	-	-	-	-	-	1
AUSTRALIA	17	-	-	-	-	-	-	17
AUSTRIA	11	4	1	7	-	-	2	25
AZERBAIJAN	3	2	3	3	2	1	-	14
BAHREIN	3	1	2	1	1	1	1	10
BELGIUM	27	8	14	15	3	3	6	76
BELARUS	2	2	1	3	3	1	1	13
BOSNIA	3	4	1	4	4	-	-	16
BRAZIL	43	-	-	-	-	-	8	51
BULGARIA	5	4	5	8	4	5	1	32
CANADA	31	-	3	-	-	-	-	34
CHILE	9	-	-	-	-	-	4	13
MAINLAND CHINA	119	-	54	-	-	39	30	242
HONG KONG SAR	12	1	-	1	-	-	2	16
MACAO SAR	1	-	-	-	-	-	1	2
TAIWAN, CHINA	9	3	4	3	-	-	2	21
CYPRUS	7	6	6	6	6	5	6	42
COLOMBIA	11	9	5	11	11	5	5	57
SOUTH KOREA	33	-	7	-	-	2	5	47
COSTA RICA	2	2	1	2	2	1	1	11
CROATIA	10	7	3	8	7	3	2	40
DENMARK	4	-	-	-	-	-	-	4
ECUADOR	2	3	1	3	3	1	-	13
EGYPT	10	7	6	7	5	5	5	45
EL SALVADOR	1	2	-	2	2	1	-	8
UAE	17	9	9	10	8	8	7	68
SLOVAKIA	3	4	2	6	4	1	1	21
SLOVENIA	4	2	1	4	4	-	-	15
SPAIN	304	175	119	165	243	122	97	1,225
UNITED STATES	98	-	-	-	-	-	-	98
ESTONIA	2	1	2	1	1	-	1	8
PHILIPPINES	9	3	2	5	4	-	-	23
FINLAND	4	-	1	-	-	-	-	5
FRANCE	113	38	7	54	36	5	15	268
GEORGIA	4	2	4	3	3	2	1	19
GREECE	40	22	11	27	22	17	9	148
GUATEMALA	3	3	1	3	3	1	1	15
NETHERLANDS	27	11	4	16	8	-	5	71
HONDURAS	2	2	1	2	2	1	1	11
HUNGARY	9	10	4	10	9	3	3	48
INDIA	21	-	3	-	-	-	-	24
INDONESIA	16	14	5	8	12	4	3	62
IRELAND	10	3	2	5	3	-	-	23

Market	Zara	Pull&Bear	Massimo Dutti	Bershka	Stradivarius	Oysho	Zara Home	INDITEX
ICELAND	1	-	-	-	-	-	-	1
ISRAEL	26	25	2	15	14	-	2	84
ITALY	92	54	3	70	76	20	20	335
JAPAN	70	-	-	-	-	-	9	79
JORDAN	2	2	2	2	5	2	2	17
KAZAKHSTAN	5	5	4	6	5	5	4	34
KUWAIT	8	4	2	5	5	5	5	34
LATVIA	3	2	4	2	2	2	1	16
LEBANON	3	2	3	5	4	3	3	23
LITHUANIA	5	3	5	4	4	1	2	24
LUXEMBOURG	3	1	2	1	1	1	1	10
NORTH MACEDONIA REP.	2	2	2	2	2	1	1	12
MALAYSIA	8	4	5	2	-	-	-	19
MALTA	1	3	1	1	1	1	3	11
MOROCCO	13	3	3	4	7	3	4	37
MEXICO	81	71	38	68	56	44	25	383
MONACO	1	-	-	-	-	-	-	1
MONTENEGRO	1	1	-	1	1	-	-	4
NICARAGUA	1	1	-	1	1	-	-	4
NORWAY	5	-	-	-	-	-	-	5
NEW ZEALAND	1	-	-	-	-	-	-	1
OMAN	3	1	-	2	2	2	2	12
PANAMA	2	2	1	2	2	1	1	11
PARAGUAY	1	-	-	-	-	-	1	2
PERU	4	-	-	-	-	-	3	7
POLAND	42	34	23	45	48	19	11	222
PORTUGAL	77	46	39	42	43	23	23	293
PUERTO RICO	3	-	-	-	-	-	-	3
QATAR	8	6	5	6	5	6	6	42
UNITED KINGDOM	60	10	11	9	9	-	6	105
CZECH REPUBLIC	5	3	2	5	4	1	1	21
DOMINICAN REPUBLIC	3	1	2	1	2	2	2	13
ROMANIA	24	26	12	29	25	13	9	138
SERBIA	7	7	5	8	8	4	4	43
SINGAPORE	7	3	4	1	-	1	-	16
SOUTH AFRICA	7	-	-	-	-	-	1	8
SWEDEN	8	1	3	-	-	-	1	13
SWITZERLAND	20	4	4	6	1	1	2	38
THAILAND	12	2	4	1	-	1	2	22
TUNISIA	6	3	2	4	4	3	2	24
TURKEY	39	31	26	31	30	28	17	202
UKRAINE	11	17	9	17	15	10	3	82
URUGUAY	2	-	-	-	-	-	2	4
VIETNAM	2	1	1	-	1	-	-	5
INDITEX	**1,885**	**789**	**548**	**860**	**849**	**457**	**427**	**5,815**

Independent Verification Report of the Consolidated Non-financial Information Statement

GRI 2-5

Building a better
working world

Ernst & Young, S.L.
Calle de Raimundo Fernández Villaverde, 65
28003 Madrid

Tel: 902 365 456
Fax: 915 727 238
ey.com

INDEPENDENT LIMITED ASSURANCE REPORT OF THE CONSOLIDATED NON-FINANCIAL INFORMATION STATEMENT

Translation of a report originally issued in Spanish. In the event of discrepancy, the Spanish-language version prevails

To the Shareholders of Industria de Diseño Textil, S.A.:

Pursuant to article 49 of the Code of Commerce we have performed a verification, with a limited assurance scope, of the accompanying consolidated Non-Financial Information Statement (hereinafter NFS) corresponding for the year ended 31 January 2023 (hereinafter year 2022) of Industria de Diseño Textil, S.A. and subsidiaries (hereinafter, the Group) which is part of the Group's consolidated Directors Report.

The content of the NFS includes additional information to that required by prevailing mercantile regulations in relation to non-financial information statement that has not been subject to our verification. In this regard, our review has been exclusively limited to the verification of the information shown in the table " Index of contents required by Act 11/2018" and the contents subject to external verification included in table "GRI Content Index" included in the accompanying NFS.

Responsability of the Board of Directors

The formulation of the NFS included in the Consolidated Directors Report of the Group, as well as the content thereof, is the responsibility of the Board of Directors of Industria de Diseño Textil, S.A. The NFS has been prepared in accordance with the content required by prevailing company law and in accordance with Global Reporting Initiative Sustainability Reporting Standards (GRI standards), as well as those other criteria described according to what is mentioned for each subject in the tables " Index of contents required by Act 11/2018" and "GRI Content Index" of the NFS.

This responsibility also includes the design, implementation and maintenance of internal control deemed necessary to enable the NFS to be free from material misstatement, whether due to fraud or error.

The board of Directors of Industria de Diseño Textil, S.A is further responsible for defining, implementing, adapting and maintaining the management systems from which the information necessary for the preparation of the NFS is obtained.

Our Independence and quality control

We have complied with the independence and other ethics requirements of the Code of Ethics for Accounting Professionals issued by the International Ethics Standards Council for Accounting Professionals (IESBA) which is based on the fundamental principles of integrity, objectivity, professional competence and diligence, confidentiality and professional behavior.

Our firm applies International Quality Control Standard 1 (NICC 1) and maintains, accordingly, a global quality control system that includes documented policies and procedures relating to compliance with ethical requirements, professional standards and applicable legal and regulatory provisions.

The work team has been formed by professionals who are experts in reviews of Non-Financial Information and, specifically, in economic, social and environmental performance information.

Domicilio Social: C/ Raimundo Fernández Villaverde, 65. 28003 Madrid - Inscrita en el Registro Mercantil de Madrid, tomo 9.364 general, 8.130 de la sección 3ª del Libro de Sociedades, folio 68, hoja nº 87.690-1, inscripción 1ª. Madrid 9 de Marzo de 1.989. A member firm of Ernst & Young Global Limited.

Our responsability

Our responsibility is to express our conclusions in an independent limited verification report based on the work performed. Our review has been performed in accordance with the requirements established in the prevailing International Standard on Assurance Engagements 3000 "Assurance Engagements Other than Audits or Reviews of Historical Financial Information" (ISAE 3000 Revised) issued by the International Auditing and Assurance Standards Board (IAASB) of the International Federation of Accountants (IFAC) and the guidelines for verifying the Non-Financial Statement, issued by the Spanish Official Register of Auditors of Accounts (ICJCE).

The procedures carried out in a limited assurance engagement vary in nature and timing and are smaller in scope than reasonable assurance engagements and, therefore, the level of assurance provided is likewise lower.

Our work consisted in requesting information from Management and the various Group's units participating in the preparation of the NFS, reviewing the process for gathering and validating the information included in the NFS, and applying certain analytical procedures and sampling review tests as described below:

- Meetings with the Group's personnel to know the business model, policies and management approaches applied, the main risks related to these matters and obtain the necessary information for our external review.
- Analysis of the scope, relevance and integrity of the content included in the NFS based on the materiality analysis made by the Group and described in the section "Priority issues", considering the content required by prevailing mercantile regulations.
- Analysis of the processes for gathering and validating the data included in the 2022 NFS.
- Review of the information on the risks, policies and management approaches applied in relation to the material aspects included in the 2022 NFS.
- Check, through tests based on a selection of a sample, of the information related to the content of the 2022 NFS and its correct compilation from the data provided by the information sources.
- Reception of a representation letter from the Board of Directors and Management.

Emphasis paragraph

Regulation (EU) 2020/852 of the European Parliament and the Council, June 18 2020, on the establishment of a framework to facilitate sustainable investments settles the obligation to disclose information on how and to what extent the company's activities are associated with economic activities that are considered aligned in relation to climate change mitigation and adaptation objectives for the first time for the financial year 2022, additionally to the information related to eligible activities required in financial year 2021. Consequently, comparative information about alignment has not been included in the accompanying Consolidated Management Report. Additionally, information has been incorporated for which the Board of Directors of Industria de Diseño Textil, S.A. have chosen to apply the criteria which, in their opinion, best enable compliance with the new obligation and which are defined in the section "Regulation EU (2020/852)" of the attached NFI. Our conclusion has not been changed in relation to this issue.

Conclusion

Based on the limited assurance procedures conducted and the evidence obtained, no matter has come to our attention that would cause us to believe that the Group's NFS for the year, 2022 has not been prepared, in all material respects, in accordance with the contents required by the prevailing company law and in accordance with GRI standards' criteria, as well as other criteria, described as explained for each subject matter in the table "Index of contents required by Act 11/2018" and the contents subject to external verification included in table "GRI Content Index" of the NFS.

Use and distribution

This report has been prepared in response to the requirement established by prevailing company law in Spain and may not be appropriate for other uses and jurisdictions.

ERNST & YOUNG, S.L.

Hildur Eir Jónsdóttir

Hildur Eir Jónsdóttir

March 15, 2023

INDITEX

STATEMENT OF NON-FINANCIAL INFORMATION 2022

Index

Message from the Chairperson

GRI 2-22; 3-3

Inditex's true strength, which enables us to tackle any challenge, no matter how difficult is, the thousands of people who make up the Group. It is their talent, creativity, enthusiasm, and hard work that make Inditex better and better. Performance in 2022, the year in which I had the honour of becoming the Group's non-executive chairperson, was a good example of that strength. Thanks to the magic that exists at this company, the magic our talented and devoted teams put into everything they do, we performed very well despite an uncertain and complex backdrop.

A refusal to settle, a passion for things well done and tirelessly striving to do things better are the characteristics that define us. This magic permeates our stores, our brands' sales and design teams, our logistics facilities, our production centres and our corporate departments. It explains our achievements and guarantees that what comes next will likewise astonish.

Our model pivots around design and product, the quality of our customer relations and our responsibility to our surroundings. By always working as a team, combining humility with ambition, we are forging a company that never loses its essence despite evolving constantly. We don't want to be fast; we want to be agile and flexible. We don't want to be big, we want to be relevant. We want to be agents of change and aspire to lead our industry's transformation. We want to have a positive impact in everything we do.

The confidence placed in our brands and products by our store and online customers all over the world drives us. The achievements and milestones obtained through the Group in a year as challenging as 2022 encourage us to go on working with the same enthusiasm, ambition and determination as always. Fashion is our passion and our contribution is to constantly provide more creativity and quality along with the greatest responsibility.

Marta Ortega Pérez.

CEO’s statement

GRI 2-22; 3-3

During the past year, my first full year with the privilege of serving as Inditex's CEO and also the year in which we welcomed Marta Ortega Pérez as our non-executive chairperson, our Group delivered outstanding results from all perspectives. Our teams, coupled with our strong corporate culture, once again demonstrated their ability to tackle any challenge, no matter the complexity, as they have been doing throughout Inditex's journey: from its origins as a small clothing maker to become one of the most important players in global fashion retail today.

Excellent business performance

During the reporting period, between 1 February 2022 and 31 January 2023, we delivered on all of the commitments we had made to our stakeholders, as detailed throughout the various chapters of this Annual Report, and our Group performed extremely well. Group revenue increased by 18% year-on-year, underpinned by growth in sales in all geographies with a strong correlation between the increase in traffic to our physical stores and online, where our business reached new records.

Sales growth was accompanied by strong profitability: our gross margin reached record levels and stringent control saw operating expenses up three percentage points lower than our topline growth. As a result, net profit came in 27% above that of 2021 and our net cash topped the €10,000 million mark for the first time.

Hard-working and committed team

None of those figures would be possible without the talent and creativity of our designers, the excellent work done by our commercial professionals, logistics and corporate departments at each of our brands, and the commitment of our store teams, made up of more than 140,000 people whose dedication takes our customers' shopping experience to the next level.

Every team member plays an active role in Inditex's strategy and that of its brands, Zara and Zara Home, Massimo Dutti, Pull&Bear, Bershka, Stradivarius and Oysho. They all share our passion for fashion, our determination to offer quality, on-trend products, as well as our tireless efforts to improve the customer experience in our physical stores and online, and the conviction with which we are progressing on the delivery of our sustainability commitments. Identifying and nurturing talent is another of the strategic cornerstones of the Inditex model.

Pioneering sector transformation

We are aware of our duty and ability to lead the transformation of our sector towards a more sustainable and circular pathway. We believe that innovation, strongly embedded into Inditex's culture, is a key component of that transformation. And we believe that working in collaboration is the best strategy. We set multiple transformational initiatives in motion in 2022 and worked intensively on others that will materialise in the near future. Our hard work in recent years has helped us to achieve some of our targets ahead of schedule and make substantial progress in our energy and water efficiency, improving our supply chain processes, markedly increasing the use of preferred fibres and extending our products' life cycle, to name a few.

We reiterated and reinforced our commitment to the United Nations Guiding Principles on Business and Human Rights and to the Global Compact and its principles, and the Sustainable Development Goals. In keeping with our transparency pledge, over the coming pages we seek to provide a detailed account of the progress we have made in all of these areas, ensuring the integrity of the data reported and upholding, in our concluding sections, the principles of the Integrated Reporting framework.

Commitment to each other and our communities

Ultimately, our top priority is people: those who make up our Group and those who we interact with, such as our customers and suppliers, and those who are part of the communities where we do business. With all of our relationships and especially with our own teams, we promote the values of diversity and inclusion, which is promoted at all levels, and we support and develop employment opportunities for the most vulnerable. Our community investment increased in 2022: we earmarked over €89.7 million to community projects that benefitted more than 3 million people.

I want to take this opportunity to express the pain we've been feeling for Ukraine since February 2022 and the terrible consequences the war is having on its citizens and those who have had to leave the country. And in 2023, our thoughts are also with the victims of the earthquake in Turkey and their families, sadly including colleagues at Inditex. We intend to continue to support the communities where we can be of use, mainly in partnership with the organisations with which we have built long-standing, stable relations.

In this respect, at Inditex we want to have a positive impact across our activities including on the environment and our communities; on people within and beyond the Group; and on our value chain, including our suppliers and business partners. We want to do this in collaboration with our partners while leveraging our ability to lead. And always ensuring we operate with humility and prudence, but with extraordinary ambition and embracing the fashion industry's transformational power.

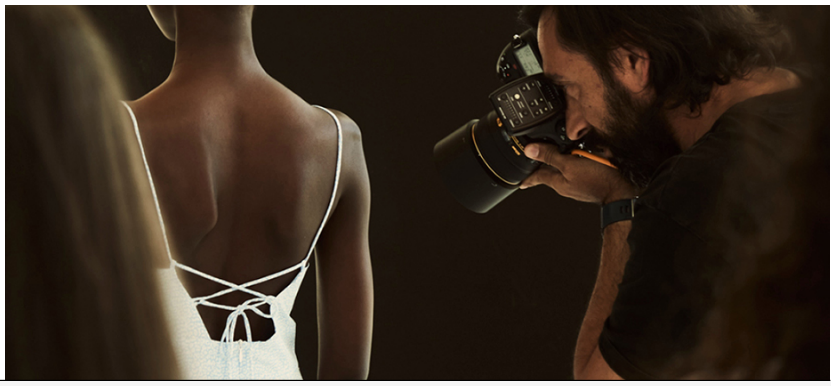
Óscar García Maceiras
CEO

3. Get to know Inditex

3.1. Global footprint and key data / 3.2. 2022 milestones / 3.3. Inditex in figures, key indicators / 3.4. Recognitions / 3.5. Retail formats

The Inditex Group is a family of several brands: Zara, Pull&Bear, Massimo Dutti, Bershka, Stradivarius, Oysho and Zara Home. All of them share the same objective: to offer our customers across more than 200 markets an inspiring, quality and responsibly produced fashion proposal.

3.1 Global footprint and key data in 2022



key indicators

213 markets	32,569 M€ net sales	7,479 M€ total tax contribution	4,130 M€ profit	10,070 M€ net financial position

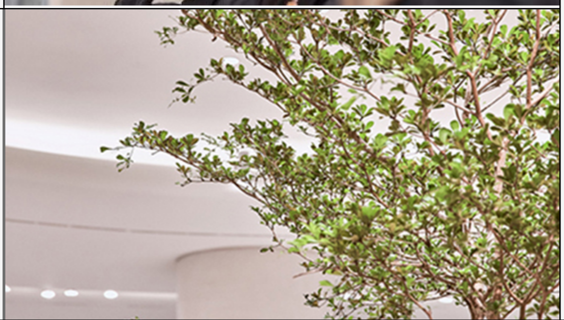
2,895 M€
dividends

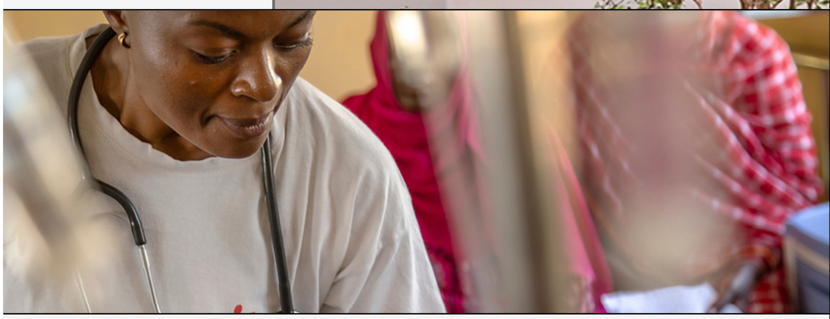
a unique team

164,997 employees	182 nationalities
75% women	29.6 average age

commitments

100%
of electrical energy from renewable sources





community investment

+3M beneficiaries	+87.9M€ investment

supply chain

8,271 factories	1,576,549 workers benefited by Workers at the Centre	1,729 suppliers

3.2. 2022 milestones

FEBRUARY

Inditex included in the Carbon Clean 200™ and recognised in the S&P Global Sustainability Yearbook. Our Group is awarded bronze class in the latest edition of the Report, which assesses companies' sustainability performance.

MARCH

Bershka's Custom Lab

The brand unveils CUSTOM LAB, an innovative proposal for garment customisation that joins the Denim Lab initiative for customising denim garments with different patterns and prints. Thus, Bershka continues to offer its customers creative and customisation options.

APRIL

Marta Ortega, Chairperson of Inditex

"I start this new chapter with a deep sense of responsibility and a great deal of pride in doing so as part of an amazing team of people, who are the heart and key to the success of this company." Marta Ortega wrote in a letter to Inditex employees on the day of her appointment.

MAY

Launch of Massimo Dutti Studio

Massimo Dutti Studio is synonymous with the history of the brand and sums up its multiple facets: timeless femininity and a spirit of innovation. The collection is a tribute to today's woman, with her own distinct identity.

JUNE

Zara Home with Vicent Van Duysen

The brand embarks on a new chapter in partnership with the Belgian architect and designer. The result is a line based on mutual respect between the brand and the creative. The collection, which will be updated with new designs twice a year, débuts with a selection of living room pieces.

JULY

Investment in CIRC

Inditex makes a venture investment in CIRC, an innovative start-up that promotes a disruptive recycling technology with the aim of generating new sustainable fibres for use in the textile industry. This investment comes in addition to the three-year commitment to purchase 30% of the production volume of Infinna™, a fibre created entirely from textile waste, for more than 100 million euros.

AUGUST

Zara and Renewcell

As Zara continues its journey towards circularity, it launches a capsule collection in collaboration with the Swedish start-up Renewcell, whose technology transforms pre- and post-consumer textile waste, such as used jeans, into cellulose pulp.

SEPTEMBER

Oysho Training launch

The brand launches a new, free fitness, yoga and running workout app with workouts for all levels. With more than 300 workout sessions to suit every ability, Oysho Training aims to offer a broad range of quality workouts led by international trainers.

OCTOBER

Strengthening our commitment to IndustriALL

Inditex and IndustriALL further cement their commitment by signing a new Action Protocol on the 15th anniversary of their Global Framework Agreement. This agreement underpins our commitment to promoting mature labour relations that safeguard employee well-being.

NOVEMBER

Zara Pre-Owned

In the UK, Zara launches Pre-Owned, a ground-breaking integrated platform for customers to make more sustainable choices regarding their used clothing and thereby contribute to cutting waste and raw material consumption. The platform will offer repair services sales between individuals and garment donation services.

DECEMBER

Agreement with WWF

Inditex will earmark more than 10 million euros to WWF environmental projects by 2025. The two organisations have signed a three-year agreement to foster environmental projects focusing on ecosystem conservation. The agreement envisages a contribution of at least three million euros a year, which Inditex has ramped up to 4.2 million euros for 2022.

JANUARY

Constitution of ARTE and the Association for Textile Waste Management

The Group, alongside other brands—together representing one-third of the textile sector in Spain—set up the Spanish Textile Retail Association (*Asociación Retail Textil España*, ARTE) to represent the sector at the national level and voice the industry's opinions. Moreover, in conjunction with other brands of its sector, the Group set up the Association for Textile and Footwear Waste Management (*Asociación para la Gestión del Residuo Textil*), with the aim of managing textile and footwear waste generated in the Spanish market by means of a Collective Extended Producer Responsibility scheme (EPR).

3.3. Inditex in figures, key indicators

3.3.1. Economic indicators, evolution over the last five years[1]

GRI 2-4; 201-1

	2022	2021	2020	2019	2018
Turnover (millions of euros)					
Net sales	32,569	27,716	20,402	28,286	26,145
Online sales [1]	22.4%	25.5%	32%	14%	12%
Sales by concept (millions of euros)					
Zara (Zara + Zara Home) [2]	23,761	19,586	14,129	19,564	18,021
Pull&Bear	2,152	1,876	1,425	1,970	1,862
Massimo Dutti (Massimo Dutti + Uterqüe) [3]	1,593	1,653	1,271	2,015	1,903
Bershka	2,384	2,177	1,772	2,384	2,240
Stradivarius	2,056	1,824	1,283	1,750	1,534
Oysho	623	600	522	604	585
Sales by geographic area (percentage)					
Spain	14.4%	14.4%	14.6%	15.7%	16.2%
Europe (ex-Spain)	47.5%	48.4%	48.7%	46.0%	45.1%
Americas	20.0%	17.5%	13.5%	15.8%	15.5%
Asia and rest of the world	18.1%	19.7%	23.2%	22.5%	23.2%
Total	**100%**	**100%**	**100%**	**100%**	**100%**
Financial structure (millions of euros)					
Equity attributable to the parent company	17,008	15,733	14,520	14,913	14,653
Net financial position	10,070	9,359	7,560	8,060	6,705
Profits and cash flow (millions of euros)					
EBITDA	8,649	7,183	4,552	7,598	5,457
EBIT	5,520	4,282	1,507	4,772	4,357
Net profit	4,147	3,250	1,104	3,647	3,448
Net profit attributable to the parent company	4,130	3,243	1,106	3,639	3,444
Cash flow	7,343	6,530	3,864	6,695	4,378
Financial and management ratios					
ROE (Return On Equity)	25%	21%	8%	25%	24%
ROCE (Return On Capital Employed)	33%	28%	10%	32%	31%

1. Percentage of online sales over total sales.
2. Sales at Zara Home in all financial years are reported consolidated with those of Zara.
3. Sales at Uterqüe in all financial years are reported consolidated with those of Massimo Dutti.

	2022	2021	2020	2019	2018
Commercial presence					
Number of markets	213	215	216	202	202
Number of stores	5,815	6,477	6,829	7,469	7,490
Average store area (in m^2)	769	732	707	681	662
Total retail area (in m^2)	4,473,358	4,742,157	4,826,566	5,086,732	4,962,081
Headquarters effect					
Invoicing to suppliers in Spain (millions of euros)	6,072	5,376	4,221	5,140	5,248
Number of suppliers in Spain [1]	6,750	6,620	6,384	7,098	7,220

1. Suppliers of both textiles and general services in Spain.

[1] The calculation methodology for the various APMs is explained in Note 2 of the Consolidated Annual Accounts for 2022.

Tax contribution (millions of euros)

	2022	2021	2020	2019	2018
Total contribution – Inditex	**7,479**	**6,093**	**4,689**	**6,749**	**6,166**
Own taxes	3,200	2,423	1,916	3,040	2,764
Taxes collected	4,279	3,670	2,773	3,709	3,402
Total contribution – Spain	**1,809**	**1,501**	**1,201**	**1,874**	**1,692**
Own taxes	949	780	620	1,049	928
Taxes collected	860	721	581	825	764
Total contribution – Europe (ex-Spain)	**3,962**	**3,217**	**2,562**	**3,398**	**3,168**
Own taxes	1,131	794	691	1,023	988
Taxes collected	2,831	2,423	1,871	2,375	2,180
Total contribution – America	**1,252**	**910**	**534**	**943**	**760**
Own taxes	852	592	357	623	489
Taxes collected	400	318	177	320	271
Total contribution – Asia and rest of the world	**456**	**465**	**392**	**534**	**546**
Own taxes	268	257	248	345	359
Taxes collected	188	208	144	189	187

Share performance

	2022	2021	2020	2019	2018
Dividend	1.20	0.93	0.70	0.35	0.88

Dividend

Inditex dividend policy combines a 60% ordinary payout and bonus dividends. A dividend of €0.93 per share against 2021 results and unrestricted reserves was paid in May and November 2022, made up of two equal payments in the same amount of €0.465 per share.

In 2023, the Board of Directors will propose to shareholders at the Annual General Meeting to pay shares with a right to dividend, a dividend of €1.20 per share, being comprised of €0.796 per share ordinary dividend and €0.404 per share bonus dividend against 2022 results and unrestricted services. Such dividend will be paid on 2 May and 2 November 2023 in two equal payments in the same gross amount of €0.60 per share.

3.3.2. Environmental and social indicators, evolution over the last five years[2]

GRI 2-4; 2-7; 203-1; 3-3; 301-1; 301-2; 301-3; 302-1; 302-2; 302-3; 302-4; 302-5; 306-1; 308-1; 414-1; 414-2; AF2; AF8; AF21

	2022	2021	2020	2019	2018
Indicators of our products					
Articles placed on the market (in tonnes)	621,244	565,027	450,146	545,036	528,797
Join Life articles placed on the market (% of the total)	61%	47%	38%	19%	9%
Cotton from preferred sources: organic, BC and recycled (in tonnes)	234,260	166,195	73,874	38,676	18,851
Polyester from preferred sources (in tonnes)	52,618	26,728	9,594	5,332	1,881
Linen from preferred sources (in tonnes)	7,483	4,201	1,245	1,813	266
Viscose and other man-made cellulosic fibres from preferred sources (in tonnes)	36,268	29,053	8,379	6,692	3,178
Garments collected through the garment collection programme (in tonnes) [1]	17,015	16,072	13,043	15,321	14,825
Materials recovered for its reuse (in tonnes)	19,022	19,048	16,871	21,298	19,247
Degree of compliance with CtW and StW standards	98.4%	98.5%	98.3%	97.4%	97.4%
Picking programme: Inspections	51,288	49,999	42,856	56,352	63,420
Picking programme: Garment analyses	721,980	792,582	744,404	899,046	933,980
Indicators of supply chain management and Workers at the Centre					
Product suppliers with purchases in the year [2, 3]	1,729	1,790	1,805	1,985	1,866
Factories declared by suppliers [4]	8,271	8,756	8,543	8,155	7,235
Rejected suppliers	47	25	44	56	50
Audits of suppliers and manufacturers [5]	22,948	17,477	11,997	12,215	12,064
Number of Workers at the Centre projects implemented [6]	47	46	38	45	34
Number of workers benefited from the activities developed under Workers at the Centre	1,576,549	1,366,420	1,224,557	1,472,719	994,154
Suppliers and factories reached by the activities developed under Workers at the Centre	1,770	1,153	1,374	1,597	594
Indicators of decarbonization					
Global energy consumption (GJ)	6,101,340	6,322,357	4,574,536	6,814,610	7,088,858
Relative energy consumption (MJ/m^2)	821	809	593	855	943
Group electrical energy needs covered by renewable energy (in %)	100%	91%	81%	63%	45%
Market-based scope 1+2 emissions (t CO_2eq)	11,232	62,345	110,535	309,785	438,620
Kg CO_2eq per m^2 (market-based scope 1+2)	2	8	14	39	58
Total number of persons in the Sustainability team	**5,337**	**4,522**	**5,637**	**6,404**	**4,925**
External	5,069	4,267	5,422	6,204	4,774
Internal	268	255	215	200	151
Corporate community investment indicators					
Corporate community investment (in euros)	87,870,420	63,500,135	71,803,602	49,231,909	46,218,895
Number of direct beneficiaries	3,352,138	2,217,342	3,313,581	2,441,300	2,425,639
Total number of organisations supported	469	427	439	421	413
Number of projects implemented	725	725	703	670	622
Number of garments donated	7,894,590	5,899,270	4,114,490	3,164,084	3,225,462
Number of hours spent by employees on social initiatives during working hours	313,778	206,087	178,035	122,284	118,077

[2] ESG (environmental, social and governance) objectives, and in particular sustainability, are a cornerstone of the Company's strategy. Against this backdrop, commitments and objectives have not been affected by the current situation of Russia and Ukraine, and progress continued to be made as planned during the year. Where any specific ESG indicator has been affected as a result of the economic circumstances of this year, its performance is detailed separately in the relevant section of this Report.

	2022	2021	2020	2019	2018
Indicators of our people					
Percentage of women/men	75% / 25%	76% / 24%	76% / 24%	76% / 24%	75% / 25%
Number of nationalities	182	177	171	172	154
Average employee age	29.6	29.3	30.1	28.9	28.7
Number of employees	164,997	165,042	144,116	176,611	174,386
Type of contract [7]					
- Permanent	82%	81%	87%	77%	73%
- Temporary	18%	19%	13%	23%	27%
Type of working hours [7, 8]					
- Full-time	41%	44%	50%	47%	51%
- Part-time	59%	56%	50%	53%	49%
Employees by activity					
- Store	86%	86%	86%	87%	87%
- Logistics	7%	6%	6%	6%	5%
- Manufacturing	1%	1%	1%	1%	1%
- Central services	7%	7%	7%	6%	7%

1. The figures for 2018 have been updated as compared with the Annual Report, to include data that were not available at that time.
2. Since 2019, the scope of the information reported has been broadened to increase suppliers and manufacturers of non-textile articles. Consequently, the information for FY 2018 is not comparable.
3. Suppliers of fashion articles with a production of over 20,000 units/year in the 2022 spring/summer and autumn/winter campaigns. Suppliers producing less than 20,000 units account for 0.22% of overall production.
4. Factories declared by the suppliers in the manufacturer's management system for 2022 orders.
5. Includes audits performed with Inditex own audit methodology. In 2022, 2021 and 2020, traceability, pre-assessment, environmental preliminar assessment (only in 2022), social, special and environmental audits are included. In previous years, environmental audits are not included since the changes to the Green to Wear standard do not allow their comparison.
6. Main programmes carried out in the field
7. Data on type of working hours and type of contract available in 2022 for 100% of the workforce (98.2% in 2021, 95.4% in 2020 and 94.7% in 2019).
8. The figures for the proportion of full-time and part-time employees reported in 2020 have been corrected with respect to those published in the Annual Report for that year.

3.4. Recognitions

GRI 3-3

Our relationship with trade unions, NGOs, governments and other civil organisations is fluid, continuous and key to implementing our sustainable business model. Their recognition over the course of 2022 for our work on various environmental and social aspects is an incentive to continue to make progress.

BAPTIST WORLD AID AUSTRALIA

In its 2022 edition, the Ethical Fashion Report published by Baptist World Aid Australia awarded Inditex 60 points out of 100, ranking it among the top 20 global companies for its sustainability practices throughout the supply chain, with a strong focus on human and labour rights. The organisation, which has changed its scoring methodology and scope of analysis this year, examined a total of 120 global companies encompassing 581 brands.

Bloomberg Gender-Equality Index 2022

For the fourth consecutive year, the Bloomberg Gender Equality Index (GEI) recognises Inditex's commitment in January 2023. This index assesses companies' commitment to gender equality on the basis of five pillars: female leadership and talent pipeline, equal pay and gender pay parity, inclusive culture, anti-sexual harassment policies, and pro-woman brand. This index features more than 400 companies from 50 different sectors and more than 40 countries around the world.

CDP DISCLOSURE INSIGHT ACTION A LIST 2022 CLIMATE

In 2022, CDP upgraded Inditex rating, distinguishing its efforts to fight climate change, as well as the quality of the information it publishes and its performance on this front, with an A rating.

Dow Jones Sustainability Indexes

Inditex, included in the DJSI World and in the DJSI Europe, in 2022 scores 73 points out of 100 in the S&P Global Corporate Sustainability Assessment. This performance earned Inditex a score in the 99th percentile in the retail sector. With regard to the environment, Inditex was awarded a score of 87 out of 100 and placed in the 100th percentile in the retail sector among all the companies evaluated.

FINANCIAL TIMES

For the third time, in 2022 the Financial Times Diversity Leaders ranking included Inditex in its list of European companies seeking to achieve full inclusion at the workplace.

The British financial daily newspaper has also included the Group in its Europe's Climate Leaders 2022, which highlights companies that have concentrated their efforts on reducing greenhouse gas emissions.

Forbes

The Forbes Global 2000 list once again includes Inditex among the global companies selected on the basis of four indicators: sales, profits, assets and market value.

FTSE4Good

For the fourth consecutive year, Inditex received a score of 4.7 out of 5 in the FTSE4Good sustainability index. This stock index ranks the global companies with the strongest sustainability commitment, and examines their social, environmental, and corporate governance practices.

World Benchmarking Alliance

In 2022, World Benchmarking Alliance (WBA) presented its new Nature Benchmark, which assesses about 400 companies' efforts to protect the environment and biodiversity. Inditex ranks 11th among the companies analysed. Nature Benchmark notes that Inditex "demonstrates clear leadership [...] across several nature-related topics" and, in particular, it highlights the company's performance "in the social inclusion and community impact area, where its commitment to respect the right to water and sanitation of communities where its suppliers are located stands out".

merco

In 2022, and for the twelfth consecutive year, Inditex topped the Merco Talento Responsibility and Corporate Governance ranking which best attract and retain personal talent. This organisation also ranks Inditex second place in its Merco Empresas ranking, which assesses the companies with the best corporate reputation.

universum

Most Attractive Employers

For the eighth year running, Universum has included Inditex among the best companies in which to develop professionally. In this latest edition, university students chose Inditex in various categories: Business and Commerce; Humanities, Art and Education; and Law.

3.5. Retail formats

GRI 2-6

Zara

"Working with Zara has been an eye-opening experience for me. It's been great to go through the archive and revisit the things that we loved. It is also incredible to see them through Zara's design team's fresh eyes. They are such a professional team excited about each piece and making sure the essence of the original ones are maintained." That was how US designer Narciso Rodríguez summed up his collaboration with Zara: a total of 25 garments and accessories taken from his archive and reinterpreted by the design teams in the **Narciso Rodriguez x Zara** collection, which has become one of the season's highlights.

This collaborative side has also surfaced in initiatives such as The Song of the Earth jewellery and accessories collection, in partnership with French designer **Elie Top**; the denim capsule with **The Good American** for the US market; the **Studio Nicholson + Zara Man** collection, featuring deconstructed menswear classics in collaboration with the independent UK firm; or **Into the Night**, a collection of timeless garments for special occasions inspired by Parisian nightlife, featuring the iconic Kate Moss, photographed by David Sims.

In its journey towards circularity, and with the aim of extending the useful lives of fabrics, garments and collections, several notable initiatives implement new textile fibres such as the recycled Infinna™, the result of a collaboration between Inditex and **Infinited Fiber,** or the capsule with Swedish start-up **Renewcell**, whose technology transforms pre- and post-consumer textile waste, like used jeans, into cellulose pulp. Moreover, in the UK, the **Zara Pre-Owned** platform was launched, aimed at helping customers to lengthen the useful lives of their garments through repairs, sales among individual customers of their Zara garments from any season, and donations.

This year, Zara also unveiled its new global store image, with spaces focusing on the latest commercial and technological developments from the integrated store and online platform. Flagship locations such as Madrid's Plaza de España, or London's Battersea, among others, are some of the emblematic openings deploying this new concept.

23,761

million euros in net sales

130.8

million followers in social media

4,147

million visits to the website

Pull&Bear

Music, sports and digital innovation have been the focuses of Pull&Bear's activity in 2022. In this regard, the incursion into the virtual reality of the **metaverse** is among this year's main developments. In developing this universe, the brand has devised a configurator for users to customise their own avatar and dress it with Pull&Bear clothing and has staged events such as the **first Nicki Nicole concert** on Roblox. The concert featured the artist's avatar dressed in garments from Pull&Bear SS22.

Digital innovation also led to functionalities like the **virtual fitting room** for sneakers, an augmented reality tool enabling people using the app to try on the latest trends in sports footwear. Sport also has a prominent place in the brand's collections, which include notable collaborations with iconic brands like **Spalding** and **Penn Sport.**

Through its involvement in **Primavera Sound** Los Angeles, the brand has further cemented its collaboration with one of the foremost music festivals on the international scene. And, on social media, the *#pullandbearcommunity* enjoyed *On the record, video* capsules featuring musical content to promote upcoming artists. Music is also present in the denim collections which revive the aesthetic of 1980s and 90s music bands.

2,152
million euros in net sales

23.5
million followers in social media

469
million visits to the website

Massimo Dutti

Sophistication and the championing of modernity and legacy have defined Massimo Dutti's activity this year. The brand unveiled **Studio**, a collection of garments for special occasions in vibrant colours that pay tribute to today's woman.

Through **Masterpieces**, the brand re-releases and reinterprets its most iconic creations: a selection of pieces that have become style icons or must haves. The black dress with cut-outs and the slip dress with lingerie details for women, or the sweaters, trench coats and tailoring for men are some of the designs that capture the essence of luxury and underpin the brand.

The permanent quest for **excellence in our customer service** was also evidenced by the design and implementation of the retail spaces, with a new **interior design concept** that affords maximum visibility to the product, and with services that allow customers to interact with the physical store from their mobile phone, such as Pay&Go – to make payments from any area of the store without passing the till, Shop&Go – to send in-store purchases anywhere in the country with the same flexibility as online, or the range of services offered by Store Mode.

1,593
million euros in net sales

15.6
million followers in social media

251
million visits to the website

Bershka

Bershka's first foothold in the metaverse in the year, with the virtual showroom **Digital Destinations**—enabling users to explore the brand's special collections in an immersive way—was followed by an event with DJ Steve Aoki and Amnesia Ibiza, broadcast in the virtual world and featuring its own capsule collection inspired by the world of clubbing**, Bershka x Amnesia**.

The brand's digital commitment has been manifest too, in the phygital (physical + digital) and **Smiley x Bershka** collections, also available on the Dressx digital fashion platform, and **Lil' Kreets,** which includes clothes, footwear, accessories, dolls, augmented reality and even a video game.

The brand has resumed garment customisation through collaborations with graphic artists in its **Custom Lab**, notably including motifs inspired by Carolina Lindberg's graffiti, the designs of the illustrator Benedikt Luft and a capsule to customise denim garments. The customisation lab featured at the MIRA Festival, thereby underscoring Bershka's commitment to digital art.

2,384

million euros in net sales

31.3

million followers in social media

477

million visits to the website

Stradivarius

The collections linked to popular TV series like **Bridgerton** and **House of the Dragon** featured prominently in an exercise implemented for the first time by Stradivarius when it revamped its visual identity: its logo, a treble clef, now in a more contemporary and refined style and using a special font that represents the brand's renewed femininity.

With the slogan **'Digital Fashion: wear the future now'**, Stradivarius also made its first foray into the new business lines linked to the digital world. It offers an immersive experience through the purchase of **digital garments**, that can be added to images for sharing online and that will be presented in capsule collections or drops.

The augmented reality of **Virtual Shoes Try On**, a fitting tool enabling users to try on the latest footwear creations from the app, is another of the new functionalities for users to interact with the digital world.

2,056

million euros in net sales

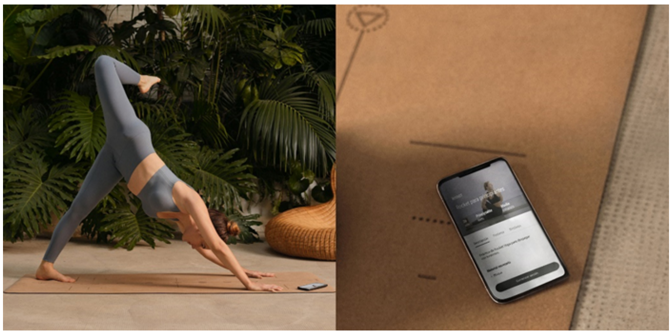
19.7

million followers in social media

441

million visits to the website

Oysho



Sports and the most innovative technical fabrics have been the main focus of Oysho this year. The brand presented a collection of **ultralight, high-performing technical jackets**, made with water repellent, breathable and wind-resistant fabrics and designed for any outdoor activity.

The brand also ventured into the digital world with **Oysho Training**, a new, free fitness, yoga and running workout application with sessions for every level. The aim is to offer the brand's sports community high-quality content under the guidance of international trainers. Furthermore, the app features **Mia the virtual trainer**, a 3D avatar that uses augmented reality (AR) to help hone users' technique as they perform the exercises.

The involvement in community races like *the* Women's Race, the Formentera Half Marathon or the sponsorship of the San Silvestre Vallecana in Madrid are still among the brand's hallmarks.

623

million euros in net sales

11.2

million followers in social media

93

million visits to the website

Zara Home[3]

Collaborations with icons of architecture and design such as Vicent Van Duysen and Saint-Lazare have been at the forefront in a year in which Zara Home continues to expand and consolidate its collections and product categories.

The partnership with the Belgian architect resulted in **Zara Home + by Vincent Van Duysen**, a line that emerged from the mutual respect between the brand and the creative. The first collection in this line comprised living room furniture and items, made from carefully chosen wood and exuding simplicity and versatility. In conjunction with the **Saint-Lazare** design studio, a desk collection was presented, inspired by old bookshops, with stationery products and decorative objects such as notebooks, pencils, file boxes, calendars and posters.

In the field of social and environmental sustainability, the brand has joined the **for&from** initiative, with the opening of its first store in Madrid. It also debuted in the Sustainability Innovation Hub, in a collaboration with **Plastics for Change**, an organisation that recovers plastics from the Indian coastline to repurpose them, with which the brand has developed a 100% recycled polyester rug.

14.1

million followers in social media

163

million visits to the website

[3] Sales at Zara Home are reported consolidated with those of Zara.

4. Our strategy

Business model and strategy / 4.1. Sustainability, one of our pillars / 4.2. Stakeholder engagement

Our unique business model has enabled us, in just a few decades, to turn a small sewing workshop in A Coruña into one of the most relevant actors in fashion retail worldwide. For this, the Group relies on four solid pillars: a unique fashion proposal, a differential shopping experience, an extraordinary team and the implementation of responsible practices at every stage of our activity.

Business model and strategy

GRI 2-1; 2-6; 2-23; 3-3

The Inditex Group is a family of several commercial brands: Zara, Pull&Bear, Massimo Dutti, Bershka, Stradivarius, Oysho and Zara Home. All of them share the same objective: to offer our customers across more than 200 markets an inspiring, quality and responsibly produced fashion proposal.

Our fashion distribution and sales activity is carried out through an international group of companies, the Inditex Group, whose parent company is Industria de Diseño Textil, S.A., (Inditex S.A.), which is listed on all four Spanish stock exchanges. Details of the corporate structure at 31 January 2023 are provided in Annex I of the Consolidated Annual Accounts of the Inditex Group.

ⓘ Detailed information on the markets in which Inditex operates can be found in the Consolidated Directors' Report

Our unique business model, which covers all the stages from the design of our products to their sale in our stores and online platforms, has enabled us, in just a few decades, to turn a small garment workshop in A Coruña into one of the most relevant actors in fashion retail worldwide, grounded **on four solid pillars.**

The first of these is our ability to offer, season after season, a **unique fashion proposal**, built on creativity, emotion, innovation, quality and, above all, on permanently listening to the needs and wishes of our customers. All our commercial formats excel in their capacity to adapt and respond to any change in the market or the emergence of any new trend, which allows us to develop fine-tuned production processes, with short runs that are fully adapted to demand. The significant weight of production in geographical areas close to our headquarters in Spain is key for us, as it allows us to prioritise flexibility and efficiently control the entire production process.

At Inditex, moreover, we constantly strive to give our customers access to that excellent fashion proposal through an **increasingly engaging shopping experience,** whether in our more than 5,800 stores or through the online channels of the Group's seven brands. We pride ourselves on having unique retail spaces in prime locations in the heart of the world's major cities and equipped with cutting-edge energy efficiency systems. Our commercial concept is based on spacious stores fitted with the most innovative technological tools to offer the customer a unique and integrated experience with online platforms. The unique inventory system that allows a streamlined response to the market is only possible thanks to the excellent work of our teams and the continuous improvement of our logistics systems.

The key factor that explains the performance of our business model is the **extraordinary team** that makes it all possible. Inditex is made up of more than 160,000 passionate and curious people who are driven by the desire to excel and grow every day, regardless of their specific location or professional task. Nurturing our talent, through continuous training and growth opportunities, is an obsession for us. We see our company as having a character of its own, in which attributes such as humility, ambition, high levels of individual responsibility, a sense of belonging and teamwork are not platitudes, but tangible realities that permeate everything we do and underpin the commitment of all our employees.

The last pillar on which our business model rests is **sustainability and responsibility,** the way we see our activity and our relationship with the surrounding environment. Inditex, which was launched with the aim of creating quality fashion and design at an attractive price, has had a comprehensive sustainability strategy since 2001, when we became one of the companies adhered to the United Nations Global Compact.

At Inditex we firmly believe in our capacity to act as an agent of change within the fashion industry and we are making notable efforts to reduce the environmental impact of our activity, as part of a circularity strategy that applies to all our processes. Our sustainability action plan is enabling us to achieve more ambitious targets each year, such as the use of 100% renewable electric power in our operations and the increasing use of preferred fibres and materials in line with our sustainability objectives, to reach our goal of net zero emissions by 2040.

These developments in sustainability would not be possible without an equally firm commitment to innovation and research, either through our Sustainability Innovation Hub, the platform with which we are continuously seeking the best materials, approaches and processes, or through start-ups, scientific institutions and third-sector organisations that have become our partners of reference, with whom we have pledged to collaborate and invest.

Our business model encompasses four main phases: design; manufacture and supply; logistics and distribution; and, lastly, our stores and online sales channels.

/ Design

We have a team of more than 700 designers that contribute exceptional talent, unfettered creativity and in-depth knowledge of the customers they create for. Their visionary and highly-skilled work is based on analysing sales, receiving daily feedback from our stores and sales teams, and on their innate capacity to interpret trends. Always impeccably well informed, they are able to intuit, and even to anticipate, our customers' needs all over the world.

All that talent is underpinned by the conviction that responsible fashion starts at the drawing board. Our designers are mindful of their role and pay special attention to the materials and processes used in our articles, thereby moving forward in the circular economy model that our Company promotes. In this regard, innovation is pivotal, since it enables us to find alternative solutions to conventional raw materials.

/ Manufacturing and procurement

Our origins as a sewing workshop make us especially appreciative of the role our non-exclusive suppliers and manufacturers play in creating high quality products and in our value proposition. Our supply chain is organised by means of twelve clusters, and their socially and environmentally responsible management is the cornerstone of our approach to procurement and manufacturing. Accordingly, we ensure that our suppliers' and manufacturer's workers have decent conditions and we further minimise our environmental impact.

We prioritise flexibility, which is why a remarkable portion of our end-product manufacturers are located in areas close to our headquarters in Spain. This proximity, together with short production runs, gives us flexibility and control over the process, which means we can adapt our commercial offering to changing trends as they arise.

/ Logistics and distribution

Our logistical flexibility to adapt to commercial decisions has been a key factor in our expansion across more than 200 markets.

The Group's various brands distribute their stock to stores and online warehouses around the world from centralised logistics hubs, efficiently integrating our store and online operations during the warehousing, shipping and distribution processes. By adopting and developing technologies such as Radio Frequency Identification (RFID) or the Integrated Stock Management System (SINT), we have merged the inventory management of all our brands. Thus, our staff can quickly locate any article, regardless of where it is located, and make it available to customers.

/ Stores/online

All our stores, whether physical or online, are merged into a single sales platform. We take extreme care of all points of contact between our brands and customers: cutting-edge designs, sophisticated spaces and innovative technology geared to offering the best possible experience. That's why we never stop looking for ways to improve our stores—located in the world's most exclusive and technologically advanced shopping areas—while revolutionising e-commerce with high-end fashion editorials that deliver the originality and inspiration our customers want.

Managing risk is inherent to our business model and directly responds to the precautionary principle throughout our value chain, a responsibility of each and every member of Inditex. We have systematic processes for identifying, assessing, recording and monitoring risks to ensure they are managed in the best possible way. The Integrated Risk Management and Control System emanates from the Board of Directors and is articulated in the form of several regulations aimed at managing the various scenarios.

ⓘ More information in section 6.3. Responsible risk management of this Report.

Transversal and collaborative innovation

Innovation is one of the transversal axes on which the four pillars of our strategy are aligned.

Through innovation, every day we aim to be **more creative, agile, efficient and respectful** in our interactions with our customers and our surrounding community alike. And, needless to say, **we strive to hone the customer experience and strengthen customers' trust** every time they choose us.

Our innovation model is **cross-cutting, flexible, collaborative and open,** not only to all the Company's areas and people, but to any organisation, entity or person with a different idea or disruptive proposal that helps build a better and more sustainable present and future.

Inditex's capacity for innovation and transformation is evidenced by the numerous projects that the Group has underway. All these initiatives permeate every area and level of the Company and every stage of our value chain (design, manufacturing, transport, logistics, distribution, sales, product use, circularity and end-of-life), and will be detailed over the course of this report. Some examples are Zara's launch of Pre-Owned, a platform that helps our customers to extend the useful life of our products; the deployment of Store Mode in five of the Group's brands, the availability of virtual shoe fitting in the Pull&Bear and Stradivarius apps; or the launch of a detergent, The Laundry by Zara Home, —developed in collaboration with BASF—that reduces the release of microfibres when garments are washed.

Business model

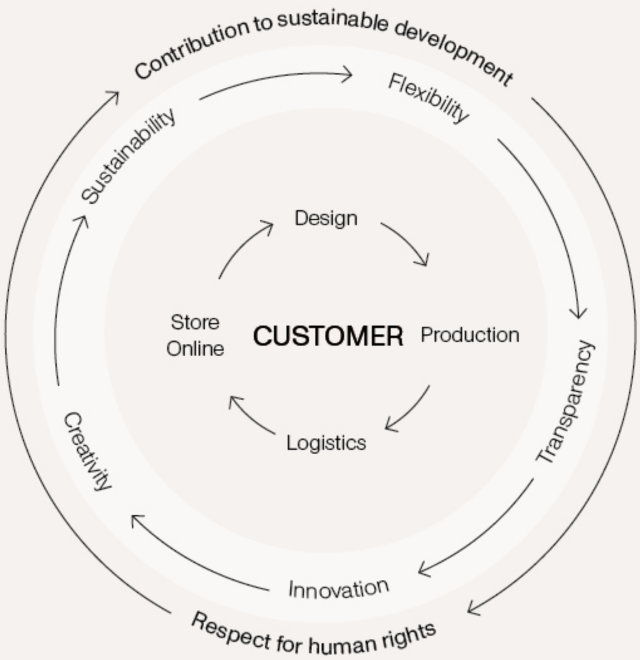
Inditex's business model aims to satisfy our customers' expectation by offering inspiring, high quality and responsibly produced fashion.

Our strategy is based on four pillars: unique fashion proposals, an enhanced customer experience, the commitment of our people and sustainability applied to all the stages of our value chain..

With them, through transparency and constant dialogue with our stakeholders, we work to promote human rights, the Sustainable Development Goals and, in particular, to create environmental and social value in our environment.

Stakeholder groups

Employees	Customers	Suppliers	Community	Environment	Shareholders



Pillars on which our strategy is established

Fashion	Customer experience	People	Sustainability

Action principles

- / Code of Conduct and Responsible Practices
- / Code of Conduct for Manufacturers and Suppliers
- / Policy on Human Rights
- / Diversity and Inclusion Policy
- / Community Investment Policy
- / Procurement Policy
- / Tax Strategy Policy
- / Sustainability Policy
- / Compliance Policy
- / Criminal Risk Prevention Policy
- / Occupational Health and Safety Policy
- / Integrity Policies
- / Information Security Policy
- / Due Diligence Policy
- / Compliance Policy Regarding Data Protection and Privacy
- / Global Sexual Harassment and Sex or Gender Identity-Based Harassment at the Workplace Prevention Policy

4.1. Sustainability, one of our pillars

GRI 2-6; 2-12; 2-16; 2-24; 2-28; 2-29; 3-1; 3-3; 201-2; 201-3

The commitment to sustainability permeates the entire Company: from the governing bodies, articulated through a strong sustainability governance structure, to the entire workforce, including offices, logistics hubs and stores. This has enabled us to progress towards our specific goals to generate value.

We rely on four key elements to implement our sustainability strategy: culture, collaboration, transparency and innovation.

Sustainability culture

Sustainability is ingrained in all our processes and decisions throughout our value chain. From product design to store management, it is a shared principle. To ensure it permeates all our people, regardless of their position and function, we carry out various actions aimed at creating a culture of sustainability throughout the Company.

For example, new recruits at offices receive training in which sustainability is prominent. After an initial overview, depending on their post, they receive more thorough training in the various Group's programmes.

This training is especially important for our buying and product teams, since their actions and decisions have a direct impact on the sustainability of our products and supply chain. That is why, since 2021, we have a specific training programme: The Sustainable Fashion School, co-created alongsidethe University of Leeds.

Our in-store staff have become the best ambassadors of our sustainability culture and the Changemakers initiative is a clear example of the importance we place on this. Changemakers ensure that sustainability reaches every corner of the Group and also compile suggestions and concerns about sustainability from our teams and customers.

ⓘ More information in section *5.1.2 Talent management* of this Report.

In 2022, more than 13,000 employees were trained in sustainability.

Collaboration

In keeping with our aim of driving transformation in the textile industry, we take a holistic approach to sustainability, which includes both its integration throughout our entire value chain and collaboration with each and every one of the related actors. Hence, we take an open approach in which collaboration is a pillar of transformation. Examples of this are our engagement with entities such as the United Nations Global Compact, the International Labour Organization, UNI Global Union, IndustriALL Global Union, The Fashion Pact, Ellen MacArthur Foundation and Zero Discharge of Hazardous Chemicals, among others.

ⓘ More information in the *4.2. Stakeholder engagement* section of this Report

Transparency

In line with our commitment to transparency, we share information with our stakeholders concerning our sustainability strategy, the programmes on which is it structured, our goals and the progress achieved, among other matters.

Among the foremost examples of our transparency is our annual accountability through this Integrated Directors' Report, as well as the information we regularly publish on our website. We also share a range of detailed and specific information with our various stakeholders, such as shareholders, suppliers, customers or the different organisations with which we collaborate.

Innovation

Inditex is unwaveringly committed to innovation in all its areas, including sustainability.

We believe that in order to drive the industry's transformation, it is not enough to apply the current paradigms, but rather an innovative approach is necessary, one that strives for new solutions. In this context, the Sustainability Innovation Hub, the platform we use to find the best materials, approaches and processes, is an invaluable ally.

Roadmap and commitments

Inditex has a Sustainability Roadmap that is structured around two main pillars: a commitment to the circular economy and decarbonisation – in line with the objectives of the Paris Agreement, and a commitment to the Sustainable Development Goals, to which we add the promotion of and respect for human rights.

Our sustainability roadmap

2022

/ **100%** of electricity consumption from renewable sources in all our own facilities (headquarters, logistics centres, factories and stores).

/ **More than 50%** of articles featuring the Join Life label.

2023

/ **100%** of cotton from preferred sources.

/ **100%** of man-made cellulosic fibres from preferred sources.

/ **Zero Waste** from our own facilities: headquarters, logistics centres, factories and stores.

/ **100%** elimination of single use plastics for customers.

/ **100%** collection of all packaging materials for recycling or reuse in the supply chain (Green to Pack).

2025

/ **100%** of polyester from preferred sources.

/ **100%** of linen from preferred sources.

/ **25% reduction** of water consumption in the supply chain.

2040

/ **Net zero emissions.**

Sustainability governance

The commitment to sustainability extends to all levels of the Company, starting with the governing bodies - most notably the Sustainability Committee - and permeating the entire organisation, based on a solid system of governance. Moreover, the Group has a Social Advisory Board, an external body that advises us on sustainability issues.

ⓘ More information in section *6.1. Good governance, corporate ethical culture and solid compliance architecture* of this Report.

This governance system is based on a number of policies and strategies that guide our activities and our decision making, and that lay the groundwork to ensure that sustainability is integrated at every stage of our value chain. These include, in particular, our Sustainability Policy, which comprises the principles adopted by the Group in relations with our stakeholders, encouraging integrating sustainability practices into the business model with the premise that all its activities will be conducted in a manner that respects people, the wider community and the environment, based upon our commitment to human rights and sustainable development.

Policies that guarantee integration of sustainability in the operations and decision making at the Inditex Group

/ Sustainability Policy*
/ Policy on Human Rights
/ Diversity and Inclusion Policy
/ Compliance Policy
/ Integrity Policies
/ Forest Product Policy
/ Code of Conduct and Responsible Practices
/ Code of Conduct for Manufacturers and Suppliers
/ Product health and safety standards
/ Green to Wear environmental standard (GtW)
/ Strategy on social management of the supply chain: Workers at the Centre 2019-2022
/ Global Water Management Strategy, Global Energy Strategy, and Biodiversity Strategy

* **Approved by the Board of Directors on 9 December 2015, amended on 14 December 2020 and updated on 3 November 2022.** Includes:
/ Principles that govern sustainability in the Group.
/ It includes the integration of sustainability into the business model and the cornerstones upon which the organisation's value creation is established.
/ Principles governing stakeholder engagement and the identification of key stakeholders.
/ Principles upon which the communication of sustainability practices is established, strengthening the ongoing dialogue and transparency as a cornerstone for stakeholder engagement.

The commitment to sustainability by the governing bodies and the entire Company is crystallised in the definition of ambitious goals and specific targets, linking the variable remuneration of different areas within the Group to sustainability objectives.

Specifically, up to 15% of the CEO's variable remuneration is linked to compliance with sustainability policies. In addition, 25% of the 2021-2024 long-term incentive scheme for members of the management team and other key employees is based on the achievement of sustainability metrics. The variable remuneration of all office employees also factors in sustainability metrics.

Contribution to sustainable development

When the 2030 Agenda for Sustainable Development was approved in 2015, at Inditex we aligned our sustainability strategy with its 17 Sustainable Development Goals (SDGs) and 169 targets, mindful that only by achieving all of them will be possible to eradicate poverty in all its forms, reduce inequalities and stop climate change. This alignment has given us a holistic view of our impacts and the opportunities for promoting sustainable development and collaboration in the communities in which we operate.

In this regard, this report includes detailed information on our contribution to the SDGs, indicating at the beginning of each chapter those goals on which the actions outlined in them have an impact, as well as a quantitative summary of the main indicators that show our contribution in accordance with the guide entitled *Business Reporting on the SDGs: An Analysis of Goals and Targets.*

More information in section
7.1.6 Inditex's contribution to the SDGs. Main indicators,
of this Report.

Inditex's contribution to the SDGs.
Key milestones in 2022

SDG 3
GOOD HEALTH AND WELL-BEING

Our commitment to promoting workplace safety, health and well-being is at the heart of Inditex's activities. This is enshrined in our Health and Safety Policy, updated in 2022.
We extend this commitment to all workers in our supply chain. Consequently, we have implemented numerous projects in this sphere as part of our Workers at the Centre 2019-2022 strategy. Notable in this regard is our work throughout this year to study, in collaboration with other stakeholders, the feasibility of expanding the International Accord for Health and Safety in the Textile and Garment Industry to Pakistan.
We have also contributed to improving the health and well-being of more than one million vulnerable people worldwide through our partnerships with Médecins Sans Frontières, Medicus Mundi and Every Mother Counts.

SDG 5
GENDER EQUALITY

Gender equality and women empowerment are a part of the essence of our Group. That is why we promote inclusive working environments that are free of any kind of discrimination. Accordingly, in 2022, the Global Sexual Harassment and Sex or Gender Identity-Based Harassment at the Workplace Prevention Policy was approved.
In addition, we have exceeded our target for women's representation on the Board of Directors, reaching 45.45% in 2022.
Our commitment to gender equality also extends to our supply chain, with numerous initiatives deployed as part of our Workers at the Centre 2019-2022 strategy.
Also notable are our partnerships with organisations such as Every Mother Counts, Water.org and Entreculturas as part of our Corporate Community Investment programme.

SDG 8
DECENT WORK AND ECONOMIC GROWTH

At Inditex we prioritise nurturing stimulating, stable and safe working environments, in which equal opportunities and professional development are a reality for all, from our own people to workers in the supply chain.
Thus, in 2022 we culminated our Workers at the Centre 2019-2022 strategy, which over the past four years has benefited 2.5 million workers through its multiple projects and initiatives, developed in partnership with multiple local and international organisations.
Furthermore, we continue to promote the employment of people in or at risk of social inclusion through initiatives such as for&from, Salta and the employment programme with Cáritas.

SDG 12
RESPONSIBLE PRODUCTION AND CONSUMPTION

Sustainability, as a cornerstone of our business model, implies promoting responsible consumption and production practices.
In 2022, we signed a three-year commitment with Infinited Fiber Company, for more than 100 million euros, to purchase 30% of the future production volume of Infinna, a textile fibre produced entirely from discarded garments and part of our open innovation platform Sustainability Innovation Hub.
This year we also continued to ramp up our consumption of preferred raw materials, reaching 60% of total raw materials consumed.
In addition, this year we have allocated 22.5 million euros to projects that have had this SDG as their main objective, highlighting the renewal of our collaboration with Cáritas to strengthen the Moda Re-initiative for the collection and reuse of clothing.

SDG 13 CLIMATE ACTION

At Inditex we are committed to fighting against climate change. With this in mind, in 2022 we signed up to the new targets set by the United Nations Fashion Industry Charter for Climate Action. This framework encompasses commitments in areas such as emissions and raw materials.
This year we also fulfilled our commitment to renewable energy, with 100% of the electricity consumed in our facilities coming from renewable sources.
In addition, mindful of the importance of working with our suppliers in this matter, in 2022 we rolled out the environmental improvement plan to promote improvements in production processes and facilities for a better use of resources, reducing their water and energy consumption.

SDG 17 PARTNERSHIPS FOR THE GOALS

Partnerships are key to achieving the Sustainable Development Goals and moving towards the sustainable transformation of our sector. We therefore continue to focus on collaboration, developing projects and initiatives in conjunction with numerous local and international organisations, trade unions, governments and academic institutions, among others. Particularly significant are our partnerships with the International Labour Organization, IndustriALL Global Union, UNI Global Union, ACT (Action, Collaboration, Transformation), Fashion Pact, and Cáritas, among others.

Other notable contributions

1 NO POVERTY

In 2022 we have taken part in various initiatives whose primary or secondary objective is to contribute to ending poverty. We have implemented these projects in collaboration with various non-profit organisations such as Entreculturas (Colombia, Ecuador, Venezuela, Brazil, Lebanon and Mexico), UNHCR (Ukraine) and Fundatia Hope and Homes for Children (Romania), among others.

2 ZERO HUNGER

As part of our community investment programme, we have worked throughout the year with organisations such as La Mie de Pain (France), FESBAL (Spain) o Fe y Alegría (Paraguay) on various initiatives aimed at eradicating hunger.

4 QUALITY EDUCATION

At Inditex we believe it is essential to promote our employees' professional development through training and internal promotions. Evidence of this is that 59% of the Group's vacancies were covered in-house in 2022. In addition, we have continued to be engaged in projects to promote access to primary and secondary education with the NGO Entreculturas, as well as university education in partnership with the universities of Tsinghua, Dhaka or A Coruña, among others.

6 CLEAN WATER AND SANITATION

In 2022, we made further headway on our commitment to reducing water consumption in our supply chain by 25% in 2025.
We have also joined forces with the organisation Water.org to launch a new programme, Water and Climate Fund, which aims to develop projects to improve water and sanitation infrastructure, boosting efficiency and savings, and enhancing local communities' access to water.

7 AFFORDABLE AND CLEAN ENERGY

This year we achieved our target of 100% renewably sourced electricity consumption at our facilities. We continue working on the promotion of renewable energies through projects that generate additionality to the grid, such as the VPPA (Virtual Purchase Power Agreement) signed this year and Outer Port Wind Facility in A Coruña, which is scheduled to enter into service in 2025.

9 INDUSTRY, INNOVATION AND INFRASTRUCTURE

Innovation is a key part of our business model and it is essential to achieving lasting industry transformation in spheres such as sustainability. We have therefore continued to promote the Sustainability Innovation Hub, collaborating with various start-ups in the search for new solutions, materials and manufacturing processes.

10 REDUCED INEQUALITIES

Within the framework of our Corporate Community Investment programme, this year we carried out numerous projects aimed primarily at reducing inequalities, most notably partnerships with organisations such as UNHCR, Red Cross, Entreculturas and Cáritas. In 2022, our investment in these initiatives amounted to 17.8 million euros.

11 SUSTAINABLE CITIES AND COMMUNITIES

In 2022, we worked on projects with various organisations focused on helping to achieve this goal, such as Spain's Reina Sofía National Museum of Art and Galician Symphony Orchestra or Portugal's Fundação de Serralves.

14 LIFE BELOW WATER

In 2022 we subscribed to the Arctic Corporate Shipping Pledge, promoted by Ocean Conservancy, that pushes for a commitment to avoid shipping routes through the Arctic due to the potential impact on the ecosystem. This year, we also began marketing a detergent that helps to reduce microfibre shedding from garments during washing, thus preventing their discharge into water systems.

15 LIFE ON LAND

In 2022, we teamed up with various organisations to develop a project to promote regenerative practices in India.
As part of this objective, we also signed an agreement with WWF to carry out projects to restore forests and other ecosystems that serve as habitats for endangered species.

16 PEACE, JUSTICE AND STRONG INSTITUTIONS

Inditex has a robust corporate governance and compliance system aimed at showing our firm commitment to good governance and social and environmental sustainability, and conveying that corporate ethical culture to all our stakeholders.

4.1.1.Human Rights

GRI 2-6; 2-24; 2-25; 2-29; 3-1; 3-3; AF1; AF5; AF7

ⓘ *More information in the Human Rights Report,* which is available on the Inditex corporate website.

Inditex has inseparably linked its journey to the promotion of and respect for human rights and, to this end, we have a human rights strategy aligned with the United Nations Guiding Principles on Business and Human Rights. The strategy extends to all Group operations and structures our commitment and alignment with best practices throughout the value chain.

Our human rights strategy is structured on the following three pillars:

Inditex's human rights strategy

Integrating the promotion of and respect for human rights throughout our value chain

Policy on Human Rights

Approved by the Board of Directors in 2016.
It applies to the entire Group.

Due Diligence

/ Identifying potential impacts arising from operations and relationships.
/ Prioritising impacts.
/ Integration of the results in processes.

Grievance mechanisms

Underpin the identification of potential impacts and help strengthen aspects of the due diligence process.

Policy on Human Rights.

Inditex advocates **respect for human rights in all its operations,** a principle that is ingrained in its business strategy and fully integrated throughout the corporate model.

A clear example of this is the Policy on Human Rights, approved by the Board of Directors in 2016, which represents the first pillar of our strategy. This Policy is binding upon the entire Group and its employees and extends to any person having dealings with the Company. It is based on the Universal Declaration of Human Rights, and on the main conventions of the International Labour Organization and the Guiding Principles on Business and Human Rights, among others, and embodies Inditex's commitment to the values that these frameworks represent.

For prioritisation purposes, the Policy also identifies the rights most directly connected with the business model.

Policy on human rights

Respect for all universally recognised human rights

Prioritisation of rights most closely related to the business model:

Non-labour human rights

/ Respect for minorities' and communities' rights.
/ Right to privacy.
/ Right to health.
/ Right to freedom of opinion, information and expression.
/ Right to security of the person.
/ Contribution to the fight against corruption.
/ Right to the environment and to water.

Labour human rights

/ Forced or compulsory labour is rejected.
/ Child labour is rejected.
/ Discrimination is rejected and diversity is promoted.
/ Respect for freedom of association and collective bargaining.
/ Protecting workers' health and safety.
/ Just, fair and favourable working conditions.

For comprehensive integration of respect for human rights throughout the Company, we consider that **collaboration and communication are key.** Every department implements its own specific actions in this regard, bonded together by the corporate human rights strategy. This integration permeates the entire Company.

The Board of Directors is the body responsible for approving the policy on human rights. The Board has a Sustainability Committee, an informative and consultative body, responsible for promoting the commitment to human rights, among other matters. The Board also has an Audit and Compliance Committee responsible for monitoring and assessing financial and non-financial risks, including human rights-related risks.

The Group also has a Social Advisory Board, a collegiate body integrated by external independent experts, which advises on human rights, among other issues linked to sustainability.

ⓘ More information in section 6.1.1. *Good Corporate Governance*, of this Report.

Due diligence in human rights

Our approach is based on developing **due diligence processes** to detect the potential impacts of our activities on human rights. By means of continuous interaction with our stakeholders and sustainability teams on the ground, these processes are kept permanently up to date. The due diligence processes that are part of the human rights strategy involve two main focus areas:

/ Supply Chain. Considering our business model, our supply chain is one of the priority areas of our overall value chain, in which we place a special focus on the promotion of and respect for workers' human rights. Based on the due diligence process accompanied by the organisation Shift, we drew up our strategy Workers at the Centre 2019-2022, focused on the socially sustainable management of the supply chain. The due diligence process identified the seven priority impact areas into which the strategy is structured: worker participation; living wages; gender, diversity and inclusion; occupational health and safety; protection of migrants and refugees; social protection; and protection of labour rights in the production of raw materials.

ⓘ More information in section 5.6.2 Workers at the Centre of this Report.

/ Value chain. In keeping with the Guiding Principles, we extend the human rights strategy throughout the entire value chain. The design of these due diligence processes involves the different areas of the Company, such as Human Resources and Risk Management, and it is constantly reviewed and updated. At the same time, we carry out a range of activities to identify potential impacts, prevent them and mitigate them by means of integrating responsible practices into our activities in order to uphold human rights.

Key elements for due diligence

Communication and cooperation with stakeholders

Cooperation and collaboration are essential components of the due diligence process. Thus, there is no overstating the key importance of the relationships we forge with international organisations and NGOs, among other experts in the field and who support us in developing specific projects, training and creating and implementing our strategies. A clear example of this is our partnership with Shift, a leading centre and promoter of the Guiding Principles on Business and Human Rights. This organisation also coordinates and organises the Business Learning Program, a space in which to share practices and learning in connection with fostering human rights at companies in various sectors, in which Inditex also takes part. We also highlight our partnerships with the International Labour Organization, the UNI Global Union, IndustriALL Global Union and the UN Global Compact.

Awareness and training

Awareness is the cornerstone for a human rights culture to flourish throughout the organisation. This culture is communicated both internally to the Company's employees, and externally to suppliers, manufacturers and other stakeholders. Particularly in the supply chain, training is complemented by our work on responsible purchasing practices, with the aim of aligning commercial teams with our commitment to sustainability and human rights.

For example, in 2022, under the umbrella of the Sustainable Fashion School, the commercial and design teams have received training that includes specific topics on human rights and their potential impacts related to the business model.

Our aim is to integrate responsible and ethical practices into everything we do, both internally and in our relations with third parties, for the promotion of and respect for human rights of all our employees and anyone we come into contact with in the course of our business.

Grievance mechanisms

Grievance mechanisms, the third pillar of the human rights strategy, are key to improving the due diligence process, as their information helps identify potential negative impacts, and allows the Company to react and mitigate any risk in advance.

Our main grievance mechanism is the Ethics Line, which is available both to Inditex staff and to third parties with a legitimate interest. This channel enables queries and communications related to the interpretation of and compliance with the internal rules of conduct to be sent, in the strictest confidentiality and even anonymously, to the Ethics Committee so that it can analyse them and adopt any necessary measures.

ⓘ More information in section *6.1.3. Compliance and criminal risk prevention systems* of this Report.

Another important mechanism is the one established under the umbrella of our Global Framework Agreement with the international trade union federation *IndustriALL Global Union*. Thanks to the Global Framework Agreement, in force since 2007 and whose fifteenth anniversary took place in 2022, we reach out to workers in the supply chain through their representatives to promote social dialogue. The aim of the Framework Agreement is "to guarantee respect for human rights in the social and labour environment by promoting respect for labour standards throughout the Inditex supply chain".

ⓘ More information in the *Workers at the Centre Report,* which is available on the Inditex corporate website.

4.2. Stakeholder engagement

GRI 2-29; 3-1; 3-3

How and with whom we collaborate

Our stakeholders are those entities or groups that are related to Inditex, both throughout our value chain and in the communities in which we carry out our activity and which, at the same time, have the capacity to influence our Company with their decisions and opinions. In this regard, we identify and group our stakeholders according to their link to our business model. Thus, our main stakeholders are: customers, employees, suppliers, shareholders, the community as a whole and the environment (represented by various environmental organisations).

The principles on which our relationship with stakeholders is based are enshrined in our Sustainability Policy. The first of these is **transparency**, which helps us to establish a bond of trust with them. The second is **continuous dialogue,** which allows us to respond to their demands and needs, as well as to join forces to achieve common and shared objectives, such as circularity, preserving the planet and its resources, or promoting human and labour rights.

These common principles are embodied in specific strategies, objectives and communication and dialogue channels, which are constantly reviewed and updated. Thus, we have policies that define the principles of the relationship with each stakeholder group, such as our Code of Conduct and Responsible Practices, our Code of Conduct for Manufacturers and Suppliers or the Policy on Human Rights, among others.

Defining the stakeholder engagement strategy

Identification

Identification of all the stakeholders that may have dealings with Inditex throughout the value chain and in the environment in which we operate.

Prioritisation

Classification and determination of priority stakeholders based on our business model and value chain.

Definition of the strategy

A specific strategy is defined for each group of stakeholders, defining objectives, commitments and dialogue tools.

Common elements of all the strategies:
Permanent dialogue and transparency

Inditex's main stakeholders and engagement and dialogue tools

Inditex's main stakeholders	Examples of stakeholders
Employees Any person who works at Inditex.	/ Store employees / Office employees / Logistics centres employees / Union representatives
Customers Any person who purchases any product sold by the various brands of the Inditex Group.	/ Physical store customer / Online store customer / Potential customer
Suppliers Companies that are part of Inditex supply chain and their respective employees.	/ Direct suppliers / Manufacturers / Workers / Trade union organisations / International organisations
Community All those persons or entities that form part of the environment in which Inditex carries out its activity.	/ NGOs / Governments and public authorities / Academic institutions / Civil society / Media
Environment Set of natural elements present in the environment in which Inditex develops its business model.	/ Environmental protection organisations / Governments and public authorities
Shareholders Any person or entity who owns shares in the Inditex Group.	/ Institutional investors / Individual investors

■ Constant dialogue ■ Biannual ■ Annual □ On demand

Relationship and dialogue tools / Our commitments

Our commitments – Common

Relationship and dialogue tools – Common	Relationship and dialogue tools – Specific	Our commitments – Specific
Sustainability Committee	Ethics Committee Agreement with UNI Global Union Internal training and promotion Internal communication Volunteer programmes Departments of Information Security and Data Protection and Privacy	/ Respect for Human and Labour Rights / Fair and decent treatment / Respect for privacy and personal data protection / Commitment to information security
Materiality Analysis	Teams specialising in customer service Physical and online *stores* Social media Departments of Information Security and Data Protection and Privacy	/ Clear and transparent communication / Integration throughout the business model / Responsible design and manufacturing / Respect for privacy and personal data protection / Commitment to information security
Social Advisory Board	Supplier clusters Ethics Committee Sales and sustainability teams Framework Agreement with IndustriALL Global Union Department of Information Security and Data Protection and Privacy	/ Promotion and protection of core human and labour rights and international standards / Promotion of sustainable production environments / Respect for privacy and personal data protection in the provision of services
Strategic partnerships	Social Advisory Board Commitments to NGOs Sponsorships and Patronage Committee	/ Contribution to social and economic development / Commitment to improving global welfare
Corporate Website	Social Advisory Board Commitments to NGOs Sustainability teams	/ Respect for the environment / Conservation of biodiversity / Sustainable management of resources / Stopping climate change
Integrated report	Annual General Meeting Sustainability indices Investor relations	/ Social interest and interest common to all shareholders / Fostering informed engagement

Outstanding relationship and dialogue tools

We have had a Sustainability Committee since 2019. It is a delegated committee of the Board of Directors, whose responsibilities include the supervision of our stakeholders' engagement in the sustainability field.

On the other hand, since 2002 we have had a Social Advisory Board which acts as an advisory body on sustainability matters, and comprises independent external members, whose responsibilities include arranging and institutionalising dialogue with key stakeholders in civil society.

ⓘ More information in section *6.1.1. Good Corporate Governance* of this Report.

Furthermore, we have established various strategic partnerships for collaboration with stakeholders to contribute to sustainable development throughout our value chain and in the communities where we operate.

ⓘ More information in the document *Partnerships* available on Inditex's corporate website.

Note that the Group conducts an annual materiality analysis in order to identify and respond to those issues that are most relevant to our stakeholders. The findings of this analysis are a very valuable source of information, as they enable us not only to discover their needs and expectations, but at the same time serve as a guide to define our priorities as we progress in the creation of economic, social and environmental value.

ⓘ More information in section *4.2.2 Materiality analysis* of this Report.

4.2.1. Partnerships

GRI 2-6; 2-16; 2-28; 2-29; 3-1

At Inditex we consider it essential to establish close and multi-directional partnerships with various organisations and institutions. In our view, only by joining forces with key players can we advance in the sustainable transformation of our sector in particular, and of society and the planet in general

Consequently, we maintain partnerships with governments, trade unions, academic institutions, local and international organisations and representatives of civil society, among others, to progress in sustainable development. Accordingly, we maximise our contribution to the SDGs and foster economic, social and environmental value creation.

In the last year, in addition to maintaining the strong partnerships of previous years, we have established new ones such as with Ocean Conservancy, Disability:IN and WWF, to name but a few.

ⓘ More information in the document *Partnerships* on Inditex's corporate website.

Partnerships

Positive impact on the **people** in our **value chain and on the community**

Protecting the **environment** and fighting against **climate change**

Transversal partnerships with **social, environmental and governance** impact

4.2.2. Materiality analysis

GRI 2-4; 2-12; 2-29; 3-1; 3-2; 3-3

In 2022, for the twelfth consecutive year, we performed a materiality analysis to understand the needs and expectations of our stakeholders. This exercise enables us to identify and prioritise the issues that are most relevant, both to internal stakeholders, i.e., our employees, and external stakeholders, i.e., international bodies, trade unions, NGOs, universities, local communities and suppliers, among others.

This analysis has a dual purpose. On the one hand, it enables us to identify the priorities we need to focus on in order to make progress in creating value for our stakeholders and ensure that our sustainability strategy is aligned with their needs. On the other, it helps us to determine the content to be included in this Report.

In 2022, we updated the methodology used to conduct our materiality analysis, which has a dual focus: **impact materiality**, which analyses the organisation's potential impacts on the economy, environment, and people, and **financial materiality**, which analyses how these same issues impact the Organisation. Thus, we conducted a dual materiality exercise.

To determine impact materiality, we follow the recommendations outlined by the Global Reporting Initiative in its GRI 3: Material Topics 2021 standard, which updates the methodology previously recommended in the GRI 101: Foundation 2016 standard, focusing the analysis on the significance of the Company's actual and potential impacts on the economy, the environment and people, including on human rights. According to this methodology, the materiality of impacts is determined by assessing the following parameters:

/ **Scale:** how grave or beneficial the impact is or would be.

/ **Scope**: how widespread the impact is, for example, the number of individuals affected or the extent of damage.

/ **Irremediable character:** when the impact is negative, how hard it is to counteract or make good the resulting harm.

/ **Likelihood**: for a potential impact, the chance of the impact happening. In determining this, short, medium, and long-term perspectives are taken into consideration.

In addition to this exercise, we conduct an assessment of the financial materiality of each impact in order to maintain a **dual perspective of materiality** in our analysis, in line with best practices in this area. To determine financial materiality, we survey our employees (internal stakeholders) to determine the financial scale of the impacts identified for Inditex, based on the effect they may have on future cash generation or on the Company's value in the short or medium term.

The result of this exercise is a materiality matrix where, based on the importance of its impact on the environment (x-axis - impact materiality) and its relevance for the development of the Company's business model (y-axis - financial materiality), 18 topics are shown, two fewer than last year. Both impact materiality and financial materiality are rated on a scale of zero to four points.

The decrease in the number of topics is due to the change in methodology compared to 2021, as by starting the analysis from a more granular impact perspective, impacts related to the two topics not included in this year's matrix - customer orientation and diversity, equality and inclusion - have been grouped into other topics. In particular, impacts such as pay inequality, diverse workforce and inclusive work culture, or those related to harassment and discrimination are key impacts that are now part of the quality of employment and human rights topics. In other words, these impacts continue to be material, but they have been included in other material topics.

ⓘ More information in section *7.2.3. Balance of material topics* of this Report.

Process to develop Inditex's materiality matrix

Identifying the potential and actual impacts

that Inditex has on the economy, the environment and people, including on human rights, taking as a reference:

/ Issues addressed by stakeholders over the course of the year
/ Current and future applicable legislation
/ Topics highlighted in the benchmark reporting standards
/ Material topics at other companies in the sector
/ Issues addressed in our Ethics Line
/ Trends in the industry
/ Criteria considered by financial analysts
/ Analysis of Social and Digital Media

Importance of the impacts

obtained by calculating the variables:

Scale
Evaluated by surveying:
/ internal stakeholders
/ external stakeholders*

Scope, Irremediable Character and Likelihood
Evaluated through interviews with members of Inditex Management and heads of relevant areas.

Financial materiality

Impact on the Company's cash generation and value creation
Evaluated through surveys to employees.

Prioritising impacts

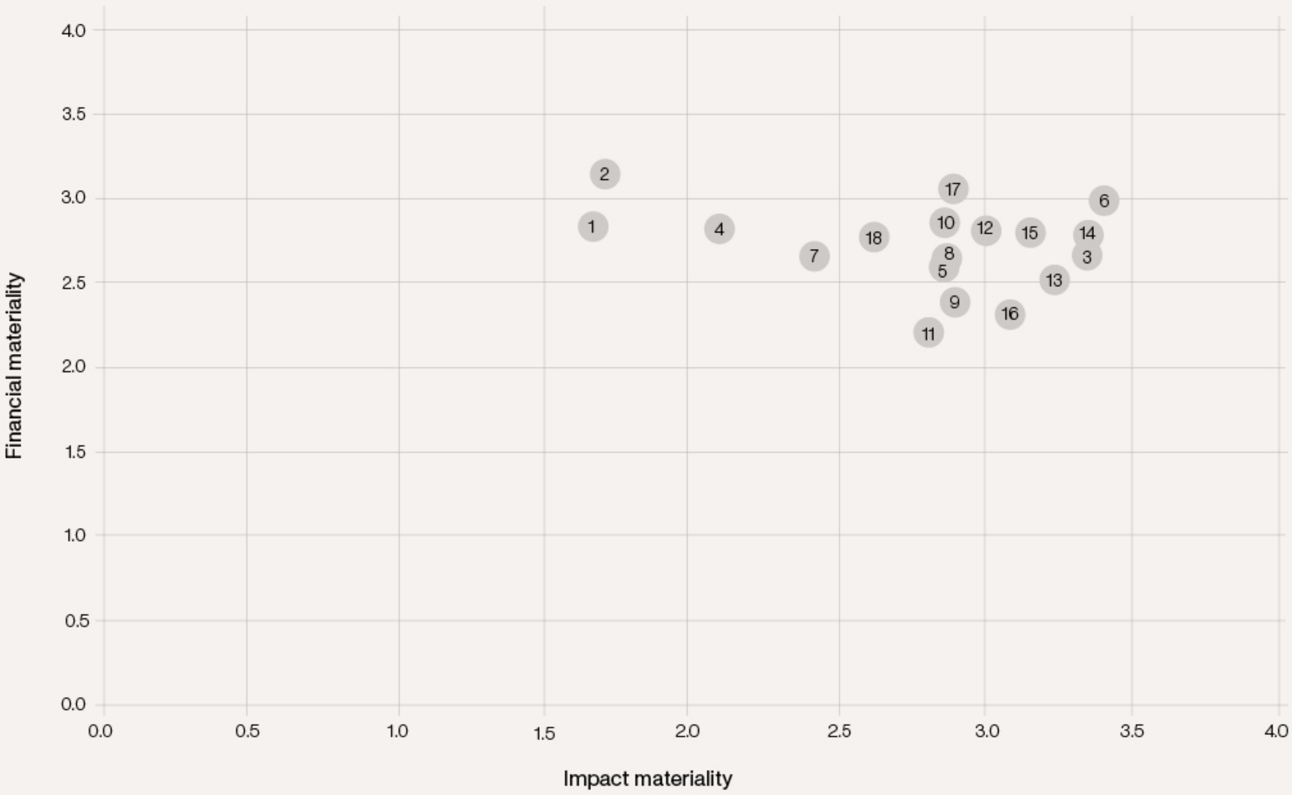
based on their significance.

Grouping the identified impacts into 18 material topics.

Verification of the results both internally, by the Company's management and the Sustainability Committee, and externally, by the Social Advisory Board.

*In 2022, representatives from more than 80 organisations of different kinds took part. The participant organisations include, among others: The Inditex Social Advisory Board, Accelerating Circularity, *Asociación Española de Contabilidad y Administración de Empresas* (AECA), AFIRM Group, Caritas, Better Work, Centre for Business and Public Sector Ethics of Cambridge, Red Cross, Ethical Trading Initiative, Fashion for Good, Entreculturas, *Fundación SERES*, ***Red Española del Pacto Mundial de Naciones Unidas*** (United Nations Global Compact), Greenpeace, Humane Society of the United States (HSUS), IndustriALL Global Union, Médicins Sans Frontières (MSF), Medicus Mundi, Organic Cotton Accelerator (OCA), University of Cambridge, University of A Coruña, and University of Santiago de Compostela.

Double materiality matrix



Material topics

1 Ethical behaviour and governance	7 Value creation	13 Socially-sustainable production environments
2 Risk management and control systems	8 Innovation	14 Climate change
3 Stakeholder engagement	9 Quality of employment	15 Environmental footprint minimisation
4 Responsible communication	10 Human Rights	16 Protection of natural resources
5 Value chain transparency and traceability	11 Safe and healthy environments	17 Product sustainability
6 Responsible purchasing practices	12 Talent management	18 Circularity

5. Committed to

5.1. Our people / 5.2. Our customers / 5.3. Our products /
5.4. Our shareholders / 5.5. Environment / 5.6. Suppliers /
5.7. Communities

Inditex is a company committed to its stakeholders: its people, customers, shareholders, products and surrounding environment, from suppliers to the communities where we operate.

5.1. Our people

GRI 2-7; 3-3; 404-2

Related material topics: Stakeholder engagement; Quality of employment; Human rights; Safe and healthy environments; Talent management.

A career at Inditex is more than a job: it is a lifestyle packed with goals, opportunities and continuous inspiration.

Our purpose is to make a positive impact on the lives of millions of people, starting with those that make up our team, which comprises 182 nationalities. We want Inditex to be the ideal place for passionate, curious, entrepreneurial, motivated and responsible people; a place for them to continue to grow as part of a creative and innovative team.

To achieve this, our entire people strategy is grounded on four cornerstones: promoting our **values** and our **culture**, characterised by **diversity, inclusion** and **equal** opportunities; maximising our commitment to **talent**, always providing opportunities for learning and professional growth; guaranteeing **high quality**, stimulating and stable jobs; and protecting the **safety, health and well-being** of our teams.

5.1.1. Diversity, inclusion, equality and work-life balance

GRI 2-7; 3-3; 401-3; 404-2; 405-1; 405-2; AF23; AF27; AF32

5.1.1.1. About us

At the end of 2022, our Group comprised a team of **164,997 people, located in 60 different markets and representing a total of 182 nationalities** (165,042 people, 60 markets and 177 nationalities in 2021; 144,116 people, 60 markets and 171 nationalities in 2020; 176,611 people, 60 markets and 172 nationalities in 2019; 174,386 people, 60 markets and 154 nationalities in 2018).

The Inditex Group can be described with four features:

/ Generational and gender diversity

/ International presence

/ Horizontal organisation

/ A customer-centric approach

Generational and gender diversity, along with **the empowerment of women**, are hallmarks of who we are in the Inditex Group. At the end of 2022, **75% of our workforce are women,** while 25% are men (76% and 24% in 2021, 2020 and 2019, and 75% and 25% in 2018, respectively). Moreover, our teams **comprise employees of different generations,** the youngest groups being the largest, as evidenced by the average age of our workforce, which is 29.6 years old (29.3 years old in 2021, 30.1 years old in 2020, 28.9 years old in 2019 and 28.7 years old in 2018).

With employees in over 60 markets, Inditex's **international presence** is another of our greatest strengths. On the one hand, it enriches our team management by allowing us to apply global policies while at the same time addressing the different local realities; and on the other hand, multiculturalism makes us a more creative company, geared to understand the market's complexities. Spain, with 46,154 employees, accounts for 28% of the total workforce.

Thirdly, our **horizontal organisation** favours open and continuous communication throughout the workforce, as well as collaborative work. This permanent dialogue enables us to better understand our business and identify opportunities for improvement in all areas and at every level. In addition, our approach to job classifications is broad, with store employees having a special relevance in all of them.

Lastly, our **customers are at the heart** of our business model. Accordingly, our stores, where 86% of our people work, play a paramount role in the Company. In recent years our online teams have also grown strongly. The rest of the Group's areas of activity (factories, logistics and central services) provide services to the integrated store and online platform of all seven of our brands, which make up a seamless network of over 5,800 stores.

Our people in 2022

164,997 people

Distribution by activity

	2022		2021		2020		2019		2018	
	Number of employees	%	Number of employees	%	Number of employees	%	Number of employees	%	Number of employees	%
Store	143,365	86	143,592	86	123,660	86	154,465	87	152,057	87
Central services	11,374	7	11,283	7	10,844	7	11,386	6	11,547	7
Logistics	9,670	6	9,439	6	8,862	6	9,932	6	9,929	5
Factories	588	1	728	1	750	1	828	1	853	1
Total	**164,997**	**100**	**165,042**	**100**	**144,116**	**100**	**176,611**	**100**	**174,386**	**100**

Distribution by age

	2022		2021		2020		2019		2018	
	Number of employees	%	Number of employees	%	Number of employees	%	Number of employees	%	Number of employees	%
<30	94,666	57	95,752	58	77,597	54	107,042	61	107,639	62
30-40	44,644	27	46,115	28	45,792	32	49,336	28	48,709	28
>40	25,686	16	23,175	14	20,727	14	20,233	11	18,038	10
Total	**164,997**	**100**	**165,042**	**100**	**144,116**	**100**	**176,611**	**100**	**174,386**	**100**

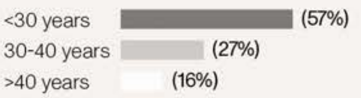
Distribution by geography

	2022		2021		2020		2019		2018	
	Number of employees	%	Number of employees	%	Number of employees	%	Number of employees	%	Number of employees	%
Americas	20,909	13	19,888	12	16,788	12	19,749	11	20,785	12
Asia and rest of the world	14,457	9	16,460	10	17,215	12	23,541	13	23,452	13
Spain	46,154	28	46,075	28	40,279	28	48,687	28	47,930	28
Europe (ex-Spain)	83,476	51	82,619	50	69,834	48	84,634	48	82,219	47
Total	**164,997**	**100**	**165,042**	**100**	**144,116**	**100**	**176,611**	**100**	**174,386**	**100**

Distribution by gender

	2022		2021		2020		2019		2018	
	Number of employees	%	Number of employees	%	Number of employees	%	Number of employees	%	Number of employees	%
Women	123,201	75	124,993	76	109,323	76	133,465	76	131,385	75
Men	41,796	25	40,049	24	34,793	24	43,146	24	43,001	25
Total	**164,997**	**100**	**165,042**	**100**	**144,116**	**100**	**176,611**	**100**	**174,386**	**100**

Age



Markets

182
nationalities

Europe (ex-Spain)
83,476 (51%)

Spain
46,154 (28%)

Americas
20,909 (13%)

Asia and rest of the world
14,457 (9%)

Gender

Women
75%

Men
25%

Distribution by job classification*

	2022		2021		2020		2019		2018	
	Number of employees	%	Number of employees	%	Number of employees	%	Number of employees	%	Number of employees	%
Management	10,692	6	11,890	7	12,591	9	10,473	6	7,601	4
Supervisor	14,754	9	15,367	9	16,480	11	19,779	11	20,350	12
Specialist	139,551	85	137,785	83	115,045	80	146,359	83	146,435	84
Total	**164,997**	**100**	**165,042**	**100**	**144,116**	**100**	**176,611**	**100**	**174,386**	**100**

*The description of the functions of the three job classification groups is:

Management: employees in management positions with responsibility for interdisciplinary working groups related to the areas of design, manufacturing, distribution, logistics, stores, technology, sustainability and other general services. This category includes store managers.

Supervisor: employees who are part of interdepartmental and transversal working groups for design, logistics and stores, as well as sustainability, technology and other general services.

Specialist: employees with an impact through individual contribution related to one of the Group's activities in the areas of design, manufacturing, distribution, logistics, stores, sustainability, technology and other general services.

Distribution by market

Europe (ex-Spain)	2022	2021	2020	2019	2018
Albania	332	249	221	243	263
Austria	1,320	1,334	1,253	1,455	1,477
Belgium	2,977	2,929	2,562	2,945	2,818
Belarus	370	350	278	290	298
Bosnia-Herzegovina	420	369	314	424	360
Bulgaria	750	663	600	716	733
Croatia	1,125	1,041	923	1,160	1,078
Czech Republic	676	605	505	700	643
Denmark	296	309	292	329	335
Finland	203	240	249	260	269
France	11,302	10,315	8,729	10,030	9,414
Germany	4,951	4,684	4,753	5,531	5,874
Greece	3,930	4,004	3,639	4,278	4,014
Hungary	1,214	1,116	818	1,126	1,067
Italy	9,971	8,794	6,890	8,626	8,600
Ireland	1,027	958	743	854	882
Kosovo	291	245	215	211	157
Luxembourg	335	325	300	318	179
Monaco	41	39	39	39	36
Montenegro	155	143	99	128	123
Netherlands	2,947	2,701	2,536	3,018	2,856
North Macedonia	315	289	132	154	155
Norway	364	392	363	386	383
Poland	4,623	4,239	4,040	4,679	4,617
Portugal	7,016	6,572	5,050	7,247	7,001
Romania	2,879	2,532	2,238	3,027	2,864
Russia	5,303	10,148	9,119	10,696	10,365
Serbia	971	894	656	736	742
Slovakia	469	443	305	359	302
Slovenia	218	235	235	276	267
Sweden	716	754	736	844	833
Switzerland	1,470	1,479	1,478	1,564	1,506
Türkiye	6,622	5,258	3,956	5,166	4,896
United Kingdom	6,751	6,547	4,398	5,429	5,486
Ukraine	1,127	1,424	1,170	1,390	1,326
Total	**83,476**	**82,619**	**69,834**	**84,634**	**82,219**

Asia and rest of the world	2022	2021	2020	2019	2018
Australia	1,863	1,763	1,501	1,636	1,504
Bangladesh	75	71	62	59	57
Cambodia	3	4	4	6	4
India	1,543	1,300	1,173	1,294	1,227
Japan	2,780	3,247	3,488	4,314	3,979
Kazakhstan	1,189	989	746	779	723
Morocco	40	38	34	26	16
New Zealand	106	112	119	115	99
Pakistan	9	3	2	2	2
Singapore	4	4	4	4	4
South Africa	496	490	524	633	548
South Korea	1,529	1,438	1,269	1,673	1,514
Vietnam	14	14	15	15	13
Mainland China	3,771	5,838	7,113	11,169	11,680
Taiwan, China	450	447	498	626	649
Hong Kong SAR	532	627	558	1,020	1,252
Macao SAR	53	75	105	170	181
Total	**14,457**	**16,460**	**17,215**	**23,541**	**23,452**

Spain	2022	2021	2020	2019	2018
Spain	46.154	46,075	40,279	48,687	47,930

Americas	2022	2021	2020	2019	2018
Argentina	718	795	848	872	885
Brazil	2,697	2,219	2,418	2,849	2,810
Canada	3,025	2,564	2,077	2,595	2,466
Chile	955	1,018	726	871	878
United States	6,374	6,897	5,080	6,310	6,267
Mexico	6,825	6,081	5,334	5,897	7,137
Uruguay	314	314	305	355	342
Total	**20,909**	**19,888**	**16,788**	**19,749**	**20,785**

5.1.1.2. Our commitment to diversity and inclusion

At Inditex **we design opportunities for everyone**. Our teams are composed of people of different sex, gender identity and expression, sexual orientation, race, ethnicity, age, education, socio-economic status, disability or religion, among other characteristics.

We know that having diverse teams supported by an inclusive corporate culture that fosters equality of opportunities and applies a zero tolerance approach to discrimination makes us a more competitive, creative and innovative company. A company with more tools to understand the broad diversity of the market and to be able to anticipate all its fashion needs.

At Inditex we are committed to building diverse teams of people that drive our business performance and pave the way for us to achieve our corporate objectives. All this is grounded on values such as **inclusion**, **equality** and **respect**, which are the foundations for each person to be able to freely develop all their potential and achieve their professional goals.

The Group nurtures this **inclusive culture** and keeps it updated through the following commitments:

/ Guaranteeing balanced diversity of profiles for all job descriptions and at all levels by attracting and retaining talented professionals.

/ Always ensuring equality of opportunities for our people regardless of their sex, gender identity, race, ethnicity, origin or different abilities, among other characteristics.

/ Fostering collaboration and respectful communication between people and promoting respect for human rights, both inside and outside the Company.

/ Developing procedures and implementing appropriate initiatives and training programmes to achieve these goals.

In keeping with this corporate culture, in December 2020 the Board of Directors agreed to the update of **Inditex Diversity and Inclusion Policy,** previously approved in 2017. This Policy is derived from the Company's Code of Conduct and Responsible Practices, whose basic tenets are, among others**, respect, acceptance and equality,** and it is also consistent with the Group's Compliance and Human Rights policies. One of the main aims of this Policy is to ensure that there is no discrimination of any kind, particularly on grounds of gender, in any position and in particular when appointing members of the Board or Senior Management.

Hence, the Diversity and Inclusion Policy **guides all our areas of action,** in particular with respect to people management: recruitment and selection, remuneration and benefits, promotion, training and professional development. Likewise, the policy also directly impacts areas linked to our relations with people in our business model: customer services, marketing and communication, procurement, etc. In summary, this Policy applies to anyone associated with the Group, whether they are employees, customers or third parties such as contractors, suppliers, professionals involved in recruitment processes or people working in the supply chain.

At the same time, Inditex's staff are responsible for promoting **diverse and inclusive workplaces** that ensure equal opportunities and foster collaboration and respectful communication between people, both inside and outside the Company. All the Group's areas, departments and subsidiaries are responsible for the proper implementation and application of these mandates on diversity and inclusion.

Within the Human Resources Team, the Department of Diversity, Equality and Inclusion ensures compliance with the Diversity and Inclusion Policy, and fosters training initiatives and programmes in this regard within the Group. Inditex also has an Ethics Committee and an Ethics Line to ensure compliance with this Policy, which receives and addresses all the comments, doubts or complaints made in good faith regarding the interpretation, application or enforcement of the Policy.

ⓘ More information in section *6.1.3. Compliance and criminal risk prevention system* of this Report.

Two e-mail inboxes have been set up: one for queries regarding the interpretation of our Policy (d&i@inditex.com) and another to report complaints concerning its interpretation, application or compliance (canaletico@inditex.com); there is also access to the people from Human Resources and the Diversity Champion in our markets and concepts.

5.1.1.3. Global initiatives to promote diversity and inclusion

As a **markedly international company**, we devised the diversity and inclusion (D&I) project from a global perspective, and implemented it across all our markets, which are a source of diversity and multiculturalism. And our people are at the heart of this project, transmitting our culture of inclusion and respect.

Accordingly, since 2018 we have appointed **Diversity Champions** among our staff in the various subsidiaries. Their mission is to act as diversity and inclusion coordinators in their countries and workplaces to ensure that our Diversity and Inclusion Policy is implemented, as well as to contribute ideas and projects that feed into our strategy. At present, more than 50 Champions carry out that role, since in 2022 Champions have now been designated at the headquarters of all the commercial brands. Within the framework of Champions in Europe, meetings were held in Paris, Sarajevo and Budapest in 2022 with the aim of advancing D&I commitments and projects and actively contributing to fulfilment of our cornerstones.

Also in Europe, 12 of our subsidiaries (France, Germany, Croatia, Romania, Slovenia, Italy, the Netherlands, Sweden, Greece, Portugal, Poland and Bulgaria) and our Brussels office have signed up to the **Diversity Charter** in their respective markets. This Charter, a European Commission initiative to foster diversity management and inclusion in all organisations, enables our local teams to exchange best practices and to interact with other companies and charitable entities in this regard.

Moreover, in the United States, in 2019 we signed up to the **Open to All** campaign, an initiative encompassing more than 200 companies and charitable entities whose aim is to promote the idea that everyone must be welcome in public retail spaces, regardless of their race, ethnicity, nationality, gender, sexual orientation, gender identity and expression gender identity and expression, migratory status, religion or disability, among others.

We work on the following **four global priorities,** as well as establishing local initiatives in our various subsidiaries:

/ Gender equality

/ Disability inclusion

/ LGBT+ inclusion

/ Socio-ethnic inclusion

In recognition of our work on diversity, in 2022 Inditex featured for the fourth consecutive year in the Financial Times **Diversity Leaders** Index, which includes the 850 leading companies in the field of diversity and inclusion in 16 countries, chosen from over 15,000 companies across Europe.

At the country level, it is worth highlighting that in 2022 Inditex ranked in the Top 10 among more than 230 leading companies in the first edition of the **Excellence in Diversity & Inclusion Awards** in China.

ⓘ More information in section 3.4. Recognitions of this Report.

5.1.1.3.1. Gender equality

Gender equality is at our core. We nurture **diverse and inclusive working environments** in which **all our workforce can develop their professional potential.** And, in particular, in which women, who account for **75%** of that workforce, feel supported in their professional development, free of any discrimination that may deprive them of enjoying the same opportunities as men.

To guarantee equality, we promote the transversality of our training and development tools (Tra!n, Leap&Co or Talks), as well as the transparency of our internal promotion tool (InTalent), which enable us to ensure availability and objectivity in the Company's promotion processes.

In terms of awareness, in March, various dissemination campaigns were again held on the occasion of **International Women's Day**, in which the core message was that of empowerment, especially in those sectors where women have historically been under-represented.

Cultivating **women's talent** has enabled us to make solid progress in regard to their leadership within the Group: in 2022, **80% of the Company's management positions were filled by women** (81% in 2021 and 2020, and 79% in 2019). Furthermore, in the last few years the **representation of women on the Board of Directors** has also improved notably, achieving 45.45% in 2022 (+23 percentage points since 2016). Accordingly, we have achieved our target of 40% female representation on the Board by 2022, thus complying with the recommendations of the Spanish Good Governance Code.

ⓘ More information in section 6.1.1. Good Corporate Governance of this Report.

The distribution of employees by gender and job classification in 2022 is as follows:

Distribution by gender and job classification

	2022				
	Women		Men		Total
Management	8,553	80%	2,139	20%	10,692
Supervisor	10,364	70%	4,390	30%	14,754
Specialist	104,284	75%	35,267	25%	139,551
Total	**123,201**	**75%**	**41,796**	**25%**	**164,997**

To achieve our equality goals, at Inditex we guarantee fair access to opportunities for development at work, we promote continuous training and we strive to create safe spaces in which there is no harassment or violence against women, while also promoting wage parity.

In Spain, the **equality plans** at Inditex's different companies include measures that affect different areas of labour relations, such as selection, recruitment, promotion, training, occupational health, remuneration and work-life balance. This work is further underpinned by the committees that monitor these plans, which meet regularly to verify their compliance and effectiveness. There are also action protocols designed to prevent sexual and/ or gender-based harassment.

In 2022, progress was made through social dialogue in the unification of the existing equality plans, with the negotiation of a **single Group equality plan** for store and office staff of all the brands in Spain, as well as that of Inditex, S.A. The agreement is expected to be signed in the first half of 2023. This Group plan coexists with the equality plans already in place at all our logistics centres and factories.

As a company that **rejects any kind of discrimination,** at Inditex we strive to prevent sexual harassment, abuse and sexual violence at the workplace by means of internal policies that prevent these behaviours. The **Global Sexual Harassment and Sex or Gender Identity-Based Harassment at the Workplace Prevention Policy,** approved in March 2022, improves the information and training in this area for the entire workforce. Prevention, care and support and response to victims are the main axes of this Policy.

This Global Policy also takes into account the recent approval of International Labour Organization (ILO) Violence and Harassment Convention – C190, ratified by Spain in May 2022 and entering into effect in 2023, and ILO Violence and Harassment Recommendation – R206 (June 2019). The Inditex Group establishes in this Global Policy the general principles that serve as a framework of reference for the various policies in this connection that may be approved locally in the markets where we operate.

In 2023, the Company will continue to further its commitment to protecting people in the workplace by expanding the scope of the Global Sexual Harassment and Sex or Gender Identity-Based Harassment at the Workplace Prevention Policy. Accordingly, without altering its content, the new Policy will cover any other situation of harassment at work, in any of its manifestations or types. In this regard, implementation of the Policy will be adapted to the legislation of countries where there is already a local internal policy on these matters, or where measures of this kind will foreseeably be approved.

To raise awareness and disseminate the content of this Global Policy among the workforce, adequate training will be provided, tailored to the specific characteristics of each market. As key players in detecting and knowing of especially sensitive situations, human resources and structure management teams will receive specific training.

Likewise, we highlight our commitment to stop gender violence through various campaigns to disseminate information that we conduct every 25 November, the International Day for the Elimination of Violence Against Women. In this connection, in 2013 we signed an agreement with the then Ministry for Health, Social Services and Equality of Spain to raise awareness and promote the integration of victims into the workplace. This agreement remains in force today. Within the framework of this agreement, all the human resources teams in Spain constitute an **internal Punto Violeta**[4], receiving specific training from the Red Cross on how to tackle gender-based violence.

Furthermore, Salta, the project to promote the integration of vulnerable young people into the workplace, has also generated employment opportunities for the victims of gender violence. This project has been rolled out in Spain, France, Italy, Greece, Germany, UK, Poland, Portugal, Mexico, Brazil, USA, South Korea, Türkiye, India, Kazakhstan and Romania.

ⓘ More information in section 5.7. Communities of this Report.

With regard to other equality-related labour measures, in 2022, a job assessment and a salary audit of the workforce were performed by external suppliers, and a remuneration register was set up to guarantee the principle of **pay transparency** and equal pay for work of equal value. This remuneration register showed that there is no gender-based pay discrimination in jobs of equal value.

[4] "Purple Dot", an initiative to create a network where people suffering or witnessing gender-violence situations can reach out for help, as well as to accompany and care for victims.

Likewise, in 2022 we have also continued to implement work plans and monitoring and assessment systems to foster gender equality and women empowerment in our workplaces. And we have continued to pursue our **GEEIS (Gender Equality European and International Standard)** certification strategy across our various subsidiaries. The GEEIS recognises those companies and workplaces that are actively engaged in building a fairer society, based on equality between men and women and on diversity and inclusion as the pivotal values of their policies.

In 2022, both the Group at the global corporate level and our Belgian subsidiary renewed their GEEIS certification for another four years, and obtained the GEEIS-DIVERSITY label for the first time, audited by Bureau Veritas. Likewise, the Nordic hub (Norway, Denmark and Finland) have obtained GEEIS certification, joining Sweden, which obtained it in 2020. They join Germany, Bulgaria, Ukraine and Russia, which received certification in 2021, and France and Italy, certified in 2020 and passing their intermediate assessment this year. This certification plan, which will continue to advance in the next few years, is enabling us to consistently and continuously deploy our gender equality policies in our various markets.

Moreover, since 2019 we have had a guide to inclusive language to help our teams communicate more equally in the workplace.

We also foster equality, diversity and inclusion among the workers in our supply chain. For the latter purpose, we have a Gender, Diversity and Inclusion strategy, within the framework of which a number of actions are carried out aimed at the workers from our suppliers and manufacturers.

ⓘ More information in section *5.6.2. Workers at the Centre* of this Report.

In recognition of these efforts to implement initiatives that foster gender equality globally, in January 2023, Inditex was included for the fourth year running in **Bloomberg's Gender-Equality Index**, which features the companies that are most committed in this respect. Similarly, the **Equileap** ranking, an analysis of nearly 4,000 companies based on 19 gender equality criteria, highlights Inditex in its 2022 report as the only Spanish company that carries out gender audits.

ⓘ More information in section *3.4. Recognitions* of this Report.

Women in Tech: science and technology from an inclusive perspective

Women in Tech was established in 2020 as an internal initiative aimed at boosting the presence of women in technology to foster the values of diversity and inclusion and generate an impact on the Organisation and on society as a whole. To achieve this aim, this initiative is grounded on two pillars: the need to influence society, supporting actions that encourage girls to take an interest in science and technology; and the impact on women in the world of technology through actions that empower them.

Over this period, we have held several sessions and masterclasses to encourage talented women to pursue careers in Science, Technology, Engineering and Mathematics, and to increase the presence of women performing digital and technological duties. Against this backdrop, various initiatives have been introduced in connection with dissemination: talks with leading women in technology, as well as training and awareness-raising projects in schools and universities, and we have held information activities to celebrate the International Day of Women and Girls in Science.

We have also actively collaborated with organisations working to train and empower girls in the technological area. One of the latest initiatives has been our collaboration with Power to Code, ambassadors of Technovation is Madrid. Technovation is a global charitable organisation based in the United States, creators of the Technovation Girls programme, which, every year, at an event called Technovation Challenge, invites teams of girls aged 8 to 18 from all over the world to learn and develop skills for tackling real-world problems using technology. With the support of mentors, companies and volunteering parents, girls work together in teams to develop applications or artificial intelligence models that address those problems. In 2022, our teams took part in these challenges and one of the teams supported by Inditex was chosen as the European winner for the best application.

Moreover, in order to boost the professional careers of women in our teams, we have developed an internal women's leadership programme to inspire them and provide them with the necessary tools to take on positions of responsibility in the Company. We are also committed to a talent pool that promotes fairness and diversity within the technology team. In this year's Junior programmes, more than 80% of the recruits were female.

5.1.1.3.2. Inclusion of people with disabilities

At Inditex, we aim to help overcome the barriers faced by people with disabilities. Not only through fashion, seen as a tool for personal expression and well-being, but also by fostering a culture that is open to everyone.

Inditex's disability inclusion strategy is based on three priority areas:

/ Employability, direct recruitment and professional development.

/ Disability awareness and training for our people.

/ Accessible workspaces, inclusive shopping experience and cross-cutting projects.

Employability, direct recruitment and professional development

The Inditex Group is also fully committed to the inclusion of people with disabilities in the labour market. At the end of 2022, in Inditex we directly employed 1,698 people with disabilities (1,443 in 2021, 1,325 in 2020, 1,568 in 2019 and 1,498 in 2018). Moreover, in Spain, alternative measures (e.g. collaboration with special employment centres, donations and sponsorships to conduct employment insertion activities for people with disabilities) are no longer used, culminating the process of prioritising direct hiring as an integration measure. In the past, alternative measures were equivalent to 64 workers in 2021 (69 in 2020, 180 in 2019, and 186 in 2018).

There are different regulatory frameworks in the various markets where we operate, so regulations are not always comparable to the ones in force in Spain, whether due to the absence of minimum recruitment quotas or out of respect for the privacy of individuals, with the right of citizens not to disclose their disability prevailing. As a result, in some cases we have no measured data available.

With the aim of increasing direct hires, in January 2023, Inditex announced that **it will double the number of people with disabilities in our workforce across all our markets over the next two years**; this will mean hiring an additional 1,500 people with some type of disability. Our aim is to foster the inclusion of these professionals in our network of stores, logistics centres, warehouses and offices worldwide. Inditex always aims to exceed the quotas for people with disabilities established by law in the various markets where it operates. Furthermore, where no specific regulations exist, the Group has set a target of reaching at least 2% of employees with disabilities.

This new commitment was announced by Inditex's CEO in a meeting with the Director-General of the **International Labour Organization** (ILO), Gilbert F. Houngbo. The announcement was made after the Company joined the **ILO Global Business and Disability Network**, a global network of companies and organisations that seeks to promote the workplace inclusion of people with disabilities.

Inditex joins in the ILO's effort to contribute to an inclusive work environment, where people with disabilities have the same opportunities to access and progress in their careers, helping companies to recognise their economic and social value, boosting the inclusion of people with disabilities in the workplace, promoting accessibility in the workplace and encouraging inclusion in every aspect of working life.

INCLUYE Programme

Created in 2021 to incorporate people with intellectual disabilities into our logistics teams in Spain, the INCLUYE programme is one of the main initiatives in the sphere of socio-occupational integration of people with disabilities. This initiative already had its parallel in stores, with projects such as Pull&Bear's FRIDA, and in other countries, with the Eu Incluo project in Portugal or the Incluir project in Brazil.

In 2022, all Inditex's direct employability projects worldwide were grouped together and consolidated under the umbrella of the INCLUYE programme, which has thus broadened to ensure the sustainable and lasting inclusion of people with disabilities. Based on supported employment methodology, the programme involves:

/ Collaboration with local organisations that work to achieve the occupational integration of people with disabilities;

/ Adaptation of the position where necessary;

/ Creation of easy-to-read on-boarding and training materials;

/ Internal training for human resources teams and line managers;

/ Existence of the role of tutor—both internal and at the local entity—as a key factor for successful employability.

In Spain, this development has been possible thanks to the partnership with Plena Inclusión, a federation of entities working towards the inclusion of people with intellectual disabilities, supporting the in-store programmes of Pull&Bear, Stradivarius, Zara and Oysho, and incorporating a total of 148 people since 2019. Furthermore, the programme continued at our logistics centres, also collaborating with local organisations such as Prodis and COGAMI, recruiting 12 people with intellectual disabilities for Zara's logistics platforms in Zaragoza and Meco (Madrid) and for the TEMPE platform (Alicante), resulting from our partnership with APSA, in addition to those who already joined in the 2021 edition. At our Inditex head offices in Arteixo (A Coruña) a total of 27 people with intellectual, physical or sensory disabilities have been recruited.

Moreover, one of our most important occupational integration projects is **for&from**, a network of social franchises from our different brands, managed by charitable entities and staffed by people with various types of disabilities, offering fashion from previous seasons at competitive prices. Created with the aim of providing equal opportunities in access to employment, this initiative currently has 15 stores that have created more than 200 jobs. All profits generated by these stores are reinvested in social projects run by the partner organisations. In 2022 Zara Home opened its first for&from store in San Sebastián de los Reyes (Madrid).

Disability awareness and training
Creating an inclusive culture focused on integrating people with disabilities is key. For the third consecutive year, in November and December 2022 we held the **Impact Week,** focusing on disability inclusion, with the involvement of the vast majority of our subsidiaries, head offices and logistics centres. The aim of this initiative is to raise awareness and mobilise our workforce to continue to promote projects that foster the full inclusion of people with disabilities, be they employees, customers or candidates. By working with local entities in the various markets, as well as through training, workshops, round table discussions and other activities, this year's Impact Week focused on areas such as accessibility, 'customer' experience and 'employee' experience for people with disabilities, thereby helping to break down barriers and foster equal opportunities. In total, more than 20,000 people worldwide have taken part in one or more of the multiple local initiatives or have used the interactive global app created for this inclusive project.

Furthermore, in order to advance in this strategy of awareness-raising and collaborative work, the Group opts to maintain stable and lasting relationships with local entities in the various markets where it operates:

/ In 2022, we joined Disability:IN, the largest US organisation for the inclusion of people with disabilities in the workplace, which provides both employment opportunities for people with disabilities and resources to promote awareness and training in teams.

/ In the UK, we continue to work with the Business Disability Forum, a non-profit organisation focused on transforming the lives of people with disabilities, working together with them, along with business leaders and public institutions, to understand how to improve their life chances and experiences in employment, the economy and broader society.

/ In Belgium and the Netherlands, where there are no legal quotas in place, we have launched initiatives aimed at recruiting people with disabilities in partnership with companies specialising in inclusion and with local public entities, as well as, at training customer service teams to better cater for people with disabilities.

/ And Denmark and Sweden have followed this same path, in 2022 entering a partnership with two organisations for the recruitment of people with disabilities, which has already started to yield results.

In addition, in countries with recruitment quota regulations in place, we continue to work towards achieving recruitment targets, improving the working conditions of people with disabilities and training their teams. This is the case in Germany, where we collaborate closely with the Federal Employment Agency; France, with the Accord Handicap company agreement on disability; Italy, which has implemented the ALL IN project for the occupational integration of people with intellectual disabilities in Milan and Verona; Portugal, with its Eu Incluo project; Japan, which holds regular meetings with partner associations and staff with disabilities to review their conditions; or Romania, which every year strives to improve the internal training of its teams and the recruitment of this group, with the support of both non-governmental organisations and the Department for Social Assistance.

Accessibility and inclusive shopping experience and cross-cutting projects

One of our priorities is to comply with the principles of universal accessibility, especially in respect of any members of our staff and customers who may have any kind of disability.

Thus, we strive to ensure that all our workplaces meet the functional and dimensional requirements that allow an independent use by people with disabilities or people with impaired mobility. We also consider it a duty to make technical adaptations to workplaces that require specific modifications in terms of mobility or other types of sensory, visual or hearing disabilities.

Furthermore, it is also important for Inditex to provide equal opportunities for access to our websites and apps to people with different disabilities, to offer inclusive shopping experiences. Based on the principles of dignity, accessibility and independence, both our jobs portal—Inditex Careers, which has WCAG International Web Accessibility Certification, with AA level conformance—and the websites and applications of our commercial brands allow access to the whole range of content through functionalities adapted for people with various kinds of disability. Our aim in the online environment is to always provide accessible services to the broadest possible audience and to ensure that any person with any kind of disability may access our content.

In addition, as one of the main pillars of Inditex's Diversity and Inclusion strategy, inclusion of people with disabilities is also a feature of the Group's cross-disciplinary projects. One such example is the project for innovation in recycled threads carried out by Stradivarius. It prioritised, in addition to technical considerations and collaborative learning with local spinning mills, collaboration with social entities in the same area that work to foster the employability of people with disabilities to carry out part of the process, such as AMPANS (Santpedor) or Fundació Integra (Olot)

5.1.1.3.3. Inclusion of the LGBT+ community

Mindful of the fact that the greater diversity there is in society and in businesses, the more creative, productive and innovative they are, at Inditex we are unwaveringly committed to the inclusion of the LGBT+ community in the workplace. Accordingly, we have adhered to some of the main initiatives in that sphere, including:

/ Since 2016 we have been a member of **Open for Business,** a coalition of leading global companies that advocate for the rights and inclusion of the LGBT+ community. From this forum, we work to prove that the more inclusive societies are, the more businesses thrive, and that companies that promote LGBT+ inclusion are more dynamic, productive and ground-breaking.

/ In 2018 we signed up to the **UN Standards of Conduct for Business: Tackling Discrimination against LGBTI People** based on the UN Guiding Principles on Business and Human Rights, and including contributions from hundreds of companies from a range of sectors.

/ In Spain, in 2018 we joined **REDI, Red Empresarial de Diversidad e Inclusión LGBT+**, an association that works to foster safe working environments that are respectful of everyone, regardless of their gender identity, gender expression or sexual orientation.

Furthermore, once again this year, between May and August 2022 several Inditex subsidiaries in Europe and North America implemented a variety of LGBT+ inclusion initiatives. They coincided with the various celebrations around International LGBT+ Pride Day, which in the wake of the pandemic have returned to some of the world's major cities. Some of our people in Belgium, the Netherlands and the UK took an active part in the marches in Brussels, Amsterdam and Manchester, while masterclasses, talks and 'good morning meetings' were held to reflect on the importance of allies in creating more inclusive work environments. Also, in France the Challenge Arc-en-ciel (Rainbow Challenge) was launched, under the slogan "Inconditionellement nous" (unconditionally us), encouraging people to give visibility to the corporate ***Love&Pride*** project.

Furthermore, in the United States in 2022 we held two editions of the IN Pride project to help transgender and non-binary people access employment, focused on creating job opportunities at our stores in conjunction with two New York organisations: The Door and The Ali Forney Center. In addition, the 2022 edition of the Salta project in logistics centres in Spain has incorporated the IN Pride philosophy as a first step to growing this project.

Zara USA was also recognised as one of the 'Best Place to Work for LGBTQ+ Equality' in the **Human Rights Campaign Foundation** Corporate Equality Index 2022, which selects the companies with the best practices in LGBT+ inclusion. It obtained the top score (100 points out of 100) for supporting and empowering this community and promoting inclusive working environments for everyone.

5.1.1.3.4. Socio-ethnic inclusion

In the field of socio-ethnic inclusion, the Inditex Group's efforts are led by our ***Salta*** programme, focusing on the occupational inclusion of vulnerable groups. *Salta* is aimed at generating employment opportunities in our stores, logistics centres and factories for persons or groups in special circumstances that make their employability more complex. In *Salta* we work with various NGOs that support us in the process of selection, training and follow-up of the participants.

Launched in 2008 in France, *Salta* has evolved its format for the training and integration of people in vulnerable circumstances in our teams. In 2022, *Salta* has reached India, Romania and Kazakhstan, with editions of the programme in New Delhi, Bucharest and Almaty, respectively. Of the countries already participating, the programme has reached Bari (in the Puglia region of Italy) and the Spanish islands of Lanzarote and Mallorca for the first time.

With the deployment of *Salta* in India, Romania and Kazakhstan during this year, the programme is now present in 16 markets (France, Spain, Italy, Portugal, Poland, Brazil, the United States, the United Kingdom, Germany, Mexico, Greece, South Korea, Türkiye, Romania, India and Kazakhstan). Thanks to this programme, since 2008, more than 1,600 people have joined our store teams, logistics platforms and factories. Women victims of gender-based violence and refugees are two of the most supported groups.

Notably, members of the Inditex workforce actively participate in *Salta*, acting as mentors for people joining us, and devoting their time to training and accompanying them. Since 2008, more than 3,600 colleagues have taken part in this project as trainers or tutors. Accordingly, this social commitment initiative has gained traction as an important means to strengthen the links and engagement with the people who are part of the Group.

In recognition of its work, in 2022 Salta was awarded the Trophée GEEIS SDG for the second time, for its contribution to gender equality through employment opportunities, consistent with the United Nations Sustainable Development Goals. The programme also received a special mention from the jury "for continuing to move forward with this project in consolidated markets (France celebrated its 30th edition in 2022) and in new markets, with a social and sustainable approach to inclusion".

Against any kind of racism and discrimination

As a group comprising people of 182 nationalities, **diversity, equality and respect for human rights** are an essential component of Inditex. Our determination to promote these values is not just a simple statement. Rather, our Diversity and Inclusion Policy specifically enshrines our zero-tolerance as a company to any kind of discrimination.

We believe in providing safe spaces, free of any expression of racism or discrimination, for our employees and customers alike. We also advocate always listening to the opinions of both these groups and implementing educational programmes so as to create, year by year, a **more diverse and equal company.**

Through awareness and training plans on diversity, fairness and inclusion, we offer country-specific training programmes, opening people's minds to the impact of unconscious bias in managing people and underscoring the need to combat all forms of discrimination and racism.

ⓘ More information in section *5.1.2. Talent management* of this Report.

Internationally, since 2018, Inditex has been among the companies that collaborate with ENAR, a European organisation based in Brussels that fights all forms of racism and discrimination. It is worth noting that, within the framework of this collaboration, in 2022 Inditex hosted the 14th edition of the **Equal@Work Platform** meeting at its Brussels headquarters, with the attendance of companies, social agents, NGOs, public authorities and academics committed to diversity and inclusion, to debate the role of companies in the commitment to build bridges that overcome racism in society and in the labour market. Furthermore, Inditex's community of Diversity Champions in Europe, in recognition of their collaborative work to free workplaces of discrimination and racism, in 2021 was awarded the **Holistic Diversity Management certificate** by the **ENAR Foundation**, a first for a European company.

In a similar way, in the United States, we have been collaborating with the Open to All campaign since 2019. In 2022, we broadened our commitment to this initiative by signing, alongside other international retailers, the **Mitigate Racial Bias in Retail Charter.** This charter advocates implementing solutions to eliminate racial bias in shopping experiences, jointly developing diversity and inclusion training materials, and sharing best practices among retailers to have a collective impact on our sector.

Also in the United States, in 2022 we once again provided financial support to the NAACP Legal Defense & Educational Fund, an organisation that actively fights racism, discrimination and injustice, particularly within African-American communities.

In connection with raising awareness against discrimination and racism, in 2022 the American subsidiary invited local artist Kamille Ejerta to create a mural at the corporate office in New York reflecting our commitment to diversity, inclusion and respect. The mural is called Our Community. Our Future and has been replicated on a smaller scale in all our US stores.

Finally, it is worth mentioning that in most markets, and particularly in Europe, privacy and data protection regulations do not allow companies to collect information based on ethnic or racial criteria. Nevertheless, there are markets such as the United States and South Africa, where the legislation on equality and non-discrimination focuses on knowing the **ethnic and racial diversity** of people with the aim of ensuring equal opportunities and rights.

United States	**2022**
Ethnic or racial group[1]	**%**
Hispanic or Latino	48.2%
Black or African American	20.8%
White	14.1%
Asian	8.7%
Two or More Races	5.0%
American Indian/Alaska Native	0.4%
Native Hawaiian/Pacific Islander	0.1%
Not Specified	2.7%
Total	**100.0%**

South Africa	**2022**
Ethnic or racial group[1]	**%**
Black South Africans	87.9%
Coloured South Africans	7.2%
Indian / Asian South Africans	1.7%
White South Africans	1.1%
Foreign Nationals	2.1%
Total	**100.0%**

1. The official nomenclature of the racial and ethnic groups recognised in these countries has been maintained in their original language.

5.1.1.4. Work-life balance

At Inditex we want to guarantee the well-being of our workforce. Consequently, the Company promotes measures that seek to facilitate work-life balance, advocating especially for **co-responsibility**. We consider the latter to be both a right and a duty, as we aim to reflect in our equality plans. Furthermore, our equality plans contain other balance measures such as the possibility of splitting up leave periods for hospital stays or care of relatives up to second degree of kinship, flexible working hours for adaptation periods at nursery or infant schools, or the extension of leave with job guarantee for personal matters, studies, international adoption or care of dependent family members.

In this context, in Spain in 2022 diagnostic analyses were presented to properly monitor both data and the implementation of measures under the equality plans. In the logistics companies where it is in force, negotiations have commenced to renew the equality plans: this is the case of Plataforma Cabanillas and Pull&Bear Logística where the negotiation of the second equality plan has been completed.

In addition, in the first half of 2023, the Group's Equality Plan is expected to be signed. This plan encompasses all the store concepts, their design companies and central services, as well as Inditex, S.A. and includes a series of social improvements for store staff in Spain, such as birth and/or adoption benefits, nursery and university expenses, school supplies, and benefits for disabled dependents, among other measures.

Internationally, at Inditex Group we strive to improve the rights guaranteed by the local legislation of each country through work-life balance policies, prioritising those markets in which the legislation is not especially protective.

/ In the United States, for example, in 2019 we implemented a paid parental leave policy for all our people who meet minimum requirements, so that they can devote time to the care of a new-born or newly adopted or fostered child. The subsidiary also provides care services for adults and children in care centres and at home, through an external company that is available to all staff. It also covers educational programmes, tutoring and exam preparation at subsidised rates.

/ We promote measures to broaden the rights enshrined in local legislations or that help improve work-life balance by means of flexible working hours, efficient organisation of teams, extending leave for caring for children and/or dependants and even financial assistance to help cover the cost of childcare or other care. Markets where such measures are applied include the United Kingdom, Italy, Germany, France and Argentina, among others. In addition, office staff in many of our subsidiaries have flexible entry and exit times.

/ An increasing number of markets are opting to improve conditions for their staff by extending health coverage, either as a social benefit paid for by the subsidiary itself or by negotiating more favourable health insurance conditions. In addition to Spain, through its flexible remuneration plan, markets such as Canada, Mexico, Greece, Romania and Mainland China already offer this type of benefit.

As in previous years, in 2022 100% of our employees in Spain (46,154 people, 33,749 women and 12,404 men) were entitled to parental leave in connection with birth or placement for adoption or foster care. 2,107 people took leave for birth, adoption or foster care placement (1,527 women and 580 men), almost all of whom returned to work: 2,072 people (1,505 women and 567 men). In addition, 14% of the employees in Spain enjoy a reduction in working hours for childcare (17% of employees in 2021, 18% in 2020, 16% in 2019 and 16% in 2018).

Below is a breakdown of maternity and paternity leave in Spain and the rest of the world:

Parental leave - Spain	2022	2021	2020	2019	2018
Total figures for parental leave	**2,107**	**2,164**	**2,204**	**2,353**	**2,166**
Women	1,527	1,640	1,726	1,902	1,770
Men	580	524	478	451	396
Return to work rate	**98%**	**99%**	**100%**	**99%**	**99%**
Women	99%	99%	100%	100%	100%
Men	98%	99%	99%	95%	99%
People who continued working at the Group 12 months after returning from leave	**1,963**	**1,927**	**2,287**	**2,034**	**2,240**
Women	1,451	1,459	1,842	1,640	1,881
Men	512	468	445	394	359
Overall retention rate	**91%**	**87%**	**97%**	**94%**	**86%**
Women	88%	85%	97%	93%	90%
Men	98%	98%	99%	97%	87%

Parental leave - World (ex-Spain)	2022
Total figures for parental leave	**8,039**
Women	7,623
Men	416
Return to work rate	**92%**
Women	92%
Men	98%

5.1.1.4.1. Work disconnection policies

The Inditex Group is also committed to promoting an internal policy that guarantees the **right to digital disconnection in the workplace,** pursuant to Spain's Data Protection Act (Organic Law 3/2018, of 5 December, on the Protection of Personal Data and Guarantee of Digital Rights). Thus, staff are encouraged to adopt habits such as resting between working days and during holidays and promoting direct interaction with their colleagues.

Notwithstanding the commitment acquired at the corporate level, negotiations with workers' representatives have also resulted in other measures on this front, included in the latest equality plans of the various brands, which will be transferred to the Group's new Equality Plan, applicable in Spain.

Internationally, France, a pioneer in this area, has included the right to disconnect as a measure to improve work-life balance in the company agreement on quality of life at work (Article 6), after encouraging it for years. Thus, all our people are advised to limit messages and phone calls outside working hours and they are reminded that they are not obliged to such communications outside those hours. Furthermore, department heads and store managers are aware of this system and the company undertakes to remind them of this right periodically.

Conversely, in markets where there is no legislation entitling employees to digital disconnection, such as the United Kingdom, the Group's brands have rolled out an initiative aimed at preventing employees from receiving communications from the Company on their days off and eliminating instant messaging applications as a work tool.

In Nordic countries supervisors and store managers have been issued with guidelines for leaving their work equipment in stores, so that they cannot make use of it during their time off.

In general, both the IT and human resources teams at our subsidiaries are working to promote and implement healthy work habits, regardless of whether there is legislation in place, either through information, training and awareness, or by adopting specific measures applied to our corporate systems, such as e-mail.

5.1.2. Talent management

GRI 3-3; 404-1; 404-2; AF5

At Inditex, we constantly strive to place t**he best talent at the service of our customers and to ensure our growth as a company**. Our aim is to **build teams of creative and passionate people** capable of creating responsible fashion. To achieve this, from the talent management standpoint we focus on:

/ **Attracting top talent**, those best suited to achieve our objectives.

/ Providing our people with **opportunities for professional development** and growth through internal promotion and mobility.

/ Providing our staff with **continuous learning** through training, awareness and communication.

/ Creating a safe, enriching and motivating working environment with attractive conditions that enable us **to retain talented professionals, develop all their potential and strengthen their commitment.**

5.1.2.1. Talent attraction

Communicating our value proposition as an employer across the Group's brands and work areas and communicating with our candidates is key to attracting the best talent. More than two million people follow our employer brand, **Inditex Careers**, on social media, and more than 35 million have viewed our online recruitment drives.

Furthermore, Inditex Careers has cemented its position as our main source of selection, with more than 8.8 million visits from more than 200 markets in 2022. In January 2020, this portal was awarded WCAG Web Accessibility International Certification, with conformance level AA.

In 2022 we continued to pursue our commitment to a digital, engaging, flexible and sustainable recruitment process. The candidate experience is at the heart of everything we do and, in this regard, this year we have developed several differentiating actions to attract **talent** for our **stores**: we created our first digital employee, Kaia, for the Zara store opening in Battersea (London); we designed an exclusive digital recruitment experience to select the team for the largest Zara store in the world, which opened its doors in April 2022 in Plaza de España (Madrid); and we involved the stores in the selection process through actions such as the National Hiring Days, which we held in 10 markets in 2022.

Our relationships with the top universities and schools remain vital to reach talent in all creative, management and technological areas.

In our programme targeting **creative talent** we seek people for our product teams, with expertise in design, trends, graphic design, styling, art direction, photography and editing. We have combined a digital approach through different channels such as social media and the universities themselves, with in-person sessions and attendance at the top fashion shows.

Zara Business Graduates is our junior talent programme aimed at final year students, through which we seek management profiles to join our teams in different positions, such as buyers, controllers, product managers, marketing, finance and sustainability. After an online campaign and a digital event, participants introduce themselves through a video and take on an analytical challenge, with the pre-selected candidates participating in an assessment day and the final candidates coming to visit our headquarters.

In **technology**, we work with universities to remain in proximity to junior talent at every stage of their career:

/ Through the **Zara Boost** programme, we connect with students who are reaching the end of their studies and wish to access the labour market, using in-person workshops and online challenges, and contributing to the development and training of students through their studies by means of mentoring programmes. In 2022, we launched our **Tech Summer Camp,** to discover and foster talent in STEM subjects from the second year of studies onwards through a programme of summer scholarships. And, at the same time, we continued to conduct the **Stay in Contact** webinars, led by our technology team, in which we discuss our technical challenges and how we integrate technology into our business.

/ Furthermore, we have just started a collaboration with **Stanford University's** ICME (Institute for Computational & Mathematical Engineering), enabling us to be in contact with one of the world's foremost spaces for technological talent.

In recognition of our endeavours as an employer brand**, for the 12th consecutive year** *Merco Talento* ranked Inditex at the top of its survey analysing the 100 best companies to work for. Also in Spain, for the 8th year running, Universum has included Inditex among the best companies in which to develop professionally. In this latest edition, university students chose Inditex in various categories: Business and Commerce; Humanities, Art and Education; and Law. Zara also featured for the second time in **Universum's World's Most Attractive Employers** ranking in the Business category; this index analyses the companies that students consider to be the most appealing in terms of attracting talent in the 10 foremost international markets.

5.1.2.2. Developing talent

Developing talent is part of our DNA. At Inditex we are committed to providing **opportunities for development, internal promotion and mobility** to enable our people to grow and at the same time help us to continue evolving as a company.

In 2022 **59% of the Group's vacancies were filled internally** (50% in 2021 and 46% in 2020), which means that **more than 11,000 people were promoted** over the course of the year (around 7,500 in 2021 and 2,000 in 2020). By gender, 75% of the promotions were for women and 25% for men, figures that are consistent with the gender distribution of our workforce. This commitment to generating opportunities for internal development results, in our office teams, in more than 490 promotions and more than 740 changes of functions, department, retail concept or market.

Our marketplace of internal opportunities, **InTalent**, plays a pivotal role in fostering the internal promotion of our personnel. InTalent gives an overview of the opportunities for development in the Company, while at the same time helping our talent teams to identify people interested in growing professionally. In 2022, more than 6,000 career growth opportunities were posted, and we renewed this platform with two clear goals: the Group's commitment to the transparency and democratisation of internal growth opportunities; and the unification and globalisation of the platform. Through InTalent, all our people from any market, area or brand can view all the global opportunities available to them grouped together in one place, and can apply for those they wish, including: vacancies, temporary support in other areas or markets, and LEAP&Co development opportunities.

Furthermore, our talent identification and development application for our store teams, **LEAP&Co**, on the one hand provides transparency to access training opportunities that can lead to internal promotion, and on the other affords managers and area support teams the autonomy to manage the development plans of the people in their area, organise their network of specialist trainers by area and monitor new recruits and trainees online and in real time, adapting to the pace of the store at all times. This platform operates at Zara stores in 42 markets across Europe, America and Asia, and at Zara Home in 12 markets. More than 59,000 employees are currently registered in the application, where this year nearly than 970,000 training hours were held.

Similarly, throughout 2022 we have made significant progress in rolling out initiatives whereby our store managers have periodic and individual conversations with each member of their team on their development. Known as **Talks** in several of our brands, these conversations are a vehicle for exchanging feedback, encouraging both parties to express their opinions, ideas and concerns regarding professional development in a constructive way. At present, Bershka, Pull&Bear, Stradivarius, Massimo Dutti and Zara Home have implement development conversations in many of their markets.

5.1.2.3. Training

Training is another fundamental driver of professional growth among our staff.

Our model is based on internal training and is mostly practical, which determines that teams' training is fundamentally on-the-job. Furthermore, we have a network of in-house trainers who guide new recruits in all aspects to guarantee their successful on-boarding.

After launching our training platform globally at the end of 2021, 2022 was the year in which Tra!n positioned itself as the place where all the Group's training actions take place, including those that are carried out digitally and to support the registration of those that take place in person. Not only has this served to accompany our people in their development through training itineraries tailored to their jobs, onboarding plans, etc., but it has also been a space in which to discover training not strictly related to the specific job in hand. This helps our teams to continue learning and expanding their horizons. Fashion, Sustainability, Customer Experience, Skills, Creativity, or Digital are some of the subjects most demanded by our people when it comes to training, and all of them have a place in Tra!n. Furthermore, we have continued to collaborate with top-notch educational institutions in the creation of content, such as IE Business School, the University of Leeds and Condé Nast College, among others.

From 1 February 2022 to 31 January 2023, more than 2.6 million training hours were imparted to more than 1.3 million participants (more than 2.3 million hours and more than 551,000 participants in 2021; more than 1 million hours and more than 370,000 participants in 2020; more than 3 million hours and 360,000 participants in 2019; and more than 2.7 million hours and 146,000 participants in 2018).

Details of the training indicators are as follows:

Distribution by job classification[1]:

Job classification				
2022				
	Training Hours	**Participants**	**Average staff**	**Hours per person**
Management	247,412	148,520	10,692	23.1
Supervisor	201,995	132,837	14,754	13.7
Specialist	2,200,172	1,054,414	139,551	15.8
Total	**2,649,580**	**1,335,771**	**164,997**	**16.1**
2021				
	Training Hours	**Participants**	**Average staff**	**Hours per person**
Management	159,783	62,816	11,890	13.4
Supervisor	196,199	58,174	15,367	12.8
Specialist	1,986,390	430,890	137,785	14.4
Total	**2,342,373**	**551,880**	**165,042**	**14.2**
2020				
	Training Hours	**Participants**	**Average staff**	**Hours per person**
Management	126,121	46,054	12,591	10.0
Supervisor	126,282	49,892	16,480	7.7
Specialist	748,448	275,659	115,045	6.5
Total	**1,000,851**	**371,605**	**144,116**	**6.9**
2019				
	Training Hours	**Participants**	**Average staff**	**Hours per person**
Management	170,913	26,647	10,473	16.3
Supervisor	260,524	39,447	19,779	13.2
Specialist	2,657,853	295,156	146,359	18.2
Total	**3,089,290**	**361,250**	**176,611**	**17.5**
2018				
	Training Hours	**Participants**	**Average staff**	**Hours per person**
Management	98,282	9,044	7,601	12.9
Supervisor	253,276	19,124	20,350	12.4
Specialist	2,400,265	118,278	146,435	16.4
Total	**2,751,823**	**146,446**	**174,386**	**15.8**

1. The description of the functions of the three job classification groups:
- Management: employees in managerial positions with responsibility for interdisciplinary working groups related to the areas of design, manufacturing, distribution, logistics, stores, technology, sustainability and other general services. This category includes store managers.
- Supervisor: employees who are part of interdepartmental and transversal working groups for design, logistics and stores, as well as sustainability, technology and other general services.
- Specialist: employees with an impact through individual contribution related to one of the Group's activities in the areas of design, manufacturing, distribution, logistics, stores, sustainability, technology and other general services.

Distribution by gender[1]:

Gender					
2022					
	Unique people trained	**Training Hours**	**Participants**	**Average staff**	**Hours per person**
Men	47,459	690,124	326,690	41,796	16.5
Women	139,858	1,959,456	1,009,081	123,201	15.9
Total	**187,317**	**2,649,580**	**1,335,771**	**164,997**	**16.1**
2021					
	Unique people trained	**Training Hours**	**Participants**	**Average staff**	**Hours per person**
Men	32,373	610,137	123,766	40,049	15.2
Women	97,698	1,732,236	428,114	124,993	13.9
Total	**130,071**	**2,342,373**	**551,880**	**165,042**	**14.2**
2020					
		Training Hours	**Participants**	**Average staff**	**Hours per person**
Men		259,185	89,809	34,793	7.4
Women		741,666	281,796	109,323	6.8
Total		**1,000,851**	**371,605**	**144,116**	**6.9**
2019					
		Training Hours	Participants	Average staff	Hours per person
Men		717,280	82,930	43,146	16.6
Women		2,372,010	278,320	133,465	17.8
Total		**3,089,290**	**361,250**	**176,611**	**17.5**

1. A person can attend more than one training course. In the indicator "unique people trained", those people who have attended more than one course are counted only once. With regard to this indicator, the only available breakdown is by gender.

Distribution by geographic area:

Geographic area	2022				2021			
	Training hours	Participants	Average staff	Hours per person	Training hours	Participants	Average staff	Hours per person
Spain	491,421	326,414	46,154	10.6	316,712	110,930	46,075	6.9
Europe (ex-Spain)	1,444,644	655,476	83,476	17.3	1,213,307	345,372	82,619	14.7
Americas	329,191	213,470	20,909	15.7	348,139	71,624	19,888	17.5
Asia & Rest of the world	384,323	140,411	14,457	26.6	464,215	23,954	16,460	28.2
Total	**2,649,580**	**1,335,771**	**164,997**	**16.1**	**2,342,373**	**551,880**	**165,042**	**14.2**

Geographic area	2020				2019			
	Training hours	Participants	Average staff	Hours per person	Training hours	Participants	Average staff	Hours per person
Spain	218,789	113,150	40,279	5.4	351,421	117,637	48,687	7.2
Europe (ex-Spain)	565,654	156,289	69,834	8.1	2,085,281	163,656	84,634	24.6
Americas	61,725	60,877	16,788	3.7	45,684	48,929	19,749	2.3
Asia & Rest of the world	154,683	41,289	17,215	9.0	606,904	31,028	23,541	25.8
Total	**1,000,851**	**371,605**	**144,116**	**6.9**	**3,089,290**	**361,250**	**176,611**	**17.5**

Distribution by content:

Contents	2022		2021		2020		2019	
	Training Hours	Participants	Training Hours	Participants	Training Hours	Participants	Training Hours	Participants
Corporate	1,208,769	682,883	675,216	241,322	252,570	168,746	1,358,388	131,289
Customers	64,871	110,008	74,634	39,021	35,241	25,420	106,818	102,982
Fashion and Product	119,360	203,527	49,768	62,975	124,328	88,236		
Languages	43,266	24,161	73,666	18,737	52,617	2,433	52,033	2,536
Processes, Techniques and Tools	962,047	223,823	1,313,940	155,757	488,963	55,992	475,668	60,701
Skills	251,267	91,369	155,150	34,068	47,132	30,778	1,096,383	63,742
Total	**2,649,580**	**1,335,771**	**2,342,373**	**551,880**	**1,000,851**	**371,605**	**3,089,290**	**361,250**

Main training initiatives in 2022

Corporate training on our culture and values

/ **Compliance:** at Inditex we share a solid commitment to a corporate ethical and compliance culture, grounded on principles of integrity, honesty, transparency and responsibility. Compliance encompasses strict adherence to the external and internal applicable regulations, and how each employee applies them to our daily activities. Consequently, we continue to promote training in this area and in 2022 we launched a global compliance course, mandatory for certain of the Group's employees, via our learning platform Tra!n.

ⓘ More information in section
6.1.3. Compliance and criminal risk prevention system
of this Report.

/ **Diversity and Inclusion.** Training our teams in diversity and inclusion is essential to create an inclusive culture and make spaces free of any kind of discrimination. In 2022, more than 41,000 people worldwide accessed training through one or more of the courses provided in connection with diversity and inclusion, which involved almost 20,000 training hours in this field. In 2022, our training included various in-person, e-learning and online courses, notably including "Diversity, Inclusion and Belonging", "The Right Leader @ Inditex is inclusive", "Unconscious Bias" and "D&I Matching HR", among others.

In 2022, we developed a long-term, global training plan with the aim of raising awareness among our entire workforce. Since 2023, this training is conducted through the **D&I Channel** within our corporate e-learning tool **Tra!n**, and it is structured in various levels: from basic level for all employees, available for the vast majority of markets this year, to more advanced levels focused on raising awareness among different positions and functions within the Company. This channel's pilot was launched in December 2022 and has been tested internally by more than 1,500 Changemakers and D&I Champions.

Language training: Busuu is an app for mobile devices that offers employees the opportunity to learn up to 14 languages, having added Korean this year. We offer everyone access to its premium version, which includes the option to obtain official certificates (more than 2,000 this year), with English and Spanish the most widely studied languages. Overall, in 2022 our staff devoted more than 23,000 hours to improving their language skills using Busuu.

In-store training

/ **Zara Campus** is a project designed to respond to the need for training and development among new promotions and people in management positions in stores. This training is conducted in our Campus stores, which are Zara stores used as a practical scenario for training our managers in three areas (management, sales and operations). We also provide training aimed at the development of certain groups, such as the Zara Masters (tutors for the on-boarding training of our new recruits) and leadership training for managers.

/ **Customer experience:** To share our new Zara customer-centric commercial approach, we have designed a project that supports our best ambassadors: our store people. The aim is to hone their skills to increase the satisfaction of customers visiting our stores. Store managers are leading this change, backed by improved tools for understanding customer perceptions. Customer Experience has been implemented at 273 ZARA stores in 33 markets.

/ Stradivarius itineraries: Tra!n has made it possible to digitalise, facilitate access and clearly organise our team training, creating training itineraries for the various functions in stores. The creation of the content map, following the Leap&Co system, allows us to connect the processes and not lose sight of the necessary multi-functionality in our teams. The itineraries are currently implemented in Spain, Italy, Türkiye, Greece, Portugal, UK and Ireland, and the intention is to implement them in 100% of markets with own stores by 2023. More than 5,000 people participated in this training paths, and a total of over 207,000 training hours were completed.

/ ZARA Camp is a digital training program about Zara and its business model, where the employees themselves provide information about the area/department in which they work and their main functions and responsibilities. The project consists of 30 modules made up of videos, manuals, glossaries and tests.

This training is available to all Zara employees worldwide and the programme is customised according to each person's area of activity (office, store or logistics).

#BoostYourPower

As part of our commitment to a holistic and systemic approach, we see sustainability as being organically integrated into all areas of our Company.

This is how we came up with **#BoostYourPower**, an initiative to train and inspire our teams, generating new spaces for change. Since 2021 we have focused on two key areas due to their impact: buying teams, with their purchasing offices, due to their involvement in the creation of our products; and our store staff, as our direct contact with customers. Two initiatives emerged from this vision: **The Sustainable Fashion School and Changemakers**.

The Sustainable Fashion School consists of a space for knowledge and inspiration where our buying and design teams are backed by a very solid foundation of technical knowledge and access to the latest innovations in sustainability. In 2022, within the framework of this project, we provided more than 57,000 training hours for product teams across all the Group's brands.

Firstly, in January 2022 we launched our first Foundations of Textile Manufacturing Master's programme. As a result of our partnership with the University of Leeds, this master's programme was devised to cover all the technical knowledge relating to a garment's life cycle, with the aim of continuing to foster improvements in the sustainability of our processes. More than 950 people from Zara's design, buying, fabrics and quality control teams take part in this first edition, in which 8 modules have been taught and the first stage with certification completed ("From Fibres to Yarn "). A total of 460 people have now received their first SFS certificate.

And in May 2022 the second edition was launched, this time targeting all product teams from the rest of the Group's brands. More than 780 people are also taking part in the training itinerary previously commenced by their colleagues from Zara, with a total of more than 1,700 people having enrolled in the programme. A total of 220 employees from the remaining concepts have now completed the first stage of the programme.

In addition, during the year 2023 we will complete the entire training programme and commence editions for new recruits.

Furthermore, **Changemakers** is the community leading this cultural transformation from the heart of our business, our stores. In order to provide the necessary space for reflection and change, we prioritise inspiration and training for our teams. Planet, People and Community are the three pillars on which knowledge about Sustainability and Diversity & Inclusion rests.

These agents of change join the project on a voluntary basis, leading the dialogue with other Company areas from their stores. Their aim is to pass on what they have learned to their teams and at the same time take on board the feedback, suggestions and concerns of their colleagues and our customers. These proposals are then translated into projects that have a real impact.

At the end of 2022, this project has been implemented at all the stores in all 51 markets in which Zara is present. In addition, we have triggered its roll-out in 5 markets and 56 stores of the rest of the Group's brands. As a result, Inditex currently has more than 1,800 Changemakers. In 2023 we will expand the Changemaker community to all the Group brands' remaining stores and markets.

5.1.2.4. Connection and engagement with our people

The fourth objective of our talent management strategy is to provide safe, enriching and motivating work environments that help us retain talent, connect with our people and boost their commitment to the Group. As for connecting with our teams, our internal communication channel **INET** plays a vital role.

Present in app and online format in all the markets where we have employees, INET enables us to digitalise both communication with our people and many of the tasks that our employees carry out daily. In addition, as is the case with our commercial apps, we are continuously adding new features to this platform to keep us permanently connected. In 2022, INET recorded more than 25 million accesses (more than 21 million in 2021 and more than 19 million in 2020).

Furthermore, in 2021 we started to launch various **specific communication channels** for some of our brands. Every morning, they provide us with the opportunity to bring omnichannel to the 'good morning meetings' in all our markets, sharing with our people information about products, processes, people, news, trends and inspiration. These channels also enable us to receive first-hand feedback, suggestions and comments from our teams, establishing a direct connection between our store and structural teams. Specifically, Zara uses Dear Team, Zara Home has #tengoalgoquecontarte, Massimo Dutti uses Journal, and in 2022 we have launched STRADIPEOPLE for Stradivarius.

In addition, in 2022 we have also made progress in deploying **InStories**, our internal social media platform, which has been rolled out in Australia, New Zealand, Chile, Argentina, Uruguay, the United States, Ireland, India, Romania and Bulgaria. Consequently, InStories is now available in 23 markets (including Italy, Portugal, Greece, Türkiye, Poland, South Korea, Japan, Mexico, Russia, Belarus, Brazil, the United Kingdom and the Netherlands). As of the end of 2022, the InStories community has shared more than 350,000 contents since its creation.

Finally, in order to keep tabs on our stores and ascertain our people's perception of what it is like to work with us, we developed **"Your opinion matters to us"**, a completely anonymous survey that we send to store employees when they leave Inditex. Launched in 2016 and available in all our markets with own stores, it allows us to obtain their feedback on various aspects of their day-to-day life, such as the relationship with their colleagues or managers, the training they receive, their salary or how well their working hours suits their availability. In addition, the question "Would you recommend Inditex as a place to work?" is used to measure levels of engagement. In 2022, this question obtained an average of 70% positive responses, obtaining 91% positive responses in Spain.

5.1.3. Employment

GRI 2-4; 2-7; 3-3; 405-1; AF22

The creation of **stimulating, stable and safe working environments,** in which equal opportunities and professional development are a reality, is a priority for Inditex.

As a Group with employees in 60 labour markets and very diverse realities, we work to adapt our responses to local needs so that all our people, wherever they are, can enjoy working in the highest quality environments possible.

With regard to 2022, the first quarter was shaped by the halt in all our commercial activity in Russia and Ukraine. Throughout the year, the Group's priority and efforts have focused on providing the necessary support to the workforces in both countries. For the people employed in Ukraine, two actions were taken: firstly, in the financial sphere, we maintained full payment of salaries; and secondly, we adopted the necessary measures to support staff in any way necessary, from help with visa procedures and travel arrangements to psychological support, among other measures. With regard to the situation of our staff in Russia, their salaries have continued to be paid in accordance with local legislation.

5.1.3.1. Distribution of the workforce by contract type

In 2022, 82% of our people were on a permanent contract (compared with 81% in 2021, 87% in 2020, 77% in 2019 and 73% in 2018).

The tables below show the different types of contract by gender, age and job classification:

Employee distribution by contract type, gender, age and job classification[1]

	2022				2021				2020				2019			
	Permanent		Temporary		Permanent		Temporary		Permanent		Temporary		Permanent		Temporary	
	Number of employees	%	Number of employees	%	Number of employees	%	Number of employees	%	Number of employees	%	Number of employees	%	Number of employees	%	Number of employees	%
Distribution by gender																
Women	99,963	81%	23,240	19%	100,925	81%	24,235	19%	93,748	87%	14,543	13%	100,968	76%	31,606	24%
Men	34,881	83%	6,913	17%	32,904	83%	6,978	17%	31,690	88%	4,135	12%	34,219	78%	9,818	22%
Total	**134,843**	**82%**	**30,153**	**18%**	**133,829**	**81%**	**31,213**	**19%**	**125,438**	**87%**	**18,678**	**13%**	**135,187**	**77%**	**41,424**	**23%**
Distribution by age																
<30 years old	69,358	73%	25,305	27%	64,824	71%	26,252	29%	64,716	81%	15,034	19%	70,658	68%	33,387	32%
30-40 years old	40,878	92%	3,770	8%	45,593	92%	4,066	8%	41,677	93%	3,031	7%	44,874	87%	6,711	13%
> 40 years old	24,607	96%	1,078	4%	23,412	96%	895	4%	19,045	97%	613	3%	19,655	94%	1,326	6%
Total	**134,843**	**82%**	**30,153**	**18%**	**133,829**	**81%**	**31,213**	**19%**	**125,438**	**87%**	**18,678**	**13%**	**135,187**	**77%**	**41,424**	**23%**
Distribution by job classification[2]																
Management	10,418	97%	276	3%	12,837	97%	438	3%	11,451	96%	539	4%	9,268	89%	1,146	11%
Supervisor	14,315	97%	444	3%	16,681	96%	657	4%	15,596	95%	811	5%	19,209	92%	1,657	8%
Specialist	110,111	79%	29,434	21%	104,312	78%	30,118	22%	98,391	85%	17,328	15%	106,710	73%	38,622	27%
Total	**134,843**	**82%**	**30,153**	**18%**	**133,829**	**81%**	**31,213**	**19%**	**125,438**	**87%**	**18,678**	**13%**	**135,187**	**77%**	**41,424**	**23%**

1. Data on type of contract and hours available in 2022 for 100% of the workforce (98.2% in 2021, 95.4% in 2020 and 94.7% in 2019). To calculate the number of contracts by type of contract, broken down by gender, age and professional classification, the corresponding percentages are applied to the total workforce.
2. The description of the functions of the three job classification groups is:
- Management: employees in managerial positions with responsibility for interdisciplinary working groups related to the areas of design, manufacturing, distribution, logistics, stores, technology, sustainability and other general services. This category includes store managers.
- Supervisor: employees who are part of interdepartmental and transversal working groups for design, logistics and stores, as well as sustainability, technology and other general services.
- Specialist: employees with an impact through individual contribution related to one of the Group's activities in the areas of design, manufacturing, distribution, logistics, stores, sustainability, technology and other general services.

5.1.3.2. Distribution of the workforce by type of working hours

In terms of working hours, in 2022, 59% of Inditex's workforce was part-time and 41% full-time (56% part-time and 44% full-time in 2021, 50% part-time and 50% full-time in 2020; 53% part-time and 47% full-time in 2019; and 49% part-time and 51% full-time in 2018).

This ratio of part-time to full-time workers is typical of the retail sector, where part-time reinforcement teams are typically required at certain times of the season: for example, our stores and logistics centres are typically reinforced during the busiest times, such as the sales season or Black Friday. In addition, we often employ people who combine this activity with other activities, mainly their studies.

A meaningful indicator when it comes to explaining the quality of employment is the **FTE** (Full-Time Equivalent), which in 2022 tells us that the workforce resulting from all full-time hours represented 77%[5] of total jobs (78% in 2021[6], 79% in 2020 and 79% in 2019).

Below is a breakdown of part-time employees by gender, age and job classification:

Distribution of part-time employees by gender, age and job classification[1]

	2022				2021				2020				2019			
	Part-time		Full-time		Part-time		Full-time		Part-time		Full-time		Part-time		Full-time	
	Number of employees	%	Number of employees	%	Number of employees	%	Number of employees	%	Number of employees	%	Number of employees	%	Number of employees	%	Number of employees	%
Distribution by gender																
Women	76,348	62%	46,854	38%	72,992	58%	52,168	42%	56,640	52%	51,651	48%	70,308	55%	59,442	46%
Men	21,498	51%	20,297	49%	19,026	48%	20,856	52%	15,861	44%	19,964	56%	23,601	47%	23,261	50%
Total	**97,845**	**59%**	**67,151**	**41%**	**92,018**	**56%**	**73,024**	**44%**	**72,501**	**50%**	**71,615**	**50%**	**93,909**	**53%**	**82,702**	**47%**
Distribution by age																
<30 years old	70,718	75%	23,927	25%	65,213	72%	25,862	28%	49,137	62%	30,595	38%	66,978	64%	37,054	36%
30-40 years old	18,483	41%	26,178	59%	19,375	39%	30,284	61%	17,576	39%	27,143	61%	20,854	40%	30,746	60%
> 40 years old	8,644	34%	17,047	66%	7,430	31%	16,878	69%	5,788	29%	13,878	71%	6,077	29%	14,902	71%
Total	**97,845**	**59%**	**67,151**	**41%**	**92,018**	**56%**	**73,024**	**44%**	**72,501**	**50%**	**71,615**	**50%**	**93,909**	**53%**	**82,702**	**47%**
Distribution by job classification[2]																
Management	433	4%	10,263	96%	493	4%	12,782	96%	428	4%	11,629	96%	273	3%	10,142	97%
Supervisor	1,433	10%	13,328	90%	1,873	11%	15,465	89%	1,545	9%	14,827	91%	1,804	9%	19,060	91%
Specialist	95,980	69%	43,561	31%	89,652	67%	44,778	33%	70,528	61%	45,159	39%	91,832	63%	53,500	37%
Total	**97,845**	**59%**	**67,151**	**41%**	**92,018**	**56%**	**73,024**	**44%**	**72,501**	**50%**	**71,615**	**50%**	**93,909**	**53%**	**82,702**	**47%**

1. Data on type of contract and hours available in 2022 for 100% of the workforce (98.2% in 2021, 95.4% in 2020 and 94.7% in 2019). To calculate the number of contracts by type of working day, broken down by gender, age and professional classification, the corresponding percentages are applied to the total workforce.
2. The description of the functions of the three job classification groups is:
- Management: employees in managerial positions with responsibility for interdisciplinary working groups related to the areas of design, manufacturing, distribution, logistics, stores, technology, sustainability and other general services. This category includes store managers.
- Supervisor: employees who are part of interdepartmental and transversal working groups for design, logistics and stores, as well as sustainability, technology and other general services.
- Specialist: employees with an impact through individual contribution related to one of the Group's activities in the areas of design, manufacturing, distribution, logistics, stores, sustainability, technology and other general services.

5.1.3.3. Leavers

The workforce in Spain at the end of 2022 totalled 46,154 people, of whom 73% were women and 27% were men.

In 2022, there were 710 dismissals in Spain for various reasons (741 in 2021, 968 in 2020, 978 in 2019 and 954 in 2018). Breaking down these data by gender, the distribution is similar to that of the workforce, as the number of women dismissed was 504, i.e. 71%, compared to 206 men, i.e. 29% (537 women, compared to 204 men in 2021; 770 women, compared to 198 men in 2020; 746 women, compared to 232 men in 2019; and 721 women, compared to 233 men in 2018).

5 FTE employment data available in 2022 for 99% of the workforce (91% of the workforce and not available for Belgium, US and Türkiye in 2021).

6 The FTE employment data reported in the Statement of Non-Financial Information 2021 have been corrected. The correct figures are 78% for 2021, 79% for 2020 and, 79% for 2019.

With regard to dismissals by job classification and age in Spain, 80% were concentrated in specialist positions, according to the classification previously provided (76%, 71%, 71% and 75% in 2021, 2020, 2019 and 2018, respectively), for store and corporate headquarters, own factories and logistics centres alike. 11% of the dismissals were in supervisor positions, and the remaining 9% in management positions. Regarding dismissals by age in Spain, 44% (43%, 51%, 56% and 52% in 2021, 2020, 2019 and 2018, respectively) affected staff aged 30 to 40 years, the age group which accounts for the 34% of staff in Spain. This proportion is consistent with the distribution of the workforce in our country, where the Company's corporate services are based. 31% of the dismissals were in the over 40 age bracket (representing 35% of our workforce), and the remaining 24% in the under 30 age bracket (representing 31% of our workforce in Spain).

In terms of worldwide dismissals, with a headcount of 164,997 people in 2022 (165,042 people in 2021, 144,116 people in 2020, 176,611 people in 2019 and 174,386 people in 2018), there were 5,694 dismissals in the year 2022 (4,892, 5,870, 6,428 and 8,661 dismissals in 2021, 2020, 2019 and 2018, respectively). Of the total number of dismissals, the number of women who terminated their relationship with the Group for this reason was 3,976, 70%, compared to 1,718 men, 30% (3,441 women and 1,451 men in 2021; 4,332 women and 1,538 men in 2020; 4,344 women and 2,084 men in 2019; and 6,134 women and 2,527 men in 2018), again consistent with the gender distribution of the overall workforce. As for dismissals by job classification, 88% were concentrated in specialist positions (83%, 81%, 87% and 89% in 2021, 2020, 2019 and 2018, respectively), 7% in supervisor positions, and the remaining 5% in management positions, which is also consistent with our workforce distribution. By age, 68% of the dismissals corresponded to people under 30 years of age (60%, 61%, 68% and 75% in 2021, 2020, 2019 and 2018, respectively), the age bracket which accounts for 57% of the Group's employees (58%, 54%, 61% and 62% in 2021, 2020, 2019 and 2018, respectively). 24% of the dismissals were in the 30-40 year age group (which accounts for 27% of our workforce), and the remaining 8% in the over 40 age group (which accounts for 16% of our people).

5.1.4. Labour Relations

GRI 2-30; 3-3; AF7; AF26; AF29

At Inditex, we are strongly committed to **respecting our employees' labour rights** worldwide and, in particular, their **right to participation**, as a key element for the sustainable development of the business model.

This commitment is enshrined in Inditex's Code of Conduct and Responsible Practices, applicable to all Group employees, and which addresses **respect for trade union relations and rights** in Chapter 3 on General Principles. The Code states that "Inditex employees have the recognised right to associate or organise themselves or to bargain collectively". Additionally, pursuant to section 4.2 of the Code: "Inditex makes its own, as part of its internal regulations, the contents of any national and international agreements and conventions to which it has adhered, and undertakes to promote and enforce them".

In this regard, in 2009 we signed a Global Agreement for implementation of fundamental labour rights and decent work, with UNI Global Union (UNI). UNI is a network of trade unions in the trade and retail sector, which encompasses more than 900 trade unions worldwide and represents more than 20 million workers. 100% of the Inditex Group employees are covered by the Global Agreement signed with UNI.

This Agreement between UNI and Inditex includes specific provisions regarding a number of issues governed pursuant to the principles established by the International Labour Organization (ILO):

/ Among other rights, special mention is made therein to the enforcement of ILO Conventions 87 and 98 on ensuring **freedom of association and the right to collective bargaining.** In this regard, the Agreement states that 'Inditex recognises the right of trade unions to represent the workers and to regulate through collective bargaining the terms and conditions of their employment'.

/ The freedom to join any trade unions and non-discrimination on account of membership to a trade union as part of labour relations is also ensured. Additionally, pursuant to ILO Conventions 100 and 111 and based upon non-discrimination on employment, equal opportunities and equal treatment for all people and non-discrimination in terms of remuneration for equal jobs are upheld. Inditex is committed to complying with applicable national laws and/or conventions, in furtherance of ILO Conventions 1 and 47 and of ILO Recommendation 116 concerning the working week and hours of work.

As for the objective scope of application of the Agreement with UNI, in addition to the reference to the protection and promotion of fundamental rights, the Group is committed to meeting the requirements laid down in national laws and in national collective bargaining agreements regarding working hours, protection of a safe, healthy and sustainable working environment, and promotion of best practices for occupational health and safety with the appropriate equipment and training. The Agreement between Inditex and UNI covers minimum rights for the staff of the various companies within the Group, given that in any event, such provisions, whether statutory, contractual or included in a collective bargaining agreement which confers higher rights, will always be respected.

Further to the above referred Agreement between Inditex and UNI, United Food and Commercial Workers International Union ("UFCW"), a US trade union and member of UNI, was interested in reaching a specific agreement with the Company for the stores in the USA covering the terms of the above referred 2009 Agreement. In response to this demand, an agreement was signed in 2015 with UNI, UFCW, Inditex and Zara USA, which led to the approval of a collective agreement that currently extends to 25 stores in the states of New York, New Jersey, Connecticut and Massachusetts (24 stores in 2021 and 21 stores in 2020).

Likewise, in 2019, the Inditex Group formally established the Company's European Works Council (EWC), devised as a body for assurance and effectiveness of information and consultation of employees on transnational issues.The EWC played a crucial role on two particularly sensitive occasions; on the one hand, as a natural liaison for the Company in all matters related to the situation arising from the global health emergency, and on the other, through its role as guarantor of the Group's digital transformation process which, in the case of Spain, was enshrined in the Digital Transformation Plan Agreement, on the working conditions of the staff of the absorbed stores. This agreement was signed by Inditex's retail concepts in Spain and the Federation of Services of the trade union *Comisiones Obreras* and the Federation of Services, Mobility and Consumer Affairs of the trade union UGT, and was in force until 31 January 2023.

The EWC met twice in 2022. The first, extraordinary plenary meeting was held on 16 March, following the Russian invasion of Ukraine and at the request of the EWC to ascertain first-hand how this situation was affecting the workforces in both countries and what impact it would have on Inditex as a whole. Subsequently, in September, the ordinary plenary meeting took place in Arteixo, with the participation of the eight member countries, whose representatives were once again able to meet the Company in person. Over the course of the three-day meeting, both members and alternates received training in the content of the new proposed European Directive on companies' due diligence, they resumed the working group on gender equality and they were informed by Inditex of the financial results, as well as regarding other matters on the agenda.

The progress reflects the health of social dialogue at the local level at Inditex subsidiaries, with training provided to human resources teams and store managers concerning trade union rights and cooperation with our workforce's legal representatives. The works councils and management of our subsidiaries meet periodically to inform, consult and listen to the union representatives and reach agreements to improve people's working conditions and quality of life. Markets such as France, Italy, Germany, Austria, Belgium, Luxembourg, Norway, Sweden, Finland, Denmark, Chile and Argentina represent tradition in labour relations, while other countries like Poland are exploring new ways to manage their workforce on a day-to-day basis, with a new means of employee representation. Even in markets where there is no trade union culture, there are formulae that aim to achieve the same goal, namely people's engagement in their working environment. Such is the case in South Korea, where there is a collegiate body of three members who represent the rest of the employees in regular monitoring meetings and in the agreements reached with the Company regarding working conditions.

There are other examples of employee engagement at the Group, such as in the Netherlands or the UK and Ireland, where wellness committees have been set up in which several members of staff meet regularly to discuss health and wellness issues and ensure that appropriate strategies and measures are addressed.

Overall, the measures implemented this year in terms of social relations mean that, globally, the percentage of employees covered by local collective bargaining agreements remains at 61% (60% in 2021 and 2020, 56% in 2019 and 70% in 2018) while, in Europe, the percentage is close to 70%, as in 2018, 2019, 2020 and 2021. In Spain, 100% of the Group's workforce is covered by collective bargaining agreements.

At the end of 2022, union negotiations began in Spain between Inditex and the leading national trade unions. The negotiations culminated in the signing of the State Collective Agreement between the Inditex Group's Retail Concepts in Spain, the Federation of Services of CC.OO. and the Federation of Services, Mobility and Consumer Affairs of UGT, for the Improvement and Standardisation of the Remuneration and Social Conditions of the Group's Employees. This agreement, whose economic measures are retroactive to 1 January 2023, guarantees, among other improvements, a fixed annual income at the Company based on workers' experience and responsibility, conducive to standardising working conditions for all store staff in Spain.

Work organisation

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

Regarding organisation of work, the Code specifically regulates respect for the time limits set by the applicable laws in each country in terms of weekly working hours and overtime.

This commitment to compliance with working hours is addressed in the Global Agreement with UNI, which includes a section on the guidelines provided in ILO Conventions 1 and 47 regarding eight-hour days and 40-hour weeks, respectively, and in Recommendation 116 regarding reduction of normal working hours established as a minimum standard for each country.

In practice, laws and collective bargaining agreements applicable to Inditex establish maximum annual working hours for employees, based upon which work schedules are agreed. Inditex has in place a working time control system, in accordance with the applicable legislation in each market.

5.1.5. Remuneration policy

GRI 2-19; 2-20; 2-21; 3-3; 405-2; AF7

The team at the Inditex Group are remunerated in accordance with their **professional worth, experience, dedication and responsibility**. Our remuneration policy guarantees **non-discrimination** by reason of gender, age, culture, religion, ethnicity or any other circumstance.

As a Group with a presence in 60 labour markets, our remuneration policy seeks to adapt, at all times, to the circumstances of each of them, always within the Group's culture and values and respecting the identity of each of the brands. Accordingly, we strive to ensure that the remuneration standard is adapted to the local reality of each market, establishing remuneration according to the reference practices of each of these markets in local currency.

Inditex's remuneration comprises a **fixed component and a variable component.**

Fixed remuneration is determined by experience, personal contribution to the work and responsibility within the organisation. Variable remuneration depends fully on predefined, quantifiable and measurable indicators, all linked to the Company's results. Based on this criterion, variable remuneration does not depend on a discretionary assessment of a person's individual performance, but is based solely on objective parameters. The purpose is to guarantee non-discrimination. In this regard, **variable remuneration is one of the key components of Inditex's remuneration policy and applies to employees in all areas of the Company's activity.**

In stores, our most widely used variable remuneration system is that of the monthly sales commission scheme. This is a way to reward the engagement of store employees in key issues as sales results, feedback on products and store coordination and organisation. In addition, over the last few years, we have started implementing a new system of in-store variable remuneration with a special focus on transparency and simplicity, orienting our people towards sales, guaranteeing pay equity, and taking into account the changing environment.

Similarly, true to our values of transparency and results orientation, in 2020 we aligned the Group's sustainability objectives with those of the office staff in terms of remuneration. Accordingly, **compliance with sustainability goals is a component of our office employees' variable remuneration**. This underpins our commitment to our people in this regard, highlighting the fact that our variables are fully linked to business results.

Gender pay gap

At Inditex we are committed to equal pay and, in this regard, the pay gap is the **indicator that most transparently** conveys the difference in salaries between women and men.

The gender pay gap is calculated based upon the median salary in each market (considering total salary: fixed plus variable, consisting of commission and bonus), weighted according to each area of activity of the Group (store, central services, logistics and factories). This median is in turn weighted according to each market's weighting over the aggregate number of Inditex employees. As a result, a global reliable indicator of pay gap between male and female workers in the Group is obtained.

The outcome of the analysis carried out in 2022[7] **shows wage parity between men and women in Inditex**. In total salary, women have been paid 0.4% more than men. If we break down the gap by professional classification, in 2022 it was 1% for specialists (representing 85% of our people), -3% for supervisors (representing 9% of our people) and -8% for management positions (representing 6% of our people). The global gender pay gap has suffered a slight variation with respect to previous years (in 2021, women were paid 0.3% more than men; in 2020, men were paid 0.4% more than women; in 2019, women were paid 0.2% more than men; and in 2018, women were paid 0.8% more), which is explained by staff turnover during the period.

[7] The gender pay gap analysis and the global average remuneration for fiscal year 2022 does not include Russia and Ukraine (markets that represent 3.9% of the workforce).

Gender pay gap	2022	2021	2020	2019	2018
Total	**0.4%**	**0.3%**	**-0.4%**	**0.2%**	**0.8%**

The pay gap by geographic area is detailed below[8]:

Gender pay gap	2022	2021	2020	2019	2018
Spain	-1.1%	-0.8%	-0.8%	0.5%	1.0%
Europe excluding Spain	1.1%	0.4%	-0.7%	-0.6%	0.2%
Americas	0.5%	1.7%	2.6%	3.6%	0.3%
Asia and rest of the world	1.6%	1.8%	-1.1%	-0.1%	0.0%
Total	**0.4%**	**0.3%**	**-0.4%**	**0.2%**	**0.8%**

Regarding this figure, it should be noted that the number of employees in Spain, our home market, only represents 28% of the total, and a significant portion, 72%, of the remaining staff are based in markets where wages translated into euros result in lower average remuneration (28% and 72% of the workforce in 2021, 2020, 2019 and 2018).

By gender, the average remuneration of women in 2022 amounted to an annual gross figure of 25,387 euros, and that of men came to 28,827 euros (women: 22,770 euros in 2021, 22,749 euros in 2020, 21,142 euros in 2019 and 19,935 euros in 2018; men: 26,502 euros in 2021, 27,657 euros in 2020, 24,897 euros in 2019 and 23,556 euros in 2018). These two figures are not representative in terms of equal pay: the pay gap between men and women is due to a higher presence of women in a significant number of markets where average remuneration is lower on account of the exchange rate effect.

At Inditex, we calculate the pay gap by market (weighted with the weight each of them represents), allowing for the isolation of the impact of the different local currencies, fluctuations in the exchange rate and the geographic distribution of the workforce.

Based on these premises, the average remuneration by age and by job classification is provided below:

Global average remuneration

Average remuneration is defined as the average wages in the Group (considering the total salary: fixed plus variable, consisting of commission and bonus), translated into euros, using the average exchange rate in 2022[9]. Based on this calculation, global average remuneration in this period at Inditex amounted to 26,294 euros gross annually (23,701, 23,959, 22,073 and 20,996 euros in 2021, 2020, 2019 and 2018, respectively).

[8] The geographic areas included in the breakdown correspond to the areas where Inditex has significant operations.
[9] The gender pay gap analysis and the global average remuneration for fiscal year 2022 does not include Russia and Ukraine (markets that represent 3.9% of the workforce).

Aggregate remuneration in €	2022	2021	2020	2019	2018
Job classification[1]					
Management	66,446	52,744	50,050	51,327	47,804
Supervisor	39,470	33,840	32,859	31,002	27,963
Specialist	22,964	20,875	20,751	19,260	18,480
Age					
<30 years old	19,597	17,054	16,598	16,444	15,350
30-40 years old	30,541	28,689	28,214	27,433	26,320
> 40 years old	44,044	42,130	43,648	42,297	41,062

1. The description of the functions of the three job classification groups is:
- Management: employees in managerial positions with responsibility for interdisciplinary working groups related to the areas of design, manufacturing, distribution, logistics, stores, technology, sustainability and other general services. This category includes store managers.
- Supervisor: employees who are part of interdepartmental and transversal working groups for design, logistics and stores, as well as sustainability, technology and other general services.
- Specialist: employees with an impact through individual contribution related to one of the Group's activities in the areas of design, manufacturing, distribution, logistics, stores, sustainability, technology and other general services.

5.1.6. Our people's health, safety and well-being

GRI 403-1; 403-2; 403-3; 403-4; 403-5; 403-6; 403-7; 403-8; 403-9; 403-10; 413-1; AF24; AF31

Guaranteeing and promoting our employees' health and safety is paramount for the Inditex Group. Accordingly, we implement **international best practices** in this area, complying with the most stringent standards, and we train and inform our staff on these matters, always looking for areas of improvement.

In 2022, we have updated our **Occupational Health and Safety Policy,** the latest version of which was approved by the Board of Directors in their meeting of 13 December 2022. This latest version of the Policy reinforces the positive impact of the Group's short- and medium-term initiatives for workers, customers, suppliers and other stakeholders, and enshrines Inditex's commitment to promoting safety, health and well-being in the workplace, recognising them as a cornerstone of its activities.

Thus, the Policy aims to ensure the continuous improvement of occupational health, safety and well-being, and considers this to be a common goal that extends to all levels of the Group.

5.1.6.1. Health and safety protection

Since 2014, the Inditex Group has included in its goals the implementation of **the ISO 45001:2018 management system,** which is an internationally recognised technical specification aimed at controlling risks and improving occupational health and safety performance. It is considered the highest standard in this field.

The retail and design activities in India and Switzerland were certified during 2022, bringing the total number of markets in which they are certified to 27. Furthermore, the manufacturing and logistics companies in Spain have been maintained and audited under ISO 45001 standards, and the management of this activity in the Mexico distribution centre has been certified. Furthermore, the certification of the Cajamar distribution centre in Brazil has been maintained. During 2022, the Management System has been audited in 212 workplaces.

77%[10] of the Company's own employees who work in Inditex Group's activities, companies and markets—over 122,000 people—do so in areas where the highest standard in the occupational health, safety and well-being management system is implemented, in keeping with the maximum requirements of the ISO 45001 standard and in a process of continuous improvement.

With regard to the execution of refurbishment and construction works of stores and singular buildings in Europe within the Inditex Group, carried out by the company GOA INVEST, S.A., in 2022 it continues to be certified to ISO 45001 standard.

Worker health and safety training

Continuous health and safety training is a key activity both for companies, as it helps to reduce accidents, and for workers, for whom it is way to learn about their working environment, the risks to which they may be exposed and how to prevent them.

Occupational health and safety competencies and qualifications form a body of specialised knowledge. There are as many types of training programmes as there are tasks or jobs, and different objectives are set, ranging from training required for a management position to training that aims to equip workers with the knowledge they need to work safely.

[10] Does not include Russia and Ukraine workforce.

Workers trained/Market	2022	2021
Spain	18,601	14,706
Germany	1,592	434
Argentina	17	781
Australia	457	404
Austria	601	579
Belarus	340	386
Belgium	794	1,309
Bosnia Herzegovina	210	0
Brazil	411	671
Bulgaria	303	590
Canada	1,248	1,702
Chile	141	201
Mainland China	1,607	5,782
Croatia	634	1,030
Denmark	20	0
Slovakia	250	436
Slovenia	143	0
United States	2,520	2,687
Finland	143	0
France	3,169	2,870
Greece	1,715	1,244
Hungary	886	0
India	399	63
Ireland	487	432
Italy	5,832	3,494
Kazakhstan	1,180	970
Luxembourg	22	181
Mexico	2,947	1,398
Montenegro	177	0
Norway	53	6
New Zeland	38	0
Poland	4,591	4,182
Portugal	1,916	1,888
United Kingdom	3,907	4,568
Czech Republic	320	479
Republic of North Macedonia	142	0
Romania	3,164	2,567
Russia	0	1,573
Serbia	915	910
South Africa	0	42
Sweden	5	0
Switzerland	1,065	0
Türkiye	3,359	2,338
Ukraine	0	1,314
Uruguay	103	322

5.1.6.2. Promoting well-being

Inditex, Healthy Organisation

Our commitment to **promoting and protecting our people's safety, health and well-being** was recognised again this year in the form of the **Healthy Company certification**, a distinction that identifies cross-cutting management of the health, safety and well-being of individuals based on physical and psycho-social aspects, resources allocated to the health of the workers, and the participation of the Company and its workers in the community. This certification follows the World Health Organization model and is audited every two years.

Specifically, in 2022, the Group's companies in Spain, Italy, the United Kingdom and Ireland, Japan, Portugal, Greece, Argentina, Mexico, Uruguay, Germany, Poland, Türkiye and Chile have maintained Healthy Company certification and, in addition, the markets of Mainland China, Belgium, Luxembourg, Canada, Bulgaria, Croatia and Romania have been certified. In addition, the goal for 2023 is to obtain certification for the Group's companies in Serbia.

Well-being Committees

In 2022, we also made headway in setting up new Well-Being Committees in India, Canada, Belgium, Luxembourg, Romania and Japan (making a total of 13 markets); meanwhile, in Spain, these Committees have been set up at Zara Home, Pull&Bear and Zara. These are cross-cutting bodies for the promotion and coordination of a range of initiatives and actions aimed at promoting people's well-being, in such varied aspects as diversity, equality, health, inclusion, work-life balance, mental and psycho-social health, working hours, food, ergonomics, work spaces, sports activities, employee mobility, events and social actions (participating in world days and employee engagement in the community).

Promoting health

Inditex also runs the **InHealth** portal, which focuses on promoting health and healthy habits among the Group's employees, through news, actions or challenges adapted to their working environment, to raise awareness on the importance of maintaining a balance between body, mind and emotions. This portal is currently accessible in 25 markets, following the launch over the course of 2022 in Croatia, the Netherlands, Japan and Chile. Moreover, in 2023 it is scheduled to be rolled out in Slovenia, Montenegro, South Africa, Brazil, the Czech Republic and Slovakia. InHealth now covers 72% of the Group's employees.

Health services

In keeping with our commitment to our workers' healthcare, at all our logistics and manufacturing centres there is a **medical service** available to them. These medical services offer periodic check-ups and other ancillary health control tests for workers, as well as flu vaccination drives, among other functions. In addition, all our head offices, distribution centres and factories in Spain are equipped with breastfeeding rooms.

Likewise, in the markets where we operate we are developing health services initiatives as part of the objectives of the Healthy Organisation certification, including: the psychological support line in Mainland China, South Africa and Portugal, additional health insurance in Slovakia, Greece, Türkiye, India, Romania or Canada and initiatives in other markets related to physiotherapy services, additional eye tests with subsidies for glasses purchases and more frequent medical check-ups or additional types of tests than legally established in the local legislation.

Prevention of musculoskeletal injuries

Another of our health and safety objectives is the prevention of musculoskeletal injuries. In this regard, at Inditex we **continually assess** the ergonomic conditions associated with physical strain in tasks carried out at work centres, both by our teams and by third parties who perform their activities there. Through this assessment, based on an entirely preventive approach, we identify tasks that involve manually handling loads, awkward postures and repetitive movements in order to plan preventive actions on ergonomic conditions, aimed at protecting workers' health. Based on this knowledge, we provide initial training on musculoskeletal injuries to all workers at our logistics centres and stores.

In 2022, more than 7,000 employees took part in initiatives such as 'Lighten the Load', a Back School and Pain Free Movement Workshop. The 'Let's Move' Posture Coach continued to operate, as did the Prevent and Recover Plans. They include yoga, pilates and swimming pool training at various partner centres, with specific exercises or tips on 'Caring for your Back' in the store environment.

5.1.6.3. Health and safety indicators

In 2022, we have continued to compile information on accidents in our own logistics, store, office, manufacturing and construction activities. We are implementing preventive measures in regard to the investigated and assessed risks such as overexertion, slips and falls on the same level, as well as tripping and sudden movements, which we have identified as the most representative incidents.

When analysing health and safety indicators, we consider an occupational accident to be any bodily injury to a worker during or as a consequence of the work performed as an employee, while an occupational disease is a disease whose onset is a result of the work performed as an employee in the activities and specified in the professional illnesses chart of the activity, according to local legislation. Such disease must be a result of the action of elements or substances indicated in said chart for each occupational disease.

Furthermore, in 2022 there have been no fatalities resulting from an occupational injury or accident in any of our markets.

Other accident rates[1]

Spain

	Incident rate [3]					Frequency rate [4]					Severity rate [5]				
	2022	**2021 [2]**	**2020 [2]**	**2019**	**2018**	**2022**	**2021 [2]**	**2020 [2]**	**2019**	**2018**	**2022**	**2021 [2]**	**2020 [2]**	**2019**	**2018**
Own stores															
Women	17.99	15.20	14.08	19.28	18.00	14.81	12.79	14.81	10.71	14.70	0.38	0.28	1.08	0.19	0.41
Men	14.38	15.10	12.17	13.31	20.70	10.74	11.26	12.88	7.39	14.60	0.24	0.20	1.60	0.15	0.25
Logistics centres															
Women	96.27	85.40	68.99	100.45	107.80	71.28	63.83	72.38	55.80	70.90	2.43	2.03	1.24	1.58	1.96
Men	96.36	107.80	81.95	107.94	126.50	68.08	74.66	76.80	59.97	78.80	2.63	2.25	1.18	1.53	1.65
Own factories															
Women	5.03	19.20	8.40	58.12	73.80	2.61	10.55	6.93	32.29	53.60	0.09	0.44	1.14	0.99	1.82
Men	26.81	53.70	0.00	64.91	167.70	9.93	21.07	0.00	36.06	102.00	0.52	0.67	0.00	1.88	3.00
Central services															
Women	3.95	1.80	2.68	3.51	3.20	1.97	0.88	1.77	1.95	1.80	0.06	0.01	0.38	0.03	0.05
Men	2.82	3.30	2.50	2.48	2.20	1.40	1.63	1.40	1.38	1.20	0.09	0.04	0.47	0.00	0.07

Europe [6]

	Incident rate [3]					Frequency rate [4]					Severity rate [5]				
	2022	**2021 [2]**	**2020 [2]**	**2019**	**2018**	**2022**	**2021 [2]**	**2020 [2]**	**2019**	**2018**	**2022**	**2021 [2]**	**2020 [2]**	**2019**	**2018**
Women	16.55	14.83	13.06	20.80	19.30	14.40	12.80	14.76	17.50	16.90	0.24	NA	NA	NA	NA
Men	13.95	15.37	15.31	17.30	17.00	10.40	11.64	17.29	13.50	14.70	0.22	NA	NA	NA	NA

Asia and rest of the world [7]

	Incident rate [3]					Frequency rate [4]				
	2022	**2021 [2]**	**2020 [2]**	**2019**	**2018**	**2022**	**2021 [2]**	**2020 [2]**	**2019**	**2018**
Women	5.02	5.28	4.50	3.50	6.70	3.80	3.80	3.73	2.60	5.40
Men	2.84	4.53	4.00	2.80	3.50	1.83	3.03	3.26	2.00	2.80

Americas [8]

	Incident rate [3]					Frequency rate [4]					Severity rate [5]				
	2022	**2021 [2]**	**2020 [2]**	**2019**	**2018**	**2022**	**2021 [2]**	**2020 [2]**	**2019**	**2018**	**2022**	**2021 [2]**	**2020 [2]**	**2019**	**2018**
Women	13.02	13.04	40.86	17.90	12.00	10.82	9.43	45.84	13.00	9.10	0.32	NA	NA	NA	NA
Men	8.69	11.58	31.20	15.40	11.40	6.69	7.85	34.20	10.70	8.50	0.30	NA	NA	NA	NA

	Accidents with more than 180 days of absence						
	Spain				Europe	Americas	Asia and rest
Gender	**Warehouse**	**Manufacture**	**Office**	**Store**	**Accidents**	**Accidents**	**Accidents**
Men	7	0	1	0	12	3	0
Women	2	0	0	6	42	6	1

INDITEX

Occupational diseases

Spain

	Logistics centres				Own stores				Own factories			
	2022	2021 [2]	2020 [2]	2019	2022	2021 [2]	2020 [2]	2019	2022	2021 [2]	2020 [2]	2019
Women	13	2	4	10	0	0	1	1	0	7	2	9
Men	11	5	10	9	0	0	0	0	0	2	0	0
Rest (Europe, America and Asia and rest of the world)												
	Europe				Asia and rest of the world				Americas			
Women	21	23	21	NA	2	0	0	NA	3	0	23	NA
Men	3	13	3	NA	0	0	0	NA	1	0	11	NA

1. Accident data are shown as ratios only, as these are a reliable representation of the Company's health and safety performance.
2. In the process of implementation of Systems to report data on severity rates in Europe, America, Asia and the rest of the world. Data included in 2022 represent the following markets, Europe: Bulgaria, Croatia, Greece, Italy, Portugal, Romania; America: Argentina, Chile, Mexico, Uruguay.
3. Incident rate with leave = (No. accidents with leave *1,000) / Average no. workers.
4. Frequency rate = (No. accidents with leave *1,000,000) / No. hours worked.
5. Severity rate = (Days of leave *1,000) / No. hours worked.
6. Albania, Germany, Austria, Belgium, Belarus, Bosnia Herzegovina, Bulgaria, Croatia, Denmark, Slovakia, Slovenia, Finland, France, Greece, Hungary, Ireland, Italy, Luxembourg, Montenegro, Norway, the Netherlands, Poland, Portugal, the United Kingdom, Czech Republic, Republic of North Macedonia, Romania, Russia, Serbia, Sweden, Switzerland and Türkiye.
7. Australia, New Zeland, India, South Korea, Japan, Mainland China, Kazakhstan, Hong Kong, Taiwan and South Africa.
8. Argentina, Brazil, Canada, Chile, United States, Mexico and Uruguay.

In fiscal year 2022, the total number of hours of absenteeism due to common illness, corresponding to 97.4%[11] of the Group's employees (including all logistics and store employees in the world and office employees in Spain), amounted to 13,067,037 hours (11,028,054 hours in 2021, corresponding to 95.4% of employees, 10,761,725 hours in 2020, corresponding to 96% of employees; 10,275,537 hours in 2019, corresponding to 92% of employees; and 9,107,205 hours in 2018, corresponding to 83% of employees).

The total number of hours worked in 2022, corresponding to 92.8% of the Group's employees (including all logistics and store employees worldwide), amounted to 177,342,180 hours (92.7% of employees and 169,194,610 hours in 2021 and 92% of employees and 132,302,227 hours in 2020).

Non-employee worker accidents[12,13]

At Inditex we look after the health and safety not only of our people, but also of non-employee workers. In this connection, there were seven accidents involving non-employee workers in Spain, while there were no accidents in the markets of Germany, Bulgaria and Mainland China in 2022.

Emergency management

So as to **actively manage at all times the risks** that may arise in any workplace, and in keeping with our philosophy of following the precautionary principle, we have designed, prepared and implemented **Emergency and Evacuation Plans and Self-Protection Plans** that establish the organisational and functional criteria in the different facilities. The objective is to prevent, control and provide an adequate response, from the outset, to potential emergency situations that may cause harm to people and/or their property.

Through these Plans, we comply with the regulatory requirements applicable to occupational risk prevention and occupational health and safety, as well as with the internal requirements established by the Group for the workplaces.

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

In the last two years, the following actions were taken:

[11] There is no available information for the remaining 2.6%.

[12] The Group is working to improve its reporting systems in the commitment to continue making headway in reporting accidents of non-employee workers in new markets in future reporting periods, including those where there is legal obligation of reporting this information by the supplier.

[13] In the year 2022, the criteria for reporting non-employee worker accidents was updated in accordance with the requirements set out in this regard in content GRI 2-8. The information available in the Group's systems for previous years does not permit historical data to be recalculated, and it is therefore not included.

	2022			2021		
	Self- Protection Plan	Emergency and Evacuation Plan	Emergency and Evacuation Plan	Self- Protection Plan	Emergency and Evacuation Plan	Emergency and Evacuation Plan
Brand		**New**	**Updated**		**New**	**Updated**
Bershka	1	6	0	9	6	14
Massimo Dutti	3	9	5	12	3	1
Oysho	0	9	18	2	5	24
Pull&Bear	8	20	6	6	3	31
Stradivarius	5	22	11	5	16	17
Uterqüe	0	0	0	1	0	0
Zara	12	25	57	27	17	36
Zara Home	2	13	6	4	5	7
Total	**31**	**104**	**103**	**66**	**55**	**130**

	2020			2019		
	Self- Protection Plan	Emergency and Evacuation Plan	Emergency and Evacuation Plan	Self- Protection Plan	Emergency and Evacuation Plan	Emergency and Evacuation Plan
Brand		**New**	**Updated**		**New**	**Updated**
Bershka	0	14	10	0	10	8
Massimo Dutti	0	4	7	0	13	8
Oysho	0	1	12	0	12	0
Pull&Bear	0	7	46	0	18	26
Stradivarius	0	21	11	0	21	2
Uterqüe	0	1	2	0	1	3
Zara	2	22	83	1	29	28
Zara Home	0	1	7	0	4	0
Total	**2**	**71**	**178**	**1**	**108**	**75**

Emergency, Self-Protection and Evacuation Plans

Market	2022	2021	2020	2019	2018
Spain	238	251	251	184	322
Albania	2	0	41	33	38
Germany	108	14	122	138	0
Argentina	12	12	11	11	11
Australia and New Zealand	18	1	19	2	0
Austria	1	0	25	23	24
Belarus	0	0	0	0	25
Belgium	3	3	0	3	0
Bosnia Herzegovina	0	0	4	16	13
Brazil	50	3	7	2	0
Bulgaria	5	0	35	40	39
Canada	0	0	0	0	43
Chile	14	1	1	0	13
Mainland China	5	9	167	164	0
South Korea	0	0	40	46	1
Croatia	40	1	3	10	43
Denmark	0	0	0	0	17
Slovakia	0	7	16	16	16
Slovenia	0	2	16	5	40
United States	2	12	16	0	2
Finland	0	0	0	0	8
France	12	15	378	300	0
Greece	0	158	164	166	165
Hungary	17	0	39	39	39
India	4	0	0	0	0
Ireland	0	0	20	0	13
Italy	271	476	70	285	287
Japan	6	1	4	3	3
Kazakhstan	0	0	2	36	80
Luxembourg	0	0	0	12	0
North Macedonia	0	7	0	5	5
Mexico	395	399	315	116	38
Montenegro	0	0	0	2	0
Norway	0	0	0	1	8
The Netherlands	3	5	0	0	0
Poland	44	230	245	248	238
Portugal	6	5	18	0	0
United Kingdom	0	27	14	0	49
Czech Republic	0	0	22	0	24
Romania	3	3	143	0	10
Russia	0	110	124	0	123
Serbia	21	0	23	0	26
South Africa	1	0	0	0	9
Sweden	0	0	2	0	0
Switzerland	20	0	40	0	0
Türkiye	84	7	229	0	15
Ukraine	0	45	0	0	0
Uruguay	4	4	4	0	4

Other emergency management activities are summarised in the tables below:

2022

Work centre	Description
Indipunt	Emergency and evacuation plan
Tempe	Evacuation drill Elche
Tempe	Evacuation drill Culleredo
Inditex	Emergency and evacuation plan (construction)
Pull & Bear España S.A.	Emergency and evacuation plan
Tempe	Fire safety training
Meco Platform	Platform evacuation drill
Zara Home Logistics	Platform evacuation drill

2021

Work centre	Description
Stradivarius Headquarters	Platform evacuation drill
Meco Platform	Practical Fire Prevention Training at the Meco Logistics Platform
Cabanillas Platform	Practical Fire Prevention Training at the Cabanillas Platform
Plataforma Europa, S.A.	Plataforma Europa, S.A.
Zara Home Logistics	Evacuation drill

2020

Work centre	Description
Industria de Diseño Textil, S.A.	Theoretical evacuation drill at the Laracha logistics centre
Factories	Theoretical evacuation drill
Bershka Indipunt Pull&Bear logistics MECO logistics platform Tordera offices (all brands) Oysho logistics	Event Report - New SS20 Collection
Indipunt	Theoretical evacuation drill
Pull&Bear logistics	Updating of Self-Protection Plan and Drill
MECO logistics platform	Updating of Self-Protection Plan
Tordera offices (all brands)	Report on process drill
Oysho logistics	Report on process drill

2019

Work centre	Description
Pull&Bear logistics	EEP (construction works) Provisional Canteen Narón
TEMPE, S.A.	Classroom course on First Intervention Teams
Pull&Bear	Event (Fundación El Instante)
Industria de Diseño Textil, S.A.	EEP and Implementation Talent Centre Inditex Barcelona
Industria de Diseño Textil, S.A.	EEP and Implementation Talent Centre Inditex Madrid
Plataforma Europa	Platform Evacuation Drill
MECO platform	Platform Evacuation Drill

5.1.6.4. Covid-19 care

At Inditex, we endeavour to **ensure the health and safety of our people**, especially in these circumstances.

Over the course of 2022, due to the unfolding developments regarding the pandemic in the markets where the Group operates, protective measures were scaled down in accordance with local legislation and the health authorities' guidelines in each individual market.

The necessary protocols and controls remain in place in the event of any increase in cases that may affect the health and safety of employees and other stakeholders and require further action.

5.2. Our customers

Related material topics: Responsible communication; Innovation.

5.2.1. A model by and for the customer

GRI 416-1; 416-2; 417-1

Listening to the customer, attending to and understanding their demands for quality fashion with a responsible approach and **offering a response adapted to their needs** at the right time and place have always been the cornerstones of the Inditex model.

Based on these premises—*listening, identifying and making available*—along with the accurate and integrated functioning of all stages of the value chain—stores, design, manufacturing and logistics—we are able to deliver the best shopping experience for customers before, during and after a sale takes place.

With this in mind, our store and online teams work with designers and product teams to understand customer needs and identify trends. At the same time, the image and coordination teams maximise the scope of our collections, designing the best creative productions and the most diverse styling, in collaboration with photographers, audiovisual producers, stylists and models.

When it comes to creative productions, we are aware of the renown and impact of our products. Consequently, we work on the premise that the images of the models and the campaigns that feature them should convey a positive, multicultural and diverse image, while presenting their characteristics and qualities in the most detailed and accurate way.

In parallel, our brands' architectural studios define and create the store concept, and subsequently develop and adapt it to the specific characteristics of each building and retail premises. The aim is to achieve unique, pleasing and accessible sales spaces, where technological innovations allow customers to interact with the brand at any time and from any device.

The most paradigmatic example is Zara's latest store image, with boutique spaces allocated to specific collections such as Lingerie, Beauty or Athleticz, and technological improvements in the customer experience such as Pay&Go, the smart parcel terminal for online orders or Store Mode, useful tools for online browsing through the store of your choice, checking the available inventory, paying without passing checkout or online purchase and pick up in two hours.

In this connection, the possibilities offered by Inditex's integrated store and online platform allow brands to increase the availability of items and fosters a more direct relationship with our customers, who can access our fashion proposals whenever, wherever and however they choose.

We strive to create unique, pleasing and accessible sales spaces, where technological innovations allow customers to interact with the brand at any time and from any device.

Precisely, one of the main ways for us to establish a relationship with our customers are our brands' websites, our online product showcases. In 2022, our websites received **more than 6,000 million visits**[14], equating to more than 16 million daily visitors to the Group's online stores.

[14] The reported figures for website visits are from Google Analytics and do not include visits from users who have rejected cookies.

These figures underscore the importance of listening to our customers and of identifying and meeting their needs in the most appropriate way, in a context of permanent transformation and change in consumer habits.

In any event, and beyond the sale transaction and what surrounds it, our commitment to customers also means anticipating their demands on matters such as diversity, sustainability and transparency. In response to these needs, our brand websites include content on our progress in environmental and social sustainability.

Likewise, projects such as Changemakers or our for&from store network, managed by people with disabilities, enable us to make headway in our strategy of achieving a positive impact, engaging our people and customers as we do so.

ⓘ More information in section *5.1 Our people* of this Report.

5.2.2. Response to our customers in 2022

GRI 417-1

The shopping experience at Inditex is not confined solely to the sale itself. Consequently, and thanks to the multiple options available, we aim to maintain a fluid, close and trust-based relationship with our customers.

To address the challenges of serving customers in more than 200 markets around the world, we train our teams in product knowledge, product sustainability features, store processes, customer orientation and respect for diversity and inclusion.

In order to be as close as possible to our customers, our brands' worldwide customer service teams are available in the languages of the markets in which we have a retail presence: Spanish, Galician, Catalan, Basque, English, French, Portuguese, Russian, traditional Chinese, simplified Chinese, Italian, Polish, Ukrainian, Romanian, Greek, Turkish, German, Czech, Slovak, Croatian, Slovenian, Dutch, Hungarian, Danish, Swedish, Norwegian, Finnish, Indonesian, Arabic, Korean, Malay, Vietnamese, Japanese, Hindi, Bulgarian and Hebrew.

Inditex is also working to guarantee accessibility to its facilities, both stores and online sales websites. In this regard, the Group stores meet architectural accessibility standards to enable people with disabilities to access and move around the stores, as well as ensuring a satisfactory shopping experience for the customer.

Accessibility to all corporate websites, which comply with the Accessibility Guidelines or General Accessible Design Principles established by Web Accessibility Initiative (WAI) Working Group, a part of the World Wide Web Consortium (W3C), is also important. In 2022 and thanks to the digital accessibility project with EqualWeb, the Group began to use accessibility menus in its websites.

These menus, visible from the home pages of each website, provide a variety of voice, browsing, colour and content adjustments to ensure an inclusive and barrier-free browsing experience for users and customers.

5.2.3. Customer service channels: contacts and service level

GRI 403-7; 416-1; 416-2; 417-1

In 2022, the customer service areas of the Group's brands fielded a total of 39,768,580 customer contacts (calls, e-mails, Whatsapp conversations and messages via social media profiles), concerning questions on products, the purchasing process, shipments, possible incidents or current issues affecting the retail concepts, among other matters.

Notably in regard to this figure, the progression of online sales in recent years constitutes the bulk of contacts, mainly relating to inquiries about orders, such as their status or delivery lead times. Service level (meaning the percentage of contacts resolved over the total and weighted in accordance with the contacts of each brand) was 98%.

Response to our customers

	2022			2021			2020			2019			2018		
	No. of contacts	Service Level	No. of services fulfilled	No. of contacts	Service Level	No. of services fulfilled	No. of contacts	Service Level	No. of services fulfilled	No. of contacts	Service Level	No. of services fulfilled	No. of contacts	Service Level	No. of services fulfilled
ZARA	26,762,779	98%	26,106,297	37,188,449	98%	36,433,559	40,009,841	92%	36,848,936	21,559,476	97%	20,912,691	19,320,000	96%	18,547,200
ZARA HOME	2,210,179	98%	2,172,645	2,544,199	97%	2,477,226	2,856,719	98%	2,800,376	1,368,310	93%	1,278,275	905,907	92%	833,434
PULL&BEAR	2,009,604	98%	1,960,396	3,079,063	96%	2,956,030	3,724,755	72%	2,666,292	1,820,713	86%	1,565,813	3,033,792	94%	2,851,764
Massimo Dutti 1	3,085,342	99%	3,049,565	2,595,172	98%	2,548,597	2,902,437	93%	2,707,888	2,010,181	93%	1,869,468	1,366,782	89%	1,216,436
Bershka	2,577,340	98%	2,520,885	2,656,660	98%	2,601,334	2,551,062	84%	2,150,189	1,161,875	92%	1,068,925	1,874,696	85%	1,593,492
STRADIVARIUS	2,280,492	97%	2,223,326	2,266,446	98%	2,214,808	2,241,811	83%	1,860,808	1,212,346	71%	860,766	1,511,405	97%	1,466,063
OYSHO	842,844	99%	833,635	1,062,508	99%	1,046,787	1,393,302	93%	1,299,341	889,846	99%	881,214	922,297	80%	737,838
TOTAL	**39,768,580**	**98%**	**38,866,749**	**51,609,795**	**98%**	**50,491,331**	**55,809,878**	**90%**	**50,439,474**	**30,100,931**	**95%**	**28,514,056**	**29,032,743**	**94%**	**27,337,240**

1. Figures for Massimo Dutti include Uterqüe’s data until its integration was completed in FY 2022.

5.2.3.1. Followers in social media

Social media are now another of our customer relationship channels, and have become increasingly important both as an initial communication point and as a complement to the usual channels. In 2022, Inditex’s retail concepts had more than 246 million followers in the various social media platforms (225 million in 2021, 199 million in 2020, 175 million in 2019 and 143 million in 2018).

In 2022, the Instagram and Facebook accounts of each brand, with more than 101 million and 66 million users, respectively (more than 88 million and 67 million in 2021; more than 80 million and 65 million in 2020; more than 61 million and 70 million in 2019; and 60 million and 55 million in 2018, respectively) are the social media accounts with the highest number of followers.

The count of brands’ followers includes the profiles on the leading social media platforms, both in specific markets (for example, Weitao in China) and those platforms that have evolved and are now increasingly important (for example, TikTok, where the brands had a cumulative total of more than 8.6 million followers in 2022, of which more than five million belong to Zara).

								Other	Total
ZARA	59,431,116	30,890,402	3,164,911	1,598,111	23,470,000	1,475,120	6,294,627	4,467,311	130,791,598
ZARA HOME	7,667,158	2,936,015	125,775	268,845	2,467,110	87,215	303,000	237,414	14,092,532
PULL&BEAR	7,717,533	7,534,666	222,771	197,549	6,534,828	366,721	436,843	488,741	23,499,652
Massimo Dutti 1	4,579,375	4,807,829	438,447	193,768	4,675,479	80,833	348,763	520,267	15,644,761
Bershka	10,700,000	10,000,000	327,021	414,200	7,915,434	447,000	801,700	695,460	31,300,815
STRADIVARIUS	8,070,000	6,200,000	105,526	131,600	4,307,325	248,000	430,000	174,732	19,667,183
OYSHO	3,151,989	3,476,929	187,523	63,605	3,754,010	111,089	31,423	399,492	11,176,060
Total	**101,317,171**	**65,845,841**	**4,571,974**	**2,867,678**	**53,124,186**	**2,815,978**	**8,646,356**	**6,983,417**	**246,172,601**

1. Figures for Massimo Dutti include Uterqüe's social media followers until its integration was completed in FY 2022.

5.2.3.2. Type of cases handled: pre-purchase, post-purchase, customer service and complaints mechanisms

As part of the various ways of relating and interacting with our customers, our teams deal with a range of issues linked to the purchase of our products before, during and after that transaction takes place. During this process, each concept classifies autonomously the reasons for customer contact, which ca be grouped in four broad groups of queries: pre-purchase (issues prior to the purchase), post-purchase (related to an order or purchase at the store), customer service (regarding contact channels, web and app) and complaints and claims.

In this sense, in 2022 our brands handled 29.3 millions of cases through Customer Services in all the markets where we have a commercial presence.

This data also includes the complaint forms and claims processed in Spain through the official consumer complaint and response mechanisms. In 2022 a total of 6,289 cases were handled (5,288, 4,814, 6,436 and 6,586 claims handled in Spain in 2021, 2020, 2019 and 2018, respectively). Of these, Inditex responded to 3,283 complaint forms and 949 claim procedures, including mainly inspection requests and summons (3,263 complaint forms and 460 claim procedures in 2021).

Types of cases handled in 2022	
Pre-purchase (product availability, special collections, personalization, purchase process, checkout and sustainability, among others)	22.7%
Post-purchase (order status, shipments, delivery times, changes and returns, gift card, among others)	72.3%
Customer service (customer account, web/app, channels, social networks, among others)	4.8%
Complaints (includes any customer feedback, as well as formal complaints)	0.2%

5.2.3.3. Health and safety claims

The health and safety of our products is paramount to Inditex. Accordingly, we have standards, training plans and prevention and control programmes devised to ensure that our products comply with the strictest requirements and guidelines in all the markets where we operate.

Our product health and safety teams are fully coordinated with customer service teams, store staff and any other area of the Company where information about incidents and/or complaints may be received. At the same time, any notification from our customers, from community organisations or supervisory bodies is forwarded to our technical experts for evaluation and follow-up. If there are signs that a product may be unsafe for consumers, it is withdrawn from the market, customers are notified through the relevant channels and all units sold are recalled, according to our internal procedure.

Two[15] products were recalled in 2022 for health and safety reasons. When this happens, we also launch a programme to identify the root cause of the incident and prevent it from recurring. In the four previous years there were also a total of two product recalls.

ⓘ More information in section 5.3.3. Health and safety of products of this Report.

15 During 2022 there have been no breaches of regulations or voluntary codes related to the health and safety of our product that give rise to fines o sanctions.

5.3. Our products

Related material topics: Stakeholder engagement; Innovation; Environmental footprint minimisation; Protection of natural resources; Product sustainability; Circularity.

5.3.1. A firm commitment to innovation and circularity

GRI 3-3; 301-1; 301-2; 301-3; 304-2; 306-1; 306-2; 306-3; 306-4; 306-5; 308-2

At Inditex we are aware that progressing towards **a circular economy model, innovating in new materials, production processes or the use and end of life of our products** is key to tackling the effects of climate change and the scarcity of natural resources. We work with universities, startups, other companies in our sector or in other industries, or community organisations —among many other actors—to develop a wide range of projects and initiatives that allow us to continue to reduce the impact of our products on the environment.

Our vision of circularity encompasses our entire business model: from design and the various production processes to managing our stores, logistics and offices. The aim is to be more resilient and efficient in the long term, working to turn waste into a new resource. Circularity also poses an excellent opportunity, not only for Inditex but for the industry as a whole.

Supporting basic, pre-competitive research focused on the quest for new knowledge about the impact of our activity and new materials and processes is one of the main goals of our operations. To this end, we work with prestigious academic institutions, such as the Massachusetts Institute of Technology (MIT), to develop new projects linked to R&D in the textile industry, and with multi-sector organisations such as Fashion for Good.

We are also mindful of the urgency of translating these new projects into material realities for our industry, in the form of new alternatives to the fibres or processes traditionally used by the textile sector, which can have an onerous impact on nature.

We work with the European Commission's Product Environmental Footprint (PEF) programme to develop a common methodology to gauge the environmental impacts of the textile and footwear industries, based on a Life Cycle Assessment (LCA) approach. The aim is to develop a scalable framework that allows the comparison of different products in the same category. In 2022, we took part in a pilot study of the impacts of two of our products in order to assess the results of the proposed methodology.

Sustainability Innovation Hub

Our Sustainability Innovation Hub was launched to provide the industry with new materials, manufacturing processes and initiatives to improve circularity, use and end of life.

This platform seeks to identify the latest solutions that other companies or startups are developing, to work with them to adapt them to the needs of our industry and to facilitate their scalability. In 2022, we teamed up with more than 200 startups and took part in more than 30 pilot tests.

As a result, we have launched a number of collections with various startups like Nextevo and Renewcell in a process of continuous collaboration. We have, as a result, signed our first forward purchase commitment with Infinited Fiber for more than 100 million euros[16].

We have also made our first equity investments in startups. The investment in CIRC[17] stands out. It promotes a disruptive recycling technology which will solve one of the challenges facing the textile industry: the recycling of textile products

[16] The amount of the fibre purchase will be included in the consolidated annual accounts as part of the product cost on the date the purchase is made.
[17] The investment in CIRC is shown under the heading Financial Investments, in the Consolidated Balance Sheet (Note 18 to the Consolidated Annual Accounts).

composed of blends of different materials, such as polyester and cotton.

Initiatives to progress towards a circular model

Textile recycling is an industry-wide challenge. At present, both the available technologies and the existing capacities for collection and sorting of textile waste do not allow much of this waste to be recovered and repurposed. Moreover, achieving equivalent quality between recycled and original fabric is an added difficulty facing the industry. Consequently, at Inditex we support various projects—both on our own and with other organisations—to advance towards a circular model for our industry.

Teams from various areas of our Company are working on new forms of textile recycling and further developing existing systems. In this regard, we work with Cáritas Spain and with recyclers and shredders in a mechanical recycling project that has allowed us to launch collections with up to 100% recycled content, 30% of the total including post-consumer waste. This is the case of Stradivarius, which has carried out a project in conjunction with three direct suppliers to give a new lease of life to products from past seasons that could not be reused, in keeping with the principle of waste hierarchy (prevent, reuse and recycle), to achieve 100%-recycled denim.

We collaborate with the Ellen MacArthur Foundation, Circular Fashion Partnership, Global Fashion Agenda and Fashion for Good, among others, on issues as diverse as design focused on recyclability, the study of the infrastructure needed to process the waste generated or new forms of textile recycling.

During the year, we have made significant progress through the following initiatives:

/ **Accelerating Circularity:** this project—involving brands and organisations such as Textile Exchange, Euratex, Wrap, Circle Economy, Fashion for Good, ReFashion and the Apparel Impact Institute—aims to design new models and systems to make existing fabrics into new fibres and materials. Over the course of the year, we joined forces with them in a pilot project to drive new methods of chemical and mechanical recycling of cotton fabrics.

/ **ReHubs**: we participated in this Euratex initiative to develop a proposal to create recycling centres in Europe for the purpose of collecting, processing and recovering textile waste. This year, the ReHubs initiative presented the main findings of its first technical study (called ReHubs Techno Economic Master Study or TES), highlighting the potential of the textile recycling industry in Europe, which could generate between 5.5 and 7 billion euros per year and around 15,000 new jobs by 2030.

/ **SCRAP**: in 2022, together with other brands, we co-founded the Association for the Management of Textile Waste with the aim of creating a Collective Extended Producer Responsibility Scheme (SCRAP, Spanish acronym) for textile and footwear waste in Spain. This organisation will enable compliance with Extended Producer Responsibility, arising from the process of transposing Directive 2008/98/EC on waste into Spanish law through Law 7/2022, of 8 April, on waste and contaminated soils for a circular economy.

We maintain industrial partnerships with more than 20 companies across diverse sectors to develop new disruptive solutions from the ground up. In these cases, we are involved not only in the implementation of these solutions, but also in their exploration, research, development and pilot testing phases.

/ Pursuing these lines of collaboration, Inditex has stable relationships with the leaders of various industries to facilitate the acceleration and transfer of new solutions in raw materials, production processes and phases of use, allowing us to respond to the systemic transformation we want for our industry.

/ A good example of this work is our collaboration with BASF, under the framework of a pioneering research partnership in the textile industry launched in 2019. One of the first fruits of this partnership was the commercial development of recycled polyamide (CCycled and BMB Ultramid®). These new materials allow us to convert used tyres—which cannot be reused in their own industry—and agricultural waste, respectively, into a new textile resource. Oysho has used CCycled Ultramid® in certain articles in 2022 and Zara foreseen to introduce BMB Ultramid® foreseeably throughout 2023.

A model tailored to demand

Our aim is to create value by designing top quality fashion products that are accessible to all and that will stay with our customers for a long time. As we journey towards a circular and efficient model, at Inditex we are convinced that we must maximise the life of every garment we sell and of the materials used in their production. To achieve this, it is important to understand our customers' needs and to take action at every stage of the textile process.

Our product teams work to accurately anticipate the purchasing requirements of our customers. This implies a low inventory commitment at the beginning of each season that allows us to respond to the demand we receive as the season progresses.

For an agile and efficient response, a significant portion of our garments are manufactured in close proximity to our headquarters (in markets such as Spain, Portugal, Morocco and Türkiye). Stocks in our stores and online platforms are also integrated, so that customers can access all our products in our store network or online (maximising the opportunity to sell each item).

Thanks to this unique business model, which is distinguished by its flexibility and innovation, we are able to carefully manage clothing inventories to avoid surpluses. In 2021[18], our surpluses were below 0.5% of all the items sold, and the majority of them were donated to local and national social organizations, with UNHCR, Red Cross and *Cáritas* among the main beneficiaries.

We also have for&from stores that operate as Inditex franchises and are managed by non-profit organisations *(Fundació El Molí d'en Puigver*t, Galician Confederation of People with Disabilities (COGAMI), Moltacte non-profit cooperative, Association of People with Mental Disabilities of Alicante (APSA), *Fundación Prodis and Fondazione Cometa*) focused on supporting people with disabilities (providing stable employment for people with physical, intellectual and mental disabilities). All proceeds are invested entirely in the projects of these community organisations.

ⓘ More information in section 5.7.Communities of this Report.

5.3.2. Design and selection of raw materials

GRI 3-3; 301-1; 301-2; 304-2; 306-1; 417-1; AF18; AF19; AF20

Our designers and sales teams are trained in sustainability criteria, with the aim of advancing in the design of articles that will last our customers for a long time and can be recycled at the end of their life cycle.

In 2022, we joined the Ellen MacArthur Foundation's Jeans Redesign project with a commitment to put on sale 730,000 garments designed for greater durability, containing recycled materials and conceived to facilitate their subsequent recycling, so that their materials can be reintroduced into the textile process.

Thus, Zara, Bershka, Massimo Dutti, Pull&Bear and Stradivarius have a constant collection of denim garments made in keeping with the principles of the circular economy, avoiding elements that hinder their recycling at the end of their useful life and replacing these with better alternatives.

Careful selection of fibres

We pay special attention to the raw materials we use in our products because of their relationship with biodiversity, water consumption or greenhouse gas emissions, among other considerations.

Thanks to the efforts made in this area, in 2022, ‘preferred’[19] raw fibre and materials, according to the classification established by the sector's benchmark organisations such as Textile Exchange, now account for 60% of the total used, a 42% increase on the previous year.

This result is closely linked to the promotion of the Join Life label, which Inditex has been using since 2015 as a tool to raise awareness among our customers and our staff about the use of raw materials and processes that have a lower impact on the environment as compared to the most widely used practices in the industry.

In 2022, 61% of our products complied with the Join Life standard, amply exceeding our commitment that 50% of our collection should be Join Life compliant this year. We have therefore reached a point in the development of our strategy where it is no longer necessary to differentiate the products in our collections with this label.

[18] Surplus data is reported for 2021 as the 2022 winter campaign is still available in stores at the time of writing this Report, and therefore the surplus inventory has not been entirely managed.
[19] Textile Exchange defines a preferred material as "a raw fiber or material that delivers ongoing beneficial outcomes and impacts for climate, nature, and people through a holistic approach to transforming raw fiber and material production systems". The full list can be found at www.textileexchange.org

To further advance our goals, our sales teams will continue to apply stringent product sustainability criteria and targets as a tool to extend best practices—both in raw materials and processes—to all our collections, and we will continue to use Join Life as an internal standard.

In order to contribute to the body of knowledge on impacts, we also collaborate with sustainability experts such as Quantis to achieve a sound, science-based approach to analysing different raw materials and production processes. Specifically, we work with Quantis to conduct specific Life Cycle Assessments (LCAs) for the various raw materials we use, as well as for the production processes involved in the manufacture of our garments. This information will allow us to continue to evolve our sustainability strategy.

The Group has also undertaken exacting commitments on the use of raw materials for the next few years. In 2023, 100% of the cotton and man-made cellulosic fibres used in our products will come from preferred sources[20]. By 2025, 100% of polyester and linen will also be from preferred sources.

Below we outline our consumption of raw materials according to their origin, in two main categories: fibres and non-fibres. The fibres category is, in turn, divided into three groups: natural[21], synthetic[22] and man-made fibres[23].

Raw materials	2022	2021	2020	2019	2018
Fibres	88%	88%	88%	89%	88%
Natural	50%	55%	52%	50%	49%
Synthetic	40%	36%	38%	38%	39%
Man-made	10%	9%	10%	12%	12%
Non-fibres	12%	12%	12%	11%	12%

The breakdown of the main raw materials used in our products[24] in the last year is as follows:

Raw material	Tonnes	% of total tonnes of raw material
Cotton	254,133	41 %
Man-made cellulosic fibres	54,983	9 %
Polyester	170,318	27 %
Linen	10,074	2 %
Other raw materials	131,737	21 %
Total	621,244	100 %

[20] We have aligned the terminology used in our objectives with that currently being used by benchmark industry organisations such as Textile Exchange. The meaning and ambition of our goals remains unchanged.
[21] Natural fibres are filaments obtained from natural sources that can be threaded to obtain strands, threads or twine.
[22] Synthetic fibres are made of polymers that are not naturally produced, but fully created in a chemical plant or a laboratory, almost always using petroleum or natural gas by-products.
[23] Man-made fibres are made using a natural component as a raw material that undergoes a number of processes in a chemical plant or a laboratory.
[24] The figure includes the raw material used in the final product; it does not include any wastage that may have occurred during the production process.

During the year, we continued to make headway on our commitments. In the 2022 winter season, the degree of achievement of our public targets for the use of preferred raw materials in our products is as follows[25]:

Commitment	Source	% of total tonnes of this raw material	Type of fibre	%
100% preferred cotton in 2023	Preferred	92.18%	Organic cotton (OCS/GOTS)	4.24 %
			Cotton in conversion/transition (OCS/GOTS)	1.43 %
			BC cotton[1] (BC)	80.88 %
			Recycled cotton (RCS/GRS)	5.63 %
	Conventional	7.82%	Conventional	7.82 %
100% preferred man-made cellulosic fibres by 2023, supporting the Changing Markets Commitment	Preferred	65.96%	Recycled (RCS/GRS)	0.12 %
			Other third-party standards (Canopy, Changing Markets[2] or FSC)	65.82 %
			MMCF – innovative fibres	0.02 %
	Preferred (Canopy only)[3]	30.08%	Preferred	30.08 %
	Conventional	3.96%	Conventional	3.96 %
100% preferred polyester in 2025	Preferred	30.89%	Recycled polyester (RCS/GRS/Repreve)	30.89 %
			Polyester – innovative fibres	0.01 %
	Conventional	69.11%	Conventional	69.11 %
100% preferred linen in 2025	Preferred	74.29%	European linen (European Flax certificate)	74.21 %
			Organic linen (OCS/GOTS)	0.03 %
			Recycled linen (RCS/GRS)	0.05 %
	Conventional	25.71%	Conventional	25.71 %

1 BC cotton is not physically traceable to the final product, as it uses a mass balance system. The percentage of use has been estimated on the basis of the information available in Inditex's systems.
2 Man-made cellulosic fibres that meet the requirements specified in the document Supply chain / Man-made cellulosic fibres, available on Inditex's corporate website.
3 Cellulosic fibres from suppliers classified as "green shirts" with a score of 25 or above in the Hot Button Report compiled by CanopyStyle, a Canopy Planet initiative.

Cotton

Cotton is one of the most commonly used fibres in the textile industry and the raw material most used by the Inditex Group. In line with our pledge to protect natural resources and biodiversity, at Inditex we are committed to:

/ **Organic cotton**. No genetically modified seeds or synthetic fertilisers are used to grow this fibre. At Inditex we use organic cotton certified by the Organic Content Standard (OCS) and the Global Organic Textile Standard (GOTS).

Despite the high demand for this raw material, according to the latest data from Textile Exchange, only around 1% of the cotton produced in the world is organic. That is why Inditex is a founding member of the Organic Cotton Accelerator (OCA), a multi-sector initiative that supports organic cotton farmers and provides them with training and accompaniment from cotton growing to marketing.

In addition, at Inditex we support 'in conversion' cotton, supporting farmers and agricultural groups as they transition to organic crops.

/ **Better Cotton** is an organisation encompassing farmers, ginners, spinners, suppliers, manufacturers, brands, retailers, civil society organisations, donors and governments to train farming communities in better cotton growing practices. Today, nearly one-fifth of the world's cotton is produced under the Better Cotton Standard, and 2.3 million cotton farmers have been trained in sustainable farming practices and are licensed to grow Better Cotton.

/ **Recycled cotton.** It is produced from cotton production cutting scraps or post-consumer waste. This waste undergoes a recycling process to turn it into a new cotton fibre.

In 2022, 92% of the cotton used in our products was preferred cotton according to the definition of renowned organizations such as Textile Exchange, which considers a preferred raw fibre or material to be one "that delivers ongoing beneficial outcomes and impacts for climate, nature and people through a holistic approach to transforming raw fiber and material production systems".

[25] The Group does not have all the information at this level of detail for previous years due to changes in our corporate systems.

Promoting R&D+i in the Andalusian countryside (Spain)

In 2022, the Group signed an agreement with IFAPA and *Espalgodón* to promote research, training and technological development activities in cotton growing in Andalusia. This four-year collaboration aims to advance environmental best practices and to improve the productivity of these crops. In fact, as a result of this agreement, a first trial of organic cotton has been conducted on two farms in the province of Seville to study its viability and yield as compared to conventional cotton.

As part of this collaboration, pilot projects will also be developed on key issues for the sector, such as growing this fibre in areas where water is scarce, and the quality analysis of the raw material. It also includes tests of the different varieties of cotton or of the machinery used for harvesting. The aim is to scale up these findings to the sector as a whole.

We collaborate in boosting regenerative cotton growing in India

We collaborate with Action Social Advancement (ASA), along with Laudes Foundation, IDH The Sustainable Trade Initiative, WWF India and others, to promote regenerative agriculture, including cotton growing, ecosystem restoration and community well-being in a 300,000 hectare area in the Indian states of Madhya Pradesh and Odisha, where cotton is the main crop.

The initiative aims to improve soil quality and biodiversity, optimise water management and reduce greenhouse gas emissions. In addition, the project has an important community component, as regenerative cotton growing will improve the incomes of more than 75,000 farming families and their communities.

Preferred man-made fibres

At Inditex we are committed to the protection of primary or endangered forests, fighting deforestation and preventing the degradation of ecosystems. This translates into specific endeavours regarding the consumption of raw materials. Our suppliers are firmly committed to work with manufacturers of cellulosic fibres (viscose, modal, lyocell and acetate) classified as "green shirts" with a score of 25 or above in the *Hot Button Report* by CanopyStyle, an initiative led by the non-profit organisation Canopy Planet.

From 2023 onwards, the Group will only use cellulosic fibres from manufacturers who are committed to the *Roadmap towards responsible viscose & modal fibre manufacturing,* promoted by the Changing Markets Foundation.

In 2022, 66% of man-made cellulosic fibres used in our products met both those requirements.

Goals by 2025: linen and polyester

By 2025, we will only use polyester and linen from preferred sources[26]. In 2022, 31% and 74% of the polyester and linen respectively used in our products already met that requirement.

Recycled materials

Thanks to Inditex's unwavering commitment to using recycled materials, this year we made available to our customers 78,675 tonnes of these materials, a 90% increase with respect to 2021. In this regard, through our Sustainability Innovation Hub, we are researching alternative and innovative materials based on second- and third-generation waste that ensure the specific technical and durability requirements of certain products are fulfilled. We have also signed up to the 2025 Recycled Polyester Challenge, a joint initiative of the Textile Exchange and the UN Fashion Industry Charter for Climate Action, which aims to accelerate the use of recycled polyester and help reduce the sector's greenhouse gas emissions.

5.3.3. Health and safety of products

GRI 2-28; 413-2; 416-1; 416-2; AF5

Ensuring that the articles we offer to our customers are safe and healthy is paramount for us. To achieve this, we have specific product standards, that are of general application and mandatory for all the products we sell[27]. These standards aim to go a step further than what is required by international legislation for different types of articles, from design to manufacturing processes.

We currently have seven standards, each with a different scope:

[26] We have aligned the terminology used in our objectives with that currently being used by benchmark industry organisations such as Textile Exchange. The meaning and ambition of our goals remains unchanged.
[27] Articles that are outside the scope of Inditex's health and safety standards are subject to minimum requirement reports specifically compiled in accordance with the statutory requirements which apply to the type of product and the markets where they are sold.

Product health and safety standards

	Scope
Safe to Wear	Garments, accessories and footwear
PTR	Garments, accessories, footwear and home textile
Clear to Wear	Garments, fabrics, accessories, footwear and home textile
i+Cosmetics	Cosmetics
i+FCM	Products in contact with food
i+Home	Ambiance products for the home Decorative candles and their accessories
i+Child Care Furniture	Children's furniture and child care articles

In 2022, we published a new edition of our Clear to Wear (CtW) standard, which covers restricted chemicals present in finished products, to include regulatory developments and make further progress in our process of alignment with AFIRM's RSL. We have also published a new edition of our Physical Testing Requirements, which regulate the physical-chemical parameters linked to textile quality testing.

To ensure compliance with all our standards, we work with technology companies, research centres and laboratories of international reference to verify that they are being properly applied by using our own innovative programmes that include analysing the articles and auditing the factories involved in their production.

Before starting production, we seek to ensure compliance with our sustainability standards in the design stages, raw materials selection, and processes required to manufacture our products. Accordingly, we strengthen compliance with our Safe to Wear standard by providing our suppliers with detailed manufacturing guidelines, which include measurement tables with requirements for the position of appliqués and cords, maximum lengths of free ends, and other measurements.

In order to guarantee the exhaustive inspection of the product and prevent potential non-conformities with our product health and safety standards, and to enhance the textile quality in product durability terms, we have a network of internal control laboratories that perform testing according to the most stringent international standards. In 2022, we added a seventh lab, located in Narón, to provide service to Pull&Bear.

We highlight our **Picking** programme, which identifies non-conformities in final articles by collecting samples at supplier sites for subsequent testing in external laboratories. To achieve this, qualified technical experts carry out a risk assessment of all our articles, and we request analyses for those that pose a risk. In 2022, 51,288 Picking inspections have been carried out, with 721,980 analyses and tests performed.

Confidence in the performance of analyses and results is vital for proper decision making and this is underpinned by the external laboratory approval programme called **APPLABs**. In total, 56 on-site audits of external laboratories were conducted, in addition to 35 comparison exercises, which involved analysing 5,951 samples (38 and 20 audits in 2021 and 2020, 35 and 32 comparison exercises in 2021 and 2020, and 6,653 and 6,915 samples in 2021 and 2020, respectively).

As a complement to the Picking inspections, since 2017 we have been implementing **Minilabs**, a portable lab initiative to perform, any time and anywhere in suppliers' facilities, up to six screening tests for substances and parameters regulated in the Clear to Wear standard and Physical Testing Requirements. In 2022, we performed 3,743 Picking inspections using Minilabs, carrying out 33,029 analyses and screening tests.

In order to achieve a continuous improvement in the supply chain, our **Root Cause Analysis** (RCA) enables us to carry out technical audits in those punctual cases where a non-compliance is detected in a Picking inspection. Those audits are carried out by experts in order to identify to identify the source of non-compliances in wet process facilities (dyeing, washing, tannery, printing) and propose a specific corrective action plan to avoid such incidents from being repeated in future productions.

In 2022, 17 RCA audits were conducted. The results showed that in 29% of the cases the supplier, in their manufacturing, had used chemical products not permitted by The List, by Inditex and/or had not applied adequate controls to these products prior to manufacturing. The cross-contamination between different productions that did not follow adequate manufacturing conditions caused the remaining 12% of detected non-conformities. Absence of required technical documentation during manufacturing and inadequate manufacturing procedure accounted for 30% of non-conformities. Lastly, in the remaining 29% of the audits, the results were inconclusive.

ⓘ More information in the document *Innovation, collaboration and continuous improvement for chemical safety* available on Inditex's corporate website.

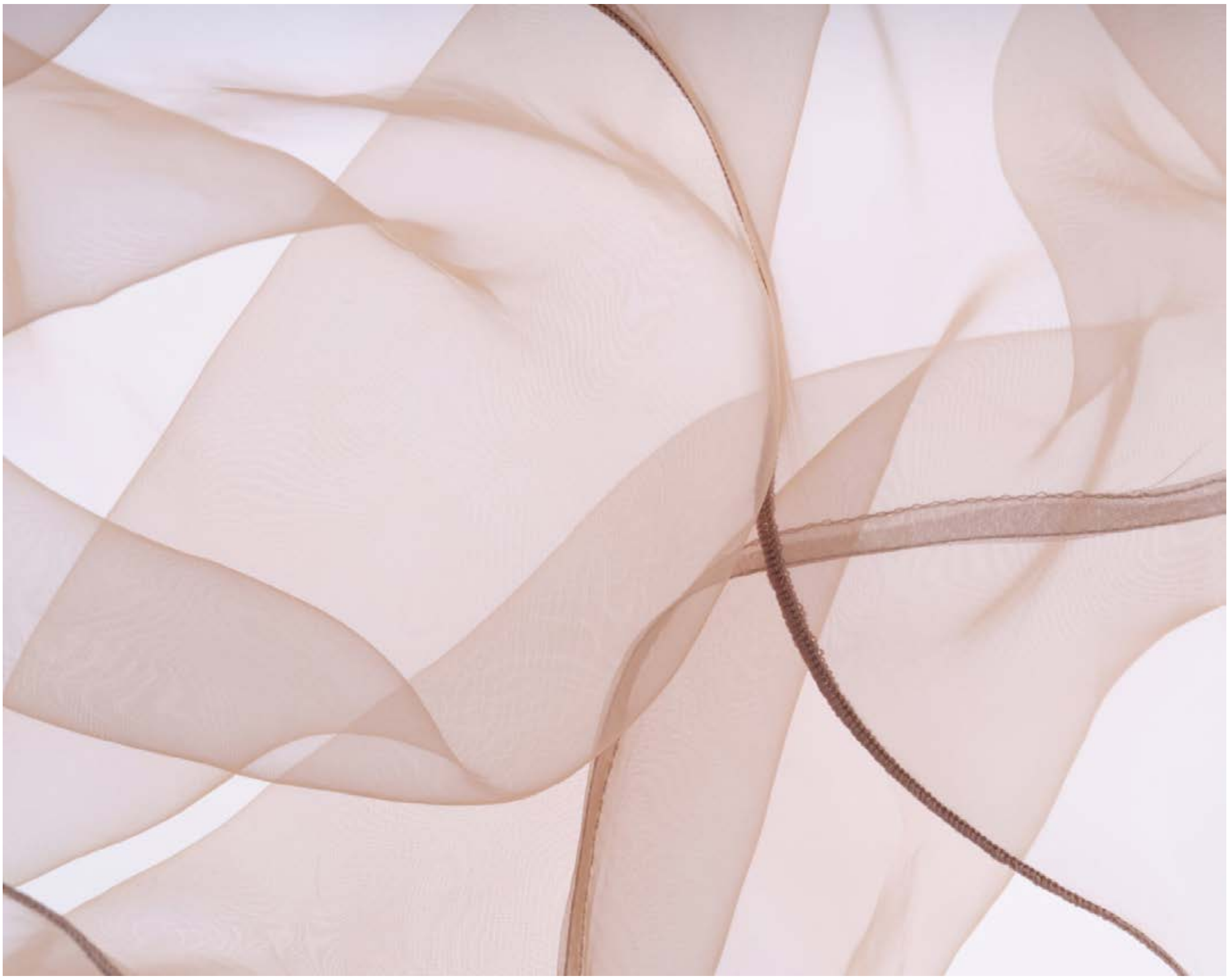
Collaborations

Our goal is to advance, with our suppliers and the rest of our industry, in adopting best practices, including the choice of safe chemicals and wastewater management. Sharing our know-how and aligning requirements across the industry is vital to ensure compliance with our standards and to improve facilities in line with Greenpeace's Clean Factory Approach. Likewise, we are also involved in initiatives such as Zero Discharge of Hazardous Chemicals (ZDHC), of which we are Board members, or AFIRM Group. We also collaborate with a number of prestigious technological centres and universities.

In this regard, it is worth noting that the Group has made available to the entire industry, via the ZDHC platform, The List, by Inditex programme, a procedure for the classification of chemical products and commitments to improvement by the chemical industry that guarantee enhancements in both the production processes and the health and safety of the finished garments. Furthermore we have adopted ZDHC MRSL, which specifies which chemical substances are subject to specific restrictions or whose use is prohibited.

We also design guides for best manufacturing practices and we regularly train the suppliers across our supply chain—especially in wet processes—to advance in the proper selection, purchase, handling, storage and use of this type of chemical products.

ⓘ More information in section *7.1.2. Health and safety indicators of our products* of this Report.



5.3.4. Use and end of life

GRI 301-3; 416-1; 416-2; AF18; AF19; AF20

We want our products to last our customers a long time. Accordingly, we are continuously developing new projects and services to offer them fresh options and alternatives in their relationship with us.

Commitment to extending the lifetime of our garments

One of the main examples this year has been the launch of Zara's Pre-Owned platform. This new space, for the moment only available in the United Kingdom, aims to offer a range of solutions to help prolong the lifetime of Zara garments through repairs, secondhand sales and donations. Through 2023, we will extend this platform to new markets, beginning with France and Germany.

Repair service: the repair service, available at all stores and now also online, is devised to help lengthen the life of Zara garments.

Platform for customer-to-customer sale: a space in which customers can sell and buy the brand's products from any season to and from each other. The platform, developed for a streamlined experience,includes original photos and information of the products and images of its provided by the seller.

Donations: customers in the United Kingdom can donate garments by requesting their collection from their home. This service, which complements our in-store Clothing Collection Programme containers, guarantees that all the products collected are donated to the local NGOs we work with.

Clothing Collection Programme

Our Clothing Collection Programme enables our customers to donate those products they no longer use to more than 90 local community organisations in the various markets where we are present, either through the containers located in our stores or by means of Zara.com's home collection services in Spain, the United Kingdom, New York, Paris and various Chinese cities.

In Switzerland and Hungary—markets in which we have not yet established an agreement with non-profit entities—we work with third parties specialising in textile recycling. Moreover, in Spain we also work with Cáritas to facilitate the collection of garments by means of containers located in the streets of a number of cities through this programme.

These organisations receive the donated garments and footwear directly from our facilities. The articles are conveyed to classification plants, where they are processed in keeping with the principle of waste hierarchy. The garments are donated to people who need them or resold to finance these organisations' community projects. Those products that cannot be reused are transformed into new textile fibres (upcycling), or are made into new materials for industrial use (downcycling).

In 2022, 17,015 tonnes of garments and footwear were collected through this programme. All our collaborators participate in a process of accountability in relation to the purpose of the donated articles, which in 2022 yielded the following result:

/ More than 63% of all garments were reused, either via donations to people who need them or by reselling to finance community projects.

/ The remaining 37% which, due to their characteristics or condition, could not be reused, was sent to recycling projects (most of them for downcycling) or, as a last resort, was used in energy recovery.

First detergent designed to reduce microfibre shedding

Microfibre shedding during washing has a significant impact on water quality. Consequently, at Inditex we are engaged in various projects to minimise the impact of our industry.

This year, Zara Home launched the first laundry detergent designed to reduce microfibre shedding in washing; it is available both in the brand's stores and online.

This innovative solution, jointly developed by Inditex and BASF, Home Care and I&I Solutions, can reduce microfibre shedding by up to 80%, depending on type of fabric and washing conditions. These results have been tested in various independent research centres.

The detergent formulation, which contains high-efficiency ingredients, has been tested in various laboratories on different types of fabrics and in varying washing conditions. The results show that the detergent is especially suited to low-temperature washing, which brings additional benefits: users can reduce their energy consumption by lowering the wash temperature from 40ºC to 20ºC, while colours stay bright for longer, extending the garment's life.

One of the hallmarks of this project is that the formulation can be adapted to extend the use of this technology among other detergent manufacturers, thus boosting this solution's positive impact.

Eliminating single use plastic from our packaging

Our commitment to continuing to reduce the impact of our products also includes all those elements that accompany our garments, such as containers and packaging. Accordingly, we have set ourselves the goal of completely eliminating single-use plastic to our customers by 2023.

As an intermediate measure, in 2020 we eliminated plastic from the packaging we deliver to our customers in stores and in online orders. In addition, in 2021 we began charging for our recycled paper bags in stores, with the aim of raising awareness among our customers about the importance of using reusable alternatives, while offering, among others, solutions from post-consumer textile recycling. At the end of 2022, we had implemented this initiative in 59 markets worldwide.

ⓘ More information on the environmental projects our customers are financing in section 5.7.4. Key programmes of this Report.

In 2022, we mapped all packaging reaching stores to track plastic items accompanying our products and used in stores, eliminating or replacing the vast majority of these items. In addition, we continue to work to replace residual packaging and to reinforce the necessary control mechanisms to avoid single-use plastics from source, and to prevent their arrival in our warehouses and stores.

We are also involved in the (RE)SET project by The Fashion Pact, aimed at developing solutions using alternative and recycled materials to eliminate all single-use plastics throughout the textile industry's value chain.

Notably, in 2021 we subscribed a new commitment with the Ellen MacArthur Foundation (EMF) to reduce a 50% our plastic footprint by 2025 with respect to 2019. This goal underpins the reuse, elimination and recycling efforts being undertaken across the Company's multiple teams.

Green to Pack

Our Green to Pack programme aims to introduce as many recycled materials as possible into packaging, extend its useful life and facilitate its subsequent recycling, while at the same time optimising the transport of our products.

For example, in 2022, the Green to Pack boxes used to ship and distribute our products contained more than 75% of post-consumer recycled cardboard.

5.4. Our shareholders

Related material topics: Stakeholder engagement; Responsible communication.

5.4.1. Ownership structure and shareholder remuneration

GRI 2-1; 201-4

We implement a policy of transparent and fluid communication with all shareholders. We offer an attractive, predictable and sustainable dividend, while generating the funds for reinvestment in business growth. Our best practices keep us at the top of selective and benchmark indices from both the financial and sustainability best practices standpoints.

The approximate overview of the ownership structure[28] of Inditex is as follows:

Inditex shareholders 31/01/2023	Shares	%
Pontegadea Inversiones, S.L.	1,558,637,990	50.01%
Partler Participaciones, S.L.U.	289,362,325	9.284%
Rosp Corunna Participaciones Empresariales, S.L.	157,474,030	5.053%
Institutional	1,052,236,288	33.7618%
Retailer	54,008,853	1.7329%
Treasury shares	4,932,514	0.158%
Total	**3,116,652,000**	**100%**

The shareholder remuneration policy, approved by the Inditex Annual General Meeting, aims to offer an attractive, predictable and sustainable dividend over time, consistent with the Company's growth. This policy prioritizes maintaining a high level of funds to guarantee investment in the Company's future growth and ensure value creation.

Inditex dividend policy combines a 60% ordinary payout and bonus dividends. A dividend of €0.93 per share against 2021 results and unrestricted reserves was paid in May and November 2022, made up of two equal payments in the same amount of €0.465 per share.

In 2023, the Board of Directors will propose to shareholders at the Annual General Meeting to pay shares with a right to dividend, a dividend of €1.20 per share, being comprised of €0.796 per share ordinary dividend and €0.404 per share bonus dividend against 2022 results and unrestricted services. Such dividend will be paid on 2 May and 2 November 2023 in two equal payments in the same gross amount of €0.60 per share.

5.4.2.Investor relations

Inditex's relations with its current or potential shareholders, are governed by the Policy on Communications and Contact with Shareholders, Institutional Investors and Proxy Advisers, approved by the Board of Directors in December 2015, as well as by the Regulations of the Board of Directors.

Inditex guarantees the market (shareholders and potential shareholders in particular) equal access to information through all its channels. The Inditex website plays a very important role in implementing this transparent communication policy and in guaranteeing access to information. For the sake of transparency, a comprehensive list of the entities and analysts who compile research on Inditex is also published on the corporate website (www.inditex.com).

[28] Shares in the Company are represented through book entries. The record of these book entries is kept by *Sociedad de Gestión de los Sistemas de Registro, Compensación y Liquidación de Valores (Iberclear).* Inditex has contracted with Iberclear the service for daily communication of ownership (Shareholder Registry Book - LRA).

Individual Shareholders' Department

In 2022, the Individual Shareholders' Department fielded 800 requests of various kinds from individual shareholders. Any individual investor can contact the Individual Shareholders' Department for detailed information on business development and future strategy. Using this channel, individual shareholders can request any information that they consider relevant on Inditex's performance.

The Individual Shareholders' Department takes on particular significance when the Annual General Meeting, which traditionally takes place at the Arteixo (A Coruña) headquarters in mid-July, is called and held.

Likewise, the department its tasked with sending out accurate information and documentation to provide shareholders with adequate knowledge of the meeting called and the proposed content thereof, as well as to facilitate their participation in the decision-making process of the Group's highest governing body.

Investor Relations Department

/ 35 financial and stock market entities publish research on Inditex's market position.

Material information concerning the business performance is provided on Inditex's corporate website and distributed to a database of investors and analysts containing more than 1,100 entries.

The Investor Relations staff hold quarterly, open-access conference calls to complement this information. Moreover, presentations are made to analysts and investors over the course of the year in the world's leading financial capitals.

5.4.3. Indices

In keeping with the mandate of its shareholders, Inditex is listed in benchmark indices, from the perspective of both its financial performance and best practices in sustainability matters.

Euro STOXX 50/IBEX 35

Inditex has been listed on the European benchmark index Euro STOXX 50 since 2011 and on Spain's selective IBEX 35 index since 2001.

FTSE4Good

The FTSE4Good sustainability index, which has included Inditex in its index since October 2002, awarded it in 2022 a score of 4.7 out of 5. This sustainability stock index includes the worldwide companies with the strongest commitment in this sphere, taking into account their environmental, social and corporate governance practices.

Dow Jones Sustainability Index (DJSI)

Inditex is included in the DJSI World and DJSI Europe indices. Since 1999, the Dow Jones Sustainability Index has been analysing the performance in terms of sustainability of listed companies from a total of 61 sectors.

In 2022, Inditex scored 73/100 in S&P's Global Corporate Sustainability Assessment (score date: 8 December 2022). With regard to the environment, Inditex was awarded a score of 87/100, i.e., in the highest percentile (100%).

5.5. Environment

GRI 2-23; AF5

Related material topics: Stakeholder engagement; Innovation; Climate change; Environmental footprint minimisation; Protection of natural resources.

Our sustainability strategy encompasses numerous initiatives aimed at preserving the planet, reducing pressure on natural resources and contributing to the fight against climate change. In 2022, we achieved our goal of 100% renewable electricity in our facilities[29]. In this regard, we also highlight the VPPA (Virtual Power Purchase Agreement) signed for the supply of 100% renewable electric power which promotes additionality[30], by generating new renewable energy capacity in Spain.

We also work with our suppliers and other organisations in the industry to foster the implementation of specific improvement plans in our supply chain. In 2022, we launched a first pilot of our Collaboration Programme for Environmental Improvement aimed at transforming the supply chain and reducing its environmental impact, with a particular emphasis on water, polluting discharges, management of chemical products and energy, involving 208 key facilities. These plans enable us to optimise the use of fresh water and energy, which in turn reduces the associated emissions. This year, we have reduced the relative water consumption (l/kg) in our supply chain by 17% with respect to 2020.

Furthermore, we are mindful of the particular relevance of protecting biodiversity, not only because of our specific business, but also because it is an essential element for the conservation and well-being of society and the planet. We contribute to protecting and caring for biodiversity through a number of initiatives, such as our involvement in the LEAF Coalition, a project on regenerative agriculture and the restoration of ecosystems in India, or our work with World Wide Fund for Nature (WWF) and Canopy.

Our Sustainability Policy[31] establishes the principles of environmental action, applicable across all business areas and throughout the value chain. It establishes as a fundamental principle the preservation of the environment through the implementation of continuous improvement actions in aspects such as emissions to air, consumption of resources, use of chemicals and waste management.

Notable among these are the consideration of environmental variables in the planning and development of our activities and those of our partners and suppliers; the promotion of environmental awareness; and compliance with applicable environmental legislation (as well as other obligations that may be established).

These principles of action are embodied in our three environmental strategies—Energy, Water and Biodiversity—as well as in the commitments we have acquired with respect to forest products, as set out in our Forest Product Policy.

Environmental Strategies

Global Energy Strategy

Guidelines for promoting sustainable energy practices.

Global Water Management Strategy

Guidelines and actions for promoting sustainable water management.

Biodiversity Strategy

Guidelines and actions for promoting the protection, conservation and development of biodiversity throughout the Inditex value chain.

[29] This includes all our own facilities (headquarters, logistics centres, factories and stores), with the exception of international offices.

[30] Additionality is a feature of power purchase mechanisms whereby the construction of new renewable energy generation infrastructure that would otherwise not be guaranteed to be developed is promoted.

[31] Our Sustainability Policy replaces the previous Environmental Sustainability Policy, the amendment of which was approved by the Board of Directors on 14 December 2020.

Forest Product Policy

Guide for the selection and use of raw materials sourced from forests aimed at ensuring that they come from sustainably managed forests and with the commitment to protect primary and endangered forests.

A fundamental aspect when implementing our strategies and achieving our environmental sustainability goals is to spread the sustainability culture to all our teams. In 2022, we continued to provide training and raise awareness among our staff. Overall, more than 13,000 employees received environmental sustainability training in 2022.

The current challenges call for swift and coordinated action by all. In this regard, Inditex works closely with organisations such as the MIT through the Climate and Sustainability Consortium, The Fashion Pact, the UN Fashion Industry Charter for Climate Action, Textile Exchange and Zero Discharge of Hazardous Chemicals (ZDHC), among others.

ⓘ More information in section *4.2.1. Partnerships* of this Report.

5.5.1. Our approach to energy management and emissions reduction

GRI 2-23; 3-3; 302-1; 302-2; 302-3; 302-4; 302-5; 304-2; 305-1; 305-2; 305-3; 305-4; 305-5; 305-6; 308-2; AF5; AF21

At Inditex we understand the need to make an unprecedented global effort to reduce greenhouse gas (GHG) emissions and mitigate the consequences of global warming and climate change as much as possible. We are therefore constantly seeking solutions that allow us to evolve our processes and implement best practices so as to ease the pressure on resources.

It is worth noting that, in 2022, 100% of the electricity consumed in our own facilities (headquarters, logistics centres, factories and stores) came from renewable sources.

Progress and current situation

In the last few years, we have developed a number of initiatives that have enabled us to advance on our path towards a low-carbon economy and to reduce greenhouse gas emissions throughout our value chain.

Scope 1, 2 and 3 GHG emissions ($tnCO_2eq$)[1]

GHG emissions	2022	2021	2020	2019	2018	2022-2018 change
Scope 1	11,232	14,575	11,859	15,804	19,172	-41%
Scope 2 market-based	0	47,770	98,676	293,981	419,448	-100%
Scope 2 location-based	451,430	541,492	363,717	589,547	651,266	-31%
Scope 3	17,223,485	17,097,801	13,341,462	17,988,897	18,325,553	-6%
Kg CO_2eq per m^2 (market-based scope 1+2)	2	8	14	39	58	-97%
g CO_2eq per € (market-based scope 1+2)	0	2	5	11	17	-98%
g CO2eq per € (market-based scope 1+2+3)	531	619	659	647	718	-26%

1. For more information on this methodology, see section *7.1.3. Environmental impact management indicators* of this Report. Our decarbonisation targets and progress towards them have not been significantly affected by the current situation of Russia and Ukraine.

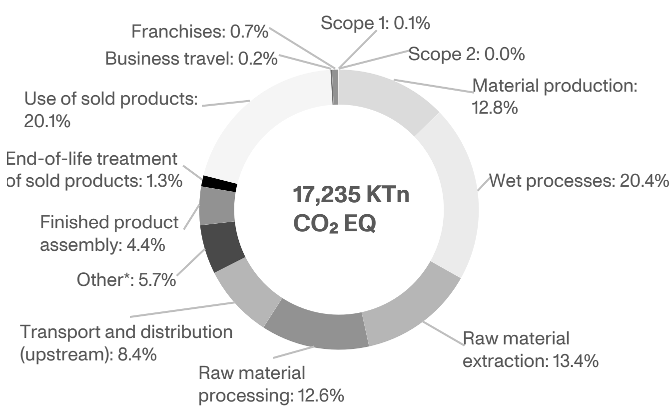
Scope 1 emissions: direct emissions related to sources under the direct control of the Inditex Group (combustion in boilers, own vehicles, etc.).

Scope 2 emissions: indirect emissions related to the generation of electricity acquired and consumed.

Scope 3 emissions: include other indirect emissions linked to the supply chain of goods and services produced, distributed and marketed outside the Organisation. For greater transparency, the "purchased goods and services" category, according to the GHG Protocol, is subdivided into the following categories: raw material extraction, raw material processing, material production, wet processes and final product assembly.

Scope 3 also includes emissions linked to the transportation of the products we market. In 2022, the emissions associated with upstream inbound transport and upstream outbound transport were equivalent to an energy consumption of 1,791,523 MWh and 4,031,013 MWh, respectively (3,357,983 MWh and 3,953,264 MWh in 2021; 2,802,639 MWh and 3,218,377 MWh in 2020; and 3,431,069 MWh and 4,306,576 MWh in 2019). Electricity consumption in franchised stores amounted to 262,397 MWh and business travel consumption was 130,381 MWh (242,439 MWh and 63,839 MWh in 2021; 150,114 MWh and 18,488 MWh in 2020; and 226,520 MWh and 218,274 MWh in 2019, respectively).

GHG Emissions: Scopes 1, 2 and 3



* The "Other" category includes GHG emissions associated with the categories of capital goods, employee commuting, fuel and energy related activities, and waste generated in own operations.

Ambition and goals

Our Roadmap includes numerous targets to achieve headway in fighting climate change and preserving the planet. In the long term, the Group aims to achieve net zero carbon emissions by 2040. To do so, we are focusing our efforts on reducing emissions, following SBTi guidelines and our commitment to the Fashion Industry Charter for Climate Action, in alignment with the Paris Agreement goal on limiting global warming to 1.5°C.

In the medium term, we have set science-based decarbonisation targets (SBTs), approved by the Science-Based Targets initiative (SBTi). These targets aim to reduce our scope 1 and 2 emissions by 90% by 2030 compared to 2018, and to reduce our scope 3 emissions (in the supply chain category) by 20% over the same period.

In 2022 our scope 3 emissions, and in particular those associated with the supply chain category, have remained broadly stable compared to 2018. We are aware that there is still some way to go in this area and have therefore increased our efforts in this category in 2022. Of particular note is the launch of our Collaborative Programme for Environmental Improvement of the supply chain, which has a specific focus on reducing energy consumption and associated emissions, as well as the use of renewable energy.

We want to be an active part of the change, mindful as we are of the complexity of the challenges, such as the inherent difficulty of the lack of availability of renewable energies in the markets in which our value chain is deployed, the opportunities and the increased scientific knowledge available. That is why we regularly review our models and targets to ensure that they are consistent with our own ambition, our stakeholders' expectations and the latest scientific evidence.

Although at the time of their approval our SBTs were classified as "ambitious" by SBTi, the available scientific evidence has evolved and the level of ambition and demands of all stakeholders has increased, and with it also our own. Consequently, we are currently in the process of updating our medium-term commitments to align the reduction percentages with the updated SBTi criteria, and thus move further towards the 1.5ºC reduction target across all three scopes. We will present the results of this process over the course of 2023.

In this regard, in 2023 we will publish our decarbonisation plan, including the action lines, intermediate targets and resources needed to reach our goal of net zero emissions by 2040.

In 2022, we signed up to the new targets set by the United Nations Fashion Industry Charter for Climate Action, which include, among others, the following:

/ To support the goals of the Paris Agreement in limiting global temperature rise to well below 1.5°C; to commit to SBTi approved GHG emission reductions in scope 1, 2 and 3 in line with the latest SBTi criteria and recommendations; and to undertake to achieve net zero emissions by 2050 at the latest;

/ 100% of priority materials must be preferred and low-climate-impact by 2030. This includes materials that are closed-loop recycled, deforestation- and conversion-free at source, that come from regenerative practices and to which the relevant verification and impact measurement mechanisms have been applied;

/ To eliminate the use of coal in our own operations and in suppliers' facilities (tier 1 and 2) by 2030, avoiding the installation of new coal-fired equipment from 2023 onwards.

Our pathway to net zero emissions

2018
Baseline year of our **decarbonisation commitments**

2019
We unveil our **Sustainability Roadmap** at the 2019 Annual General Meeting

2020
Inditex joins the UNFCC's RACE TO ZERO campaign

We back the urgent call to action **BUSINESS AMBITION FOR 1.5ºC**

Science Based Targets initiative (SBTi) approves Inditex's emissions reduction targets (SBTs)

2021
Inditex signs the **Open letter from the We Mean Business coalition to the leaders of G20 countries**

2022
We adhere to the new commitments of the **Fashion Industry Charter for Climate Action (FICCA)**

Inditex agrees a Virtual Purchase Agreement (VPPA) linked to its energy purchase strategy

2030

SBT Near-term
Greenhouse gas (GHG) emissions reductions of 90% for Scopes 1 and 2 and 20% for Scope 3 (Supply Chain category)*

2040
Net zero emissions

**We are currently in the process of reviewing the objectives in line with the latest SBTi criteria and recommendations.*

In addition, we continue to work on the integration of the recommendations of the Task Force on Climate-Related Financial Disclosures (TCFD). We analyse future climate scenarios and the associated risks and opportunities to pursue a decarbonisation strategy that is in line with science, resilient and competitive in the short, medium and long term.

ⓘ More information in section 6.3.4. Climate change: risks and opportunities of this Report.

Our actions

The impact of greenhouse gas emissions (GHG) is closely linked to the methods of energy generation and consumption in our own operations and in the value chain, to the materials we use in our products and to their end of life. Our approach to reducing these emissions is based on three key lines of action:

/ Monitoring consumption and associated emissions: gauging our impact more accurately and reliably gives us a better understanding of our current situation and how the measures we implement perform.

/ Lower-impact consumption alternatives: with a focus on energy procurement, but also on the materials and designs of our products and facilities.

/ Efficiency and optimisation initiatives: by using less energy-intensive equipment and techniques, and replacing process with others that have a lower impact.

5.5.1.1. Monitoring consumption and associated emissions

Inditex's Global Energy Strategy constitutes one of the main pillars of our commitment to decarbonisation. Its purpose is to promote the rational and efficient use of energy throughout the value chain. At the same time, we propose to reduce greenhouse gas emissions and help mitigate their effects.

The Group's global energy consumption at our corporate headquarters, own factories, logistics centres and own stores amounted to 1,694,817 MWh[32] in 2022, of which 1,636,795 MWh came from renewable sources. This implies a 13% reduction in relative energy consumption per square metre with respect to 2018, evidencing the energy efficiency efforts implemented by the Group.

Global energy consumption:[1]

Year	Global energy consumption (MWh)	Relative energy consumption (kWh/m²)	Relative energy consumption (Wh/€)
2018	1,969,127	262	75
2019	1,892,947	237	67
2020	1,270,704	165	62
2021	1,756,210	225	63
2022	1,694,817	228	52

1. This indicator records all the energy consumed at our Group's own factories, stores, own logistics centres and by our own vehicles.

Global energy consumption by type (MWh):

Year	Electricity	Natural Gas	Other fuels
2018	1,865,074	103,724	329
2019	1,807,556	84,627	764
2020	1,206,543	63,905	256
2021	1,678,957	72,050	5,203
2022	1,636,795	49,269	8,753

Electricity consumption in corporate headquarters, logistics centres and own factories:

Financial year	Total electricity consumption (MWh)	Relative electricity consumption (kWh/m²)	Relative electricity consumption (Wh/€)
2018	159,434	50	6
2019	175,308	49	6
2020	163,897	46	8
2021	175,217	48	6
2022	176,432	48	5

Electricity consumption at our stores:

Financial year	Global electricity consumption in stores (MWh)	Relative electricity consumption in stores (kWh/m²)	Relative electricity consumption in stores (Wh/€)
2018	1,705,639	394	65
2019	1,632,248	371	58
2020	1,042,646	252	51
2021	1,503,739	363	54
2022	1,460,363	389	45

Environmental Management System

Efficiency is a priority at all the Group's facilities. Our Environmental Management System (EMS) is a core pillar of our commitment to using renewable energy and circular management models. Certified to ISO 14001 international standard, the EMS is **implemented in 100% of the Group's corporate headquarters, own logistics centres and own factories.** Inditex has a team of 26 people to prevent environmental risks linked to these facilities, and to monitor and assess the proper implementation of the EMS.

In 2022, 2021, 2020, 2019 and 2018, no significant penalties or fines were imposed for breaches of current environmental regulations. Moreover, the Group does not have facilities in protected areas.

Risk Management and Control Policy

Inditex's Risk Management and Control Policy, which has been in force since 2015 and was last modified in 2020, affects the entire Group and forms the foundation of an Integrated Risk Management System (IRMS). It establishes the basic principles, key factors and general framework for action to manage and control risks affecting the Group, including climate risks.

[32] The electricity consumption in stores has been calculated on the basis of actual billing data. For those stores or periods for which we do not have information available, it has been estimated considering average consumption. This indicator records all the energy consumed at our Group's own factories, stores, own logistics centres and by our own vehicles.

ⓘ More information in section
6.3.4. Climate change: risks and opportunities of this Report.

Bearing our business activity in mind, the Group has no liabilities, expenses, assets, provisions or contingencies of an environmental nature that could play a significant role in terms of the net assets, the financial situation and results of the Company. For this reason, such specific breakdowns are not included in this Report.

5.5.1.2. Lower-impact energy consumption alternatives

The generation and acquisition of energy from renewable sources is a core pillar of the architecture of our business model. Consequently, in 2022 we have reached our target in the established time frame, using **electricity from renewable sources** in all our own facilities.

Within the framework of our commitment, among other measures we have invested in generating renewable energy at our own operating centres. We use our own solar thermal, solar photovoltaic and wind energy, as well as facilities to harness geothermal energy.

In 2022, 100% of the electricity consumed at our facilities came from renewable sources (1,636,795 MWh), excluding self-generated electricity. This milestone means total savings of 451,430 tonnes of greenhouse gas emissions, 95% more than in 2018 (1,593,547 MWh consumed and 493,723 tonnes of GHG emissions avoided in 2021; 978,266 MWh and 265,041 tonnes in 2020; 1,144,020 MWh and 295,566 tonnes in 2019; and 837,626 MWh and 231,818 tonnes in 2018, respectively).

Percentage of electricity coming from renewable sources:[1]

Year	% of electricity coming from renewable sources
2018	45%
2019	63%
2020	81%
2021	91%
2022	100%

1. In the case of renewable energy certificates, the period for the data is the calendar year, instead of the fiscal year (period of this Report).

a) Self-consumption

Self-consumption means generating energy at our own facilities or at nearby and associated infrastructure for our own consumption and it is the most direct way to contribute new renewable energy generation infrastructure. The roll-out of photovoltaic and wind power generation facilities for self-consumption is included in Inditex's renewable energy adoption strategy for the next few years, as unequivocal evidence of our commitment to reducing greenhouse gas emissions.

At year-end, we had several active photovoltaic generation plants and a wind turbine generator which generated 7,756 MWh of electricity (5,920, 1,373, 811 and 575 MWh in 2021, 2020, 2019 and 2018, respectively), i.e. 31% more than in 2021, and with the following installed capacities: 3 MW in Lelystad, 1 MW in the employee car park at our Arteixo Central Services facilities, 850 kW of wind power at Arteixo Central Services and 100 kW in the Arteixo Technology Building, 200 kW in the headquarters of Zara.com and Zara Man, 30 kW in the Tempe 1 centre, 200 kW in the Tempe 3 centre, 200 kW in the Tempe 3S centre and 100 kW in A Laracha fabric warehouse.

We also have a co-generation plant, which enables the simultaneous production of heat and energy using natural gas. In 2022, this plant generated 2,061 MWh of electricity and 1,976 MWh of thermal energy (8,852 MWh of electricity and 10,051 MWh of thermal energy in 2021; 4,334 MWh of electricity and 6,679 MWh of thermal energy in 2020; 7,785 MWh of electricity and 11,002 MWh of thermal energy in 2019; and 17,317 MWh of electricity and 16,634 MWh of thermal energy in 2018). In addition, 362 MWh of thermal energy was generated by geothermal facilities and solar panels during the year (653 MWh, 633 MWh, 577 MWh and 329 MWh in 2021, 2020, 2019 and 2018, respectively).

A notable future project is the **Outer Port Wind Facility in A Coruña** with an estimated investment of 34 million euros[33], scheduled to enter into service in 2025. In 2021, we commenced the necessary procedures to start the authorisation process for the collective self-consumption facility in the Outer Port of A Coruña. The goal is to be able to generate on-site the renewable energy necessary to cover the annual electricity required by our headquarters in Arteixo, as well as to supply clean electricity to the port's own infrastructures. In 2022, we continued to move forward in the administrative procedures with all the official bodies involved and we are fully immersed in the project's engineering definition and development phase.

This project developed in collaboration with the Port Authority of A Coruña is a pioneering initiative that allows us to increase the amount of self-generated renewable energy, while at the same time positively impacting the environment around our headquarters and setting an example of public-private partnership initiatives aimed at reducing GHG emissions. The construction of the wind facility in the Outer Port of A Coruña involves installing 3 wind turbines, each with a capacity of 5.5-6 MW.

b) VPPA

A PPA (Power Purchase Agreement) is a long-term agreement between consumers and energy producers that allows the latter to secure the revenue necessary for the viability and access to financing for building new renewable generation infrastructure, even in the absence of incentives for renewable generation or investment subsidies. Through these commitments we contribute additional renewable energy to the grid by enabling new and dedicated renewable energy generation projects to be carried out in a stable, long-term manner.

[33] The planned investment corresponding to this project, which has not yet started, is included in the expected investment execution referred to in the section "Information on the foreseeable development of the group" of the Consolidated Directors' Report.

The projects we have selected belong to Energias de Portugal Renováveis (EDPR) and are located in Spain.These projects are in the development phase, pending final approval, and will come on stream in 2025 under the Virtual Purchase Power Agreement (VPPA) modality, provided they receive the administrative green light.

In VPPAs there is no direct supply of electricity from the developers to end consumers. The power generated is instead fed into the electricity grid. Decoupling production and consumption provides flexibility and better suits our consumption pattern in various geographies, helping to achieve our sustainability goals.

Accordingly, in 2022 we signed a VPPA, and we continue to work on negotiating new contracts that promote additionality by generating new renewable energy capacity.

ⓘ More information in
Note 26 Financial risk management policy and financial instruments to the Consolidated Annual Accounts.

c) Energy Attribute Certificates
Where the scope for implementing other types of mechanisms is limited, we use options such as green tariffs and energy attribute certificates (instruments that certify the renewable origin of a certain amount of electricity generated, and that can be purchased on the market to prove that an electricity supply is from a clean source).

More than 90% of the energy allocation certificates we have used in 2022 comply with the requirements established by reference organisations, such as CDP, for this type of mechanism. In this sense, renewable energy is generated in the electricity market in which it is consumed, except in those exceptional cases in which its purchase is not viable.

5.5.1.3. Efficiency and optimisation initiatives

a) Efficiency in corporate headquarters, own logistics centres and own factories
At Inditex we have a culture of environmental efficiency; in other words, we apply processes that enable us **to control the consumption of resources** and take measures to reduce that consumption so as to mitigate the impact thereof. To ensure this is properly developed in our facilities, we make the necessary investments in all our headquarters and platforms in compliance with our Instruction for Proper Environmental Management, and we promote best practices in the day-to-day work of our employees.

The construction design of our headquarters is based on **bioclimatic criteria.** As part of our strong commitment to sustainability, we also strive to ensure that our facilities meet the highest standards of **sustainable construction**. Consequently, since 2009 we have certified our most emblematic spaces in accordance with the most prestigious standards in sustainable construction, such as the LEED certifications developed by the US Green Building Council[34].

This is the case of the LEED Platinum certification obtained in March 2022 for the new Zara.com building. Located at our Arteixo headquarters, this 67,000 m^2 facility boasts the latest advances in technology and sustainability.

LEED Certification in distribution centres and facilities

LEED Gold
10 Certified

- / New headquarters of the Inditex Group's Central Services in Arteixo
- / Zara Logistics Offices
- / Zara Logistics Canteen
- / Pull&Bear Headquarters
- / Cabanillas Logistics Platform
- / Massimo Dutti Headquarters
- / Massimo Dutti Logistics Centre
- / Oysho Headquarters
- / Stradivarius Headquarters
- / Logistics connection hub at Lelystad

LEED Platinum
2 Certified

- / Inditex Data Processing Centre in Arteixo
- / Zara.com studios in Arteixo

LEED Silver
1 Certified

Fabrics warehouse in A Laracha

LEED CI Certified
1 Certified

Inditex Group's Central Services facilities in Arteixo (phases I, II, III)

We also strive to ensure efficient and sustainable energy management. In 2022, our headquarters in Arteixo and the Inditex Data Processing Centre, located in A Laracha (A Coruña) were certified to the ISO 50001 international standard.

b) Efficiency and sustainability in our stores
Energy efficiency and the application of best practices in the area of environmental sustainability is a priority for Inditex in both the design and the day-to-day running of its stores. To achieve this goal, we execute a number of projects to help make our stores spaces in which sustainability is **fully integrated**, from the facilities themselves to the products and the interaction with our customers.

In this regard we are constantly reviewing our standards to guarantee that they are in line with cutting-edge practices and implementing new programmes to advance on the path of continuous improvement and sustainability in our stores.

[34] All the certifications are currently valid.

Further evidence of our commitment to sustainable construction is the certification of our stores in accordance with prestigious international standards such as LEED and BREEAM[35]. We currently have 8 LEED Platinum certifications, 25 LEED Gold certifications and 1 BREEAM certification.

Another significant step is the connection of our own stores with the central platform Inergy, which supervises and optimises energy consumption, boosts efficiency and reduces the environmental impact. At the end of 2022, 79% of our own stores were connected to the platform.

The energy efficiency policy is not limited to physical stores alone, but extends equally to the digital universe. The website of Zara, our most emblematic brand, is hosted at our own data centres and on external servers, which help us to streamline and store information. The electricity consumed by Zara.com's servers and offices comes from renewable sources.

In addition, the servers are equipped with technologies that help optimise energy consumption by using processors and power supplies that adapt to the servers' demands in real time.

c) Supply Chain

Collaboration Programme for Environmental Improvement

We work with our suppliers to implement measures to improve production processes and facilities in order to make better use of available resources. In 2022, we launched an Environmental Improvement Plan focused on reducing water and energy consumption and managing chemicals and discharges. This Program has been launched as a pilot with a selected group of key suppliers.

The facilities' energy management goals are as follows:

/ To increase the purchase and/or generation of electricity coming from 100% renewable sources.

/ To reduce thermal energy consumption in relation to stationary thermal sources.

This programme's methodology consists of the facility's drawing up an action plan. This plan is then verified by a third party and a baseline or starting point of energy consumption is established prior to the plan's implementation. Consumption is then monitored on a quarterly basis against this baseline.

ⓘ More information in section *5.5.2.2. Initiatives in supply chain* of this Report.

Other supply chain actions

As well as developing the collaborative programme for environmental improvement, our efforts are with respect to the supply chain focus on the following aspects:

/ Reducing energy consumption

In order to reduce energy consumption, we provide our suppliers with information on the best available techniques for the various manufacturing processes by means of an online knowledge transfer platform developed by Inditex, which is publicly available to the entire industry.

Furthermore, we use this same channel to make available to them the knowledge acquired through our collaboration with third parties on potential innovative solutions. For example, new dyeing and washing methods that reduce water consumption, lower the temperature required during the process and cut energy consumption, thus decreasing the associated emissions. One such collaboration is with BASF, to implement and optimise the first industrial cold washing system, *SOKALAN HP 56 A*, which can meaningfully reduce water and energy consumption in exhaust dyeing systems.

Other measures in this knowledge transfer platform include replacing equipment with more efficient iterations, the proper maintenance of equipment or changes to production processes.

/ Replacing fossil fuels

Some production processes require the use of energy sources to reach sufficient temperatures and generate steam. We encourage our suppliers to use alternative fuels such as responsibly sourced biomass, backed by certification, or fuels made from agricultural waste, or the electrification of equipment when possible.

Our goal is to eliminate the use of coal in our supply chain by 2030, and to avoid installing new coal-fired equipment from 2023.

/ Use of renewable energies

We promote the use of renewable energy in our supply chain. To this end, we share with suppliers in our main manufacturing clusters information on availability, regulations, procedures and indicative prices for the implementation of an array of renewable energy procurement solutions.

d) Efficiency in transport and distribution

In order to improve the impact of our distribution and logistics operations and reduce associated emissions, we have established several lines of action in connection with transport activities:

/ Fleet improvements

We work with our suppliers to analyse and promote alternatives to conventional means of transport. Thus, the use of electric vehicles is gaining particular importance for Inditex and we have a major electrification programme for our last mile deliveries in China, allowing us to reduce GHG emissions and air pollution in cities. Specifically, this project has been rolled out across 42 cities, allowing us to save 217.18 tonnes of CO_2 equivalent as compared to conventional fuel vehicles previously used, thereby reducing GHG emissions by 53%. The emission reduction

[35] All the certifications are currently valid.

capacity of electric vehicles is related to their energy consumption per unit kilometre, and is further boosted by reducing the total distance covered. In Spain, we have also electrified last mile deliveries at several Madrid stores.

/ Review of transport traffic and routes
We strive to find the best way to shorten the distances travelled in the supply and distribution processes of our goods. Similarly, we seek transport alternatives, including creating and using intermodal routes that allow us to establish new connections with low-impact transport such as the train.

/ Transport optimisation
We develop protocols that optimise, review and adjust loading proposals across all modes of transport and we work with our logistics service suppliers to ensure that the measures analysed are implemented by means of continuous communication of operational and occupancy data. Likewise, we actively search for units and vehicles that allow us to make better use of the capacity in accordance with the cargo being shipped, such as High Capacity Vehicles or special sized maritime containers.

/ Employee commuting
We also promote alternatives for employee commuting. We have more than 421 charging stations for electric vehicles in all the Group's central services to facilitate the use of such vehicles by employees. More than 397,000 kWh[36] were supplied from these stations (more than 197,000 kWh in 2021, more than 71,000 kWh in 2020 and more than 47,000 kWh in 2019), helping to avoid emissions associated with using fossil fuels. We also have Weshare, a proprietary application for carpooling to and from the workplace. In Spain, our office employees are provided with a shuttle bus service to get to work.

Atmospheric emissions and noise pollution

Atmospheric emissions from combustion equipment (heating boilers and steam boilers) are subject to regular checks and verifications by authorised control bodies to ensure that our logistics centres where this equipment is located comply with the applicable legislation. Thus, we ensure that our atmospheric emissions are within the legal limits for the parameters required in each case (for example, CO, NO_x, SO_2 and opacity).

Furthermore, to mitigate noise pollution, our Unloading Equipment Protocol aims to reduce noise from the distribution and supply of our products during night-time hours, when the permitted noise levels are more restrictive.

5.5.2. Our approach to water management

GRI 2-28; 3-3; 303-1; 303-2; 303-3; 303-4; 303-5

Water is a vital resource for the development of communities and ecosystems. Accordingly, water management at Inditex is grounded on the principles of the CEO Water Mandate, a UN Global Compact endeavour that encompasses environmental and social aspects. Our approach places a premium on reducing water consumption in our operations and supply chain. This, in addition to preserving water as a natural resource, contributes to reducing greenhouse gas emissions, as less energy is needed to heat water in those production processes that require it.

Our roadmap for sustainable and rational water usage throughout our value chain is defined by our Global Water Management Strategy. As we implement it, we develop a variety of individual initiatives and collaborate with various stakeholders to reduce our environmental impact and protect marine and freshwater habitats, always seeking the most sustainable and efficient processes and technologies. Notably, this strategy is currently in the process of being updated, with the aim of starting to implement the new version in 2023.

5.5.2.1. Initiatives in own operations

Water consumption at Inditex facilities is mainly for cleaning and sanitary purposes, and its discharge into municipal wastewater systems is guaranteed. In industrial settings, water is mainly used for steam generation and recirculation systems in closed-cycle industrial refrigeration, which allows us to estimate that the water discharged is equal to the water consumed. Wastewater in all facilities is discharged to the appropriate wastewater systems. At Inditex, water consumption does not affect protected habitats.

[36] Electrical consumption by electrical vehicle charging points in Group central services facilities, own logistics centres and own factories.

In 2022, our own facilities (headquarters, factories, logistics centres and stores) consumed a total of 1,780,190 cubic metres of water. The consumption at our centres is calculated through direct meter readings and bill charges from public water utilities companies.[37]

Water consumption

Financial year	Water consumption (m^3)	Relative water consumption (litres/m^2)	Relative water consumption (ml/€)
2018	2,145,804	285	82
2019	2,068,661	260	73
2020	1,663,039	216	82
2021	1,886,900	241	68
2022	1,780,190	240	55

Some of the initiatives carried out include reusing 100% of the water for garden irrigation and flush toilets at our Indipunt facility in Narón (A Coruña), using **storm tanks** that in 2022 enabled us to collect 25,080 m^3 of water (10,439 m^3 in 2021) from the roofs of our centres in Cerdanyola, Arteixo and Lelystad to be used for irrigation, or replacing all taps and flushers at our distribution centres in Spain with others that reduce both the flow rate and operating time, resulting in savings of up to 55% of the water used.

5.5.2.2. Initiatives in supply chain

Our supply chain is key to our policy of responsible water use management, as it includes the two areas where the highest water consumption occurs in the production of goods. On the one hand, it covers the cultivation and production of raw materials such as cotton and, on the other, the wet processes (dyeing, washing and printing, among others) needed to make the items we sell. Consequently, taking 2020 as a baseline, the Group has established the goal of reducing **water consumption throughout the supply chain by 25%** in 2025. In 2022, we have reduced relative consumption by 17%, compared to 93[38] litres per kilogram of garment consumed in 2020.

Financial year	Relative water consumption (litres/kg garment)
2020	93
2021	88
2022	77

To achieve this goal, throughout 2022 we have worked on different initiatives such as:

/ Increasing the number of facilities that meet the requirements of our Care for Water programme and those that are evolving towards excellence.

/ Updating the requirements of our Care for Water programme in order to raise its standards and promote further savings in water consumption.

/ Developing, together with the facilities, action plans focused on optimising water consumption and improving and reducing wastewater.

/ Developing a knowledge transfer platform with best available techniques relating to water and wastewater for our supply chain facilities.

/ Establishing a network of collaborating facilities for implementing measures and/or technologies linked to reducing water consumption stemming from the Group's R&D work.

ⓘ More information in section *5.3. Our products* of this Report.

a) Care for Water

Our Care for Water programme, framed within the Green to Wear standard, distinguishes those facilities with proper water management under two categories: good and excellent. The programme promotes the use of measures, chemicals and technologies to reduce water consumption by boosting water efficiency, the optimisation of production processes and the investment in technology.

ⓘ More information in section *5.6.1. Sustainable management of the supply chain* of this Report.

The Care for Water programme provides "good" and "excellent" benchmark values for each type of wet process depending on the substrate (yarn, fabric, garment) and textile fibres used. These values are obtained from theoretical consumption estimates for each production process, to which variables such as machine cleanliness, among others, are added.

In 2022, we also reviewed this programme with the aim of raising its standards and promoting further water savings. The new benchmarks have been piloted at various facilities in different countries.

[37] The consumption by own stores has been calculated based on the net expenditure per store. The specific average price of 20 markets has been used. For all other markets, we have used the average of m^3/m^2 per concept.
[38] The water consumption in the supply chain is calculated from the consumption data obtained in the environmental audits, for the cases in which the information is not available, it has been estimated considering the consumption averages.

b) Care for Water Improvement Programme

Launched in 2021, this programme specifically aims to help those facilities that have already been assessed within the Care for Water programme as having ‘good’ water management to improve to our highest Care for Water rating of ‘excellent’. This target must be achieved within a maximum of 12 months. For this purpose, facilities must draw up an action plan that includes the measures to be implemented, their implementation date and their associated reductions in water consumption. The measures fall into four different types of initiative:

/ Investment in new technology.

/ Optimisation of the manufacturing process.

/ Re-use or recycling of wastewater that can be repurposed in manufacturing processes or in ancillary tasks such as cleaning machinery.

/ Zero Liquid Discharge or the installation of closed water loops in which there is virtually no consumption of water from the outside.

Facilities have 30 days to devise this action plan, during which they have the support and advice of external partner companies.

The quarterly progress of the action plan is verified by a third party who will determine whether the facility has achieved the water consumption reduction target within the established time frame. This year we have worked together with more than 242 facilities within the framework of this programme, providing them support, guidance and advice.

c) Collaboration programme for environmental improvement

Over the course of 2022, an action plan was launched to reduce the environmental impact of the Group's key suppliers' facilities, with a focus on water (as a complement to those facilities that are not under the scope of the Care for Water improvement programme), discharges, management of chemicals and energy. This This Program has been launched as a pilot with a selected group of key suppliers.

The objectives to be achieved by the facilities with regard to the first three areas are:

/ Reduction of water consumption to the Care for Water programme’s ‘excellent’ level.

/ Quality of wastewater discharges in line with the basic level of the discharge standard developed by ZDHC.

/ Use of 100% ZDHC level 3 certified chemicals.

The methodology of this action plan is similar to that of the Care for Water Improvement Programme in terms of quarterly monitoring and the development of an action plan by the facility and its quarterly monitoring. This plan is then verified by a third party and a baseline or starting point of the facility’s water consumption and other parameters of interest is established and monitored.

d) Knowledge transfer platform

Developed during 2022, this platform focuses on providing information to wet process facilities involved in devising action plans and, on their own initiative, to those interested in improving both their water consumption and wastewater treatment.

With regard to consumption, once the production process or processes of interest to the facility have been selected, the tool supplies different measures ranging from potential optimisations of the production process to the use of certain chemicals, as well as different options for re-using or recycling water. Each of these measures is accompanied by information of interest for the facility, such as the investment needed, the estimated impact on consumption, potential constraints or difficulties of implementation, among others. Similarly, the platform also provides information on the best available technologies to carry out the process more efficiently. In this case, the information provided by the platform includes the main benefits of the new technology compared to conventional technology, the savings associated with its use, potential limitations, as well as some of its manufacturers.

For wastewater treatment, the platform provides information on various remedial measures for the chosen discharge parameters, as well as the cost associated with the implementation of such measures and the technologies required.

e) Network of collaborating facilities in the implementation of own R&D

Over the course of 2022, the Group has actively collaborated with different facilities to introduce innovative water saving measures and technologies in the sector. The creation of this network responds to several key objectives:

/ To demonstrate that new measures or technologies work outside the lab and on an industrial scale.

/ To assist these facilities in reducing water consumption.

/ To develop case studies that show the performance and water savings associated with new measures or technologies in a way that facilitates their implementation at other facilities.

5.5.2.3. Collaborations with external initiatives

Inditex works with the Chinese Institute of Public and Environmental Affairs (IPE) on the continuous improvement of environmental management in our supply chain in this market. This entity provides information through its environmental platform, both from governmental sources and from the factories themselves and the brands that work with them. In addition to the environmental performance of the textile factories, IPE monitors upstream suppliers (raw materials and chemicals) as well as the wastewater treatment plants and the results of the wastewater analysis. The IPE has recognised Inditex’s efforts to improve the environmental performance of its supply chain, which is why the Group is ranked second in the textile sector and globally in the index that it publishes annually.

Over the course of 2022, we began collaborating with the World Wide Fund for Nature (WWF) to update our water management strategy and to combine our efforts with those of other companies and organisations in order to continue generating positive impacts.

In line with our commitment to Changing Markets for the procurement of responsibly produced viscose and modal fibres, manufacturers of these fibres, among others, are required to implement chemical management systems as well as water treatment systems with the ultimate goal of having "Zero liquid discharge" facilities. Similarly, compliance with various best manufacturing practices is verified through audits.

Finally, over the course of 2022, we have adopted the ZDHC's Manufacturing Restricted Substances List (MRSL), which regulates the quality of discharges, thus taking a further step towards convergence in the sector, facilitating compliance with manufacturing requirements for chemical suppliers as well as the facilities that use them. We have also integrated our The List by Inditex programme into the ZDHC Foundation's chemical control strategy. Hence, the entire industry will be able to benefit from key information to determine whether a chemical product complies with both the ZDHC's MRSL discharge parameters and the legal requirements applicable to the textile or leather item marketed.

ⓘ More information in the document *Innovation, collaboration and continuous improvement for chemical safety* available on Inditex's corporate website.

5.5.3. Our approach to biodiversity

GRI 2-23; 3-3; 304-2

The **protection of biodiversity** is a key element of Inditex's sustainability strategy, both because of its importance for a thriving and resilient society, and because of the impact of our activity and its reliance on the ecosystemic services[39] that biodiversity supports.

Thus, a significant portion of our raw materials (cotton, other cellulosic fibres and materials, leather, etc.) depend on a functional soil, the availability of water for irrigation or the services of pollinators, factors which in turn rely on a diversity of ecosystems, species and genetic resources that guarantee their continuity and resilience.

In response to these concerns, Inditex published its Biodiversity Strategy in 2013, based on the principles of the United Nations Convention on Biological Diversity and establishing the commitment to moving towards a responsible use of resources at every stage of our value chain. In 2022, we commenced a process to update and strengthen this strategy, referencing the commitments of the latest UN Convention on Biological Diversity (COP15) and the resulting Post-2020 Global Biodiversity Framework. This strategy also seeks to build on flagship initiatives such as the Science-based Targets for Nature (SBTN) or the Taskforce for Nature-related Financial Disclosure (TNFD), with the aim of continuing to inhabit a space of common understanding and collaboration around these matters.

In keeping with these initiatives, we have classified our actions below according to the AR^{3}T framework proposed by the SBTN, which includes the following dimensions: Avoid, Reduce, Restore, Regenerate and Transform. This framework is especially significant due to this last dimension, as it focuses on the "transformation" of the systems in which companies are immersed, where coordinated and collective action between different agents is particularly important.

5.5.3.1. Avoid

The first step towards protecting biodiversity and ecosystems is to **prevent impacts from occurring**. This is especially important when impacts occur in ecosystems of high biodiversity value, such as primary forests and the habitats of endangered species.

In this way, and acknowledging the pivotal role of forests as a refuge for biodiversity, a key element in the water cycle and a sink for greenhouse gases, our **Forest Product Policy** establishes that all forest-based materials we use must come from sustainable forestry operations, with the aim of avoiding the use of wood or pulp from primary and endangered forests.

This policy outlines how our wooden furniture and paper products, the bags we deliver to our customers, the product labels and the office paper we consume must be certified under FSC or PEFC forest management standards. It also establishes that we only use suppliers of regenerated cellulosic fibres designated as 'green shirts' in the Hot Button Report by Canopy, an international organisation with which we have been cooperating since 2014 whose mission is to protect primary and endangered forests. This Policy is also currently under review with a view to expanding its scope to include other materials linked to deforestation risk, such as leather.

We also seek to avoid impacting species in their natural habitat, establishing in our Sustainability Policy that, in the case of using products of animal origin, these must always come from animals raised on farms for meat and under no circumstances from animals slaughtered exclusively to market their skins, shells, antlers, bones, feathers or down, among others.

[39] Ecosystemic services are the benefits that people derive from ecosystems, according to The Corporate Ecosystem Services Review: Guidelines for Identifying Business Risks and Opportunities Arising from Ecosystem Change (2012), World Resources Institute.

The Group's Animal Welfare Policy states that:

/ Animal products must come from animals that have been treated ethically and responsibly, based on the internationally accepted "Five Freedoms" for animal welfare.

/ Animal products from slaughtered animals must come from species reared in farms to obtain meat.

/ We will never use products from animals slaughtered exclusively for their skin, shell, horn, bone, feather or down.

/ We will never sell cosmetic products that have been tested on animals at any stage of production.

5.5.3.2. Reduce

The next step is to reduce the potential negative impacts from the development of our activity. Thus, Inditex prioritises materials and production processes that reduce the potential negative impacts traditionally associated with them. Some notable actions in this regard are:

/ We continue our journey towards decarbonising our activities and thus also responding to the negative effects of climate change on ecosystems and biodiversity.

ⓘ More information in section 5.5.1. Our approach to decarbonisation and energy management of this Report

/ We are committed to reducing water consumption in our supply chain by 25% in 2025 and we continue to make progress in mitigating wastewater impacts through our commitment to the ZDHC initiative, thereby easing pressures on this vital life element.

ⓘ More information in section 5.5.2. Our approach to water management of this Report

/ We aim to reduce land use and the consequent risk of ecosystem conversion through our commitment to recycled materials and circularity in the textile sector, which means that the inputs needed to make garments come from garment recovery or the use of by-products or waste from other industries, reducing the need for virgin fibres and the end-of-life impacts of our garments.

ⓘ More information in section 5.3. Our products of this Report.

/ We aim to reduce pollution from pesticides and fertilisers in water and ecosystems by fostering the use of organic, or in conversion, raw materials in our products.

ⓘ More information in section 5.3.2. Design and selection of materials of this Report

5.5.3.3. Restore and Regenerate

We want to contribute to the conservation and restoration of ecosystems, seeking to improve their current status. These actions focus on regeneration and restoration activities:

a) Regenerate

At Inditex we are working to promote regenerative practices that allow us to reconcile the productive operation of land with concerns about the loss of nutrients, the supply and quality of water due to its contamination, the loss of biodiversity or the need to address the climate emergency, improving the soil's capacity to absorb carbon.

We have started to develop measures of this kind through our investment in a project to promote regenerative practices in India in conjunction with Action Social Advancement (ASA), Laudes Foundation, IDH The Sustainable Trade Initiative and WWF India. This project aims to promote these practices in an area of 300,000 hectares in the states of Madhya Pradesh and Odisha (India).

b) Restore

Restoration actions are those aimed at returning a degraded natural area to its original state (or as close to it as possible). To help us in this connection, in 2022 we signed an agreement with WWF to carry out ecosystem restoration projects globally.

The first projects in the framework of this collaboration with WWF focus on the restoration of forests, such as those of Datça-Bozburun in Türkiye and the Holm oak forest of the Cratere degli Astroni Reserve in Italy, which were affected by forest fires; and the conservation of the Dadia forest in Greece, a key site for the continent's birds of prey.

Beyond forests, and in recognition of the key importance of other types of ecosystems, the proceeds will also be used to restore river basins and freshwater ecosystems. The projects identified so far are located in North Africa—the Sebu basin in Morocco or the Guerbes-Sanhadja plains in Tunisia and Algeria—and in the Mekong Delta in Vietnam, affected by intensive rice cultivation, the degradation of which causes a significant loss of biodiversity and endangers the well-being and livelihoods of local communities.

Restoration and protection actions will also be undertaken in ecosystems that provide habitat for endangered wildlife, such as the Gran Chaco tropical forest and Pantanal wetlands, which span territories between Argentina, Brazil, Bolivia and Paraguay, in Mexico, where WWF teams work with local organisations to conserve Monarch butterfly and jaguar habitats, and in the Taihang-Yan Mountains and the Amur-Heilong region of northern and north-eastern China, inhabited by the leopard and by the Amur tiger respectively.

Inditex also followed with profound concern the devastating wildfires in the summer of 2022 and is in the process of defining an intervention plan in Galicia, one of Spain's regions most blighted by fire. This work is in addition to its ongoing efforts to promote sustainable forestry models that increase incentives towards better forest management, a line of action that began in 2018 with the Pico Sacro demonstration forest project. This line was reinforced in 2022 with the extension to other demonstration forests in areas of Galicia, in collaboration with the Galician Forestry Association, and in Portugal with Forestis, and together with WWF in Castilla-La Mancha to promote sustainable forest management in a territory that accounts for 13% of the forest mass in Spain.

5.5.3.4. Transform

Our actions to help transform the sector include:

/ Inditex joined the call within the "Business for Nature" initiative to require countries to introduce regulations that make estimating and reporting large companies' and financial institutions' impacts on nature mandatory as part of the new Post-2020 Global Biodiversity Framework.

/ In 2022, we signed up to the Arctic Corporate Shipping Pledge, an Ocean Conservancy initiative that encourages major logistics operators and global brands to undertake to avoid shipping routes through the Arctic, encouraging the application of the precautionary principle because of the potential impact on this unique ecosystem.

/ In addition to our efforts to protect forests, in 2021 we joined the LEAF Coalition, a public-private initiative coordinated by Emergent that seeks to transfer economic incentives to tropical and subtropical countries to curb deforestation in their territories, and thereby to avoid the resulting GHG emissions and with them the loss of biodiversity. In 2022 we confirmed the beneficiary countries—Costa Rica, Ecuador and Nepal in our case—opting for a contribution aimed exclusively at recognising these countries' efforts to avoid deforestation in their territories, and their progress towards climate mitigation, as they have proven that the actions they have implemented have worked.

/ We remain committed to joint action in the textile sector through our involvement in The Fashion Pact, a sector-wide initiative in which the protection of biodiversity, is one of the main axes, along with climate action and the prevention of microplastic ocean pollution.

5.5.4. Our approach to waste

GRI 3-3; 304-2; 306-1; 306-2; 306-3; 306-4; 306-5

Day to day, we pay special attention to the materials we generate in carrying out our activity. Accordingly, we run a number of projects to facilitate the recovery, reuse and subsequent recycling of these materials, turning them into resources that can continue to be used and maximising their value.

Zero Waste Programme

Within the framework of our Zero Waste programme, we have a multidisciplinary team focused on addressing the proper management of the materials we use in our facilities: containers, packaging and other items. Our commitment is that, by 2023 the waste generated at our corporate headquarters, logistics centres, own factories and own stores is properly collected and managed so as to be available resources for a new use by means of reusing or recycling.

Not only does this challenge involve properly sorting the various materials for treatment and subsequent recycling, but also presents an opportunity to rethink our processes so that we avoid generating waste in the first place and instead maximise the use of those resources in our design, logistics, store and end-of-life operations.

ⓘ More information about our programmes on the removal of unnecessary materials, packaging and our Green to Pack programme in section *5.3.4. Use and end of life of products* of this Report.

Our stores have a waste management system in place and the vast majority already meet our internal Zero Waste criteria. We continue to work to achieve our 2023 target.

Generation of waste

Waste generation at our facilities (headquarters, logistics centres and factories) is presented below[40]:

[40] This data does not include waste generated in our own stores as this information is not available at the required level of detail in the Company's systems. We have several projects underway to report this information in future years.

Type of waste	2022 (KG)	2022 (%)	2021 (KG)	2021 (%)	2020 (KG)	2020 (%)	2019 (KG)	2019 (%)
Cardboard and paper	13,713,321	66%	13,248,191	65%	10,974,962	59%	14,662,698	63%
Wood	2,773,840	13%	2,982,115	15%	3,438,309	19%	3,769,554	16%
Other non-hazardous waste	2,951,460	14%	2,891,811	14%	2,771,796	15%	3,182,099	14%
Plastic	680,725	3%	831,837	4%	863,627	5%	892,516	4%
Textile waste	245,018	1%	252,831	1%	302,785	2%	498,217	2%
Metal	232,293	1%	159,204	1%	67,747	0%	267,715	1%
Hazardous waste	35,623	0%	31,428	0%	58,813	0%	78,479	0%
Total	**20,632,280**	**100%**	**20,397,417**	**100%**	**18,478,038**	**100%**	**23,351,279**	**100%**

The destination of this waste was as follows, according to its treatment[1]

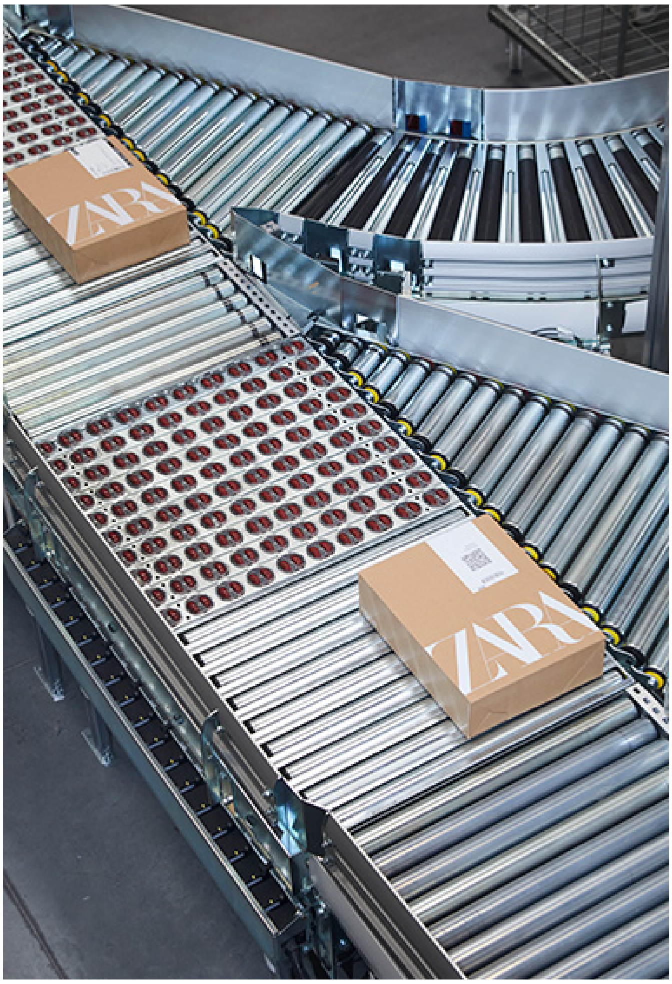
Non-hazardous waste destination	2022 (KG)	2022 (%)	2021 (KG)	2021 (%)
Diverted from disposal	**18,811,731**	**91%**	**18,691,531**	**92%**
Recycling	18,607,803	90%	18,256,653	90%
Preparation for reuse	203,928	1%	434,878	2%
Directed to disposal	**1,784,926**	**9%**	**1,674,458**	**8%**
Landfilling	1,600,519	8%	1,343,862	6%
Incineration (with energy recovery)	184,407	1%	330,596	2%
Total	**20,596,657**	**100%**	**20,365,989**	**100%**

1. With the update of GRI 306: Waste 2020 standard, the requirements on the detailed reporting of what happens to waste have changed with respect to the previous requirements set out in the 2016 edition of GRI 306. Due to the change, historical data are only available with the level of detail previously required.

Non-hazardous waste destination	2020 (KG)	2020 (%)	2019 (KG)	2019 (%)
Recycling	16,582,699	90%	20,903,595	90%
Energy recovery	238,426	1%	321,323	1%
Landfill	1,598,100	9%	2,047,882	9%
Total	**18,419,226**	**100%**	**23,272,800**	**100%**

Hazardous waste destination	2022 (KG)	2022 (%)	2021 (KG)	2021 (%)
Diverted from disposal	**26,141**	**73%**	**25,229**	**80%**
Recycling	24,531	69%	25,229	80%
Preparation for reuse	1,610	5%	0	0%
Directed to disposal	**9,482**	**27%**	**6,199**	**20%**
Landfilling	7,610	21%	4,864	16%
Other disposal operations	1,807	5%	400	1%
Incineration (with energy recovery)	0	0%	935	3%
Incineration (without energy recovery)	65	0%	0	0%
Total	**35,623**	**100%**	**31,428**	**100%**

Hazardous waste destination	2020 (KG)	2020 (%)	2019 (KG)	2019 (%)
Recycling	48,547	82%	71,613	91%
Energy recovery	976	2%	1,329	2%
Landfill	9,290	16%	5,538	7%
Total	**58,813**	**100%**	**78,479**	**100%**



Furthermore, the packing materials that accompany our products (bags, labels and protective items) are managed by the Integrated Packaging Management Systems available in the markets where we operate. Our brands collaborate with these managers in the collection and management of this packing. Our Green to Pack programme aims to optimise the use of these elements, to extend their useful life and enhance their recyclability.

ⓘ More information in section *5.3.4. Use and end of life* of this Report.

The waste reduction programmes also cover the canteen service at our headquarters. We promote the use of cups, glasses and glass bottles that avoid the use of single-use plastics, as well as various actions against wasting food and to encourage the proper separation of food waste.

5.6. Suppliers

GRI 2-6; 3-3

Related material topics: Stakeholder engagement; Value chain transparency and traceability; Responsible purchasing practices; Innovation; Human rights; Socially-sustainable production environments; Environmental footprint minimisation.

5.6.1. Supply chain management

GRI 2-4; 2-6; 2-24; 3-3; 303-2; 305-6; 308-1; 308-2; 407-1; 408-1; 409-1; 413-2; 414-1; 414-2; AF3; AF6; AF8; AF9; AF10; AF11; AF12; AF13; AF14; AF15; AF16; AF17; AF18; AF19; AF20; AF24

An agile and flexible supply chain, which allows us to respond to our customers' demands and meet the highest social and environmental standards, is one of the key aspects of our business model. In 2022, we worked with a total of 1,729 direct suppliers[41] located in 50 markets who, in turn, used 8,271 factories[42] to make our products, employing more than three million people (1,790 suppliers, 44 markets and 8,756 factories in 2021; 1,805 suppliers, 50 markets and 8,543 factories in 2020; and 1,985 suppliers, 51 markets and 8,155 factories in 2019)[43].

One of the hallmarks of our model is proximity manufacturing, which allows us to be more agile in our response to the market. In 2022, 49% of the factories that made our garments[44] were located in countries such as Spain, Portugal, Morocco or Türkiye.

The supply chain at Inditex in 2022

Suppliers with purchase in 2022

European Union
332 suppliers
1,591 factories

Europe outside the EU
230 suppliers
1,736 factories

Americas
11 suppliers
39 factories

Asia
955 suppliers
4,458 factories

Africa
201 suppliers
447 factories

Factories declared by suppliers in 2022

3,200
Spinning, weaving, and other raw material processes

106
Cutting

4,023
Sewing

165
Dyeing and washing

200
Printing

263
Finishing

314
Non-textile products

[41] Suppliers of fashion articles with a production of over 20,000 units/year in the 2022 spring/summer and autumn/winter campaigns. Suppliers with lower productions account for 0.22% of total production.
[42] Factories declared by the suppliers in the manufacturer's management system for 2022 orders.
[43] The data published in 2018 are not comparable with those in 2021, 2020 and 2019 due to the extended scope in the 2019 report on the number of suppliers and manufacturers.
[44] It includes cutting, sewing, dyeing and washing, printing and finishes factories.

The supply chain at Inditex in 2022

	Suppliers with purchase in 2022	New suppliers in 2022	Unused suppliers in 2022	Suppliers with purchase in 2021
Africa	201	30	23	194
Americas	11	0	1	12
Asia	955	156	179	978
Europe outside the EU	230	39	32	223
European Union	332	37	88	383
Total	**1,729**	**262**	**323**	**1,790**

We see the relationship with our suppliers as a process of continuous support and accompaniment. In this regard, our supplier clusters are a key tool for developing our sustainability strategy, as they act as spaces for dialogue and cooperation with the main industry players, such as trade unions, employers associations, administrations and NGOs, among others. We have twelve clusters in Spain, Portugal, Morocco, Türkiye, Brazil, Argentina, India, Pakistan, Bangladesh, China, Cambodia and Vietnam, manufacturing areas where 98% of our production was concentrated in 2022.

In keeping with this commitment to stakeholder engagement, we share the complete and updated list of our manufacturers and their compliance with our policies with the international trade union federation IndustriALL Global Union, as part of our Global Framework Agreement. In addition, we provide IndustriALL and its local affiliates with access to all the factories in our supply chain.

We also provide relevant information from our supply chain to organisations such as the International Labour Organization (ILO) in countries where we participate in the Better Work programme, ZDHC or IPE China with whom we share environmental information, as well as NGOs, investors and indices.

ⓘ More information in the document *Partnerships* available on Inditex's corporate website.

It is also important to underscore our commitment to maintaining a constant flow of communication with our customers on any issues related to our garments. In this regard, in 2022 we responded to 1,309 requests for information related to the manufacture of our products, our sustainability policies or the raw materials used.

5.6.1.1. Main standards, policies and principles on which our supply chain management is based

The main framework governing the relationship with all our suppliers is our **Code of Conduct for Manufacturers and Suppliers** (approved in 2001, updated most recently in 2014 and available on our corporate website). This document establishes the mandatory standards in matters of labour rights, product health and safety and environmental aspects.

To ensure that it is always fully aligned with best practices, Inditex has envisioned the Code of Conduct as a dynamic document subject to periodic review to ensure that its validity remains. Its conceptual framework is based on Organisation for Economic Cooperation and Development (OECD) principles, the Ethical Trading Initiative Base Code, the United Nations Global Compact principles and, among others, the following International Labour Organization (ILO) conventions: 1, 14, 26, 29, 79, 87, 98, 100, 105, 111, 131, 135, 138, 142, 155, 164 and 182.

Furthermore, in order to reduce the environmental impact of our supply chain, at Inditex we have our own Green to Wear standard, which is mainly applicable to factories that carry out wet processes. The application of this standard is also aimed at improving items' health and safety aspects, while promoting best practices. To achieve this, Green to Wear **includes aspects such as sustainable and efficient management of raw materials, water, technology and processes, chemicals, waste and wastewater**.

Any manufacturer or supplier wishing to form part of the Inditex supply chain must comply with the Code of Conduct for Manufacturers and Suppliers (hereinafter CCMS or Code of Conduct), with the Green to Wear standard, if applicable, and with our traceability requirements. Non-compliance, which is verified through frequent and periodic audits, may result in the termination of the business relationship.

For our part, we are committed to implementing responsible purchasing practices, which guide the way our buyers and product teams interact and negotiate with suppliers. These practices cover strategic planning, sourcing, development, purchasing and the underlying values and principles that affect workers, thus facilitating living wages and better working conditions as well as sustainable development in the garment, textile and footwear sector. In this regard, our participation in the ACT (Action, Collaboration, Transformation) initiative is crucial.

ⓘ More information in section 5.6.2. Workers at the Centre of this Report.

5.6.1.2.Traceability of the supply chain

At Inditex, we see traceability as **our ability to identify and trace the history, application, location and distribution of products, parts and materials,** in keeping with Recommendation No. 46 of the **United Nations Economic Commission for Europe[45].** Accordingly, we have traceability management and assessment programmes.

We are also working on deepening the traceability of raw materials, as achieving full traceability of our entire supply chain - including this phase - is one of the challenges facing our industry.

In 2022, we went a step further in the responsible management of our entire supply chain by introducing new traceability provisions, increasing the level of detail of the minimum requirements for our suppliers, already included in the Code of Conduct. Thus, these provisions state that our suppliers must:

/ Know their supply chain and work exclusively with manufacturers and intermediaries previously assessed and authorised by Inditex and which comply with all our Sustainability standards.

/ Notify of all the facilities and intermediaries involved in each of the productive processes, from fibre or yarn to the finished garment for each order, including both their own facilities and those contracted by themselves or by third parties. In 2022, we furthered our knowledge of their origin by working together with our suppliers.

/ Provide proof of the use of preferred raw materials[46] by means of documentation certifying their origin, including facility certification as required.

To ensure the understanding and proper application of these new requirements, over the past year we have conducted face-to-face training for more than 1,300 suppliers in 35 countries.

We strive to make it easier for suppliers to apply our requirements. For this reason, in 2022 we have continued to roll out our i-Trust management system, to help suppliers reflect the reality of their supply chain in a flexible, user-friendly and simple way.

Assessment systems

At Inditex we verify compliance with our traceability requirements by means of various control mechanisms.

Specifically, **designation control checks** are used to verify that suppliers have declared their supply chain by the established deadline, while the **raw materials certificates are reviewed** in order to verify them.

These control systems are accompanied by **traceability audits** which verify the information provided by our suppliers in the traceability management system, confirming on site that the Group's production does in fact take place in duly declared and authorised factories. Verification is performed by unannounced visits to the factory's facilities, to check the production processes it can perform, the production in progress and the ones completed. The findings from the visit are compared with the information entered in the traceability tool, to prove both the processes and the units completed by the factory. Since September 2022, all audits are conducted through the In.Trace application, which gives auditors access to all the information linked to productions.

In 2022, **10,796 traceability audits** were conducted, revealing a total of 629 non-compliances.

	Traceability audits				
	2022	**2021**	**2020**	**2019**	**2018**
Africa	5,400	2,128	139	184	554
Americas	154	181	28	299	561
Asia	2,872	2,031	642	484	481
Europe outside the EU	1,283	1,111	385	258	733
European Union	1,087	668	148	171	217
Total	**10,796**	**6,119**	**1,342**	**1,396**	**2,546**

Based on the results obtained through this assessment system, we classify our suppliers into three categories on the basis of their non-compliance with traceability requirements and their recurrence of non-compliance:

		Suppliers in 2022
Approved	The supplier controls the traceability of its production and can therefore continue to form part of the Inditex supply chain.	975
Under monitoring	The level of compliance with traceability requirements is not adequate for Inditex and in order to continue working together the supplier must adhere to an improvement programme and successfully pass it.	403
Not approved	The supplier does not control the traceability of its productions and, therefore, is not suitable to work with Inditex, so it is blocked and cannot be used for our productions.	7

5.6.1.3. Monitoring, assessment and continuous improvement

Our long-standing relationship with our suppliers is based on a process of accompaniment, assessment and improvement that begins even before they work with us. In total, 12,152 supplier and manufacturer audits were carried out during the year, following which, where non-compliances were detected, Corrective Action Plans were developed. To carry out this verification, in addition to our own teams, we work with a total of 990 external auditors[47], of whom 679 were trained this year.

[45] Recommendation No. 46 of the United Nations Economic Commission for Europe: Enhancing traceability and transparency of sustainable value chains in the garment and footwear sector.
[46] It includes preferred raw materials according to the classification established by benchmark organisations such as Textile Exchange.
[47] Includes auditors that conducted social, environmental, pre-assessment, environmental pre-assessment, traceability, and special audits in 2022. The auditors are specialised in accordance with the scope of the audit.

Pre-Assessment

So as to ensure that only those that meet our social and environmental standards belong to our supply chain, we carry out an initial verification of compliance with our requirements by all new suppliers and manufacturers, through pre-assessment audits before they even commence their business relationship with us. In this pre-assessment process, we check that they adhere to our Code of Conduct and only those that are ranked as approved may receive orders from Inditex.

It should be noted that all suppliers, in order to be part of our supply chain, must first accept all the IMRs (Inditex Minimum Requirements) that apply to them. The IMRs are made up of a series of documents (such as the Code of Conduct for Manufacturers and Suppliers, the Policy on Human Rights or the Traceability Requirements for Suppliers and Manufacturers) where the social, environmental and product health and safety standards, among others, with which our suppliers and manufacturers must comply, are set out.

In 2022, 2,075 **pre-assessment audits** were carried out (2,397, 3,062, 2,789 and 2,177; in 2021, 2020, 2019 and 2018, respectively). Of these, 2,040 were performed by external auditors.

Pre-assessment audits in 2022		
	Pre-assessment audits	**Approved %**
Africa	97	86%
Americas	16	88%
Asia	1,438	73%
Europe outside the EU	245	66%
European Union	279	82%
Total	**2,075**	**74%**

Environmental pre-assessment

In October 2022, we launched an environmental pre-assessment. This is a remote assessment carried out by external auditors, which is performed on the new facilities in our supply chain that are subject to the Green to Wear standard once they have passed the pre-assessment and prior to the environmental audits, in order to ensure that they meet our requirements. Since its launch until the end of the reporting period, 56 such evaluations have been carried out.

As a result of the audit, the facilities are classified as being approved or not approved. Those classified as not approved are blocked, so they may not receive orders from Inditex.

Social audits

Once a factory passes the pre-assessment, **social audits are conducted periodically and regularly** at each supplier and factory in our supply chain to verify compliance with the Code of Conduct.

In 2022, a total of 5,955 social audits[48] were performed on factories in our supply chain in line with Inditex's own methodology. These audits can be carried out by internal or external auditors, but are always unannounced and include a site visit to assess aspects such as wage rates, working hours, health and safety conditions, among other requirements pertaining to the Code of Conduct.

Social audits					
	2022	**2021**	**2020**	**2019**	**2018**
Africa	390	244	197	406	380
Americas	35	63	14	19	55
Asia	3,058	3,139	3,259	3,020	2,473
Europe outside the EU	1,177	1,326	1,074	1,660	1,241
European Union	1,295	1,068	1,145	1,306	1,210
Total	**5,955**	**5,840**	**5,689**	**6,411**	**5,359**

In addition to our own methodology, verifications are also carried out following the methodology of the Social & Labour Convergence Program (SLCP) initiative, of which Inditex has been a member since its inception. This initiative aims to iron out audit fatigue in global supply chains by replacing the need for brand-specific audits, with the ultimate goal of improving conditions for workers. The process consists of a self-assessment performed by the factory itself, which is verified by a third party authorised by SLCP. This verification is then shared among the various stakeholders.

In 2022, 1,400 assessments to factories of our supply chain were performed were performed in **China, Bangladesh, Türkiye, Pakistan, Vietnam and India** following SLCP methodology. Thanks to the efforts internally devoted on the technological sphere, which allow us an integration of our systems and the SLCP Gateway, 882 have been successfully integrated at Inditex systems and therefore substitute the audits performed with our own methodology. Therefore, in addition to those carried out using our own methodology, a total of 6,837 social audits were conducted at factories in our supply chain.

Furthermore, this year social audits were also performed, in accordance with our own methodology, at more than 70 external logistics centres with which we work.

Based on the social audits, suppliers and manufacturers are rated in accordance with their degree of compliance with the Code of Conduct. In 2022, the active suppliers were classified as follows:

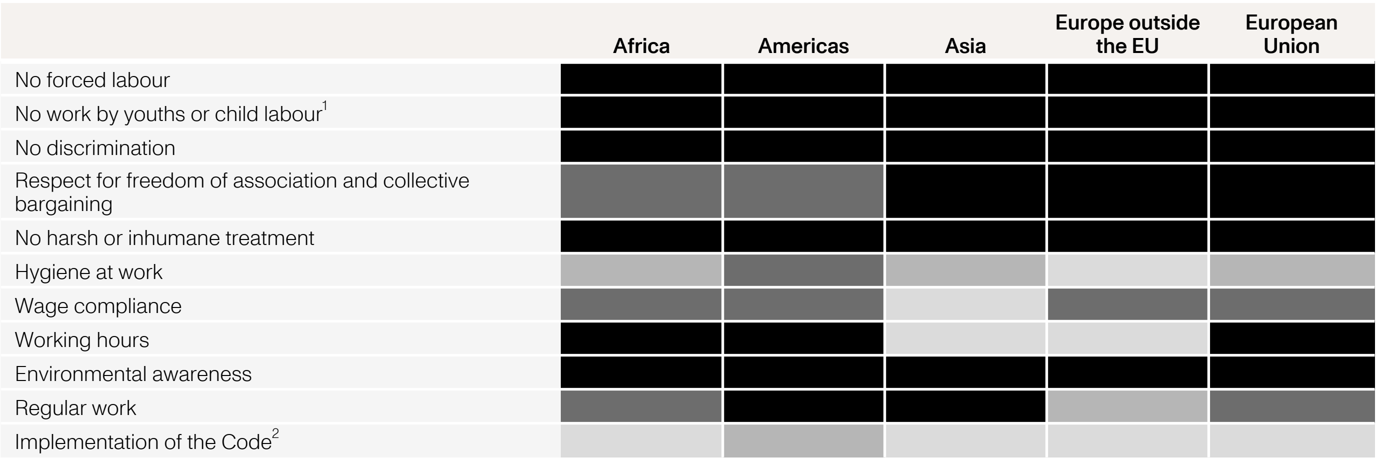
[48] A company may receive more than one social audit during a fiscal year. Each audit carried out is considered when accounting for audits.

	2022		2021		2020		2019		2018	
Classification	**Number of suppliers**[1]	**Percentage**	**Number of suppliers**	**Percentage**	**Number of suppliers**	**Percentage**	**Number of suppliers**	**Percentage**	**Number of suppliers**	**Percentage**
A	650	38%	653	37%	575	32%	784	40%	661	35%
B	1,018	59%	1,077	60%	1,152	64%	1,051	53%	1,045	56%
C	10	1%	18	1%	27	2%	44	2%	80	4%
Subject to CAP	30	2%	23	1%	24	1%	38	2%	47	3%
PR	21	1%	19	1%	27	1%	68	3%	33	2%
Total	**1,729**	**100%**	**1,790**	**100%**	**1,805**	**100%**	**1,985**	**100%**	**1,866**	**100%**

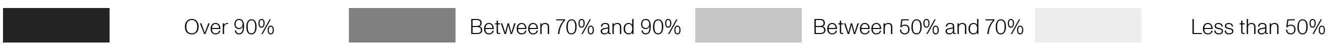
1. It includes suppliers with more than 20,000 purchase units in the 2022 spring/summer and autumn/winter campaign. Suppliers with purchase of less than 20,000 units represent 0.22%.

Social classification	**Audit results**
A	Complies with the CCMS
B	Does not comply with some non-relevant aspect of the CCMS
C	Does not comply with some sensitive, but inconclusive aspect of the CCMS
Subjet to CAP	Breaches of the CCMS triggering the immediate implementation of a corrective action plan
PR	Undergoing an auditing process

Percentage of compliance with the Code of Conduct in the active factories[49] of suppliers with purchases in 2022:

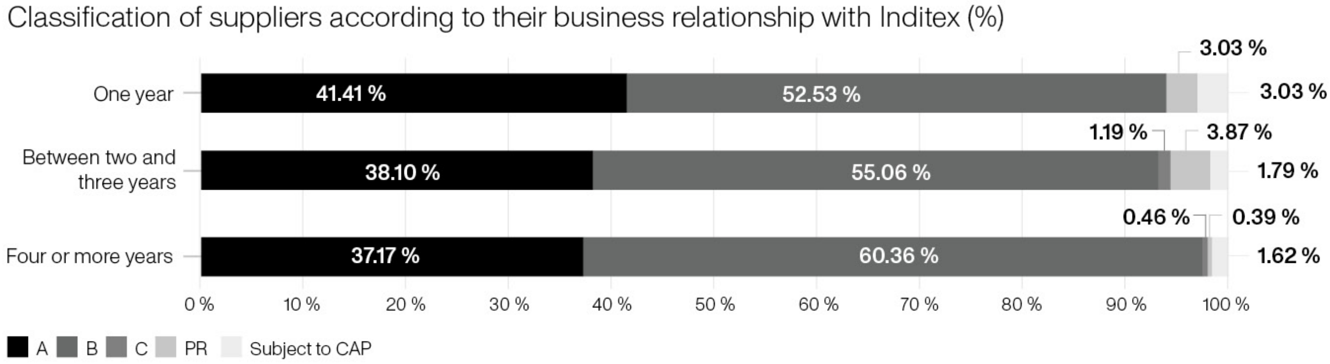


1. Includes the lack of suitable systems for verifying the age of workers.
2. Includes the lack of suitable systems for registering and communicating with workers.



Our ongoing work with suppliers is evidenced by the way their classification improves the longer their commercial relationship with Inditex.

Classification of suppliers according to their business relationship with Inditex (%)



[49] Factories blocked in 2022 not included.

Environmental audits

Compliance with our Green to Wear standard, which applies to facilities that mainly carry out wet processes, is regularly verified through environmental audits. This kind of audit is **performed by independent external auditors** during pre-announced visits which include a review of the documentation, and unannounced analyses of wastewater, where applicable. We share the results of these water analyses with the rest of our industry as part of our collaboration with ZDHC.

In 2022, 2,065 environmental audits were carried out[50].

	2022	2021	2020
Africa	75	67	26
Americas	6	4	1
Asia	1,225	936	670
Europe outside the EU	442	441	237
European Union	317	265	189
Total	**2,065**	**1,713**	**1,123**

In 2022, 78% of suppliers who are within the scope of the Green to Wear standard were classified as A or B, the highest scores as per Inditex's proprietary methodology.

Special audits

To assess compliance with specific aspects, we carry out special audits, which can be performed by external or internal auditors. 1,045 special audits were performed in 2022.

Special audits					
	2022	**2021**	**2020**	**2019**	**2018**
Africa	117	91	36	57	130
Americas	41	5	2	112	132
Asia	795	1,066	673	1,117	1,398
Europe outside the EU	51	233	43	236	201
European Union	41	13	27	97	121
Total	**1,045**	**1,408**	**781**	**1,619**	**1,982**

In this category, structural technical assessments are performed of the facilities, the workers' labour conditions are verified solely from a health and safety perspective, or follow-up visits are made to monitor Corrective Action Plans that are developed when a breach of our codes and/or standards is detected.

Specifically, in 2022, 424 of these visits were thematically focused on monitoring compliance with the Code of Conduct, 540 on the implementation of Workers at the Centre programmes and 81 on verification of the application of the Inditex audit methodology.

Continuous improvement

At Inditex, we believe in continuous improvement as a key to advancing towards our goals and strategies. Sustainable management of the supply chain is also consistent with this philosophy. One of Inditex's main tools for this purpose is the **Corrective Action Plan (CAP)**, in which our teams support and collaborate with suppliers to correct and prevent non-compliances. These plans can be devised by Inditex teams alone or in collaboration with other NGOs. In the most sensitive cases—classified as being 'subject to CAP'—the plan lasts approximately six months

/ Social CAPs: in 2022, 487 Corrective Action Plans were conducted. 292 of these plans were carried out in factories with a 'Subject to CAP' rating, and 195 in factories with other ratings (570 plans in 2021: 294 were carried out in factories with a 'Subject to CAP' rating, and 276 in factories with other ratings and 715 plans in 2020: 303 of these plans were carried out in factories with a 'Subject to CAP' rating, and 412 in factories with other ratings)[51].

/ Environmental CAPs: in 2022, 547 Corrective Action Plans were conducted. 122 of these plans were carried out in factories with a 'Subject to CAP' rating, and 425 in factories with other ratings (583 plans in 2021: 171 were carried out in factories with a 'Subject to CAP' rating, and 412 in factories with other ratings and 490 plans in 2020: 132 of these plans were carried out in factories with a 'Subject to CAP' rating, and 358 in factories with other ratings)[52].

At Inditex we believe that responsible purchasing management implies accompanying our suppliers in improving their social and environmental performance. However, our commitment to compliance with our standards entails a zero tolerance policy with those who do not show a willingness to improve, so that if, once the plan has been completed, the verification audit still reveals serious non-compliance, the factory or supplier will be blocked and will not be able to continue working for Inditex.

In 2022, 41 suppliers were ruled out for non-compliances linked to our Code of Conduct or other sustainability requirements, both social and environmental (16, 23, 25 and 26 in 2021, 2020, 2019 and 2018, respectively).

[50] The number of environmental audits conducted in 2019 and 2018 is not included, since due to the update of the Green to Wear 2.0 standard in 2020 and the consolidation of the previous Green to Wear and Ready to Manufacture standards therein, the number of audits reported in previous years is not comparable.
[51] In 2019 and 2018, only Corrective Action Plans of a social nature implemented in factories or suppliers Subject to CAP were reported (400 and 417 in 2019 and 2018, respectively).
[52] 136 and 135 total Corrective Action Plans in 2019 and 2018, respectively.

	Suppliers with purchase in 2022[1]	Rejected due to a breach of the Code of Conduct	Rejected for commercial reasons	Active suppliers at 31/01/2023
Africa	201	2	4	195
Americas	11	0	0	11
Asia	955	13	2	940
Europe outside the EU	230	22	0	208
European Union	332	4	0	328
Total	**1,729**	**41**	**6**	**1,682**

1. Suppliers of fashion items with a production of over 20,000 units in the 2022 spring/summer and autumn/winter campaigns. Suppliers with lower productions account for 0.22% of total production.

The Corrective Action Plans are complemented by different plans and projects for improvement and support to suppliers and manufacturers, such as the the programmes developed within the framework of our Worker in the Centre strategy. In addition, in 2022 we have launched a Collaboration Environmental Improvement and Supply Chain Transformation Programme, with a special focus on water, waste, chemical management and energy, involving 208 facilities.

ⓘ More information in sections *5.5.1 Our approach to energy management and emissions reduction* and *5.5.2 Our approach to water management* of this Report.

ⓘ More information in the document *Supply chain: management to transform the sector*, available on Inditex's corporate website.

Innovation in production processes

At Inditex we are committed to transforming our industry, including using production processes with a lower impact on water and energy consumption. In this regard, we work with different organisations and companies from various sectors to develop innovative solutions that reduce impacts.

One of the year's highlights has been the joint development with the CHT Group of PIGMENTURA by CHT, an innovative dyeing solution that reduces water consumption by up to 96%.

This novel development is the initial result of the research partnership with CHT initiated in 2020. It is based on a pigment dye, which does not require washing and drying processes, reducing the water and energy needed to heat these processes. This can save up to 60% of energy compared to other, continuous dyeing technologies.

This new dyeing method is easy to implement due to its high reliability, as it significantly reduces the time and complexity of the process. Moreover, it can be implemented in all existing continuous dyeing installations without the need for investment and can even be applied to complex fibre blends, including recycled fabrics whose dyeing process tends to be more complex.

At the same time, we also work with BASF to implement and optimise the first industrial cold washing system, SOKALAN HP 56 A, which can meaningfully reduce water and energy consumption in "exhaust" dyeing systems.

5.6.2. Workers at the Centre

GRI 3-3; 413-1; 407-1; 403-6; 403-7; 403-8; AF1; AF2; AF3; AF24; AF27

ⓘ More information in the report *Workers at the Centre,* available on Inditex's corporate website.

Inditex has sound policies, tools and practices for sustainable supply chain management. Their implementation over the years has allowed us to identify workers' needs in the various geographical areas where we make our products and to develop a strategy that puts the "Worker at the Centre". The strategy is based on the respect and promotion of human rights and on the creation of social value in the community and industry.

ⓘ More information in section *5.6.1. Management of the supply chain* of this Report.

We work closely with stakeholders to address the shared challenges throughout the supply chain and we stand close to workers to understand their needs and provide them with the necessary tools for their empowerment, participation and well-being.

The strategy emerged from the ongoing analysis and assessment of our supply chain, and following a human rights due diligence process developed in partnership with Shift, a leader in the implementation of the UN Guiding Principles on Business and Human Rights.

It comprises seven **Priority Impact Areas** identified through a due diligence process. These areas are: Worker Participation; Living Wages; Gender, Diversity and Inclusion; Occupational Health and Safety; Protection of Migrants and Refugees; Social Protection; and Protection of Labour Rights in the Production of Raw Materials.

During the implementation of the strategy for each of the Priority Impact Areas, we have sought to deepen the impacts, understand the context and weave a network of partnerships, projects and interventions aimed at promoting systemic changes in the industry and across communities.

To achieve our purpose

We identify, assess and improve the working conditions of our entire supply chain

/ We cover 100% of the supply chain.

/ Suppliers subject to compliance with the Code of Conduct for Manufacturers and Suppliers and with our standards.

/ We have tools for assessment and continuous improvement.

We are a catalyst of change in the industry by promoting sustainability

/ Responding to workers' needs.

/ Tools for empowerment, engagement and well-being.

/ Partnerships with stakeholders.

/ More prosperous communities.

/ More sustainable industry in the long term.

Workers at the Centre

The Workers at the Centre 2019-2022 strategy is based on **respect for the Human Rights** of the workers in our supply chain.

Priority Impact Areas

Worker Participation
Developing and improving social dialogue to achieve mature industrial relations and to champion worker satisfaction.

Living wages
Facilitating that workers in the supply chain earn a living wage.

Gender, diversity and inclusion
Promoting that all the women in the supply chain benefit from the best conditions and opportunities, while fostering equality in a cross-cutting manner, and creating a diverse, safe and inclusive work environment.

Occupational health and safety
Guaranteeing that workers in the supply chain are protected against risks to their occupational health, safety, and well-being.

Protection of migrants and refugees
Ensuring that the rights of refugees and migrants are upheld and that a decent workplace is provided in factories, supporting cohesion.

Social protection
Enabling the well-being of happy and healthy workers in the supply chain.

Protection of labour rights in the production of raw materials
Promoting the human and labour rights of the workers in the supply chain of raw materials through proactive actions in terms of the workplace, the community, and industry.

Three elements

/ The worker
The workers in the supply chain **are placed in the centre as the main beneficiaries** of the strategies and programmes based on their empowerment and participation.

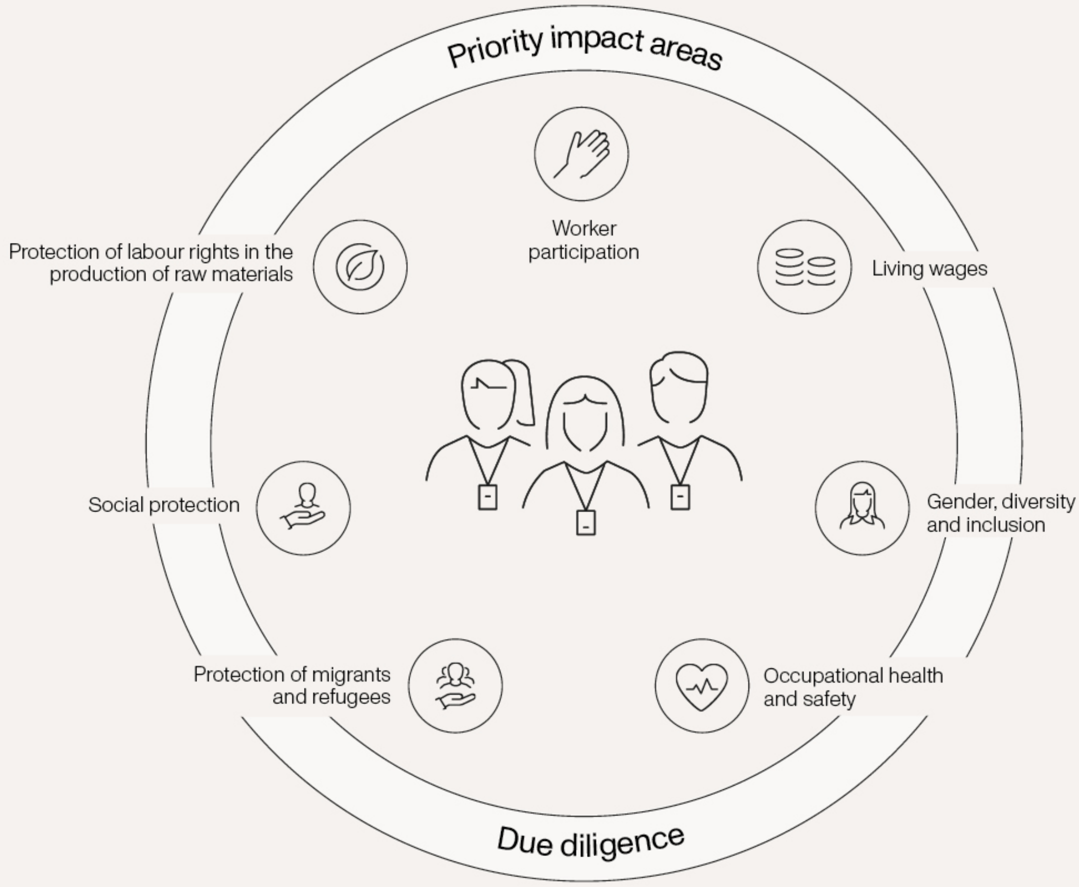
/ The dimensions

Workplace
We ensure that all the facilities in the supply chain meet the standards that guarantee respect for human and labour rights.

Well-being
Our goal is the development of the workers and their communities, in order to bring about a transformative social change.

Industry
We firmly believe that the solution to many of the challenges in the sector lies in joint commitment and collaboration of all the players in the industry.

/ Due diligence
This is an ongoing process, based on the **United Nations Guiding Principles on Business and Human Rights**, which has enabled us to identify seven priority impact areas (PIAs) in which we have established strategic action lines.



1,576,549
Workers
benefited by the strategy "Workers at the Centre" in 2022

1,770
Suppliers and factories
reached by the strategy "Workers at the Centre" in 2022

47
Projects
developed by the "Workers at the Centre" strategy in factories and/or communities in 2022

100%
Suppliers
covered by the strategy

36
Organisations
we collaborate with

2022 was the year of completion of the current cycle of the Workers at the Centre strategy. Over the last four years, we have worked in the development of tools, projects and partnerships to promote decent work and sustainable productive environments.

Since its initial implementation in 2019, its programmes and projects reached a total of 3,298 suppliers and manufacturers, benefiting 2,515,491 workers. In particular, in 2022 47 projects were carried out at 1,770 suppliers and manufacturers.

In 2023 we will launch our new strategy Workers at the Centre 2023-2025 under which framework we will continue working on the respect and promotion of human rights, broadening the ambition with the final aim of transforming workers' lives and the industry as a whole.

Key characteristics of the *Workers at the Centre* strategy

From compliance to commitment
In the journey towards socially sustainable supply chain management, embedded in our human rights strategy, we have gradually incorporated new elements over the years to strengthen the protection of supply chain workers' rights, evolving from a compliance-based model to the current strategy, which folds in the vision of transformation and impact.

Culture of collaboration
The challenges posed by a global supply chain are shared, so collaboration is required to have a leveraging and lasting impact. In particular, our sustainability goals for the supply chain are shared by suppliers, manufacturers, companies and brands, and other stakeholders such as NGOs, trade unions and local and international organisations.

Accordingly, at Inditex, we are firmly committed to collaboration, weaving networks of trust with our partners. We have teams in the main production markets, in direct contact with suppliers, workers, trade unions, NGOs, local and national authorities, international organisations and academic institutions, among others. This way of working at the local level is what we call '**clusters**'. In 2022, Inditex had 12 clusters in Spain, Portugal, Morocco, Türkiye, India, Bangladesh, Pakistan, Vietnam, China, Cambodia, Argentina and Brazil.

Furthermore, at Inditex we take an open and collaborative approach with a range of bodies and we actively participate in the industry's global initiatives as the driving force for transformation, always with the aim of that the sector adopts sustainable practices on a weadspread manner.

One of our most significant relationships is with the international trade union federation IndustriALL, with which Inditex signed a Global Framework Agreement in 2007 that has been periodically renewed since then. This agreement, which has commemorated its 15th anniversary this year, is one of our most valuable tools for promoting worker participation, the respect for freedom of association and collective bargaining.

We also work with international organisations such as the International Labour Organization (ILO) through public-private partnerships, the Better Work initiative, the United Nations Global Compact and the Ethical Trading Initiative.

Lastly, we highlight the importance of our collaboration with **other brands** through various initiatives, such as ACT (Action, Collaboration, Transformation), which works to achieve living wages in the supply chain through responsible purchasing practices and collective bargaining.

Integration in the business model
At Inditex, we see sustainability as a **way of acting,** and as such it permeates the entire business model and each of the areas that develop it.

In particular, the involvement of the buying teams is essential. Among others, we have developed management systems that allow all our buying teams to know the performance of each supplier, encouraging **responsible purchasing practices** that allow them to make sustainability-focused business decisions.

Supporting our suppliers
Raising awareness and training of our suppliers enables us to address supply chain challenges as a shared responsibility. Our buying and sustainability teams have a very close relationship with suppliers. A prime example is the continuous and specialised training on issues such as gender equality, freedom of association, living wages or health and safety. In 2022, we provided training programmes to 1,042 suppliers.

Worker participation

Worker participation

Goal
Developing and improving social dialogue to achieve mature industrial relations and champion worker satisfaction.

Strategy
/ Promoting the Global Framework Agreement with IndustriALL Global Union
/ Raising awareness on social dialogue and worker participation
/ Guaranteeing effective worker representation mechanisms

Related SDGs	Related human rights	Alliances and partnerships
	/ Freedom of association / Collective bargaining	/ ACT (Action, Collaboration, Transformation) / BetterWork / Ethical Trading Initiative / IndustriALL Global Union / University of Oxford / University of Toronto

2022 Key indicators
/ 334,684 benefited workers
/ 175 suppliers and factories involved
/ Bangladesh, Cambodia, Egypt, Indonesia, Morocco, Pakistan, Tunisia, Türkiye and Vietnam

Workers' satisfaction through their continuous empowerment, the encouragement of mature industrial relations and, therefore, the promotion of social dialogue, and the protection of the rights of freedom of association and collective bargaining throughout the Inditex manufacturing chain are the central axes on which our worker participation strategy hinges.

a) Promoting the Global Framework Agreement with IndustriALL Global Union

The Global Framework Agreement is the main tool for implementing our worker participation strategy. Since its signing in 2007, its development has revolved around respect for the rights of freedom of association and collective bargaining in our manufacturing chain, but also the empowerment of workers through various training activities and the transparent relationship between the two organisations, harnessing tools such as the Global Union Committee.

Projects implemented in 2022

/ Collaboration on the ground with IndustriALL and its local affiliates (in Bangladesh, Morocco, Tunisia and Türkiye)

b) Raising awareness on social dialogue and worker participation

Social dialogue is grounded on the ability of employers and workers to engage in a process of communication and interaction on any aspect that may be considered important. Thus, we encourage employee participation so as to understand their needs, preferences and expectations.

Projects implemented in 2022

/ Workers' preferences (Morocco)

c) Guaranteeing effective worker representation mechanisms

The effective promotion of social dialogue in our supply chain is based on the premise of ensuring effective representation mechanisms at both sector and work centre level. In this regard, we are actively engaged in initiatives such as ACT (Action, Collaboration, Transformation), the International Labour Organization (ILO) through its Better Work programme and the Ethical Trading Initiative (ETI).

Projects implemented in 2022

/ Better Work programme (Bangladesh, Cambodia, Egypt, Indonesia, Pakistan and Vietnam)

/ Social Dialogue and Gender Sensitive Workplace Programme (Bangladesh)

15th anniversary of the Global Framework Agreement with IndustriALL

The commemoration of the 15th anniversary of the Framework Agreement with IndustriALL Global Union marks an important milestone in the history of Inditex, with the commitment of both organisations to create a ground-breaking framework of collaboration that establishes respect for the rights of freedom of association and collective bargaining, and training of workers, their legitimate representatives and suppliers as the central core from which to develop an array of activities focused on the continuous improvement of working conditions in the Inditex production chain.

Since signing the Global Framework Agreement in 2007 and renewing it, first in 2014 and then 2019, we have been able to cement a set of principles based on transparency and worker empowerment, further strengthening the role played by IndustriALL Global Union affiliates in the various supplier markets. In this connection, a new protocol was signed on this 15th anniversary that fosters social dialogue by establishing new mechanisms that strengthen the role of local trade unions and advance towards a better understanding of supply chain workers' needs. A new procedure for access to work centres has also been devised, which aims to further the knowledge and monitoring of working conditions in the factories of the Inditex supply chain.

Living Wages

Living wages

Goal

Facilitating the workers in the Inditex supply chain earn a living wage.

Strategy

/ Promoting collective bargaining.
/ Responsible purchasing practices.
/ Improving the production organisation systems and methods.
/ Improving management systems and wage digitalisation.

Related SDGs	Related human rights	Alliances and partnerships
	/ Fair and favourable working conditions / Non-discrimination / Adequate standard of living / Education / Health / Life / Collective bargaining / Property	/ ACT (Action, Collaboration, Transformation) / Better than Cash Alliance / BSR (Business for Social Responsibility) / East China University of Political Science and Law (ECUPL) / IndustriALL Global Union / International Labour Organization / Universidade do Minho

2022 Key indicators

/ 98,903 benefited workers
/ 105 suppliers and factories involved
/ Bangladesh, China, Cambodia, Egypt, India, Pakistan, Portugal, Türkiye and Vietnam.

Our definition of living wages is fully aligned with that of the ACT initiative: 'A living wage is the minimum income necessary for a worker to meet the basic needs of himself/herself and his/her family, including some discretionary income. This should be earned during legal working hour limits (i.e. without overtime)'.

a) Promoting collective bargaining

Our strategy is based on the principle that living wages and, in general, decent working conditions are those that result from collective bargaining and collective agreements between employers and workers through their freely chosen representatives. This approach is also that of the ACT initiative, which provides a framework for all stakeholders to work towards securing collective bargaining agreements at industry level. This vision is further strengthened through our Global Framework Agreement with IndustriALL Global Union, which is one of the most effective instruments to implement our living wage strategy.

Projects implemented in 2022

/ Collaboration with ACT (Bangladesh, Cambodia and Türkiye)

b) Responsible purchasing practices

Responsible purchasing practices can help create an environment that is conducive to improving working conditions, wages and benefits for workers in the supply chain. Mindful of this, as ACT members since 2018 we have signed up to five commitments in relation to purchasing practices. To implement these commitments and help our buyer teams make responsible purchasing decisions, we train them to adopt best practices and we develop and provide them with management systems to measure the sustainability performance of each supplier and factory.

c) Enhancing the production organisation systems and methods

Honing skills and boosting productivity play a relevant role in improving workers' wages and benefits. Factories with better productivity are more flexible, not only to share the additional benefits with workers, but also to remain competitive in the industry and thus keep workers in their jobs, a crucial consideration from a living wage perspective.

Projects implemented in 2022

/ LEAN project (Bangladesh, China and Portugal)

/ SCORE programme (China)

d) Improving management systems and wage digitalisation

We conduct a process of monitoring and strengthening the wage management systems in the Inditex supply chain. This process includes promoting workers' access to digital payments and services and training them in the use of available technologies and services.

Projects implemented in 2022

/ Wage digitalisation capacity building (Vietnam)

/ HERfinance – digital payments (Cambodia, China, Egypt, India and Vietnam)

/ Wage analysis (Bangladesh, China, India and Pakistan)

Gender, diversity and inclusion

Gender, diversity and inclusion

Goal

Promoting that all the women in the supply chain benefit from the best conditions and opportunities, while fostering equality in a cross-cutting manner, and creating a diverse, safe and inclusive work environment.

Strategy

/ Health: Facilitating healthcare services, chiefly in maternity and reproductive health.

/ Protection: Promoting zero tolerance policies and practices of prevention and management of workplace harassment.

/ Empowerment: Involving female workers in programmes related to finance, leadership, and empowerment.

Related SDGs	Related human rights	Alliances and partnerships
3 Good health and well-being 5 Gender equality 8 Decent work and economic growth 17 Partnerships for the goals	/ Fair and favourable working conditions / Non-discrimination / Adequate standard of living / Education / Health / Life / Not being subject to degrading treatment / Not having to endure harassment / Equal pay / Freedom of movement / Freedom and security of the person / Engagement in public life / Rights of employees with disabilities / Reproductive rights	/ Anne Cocuk Egitim Vakfi (ACEV) / Associação Plano i / BSR (Business for Social Responsibility) / Casal dels infants / International Center for Research on Women (ICRW) / Medicus Mundi Sur / St Johns Medical College

2022 Key indicators

/ 189,958 benefited workers

/ 86 suppliers and factories involved

/ Bangladesh, India, Morocco, Pakistan, Portugal, Sri Lanka, Türkiye and Vietnam

By means of this strategy, we have developed a gender-sensitive framework which is embodied in partnerships, actions and projects to promote gender equality. We also develop work areas for the inclusion of other groups, such as the LGBT+ community.

a) Health: facilitating healthcare services, chiefly in maternity and reproductive health
At Inditex we advocate improved access to health care for women, as well as family planning and maternal health. By maintaining an active presence across our supply chain, we have successfully brought these measures to a large number of women who would otherwise have had difficulties accessing products and services.

Projects implemented in 2022

/ Medicus Mundi Health (Morocco)
/ Sakhi Health (India)
/ Sakhi Menstrual Rights (India and Sri Lanka)
/ HERhealth (Vietnam)

b) Protection: Promoting zero tolerance policies and practices for the prevention and management of workplace harassment
Preventing and managing harassment, abuse and violence when it does occur, and implementing zero tolerance policies towards these conducts, is a part of the human rights strategy we advocate at Inditex. In this regard, in addition to being alert to any such practices in our regular audits and visits to factories in the supply chain, we also use various activities, projects and training to foster the development and implementation of zero tolerance policies on workplace and sexual harassment, as well as prevention practices.

Projects implemented in 2022

/ Medicus Mundi Protection (Morocco)
/ HERrespect (Bangladesh)
/ LGBTI+ Awareness (Portugal)

c) Empowerment: involving female workers in programmes related to finance, leadership, and empowerment
Although women are a key part of supply chains, they are still under-represented in highly-skilled or supervisory posts. Hence, we aim to provide access to the necessary tools to enable women to actively engage in the workplace, involving them in financial, leadership and empowerment programmes.

Projects implemented in 2022

/ Together Strong (Türkiye)
/ HERessentials (Pakistan)
/ Self-Diagnosis Tool (Global)
/ Work-life balance for working mothers (Morocco)

Occupational Health and Safety

Occupational health and safety

Goal

Guaranteeing that workers in the supply chain are protected against risks to their occupational health, safety, and well-being.

Strategy

/ Monitoring compliance with the Code of Conduct and applicable legislation.
/ Emergency preparedness and response.
/ Effective worker participation in occupational health and safety issues.
/ Implementing occupational health and safety management systems.

Related SDGs	Related human rights	Alliances and partnerships
	/ Fair and favourable working conditions / Education / Health / Life / Freedom of association	/ AKUT / International Accord For Health And Safety In The Textile And Garment Industry / RMG Sustainability Council (RSC) / Medicus Mundi Sur / St. Johns Medical College

2022 Key indicators

/ 683,532 benefited workers
/ 579 suppliers and factories involved
/ Bangladesh, China, India, Italy, Morocco, Pakistan, Türkiye and Vietnam

Protecting people through a firm commitment to safer and healthier working environments is essential to achieving decent and sustainable working conditions.

a) Monitoring compliance with the Code of Conduct and applicable legislation

Within this strategic line, we carry out projects and initiatives aimed at reinforcing the assessment, support and improvement of compliance with our Code of Conduct for Manufacturers and Suppliers and with applicable legislation. Furthermore, we refer to publications such as the ILO Code of Practice on Safety and Health in Textiles, Clothing, Leather and Footwear Industries, which serve as a guide to address the important issues and risks in this industry.

Projects implemented in 2022

/ Structural assessment, fire prevention and electrical safety (Bangladesh, Türkiye, India, Italy and China)

/ Monitoring compliance of Accord/RSC corrective action plans (Bangladesh)

/ Boiler safety (Morocco)

/ Occupational health and safety improvement plan (Global)

b) Emergency preparedness and response

We work with our suppliers to develop their emergency prevention, planning and response capabilities. Training for workers and, in particular, for those responsible for health and safety; assessment of manufacturers' and suppliers' facilities; and improvement plans to reduce the risk of accidents or emergencies are among the initiatives carried out in this regard.

Projects implemented in 2022

/ Structural, fire prevention and electrical safety using advanced diagnostics (India and Pakistan)

/ Training programme for emergency preparedness (Türkiye)

/ Training, assessment and improved response to emergency, electrical and fire risks (Pakistan)

c) Effective worker participation in occupational health and safety issues

Workers have a key role to play in improving health and safety in the workplace. Their effective involvement, through health and safety committees and other potential avenues, improves risk identification and assessment, risk monitoring and internal organisation, among other factors. This strategic line endeavours to ensure that both workers and their representatives are consulted, informed and trained in health and safety matters in all aspects relevant to their work.

Projects implemented in 2022

/ Support for Health and Safety Committees (Morocco)

/ Development and participation in the improvement of physical and mental health (Vietnam)

d) Implementing occupational health and safety management systems

In this strategic area, we carry out projects aimed at reinforcing the commitment of our suppliers and manufacturers to occupational health and safety and at equipping their organisational structure to establish management systems targeting continuous improvement.

Projects implemented in 2022

/ WISH: Workplace Improvement for Safety and Health (China)

/ HOPE: Health – Opportunity to Protect and Engage (India)

Expansion of the International Accord to include Pakistan

One of the main new developments in the International Accord for Health and Safety in the Textile and Garment Industry, signed in 2021, was the commitment to expand to other markets the lessons learned and achievements from prior agreements in the Bangladeshi textile industry. Over the course of 2022, Inditex has worked with the International Accord Secretariat, other signatory brands and with IndustriALL Global Union and UNI Global Union on feasibility studies with a view to expanding this agreement to other countries.

The Pakistan Accord began in January 2023, with a three-year implementation period to be phased in, with the support of government agencies and close collaboration between industry associations, trade unions and brands. As part of the implementation, work will be carried out to set up a national governing body for the accord. The accord will cover more than 500 factories in the provinces of Sindh and Punjab, where most of Pakistan's annual garment and textile exports are manufactured.

Protection of migrants and refugees

Protection of migrants and refugees

Goal

Ensuring that the rights of refugees and migrants are upheld and that a decent workplace is provided in factories, supporting cohesion.

Strategy

/ Remediation plans for refugees and migrants.
/ Fair employment and recruitment practices for migrants and refugees.
/ Reinforcing social and workplace cohesion.

Related SDGs	Related human rights	Alliances and partnerships
	/ Non-discrimination / Education / Life / Freedom of movement / Freedom of association / Ban on forced labour / Freedom of thought, conscience and religion / Privacy / Protection against violence / Medical Care / Freedom of opinion and expression / Property	/ Association for Solidarity with Asylum Seekers and Migrants (ASAM) / International Labour Organization (ILO) / Pratham / Refugee Support Centre (MUDEM) / Social Awareness and Voluntary Education (SAVE) / United Work

2022 Key indicators

/ 22,983 benefited workers
/ 81 suppliers and factories involved
/ India and Türkiye

Inditex provides special protection to all migrants, especially to refugees in Türkiye due to their extreme vulnerability as a result of the Syrian conflict, but also in countries such as India and China, where there is a high percentage of internal migration and workers face challenges such as lack of coverage by social protection systems or family disconnection. Against this backdrop, we aim to ensure that these people's rights are respected and that factories provide a decent workplace, supporting social cohesion.

a) Remediation plans for refugees and migrants

Wherever our assessments reveal the presence of migrant or refugee workers in any of the production facilities we work with, we examine the circumstances case by case to effectively evaluate their working and living conditions. With their needs in mind, we implement remediation plans in tandem with expert organisations, so as to support them and their families. These plans are especially important in Türkiye, where we have been working with the local organisation MUDEM to implement them since 2016.

Projects implemented in 2022

/ Remediation plans (Türkiye)
/ Sankalp (India)

b) Fair employment and recruitment practices for migrants and refugees

Establishing effective management systems to ensure that all workers, including migrants and refugees, are recruited fairly and benefit from decent working conditions is important to ensure the professional and personal well-being of migrants and refugees.

Projects implemented in 2022

/ Worker Support Centre (Türkiye)
/ Sowbhagyam (India)

c) Reinforcing social and workplace cohesion
We work on projects and partnerships that focus on building factory management's capacity to maintain harmonious relations; strengthen communication and interaction between refugees, migrants and host communities; and contribute positively to well-being. Thus, we aim to achieve greater social cohesion in the workplace and, as an indirect result, to extend this to local communities.

Projects implemented in 2022

/ Training project for migrant workers (Türkiye)

/ Workplace adaptation programme (Türkiye)

/ Towards an inclusive workplace for refugees (Türkiye)

Social Protection

Social Protection

Goal

Enabling the well-being of workers in the supply chain.

Strategy

/ Access to social protection and social benefits.
/ Alleviating poverty and preventing school drop-out.
/ Personal health and well-being.
/ Facilitating access to adequate nutrition and drinking water.

Related SDGs	Related human rights	Alliances and partnerships
	/ Adequate standard of living / Education / Health / Social protection	/ Alive & Thrive / Covid-19 Action in the Global Garment Industry / Network of Organizations Working for People with Disabilities Pakistan (NOWPDP) / International Labour Organization / Swasti

2022 Key indicators

/ 17,919 benefited workers
/ 15 suppliers and factories involved
/ Cambodia, China, India, Pakistan and Vietnam

Over the years, Inditex has actively advocated social protection as a means of improving the well-being of workers in our supply chain, taking part in initiatives and implementing projects in our main manufacturing markets in keeping with the local context.

a) Access to social protection and social benefits
We are engaged in ensuring access to adequate and sufficient social security coverage in the supply chain, regularly assessing the compliance levels of factories and suppliers and, where necessary, implementing and monitoring corrective action plans.

We also took part in the Covid-19: Action in the Global Garment Industry initiative, which emerged in 2020 as a joint response to the effects of Covid-19, and which calls "to work together to establish sustainable systems of social protection for a more just and resilient garment industry'.

Projects implemented in 2022

/ Review of the compliance programme to improve management systems in the area of social protection (Global)
/ Involvement in Covid-19: Action in the Global Garment Industry (Global)
/ PARVAAZ. Managing disability in the workplace (Pakistan)

b) Alleviating poverty and preventing school drop-out

The impact of this line of action extends to the families and communities of supply chain workers. For example, we have child labour remediation plans, but also important proactive endeavours to prevent school drop-out and raise awareness of children's rights. We also provide skills and tools to support communication between parents and children and, consequently, to improve families' well-being.

Projects implemented in 2022

/ Prevention of school dropout (Global)
/ Ending long-distance parenting for working parents (China)

c) Personal health and well-being

This specific, strategic line of work aims to promote well-being projects in which we team up with partners such as Swasti to create projects to benefit supply chain workers and the community. Collaboration with the occupational health and safety priority impact area allows for a more thorough design and implementation through a comprehensive approach to health.

Projects implemented in 2022

/ Happiness for all (India)

d) Facilitating access to adequate nutrition and drinking water

Access to safe drinking water and adequate nutrition are basic needs for workers, and are even more salient for certain vulnerable groups. Through our collaboration with Alive & Thrive, we advocate for maternity protection and access to infant nutrition in countries such as Cambodia and Vietnam, following a set of approaches that include adopting policies to protect breastfeeding rights, creating a safe and hygienic space for breastfeeding, and nurturing a favourable environment based on knowledge and awareness among workers and management.

Projects implemented in 2022

/ Mothers at the workplace – Breastfeeding-friendly workplaces (Vietnam and Cambodia)

Protection of labour rights in the production of raw materials

Protection of labour rights in the production of raw materials

Goal

Strengthening human and labour rights of the workers in the supply chain of raw materials through proactive actions in terms of the workplace, the community, and industry.

Strategy

/ Promoting the well-being of workers in the supply chain of raw materials.
/ Increasing the responsibility on sustainability of all the players in the supply chain.
/ Establishing best practices and recommendations for the raw material supply chain.

Related SDGs	Related human rights	Alliances and partnerships
8, 12, 17	/ Fair and favourable working conditions	/ Better Cotton
	/ Adequate standard of living	/ Organic Cotton Accelerator (OCA)
	/ Freedom of movement	/ International Labour Organization
	/ Freedom of association	/ Responsible Sourcing Network (RSN)
	/ Healthy environment	
	/ Ban on forced labour	
	/ Collective rights of communities	
	/ Freedom of thought, conscience and religion	
	/ Privacy	
	/ Protection against violence	
	/ Health care	
	/ Freedom of opinion and expression	
	/ Property	

2022 Key indicators

India, Mali and Pakistan

Raw materials play an important role as they are the basis of any product marketed by Inditex. Bearing in mind the complexities of this stage of the supply chain, we take a holistic approach so as to, not only identify the needs of workers associated with this part of our supply chain through the relevant due diligence, but also ensure that their fundamental rights are strengthened and respected through commitments and partnerships.

a) Promoting the well-being of workers in the supply chain of raw materials

Our work on developing the public-private partnership agreement signed in 2017 with the International Labour Organization (ILO) aims to promote fundamental principles and rights in the cotton supply chain in India, Pakistan and Mali. The project has created an ecosystem within the cotton producing industry, using unique social dialogue structures and processes to uphold fundamental labour rights.

Projects implemented in 2022

/ Public–private partnership with the ILO (India, Pakistan, Mali)

b) Raising the responsibility on sustainability of all the players in the supply chain

Awareness among all stakeholders is essential to strengthen the respect and protection of human rights in the cotton industry. This can be achieved through social dialogue, collective action for the defence and commitment to fundamental labour principles and rights at the industry level. One example of collaboration is with Responsible Sourcing Network on the YESS (Yarn Ethically & Sustainably Sourced) project, which harnesses the OECD's due diligence approach to risk identification.

Projects implemented in 2022

/ Yarn Ethically & Sustainably Sourced (Global)

c) Creating best practices and recommendations for the raw material supply chain

We collaborate in global initiatives to identify impacts and best practices in connection with raw materials, with a systemic vision, encompassing social and environmental aspects. In this sense, we collaborate with organizations such as Organic Cotton Accelerator (OCA) or Better Cotton.

In the past years, several reports have been published condemning social practices and breaches in some regions of Asia where Inditex does not operate. At Inditex, we seriously analyse any information related to abusive or inappropriate practices at any link in the textile sector supply chain, and we put the necessary mechanisms to prevent or remedy them into practice.

In 2022, based on our due diligence processes and in collaboration with various organisations, we continued to work to ensure the absence of forced labour – on which we have a zero-tolerance approach – as well as to ensure compliance with international standards and our Code of Conduct for Manufacturers and Suppliers also in the raw materials supply chain. Inditex has developed and applies strict policies and actions with the ultimate goal of fostering respect for the human rights of all workers in our supply chain.

Our audit programme, together with the projects and programmes of the Workers at the Centre 2019-2022 social strategy, and our close and permanent partnership with certain stakeholders, such as the Ethical Trading Initiative and the ILO, strengthen our commitment to the prevention of forced labour. In this regard, we remain committed to the process of involvement and dialogue with relevant stakeholders (both local and international) in order to identify opportunities to prevent negative impacts on workers' lives.

Projects implemented in 2022

/ *Organic Cotton Accelerator* (India, Pakistan)

/ Better Cotton (Global)

5.7. Communities

GRI 2-28; 3-3; 413-1; 413-2; AF33; AF34

Related material topics: Stakeholder engagement; Value creation

ⓘ More information in the *Community Investment Report,* available on Inditex's corporate website.

At Inditex we see community investment as an opportunity to contribute to develop society and care for the planet, placing a special focus on the geographical areas where we carry out our activity. With this in mind, we undertake these investments through partnerships in initiatives which prioritize long-term strategic projects, subject to an exhaustive monitoring and accountability process, as opposed to making sporadic contributions to social or environmental causes.

In 2022, we updated our Community Investment Policy, available on our website, to align it with best practices and recommendations on the topic. This new policy, which replaces the previous one from 2014, was approved on 13 December 2022 and develops the content on community investment set out in the Code of Conduct and Responsible Practices, the Sustainability Policy and the Policy on Human Rights.

One of the reasons for updating our Community Investment Policy is to align the initiatives we undertake with our corporate strategy, the Paris Agreement on climate change and the Sustainable Development Goals set out in the United Nations 2030 Agenda, which represent the driving force behind our community investment programme.

These commitments are embodied in specific projects in which we invest both monetary and in-kind resources, as well as our employees' time, and which, as specified in the policy itself, focus on:

/ **Education**: initiatives that seek to ensure the right to quality education at every stage of life and generate decent work opportunities, from a standpoint of equality and inclusion.

/ **Emergency relief:** humanitarian actions to protect the lives, health and well-being of forced migrants and refugees and other vulnerable groups facing emergency situations triggered, among others, by natural catastrophes,wars or similar situations.

/ **Environment:** activities that foster the preservation and resilience of natural ecosystems, as the cornerstone of community health and for other living beings, by means of conservation and restoration actions, encouragement of regenerative practices, circular economy commitments and the efficient use of resources, from a "climate justice" and "intergenerational justice" standpoint.

Gender equality, as well as being a fundamental human right, is a main building block for creating a a peaceful, prosperous and sustainable world. Consequently, as well as being an objective, the **gender perspective** is a priority that cuts through every aspect of our community investment strategy. As part of this cross-cutting intervention, we take a comprehensive approach to the activities aimed at advancing respect for diversity and the struggle for equality between men and women in every aspect of their lives (economic, social, cultural, workplace, political, and so on), framed by a holistic approach that tackles the root issues and helps mitigate their current consequences.

Furthermore, the initiatives that we promote must be **voluntary; non-profit and focused on a social and/or environmental benefit**; and they must be open to all possible beneficiaries, without prior classification that discriminates against them or favours them because of their belonging to or having a relationship with Inditex.

We also believe it is essential to rigorously measure the outputs and impacts of the initiatives that make up our community investment programme. To do this, we use, among others, the Business for Societal Impact (B4SI) measurement methodology, based on carefully allocating contributions in the community, measuring outputs and evaluating the impact of the various components of the project, in order to assess both the benefit and the programme as a whole.

In total, this year we have launched 725 social and environmental initiatives that have directly benefited more than 3.3 million people. Our annual community investment exceeded 87 million euros[53] and has focused on those sustainable development goals most closely related to our activity. Among them, we highlight the following projects in 2022:

/ Launch of an emergency relief programme, as a consequence of the armed conflict in Ukraine, articulated through support for the United Nations' "Ukraine Flash Appeal" and "Regional Refugee Response Plan" initiatives, involving the supply of clothing and shelter through UNHCR and the job creation within the Inditex workforce in Europe.

/ Establishment of a strategic partnership with the World Wide Fund for Nature (WWF) to restore endangered ecosystems in Europe, Asia, Africa and Latin America. Under this new partnership, nine projects have been launched, focusing on forest conservation, the restoration of river catchment areas and the protection of endangered species and their ecosystems.

/ Support for Water.org's Water & Climate Fund for the development of projects to improve water and sanitation infrastructure with the aim of achieving greater efficiency and savings, while also improving local communities' access to water, in countries such as Bangladesh, India and the Philippines.

/ Collaboration with Action for Social Advancement (ASA), along with the Laudes Foundation, IDH - The Sustainable Trade Initiative and WWF India, to promote regenerative agriculture, ecosystem restoration and community well-being in a 300,000 hectare area in the Indian states of Madhya Pradesh and Odisha.

/ Strengthening collaboration in emergency relief, starting with support for the Emergency Unit of Médecins Sans Frontières and its programmes to assist refugees and migrants in Bangladesh and Mexico.

/ Promoting development cooperation, through the launch of the programme "Generating opportunities: education and inclusion for a sustainable world", in collaboration with Fundación Entreculturas. The projects under this new three-year programme, with activities spanning 12 countries, focus on bridging the educational and digital divide, nurturing decent and sustainable livelihoods and protecting victims of forced migration.

/ Strengthening social action in Spain, based on collaboration with Caritas to promote its clothing collection and reuse programme (Moda Re-) and to continue developing employability, training and inclusion projects for people in vulnerable situations.

/ Inauguration of the first Zara Home store belonging to the for&from programme, Inditex's social initiative for the integration of people with disabilities. The store, which offers items from Zara Home collections from previous seasons at reduced prices, is managed by Fundación Prodis, a non-profit organisation whose aim is to provide the support needed by people with disabilities to improve their quality of life.

/ Fostering research talent in the university environment, with the launch of the second edition of the InTalent Programme, allowing the University of A Coruña (UDC) to recruit excellent researchers.

/ Renewal of the three-year agreement with the Comillas Pontifical University for the Inditex Chair of Refugees and Forced Migrants, with the aim of promoting the study and academic research on the reality facing people who are forced to flee their homes.

/ Increasing contributions in kind of articles from our collections for social causes; especially through our partnership with UNHCR.

Our target 2022-2025

In 2021 we exceeded our target of helping 6 million people between 2019 and 2022. That is why, in 2022, we made a new pledge, raising our level of ambition. We undertake to help 10 million people through our community investment programme between 2022 and 2025.[54]

[53] Inditex's community investment is recorded under Operating expenses in the Consolidated Income Statement.
[54] Data calculated according to the B4SI methodology from the calculation of the direct beneficiaries of the different annual initiatives for the period 2022-2025

Corporate Community Investment 2022*

Impacts / What changes?

Impact on people (depth)***
12% connection
77% improvement
11% transformation

Impact on people (type)***
20% behaviour or attitude change
1% skills or personal effectiveness
87% quality-of-life or well-being

Impact on community organizations****
94% improved or new services
96% improved management processes
88% taken on more staff or volunteers
97% increased their profile

Impact on employee participants*****
99% improved personal skills
98% improved personal well-being
99% changed their behaviour towards the Company

(*) Data calculated in accordance with B4SI methodology based on voluntary expenditure by Inditex on Corporate Community Investment projects during the FY2022. The average exchange rate of FY2022 was used to convert contributions into euros. (**) Additional resources contributed to a community organisation or activity that come from sources other than the Company -employees, suppliers and customers, among others-. (***) Impact assessment carried out on 3,283,404 direct beneficiaries (****) Impact assessment carried out on 255 community organisations supported by Inditex, on 69 long-term strategic projects. (*****) Impact assessment carried out on 181 employees volunteering in 16 countries.

Inputs / What's contributed?

€87.9 M
Invested
in Corporate Community Investment (CCI) projects

7.9 M
Garments
donated

314 k
Hours devoted
by employees to CCI activities during working hours

Outputs / What happens?

3.3 M
Direct
beneficiaries

469
Community organizations
supported

725
Initiatives
implemented

75 M€
Leverage**

2022 Corporate Community Investment

Increase in investment

Collaboration beyond cash contributions

34%
increase garments donated to social causes compared to 2021

52%
increase time contributions by employees compared to 2021

We have boosted in-kind contributions, exceeding 7.9 million items donated in 2022, as well as time contributions from employees during working hours, which have exceeded 300 thousand annual hours for the first time.

38%

increase in Corporate Community Investment (CCI) compared to 2021

We have significantly ramped up our Corporate Community Investment (CCI), reaching 87,9 million euros.

Maximising the effectiveness of contributions

Focus on strategic community projects

For yet another year, we have focused investment in proactive strategic projects (community investment and commercial initiatives in the community), as opposed to charitable gifts in response to short-ter or one-off events

98%

contributions driven by strategic investment

By adopting a strategic approach, we maximise the effectiveness and impact of our social programmes

Aligned with SDGs and company's business drivers

We focus our investment to increase impact

SDGs

88% of CCI is focused in social initiatives with SDGs 3, 4, 5, 8, 10, 12 and 13 as their main objective.

Issue addressed

76% of CCI aimed at strengthening the priority issues defined in the Community Investment Policy - education, environment and emergency relief.

88%

of CCI focused in 7 SDGs

76%

of CCI focused in 3 priority issues

Increasing scope

Increase in the number of direct beneficiaries

51%
People

10%
Community organizations

In addition to the increase on people benefited, the number of impacted organizations supported through community investment projects has reached 469 entities, 10% more than past year

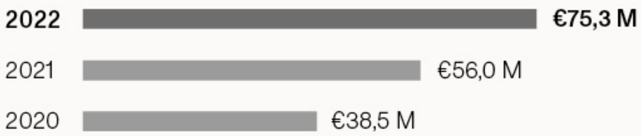
51%

Increase in the number of people benefited

In 2022, our Community investment programme has benefited a 51% more than past year.

Increasing leverage

Maximising effectiveness in unlocking additional resources for community



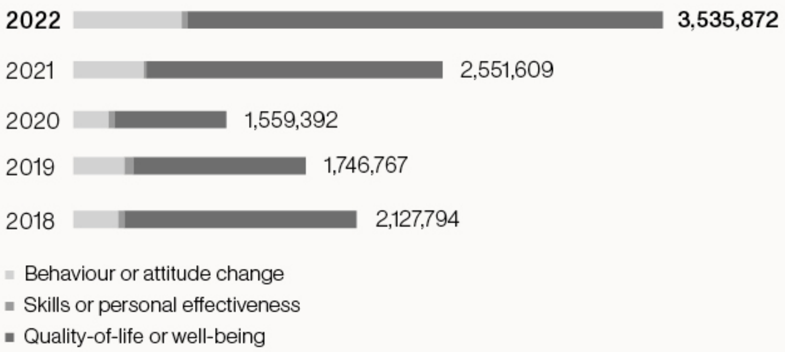
In 2022, the additional resources leveraged by our community activities as a result of the contributions made from sources other than the Company—employees, customers, suppliers, etc.—amounted to 75 million euros, which represents a 34% increase on the previous year.

34%

Increase in additional funds raised or contributions levered from other sources

Making greater impact

Maximizing impact on people



3,535,872 positive changes experienced by beneficiaries, who have gained in quality of life, skills development and improved attitude, compared to 2,551,609 in the previous year.

39%

increase in the number of positive impacts on direct beneficiaries

5.7.1. Inputs

GRI 413-1; 413-2; AF33; AF34

In 2022, the Inditex Group invested 87.9 million euros in the community, in various categories:

/ **Cash contributions:** the aggregate monetary amount invested by Inditex in the development of social and environmental programmes.

/ **Time contributions:** the proportional cost of employees' paid time spent on activities of a social or environmental nature during working hours.

/ **In-kind contributions:** donations of products, mainly garments, to non-profit organizations.

/ **Management costs**: estimated expenses incurred for the general management of social programmes.

In 2022, in keeping with the strategy defined in our Community Investment Policy, we have significantly increased in-kind contributions. We have also notably strengthened the time contributions by employees during their working hours.

In total, **we have donated 7.9 million units and our employees have devoted 313,778 hours from their working schedule to social and environmental initiatives.** General management costs have increased in proportion to the total investment, compared to the previous year.

Likewise, we at Inditex report our voluntary contributions to the community, according to the following classification:

/ **Charitable gifts**, one-off institutional donations to the general goals of community organisations.

/ **Community investment,** meaning the Group's long-term commitment to collaborating with the community to support specific social and environmental activities.

/ **Commercial initiatives** in the community, with the support for programmes of social interest directly related to the Company's ordinary activity.

In 2022, contributions considered as strategic in accordance with our Community Investment Policy (community investment and commercial initiatives in the community) accounted for 98% of the overall investment. This enables us to maximise the efficacy and broaden the impact of the projects in which we take part.

In terms of the priority issues addressed as defined in the new Community Investment Policy, 76% of the investment has been allocated to projects related to education, emergency relief and the environment.

With regard to geographical scope, at Inditex we prioritise regular contributions in those geographical areas where we carry out our activity, especially in the so-called Inditex clusters (defined and listed in section 5.6. Suppliers, of this Report). Likewise, the scope of action of the Group's brands and subsidiaries on social and environmental issues is confined to their local and national territory, respectively, implementing proximity projects that maximise the positive impact within their sphere of influence.

Distribution of Corporate Community Investment in 2022	
By issue addressed	
Emergency relief	37%
Environment	23%
Education	16%
Other (social welfare, health, economic development, art and culture)	24%
By geographic area	
Europe ex-Spain	26%
Spain	33%
Americas	16%
Asia and rest of the world	25%
By SDG	
SDG 3. Good health and well-being	9%
SDG 4. Quality education	8%
SDG 5. Gender equality	6%
SDG 8. Decent work and economic growth	9%
SDG 10. Reduced inequality	21%
SDG 12. Responsible consumption and production	26%
SDG 13 Climate action	8%
Others	12%

We have identified the primary SDG (and secondary, where applicable) related to the initiatives that Inditex has implemented in 2022. These data give us an overview of our contribution to the United Nations Sustainable Development Goals. As a result, and consistent with our activity, we have materially contributed to SDGs 5, 8, 12 and 13. Additionally, we have significantly contributed to SDGs 3, 4 and 10. Specifically, we have allocated 87% of our Corporate Community Investment to initiatives that had one of these SDGs as their main objectives.

Corporate Community Investment evolution for 2022-2018 (€M)					
	2022	**2021**	**2020**	**2019**	**2018**
Total investment in Corporate Community Investment	87.9	63.5	71.8	49.2	46.2
By form of contribution (management costs included)					
Cash	46.3	31.8	50.2	33.2	30.1
Time	9.4	6.2	5.3	3.7	3.5
In-kind	30.3	24.2	15.0	11.7	11.9
Management costs	1.9	1.3	1.2	0.6	0.6
By category (management costs excluded)					
Charitable gifts[1]	1.8	1.7	1.9	1.6	1.8
Community investment[2]	58.7	45.7	55.2	36.7	36.2
Commercial initiatives in the community[3]	25.5	14.8	13.5	10.3	7.6

1. One-off institutional donations to the general goals of charities
2. Long-term strategic commitment to support specific social activities.
3. Initiatives of social interest directly related to the Company's commercial activity.

5.7.2. Outputs

GRI 413-1; 413-2; AF33; AF34

In 2022, we launched 725 **social and environmental initiatives.** These initiatives have directly benefited more than **3.3 million people**. Based on their circumstances, these direct beneficiaries can be distributed as follows:

Distribution of the people benefited by community projects in 2022 on the basis of their situation	
96%	
Living in developing countries	15%
Low income	24%
Refugees	53%
In situation of vulnerability	3%
Immigrants	1%
4%	
Other profiles[1]	

1 'Other profiles' refers to people with a disability, the victims of a catastrophe or natural disaster, people who are unemployed or who belong to ethnic minorities, among others.

As for the **number of organisations** supported by Inditex in 2022, we have made contributions to a total of 469 such entities. The number of benefiting community organisations were 427, 439, 421 and 413 in 2021, 2020, 2019 and 2018, respectively.

ⓘ More information in section *5.7.4. Key programmes* of this Report.

In terms of **leverage,** the additional resources raised by our community investment programme in 2022, as a result of the inputs from third parties (employees, customers, etc.) amounted to 75.3 million euros. Most of the leverage generated is from initiatives run by Water.org—resulting from the additional capital released by microfinance institutions, Moda Re-—through the collection of garments, and from the donations made by our employees through payroll giving schemes.

5.7.3. Impact

GRI 413-1; 413-2; AF33; AF34

a) Community

Impact on people

In order to gauge the effectiveness of the initiatives we support as part of our community investment strategy, we recurrently measure the impact of our Community Investment Program. In 2022 we assessed the impact generated on 3,283,404 direct beneficiaries of the programmes (2,184,117, 3,272,473, 2,406,380 and 2,401,131 direct beneficiaries in 2021, 2020, 2019 and 2018 respectively). We analysed the initiatives both from a perspective of both depth and type of impact.

In terms of **depth**, the effects on the beneficiaries of the initiatives in which we are involved may be broken down into three categories:

/ **Connection**, which represents the number of people reached by an activity who have reported some limited change as a result of a programme.

/ **Improvement**, meaning the number of people who have reported some substantial improvement in their lives as a result of the project.

/ **Transformation**, meaning the number of people who have reported a fundamental change in their circumstances as a result of the improvements made.

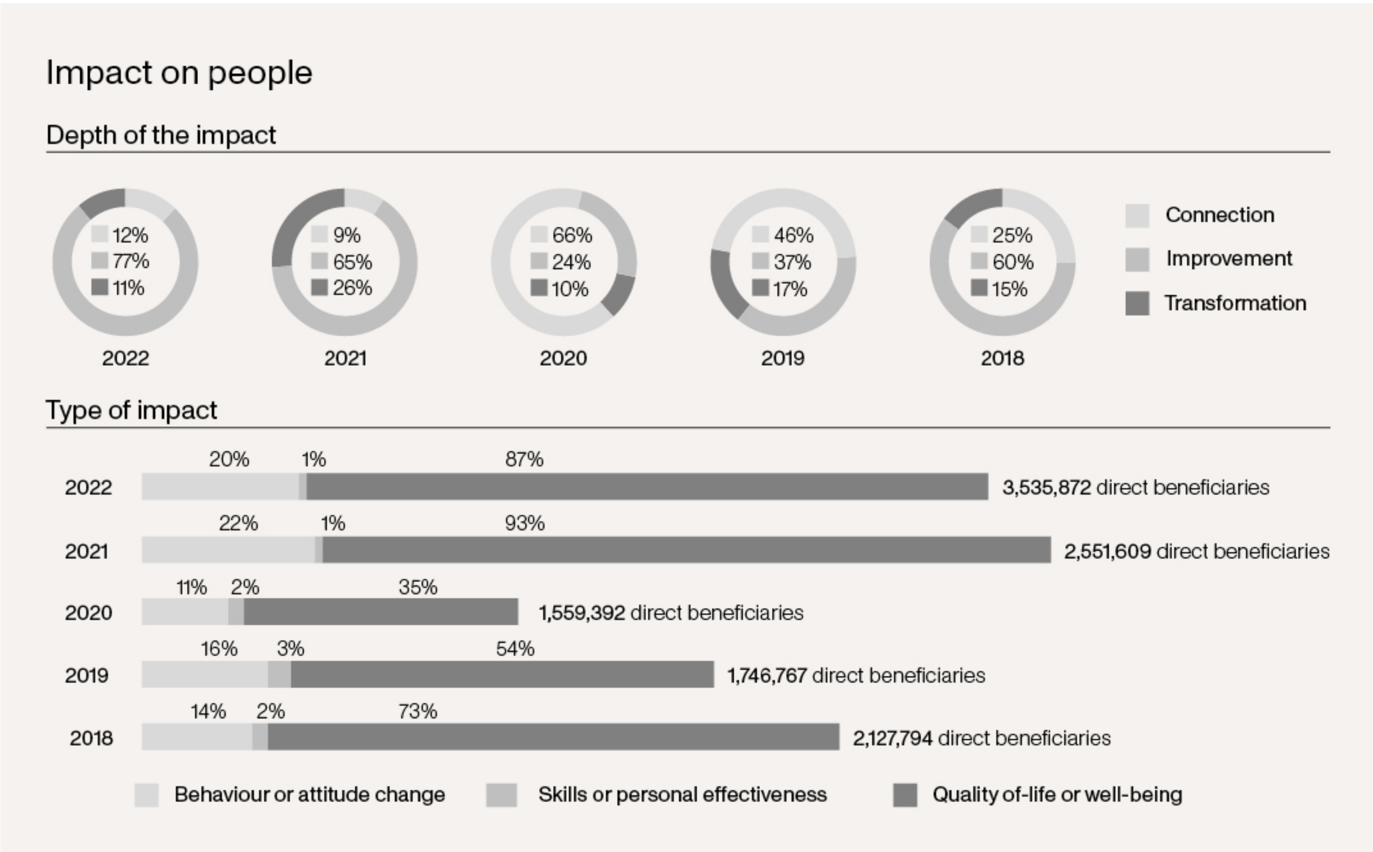
With regard to the **type of impact,** we classify the changes in beneficiaries in the following three categories.

/ **Behaviour or attitude change,** when the activity has helped generate behavioural changes that improve people's lives. It can also mean that the programme has changed negative attitudes or prejudices and enabled people to make better decisions.

/ **Skills or personal effectiveness,** meaning that the activity has helped to develop new abilities or improve existing abilities, enabling them to develop academically, socially or physically.

/ **Quality of life or well-being,** meaning that the activity has helped people to be healthier or happier, since they have improved their physical, emotional or social well-being.

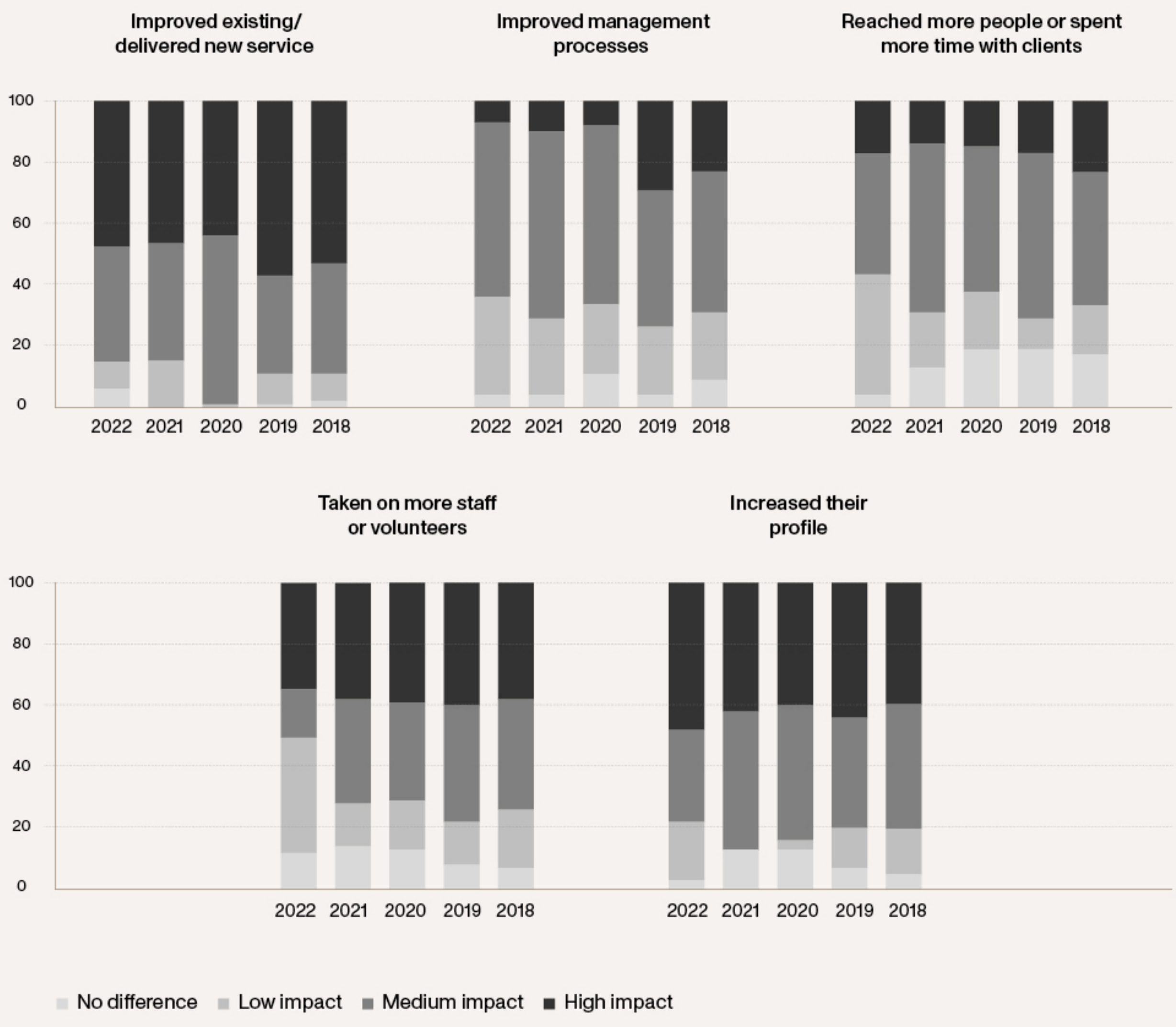
In certain cases, the same beneficiary may have experienced several types of impact; however, in the case of the depth of impact, the figures counted at each level are mutually exclusive.



Impact on community organisations

In addition to the analysis of the impact on the beneficiaries of the community investment projects, we also assess the effects on the beneficiary organisations as a consequence of the projects developed. In 2022, the analysis focused on 255 non-profit organisations supported by Inditex in 69 long-term strategic projects (230, 241, 207 and 237 organisations and 71, 75, 72 and 81 projects in 2021, 2020, 2019 and 2018, respectively).

Impact on community organisations

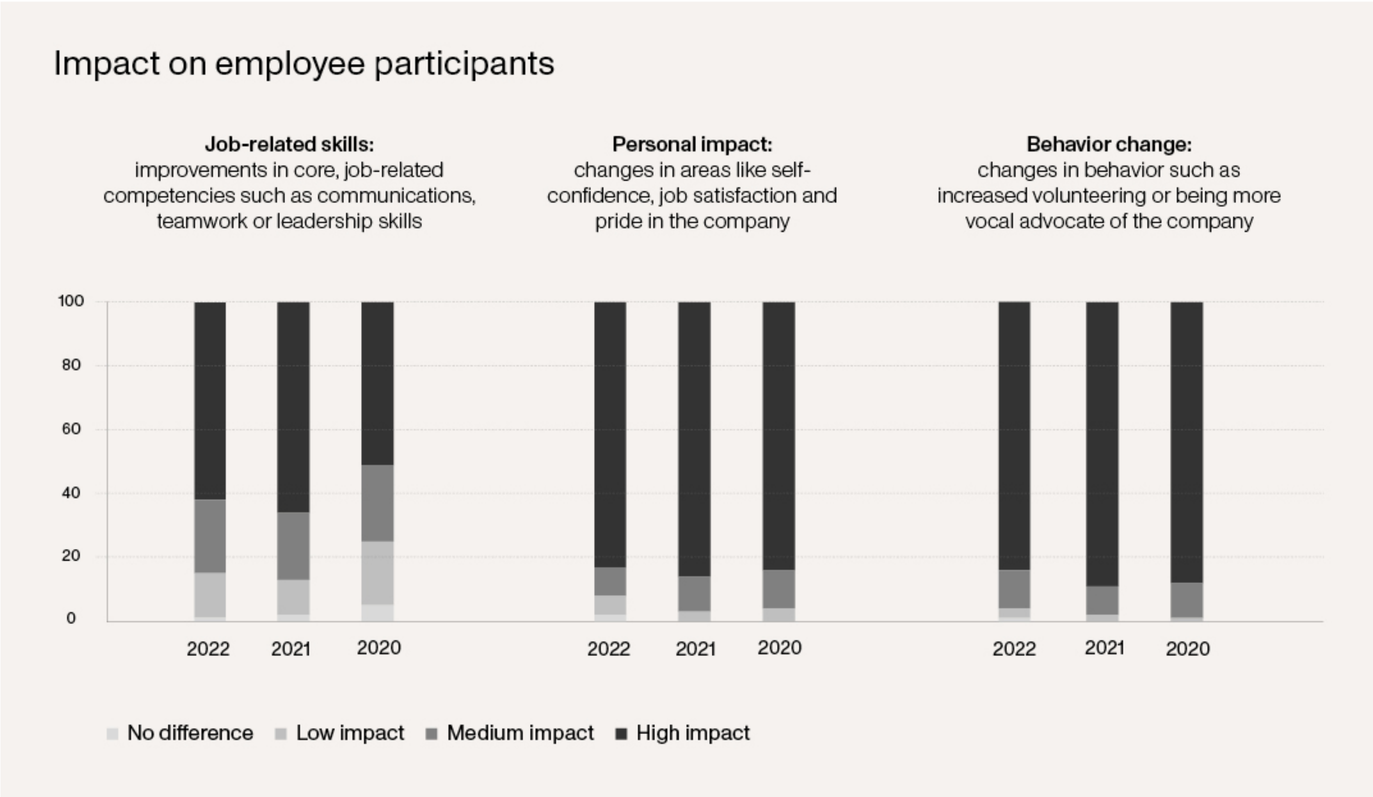


b) Business impacts

In addition to assessing the impact on the community, both on individuals and community organisations, we analyse the return on the investment in community programmes for our Company, both from the perspective of participating employees and the Company itself.

Impact on employee participants

The impact on the employees who take part in the various projects in which we are involved relates to the change experienced once the initiative has been carried out. The assessment uses surveys to ask 15 questions grouped into three key indicators: skills development, personal well-being and positive change in the perception of the company. In 2022, 181 volunteers in 16 countries were surveyed (100 and 75 volunteers and 9 and 7 countries in 2021 and 2020, respectively).

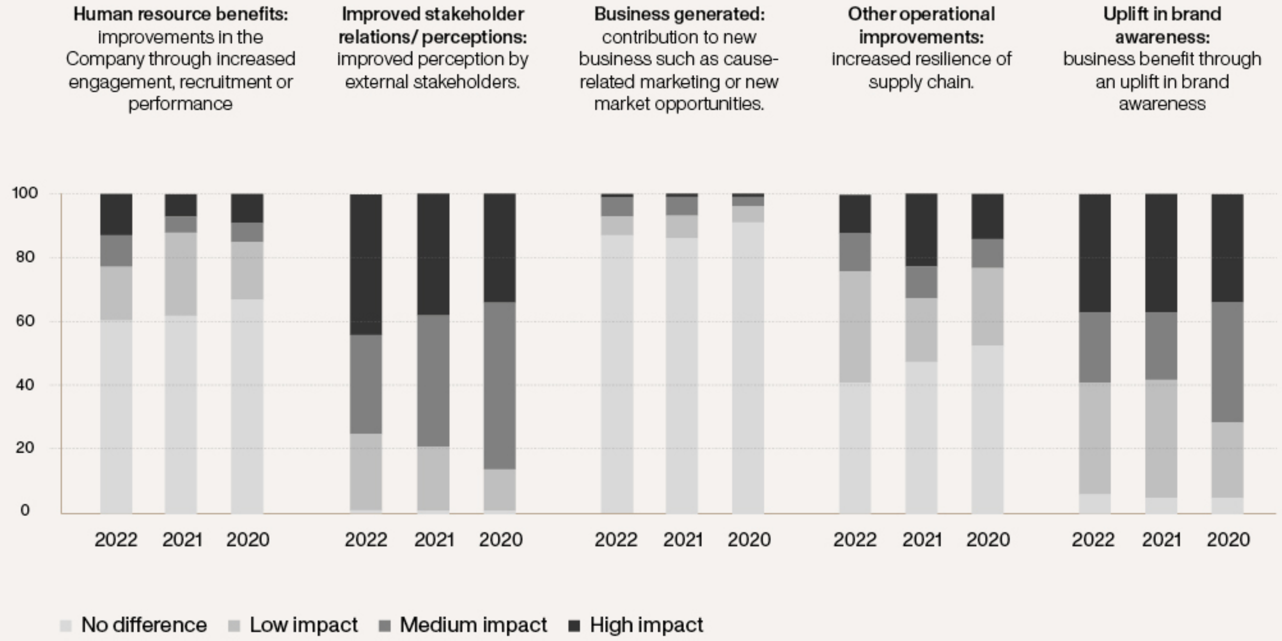


Impact on the business

In addition to the impact on the participating employees, we evaluate the impact that Inditex's involvement in the projects has on the Company itself. In 2022, an assessment was carried out on 725 initiatives implemented in the year (725 and 703 in 2021 and 2020, respectively).

The impact on the Company is assessed in five areas: human resource benefits, improved stakeholder relations and perceptions, business generated, other operational improvements and increased brand recognition.

Impact on the business



5.7.4. Key programmes

GRI 203-2; 413-2; AF33; AF34

Education

EPGO (Educating People, Generating Opportunities)
EPGO is a cooperation programme in collaboration with Entreculturas aimed at offering education and professional training to persons at risk of exclusion. In 2022, the programme has directly benefited more than 66,415 people, in particular vulnerable girls and women, in Argentina, Brazil, Bolivia, Ecuador, Spain, Lebanon, Mexico, Paraguay, Peru, South Africa, Uruguay and Venezuela.

In November, we renewed our partnership with Entreculturas, beginning with the launch of the three-year programme **"Generating opportunities: education and inclusion for a sustainable world"**, to which Inditex has contributed 10 million euros. The projects under the framework of this new programme, with activities spanning 12 countries, focus on bridging the education and digital divide, nurturing decent and sustainable livelihoods and protecting victims of forced migration. Since 2001, Inditex's social investment in Entreculturas' educational and community development projects has exceeded 60 million euros and has directly benefited 1.4 million people.

Inditex Chair of Refugees and Forced Migrants in the Comillas Pontifical University
This chair was created in 2016 to further academic research into migration, improve aid to migrants and refugees on the ground and raise social awareness. It also conducts projects for the integration of refugees in European cities.

In 2022, **we renewed our collaboration with the Comillas Pontifical University for the period 2023-2025,** with the aim of continuing to promote doctoral scholarships for researchers to study the reality of the processes of incorporation, welcoming and, in particular, social integration of refugees in Spain and Europe. The Chair also offers students of the official Cooperation and Migration programmes at Comillas Pontifical University professional internships at national and international organisations working directly with refugees.

TEMPE-APSA Chair of Disability and Employability at Miguel Hernández University in Elche
We helped to create this chair in 2015 to nurture multi-disciplinary research and training in the field of disabilities. Legal experts, economists and psychologists study the most suitable formulae for increasing the employability of people with disabilities. Furthermore, the Diploma in Auxiliary Shop Tasks strengthens the skills and competencies of people with disabilities to access the labour market.

Inditex Chair of Spanish Language and Culture at the University of Dhaka (Bangladesh)
With the collaboration of the universities of Santiago de Compostela and A Coruña, this Chair has been promoting Spanish language and culture and fostering academic exchange between Spain and Bangladesh since 2011. High-performing Bangladeshi students have the opportunity to take part in intensive Spanish courses in Spain. At the same time, cultural activities open to Bangladeshi University students are carried out to promote Spanish culture in Dhaka.

Collaboration programme with Tsinghua University
In 2019, Tsinghua University and Inditex set up the Sustainable Development Fund, aimed at supporting this Chinese institution in its efforts to promote research, dissemination and social support for Sustainable Development Practices.

The collaboration programme also involves research trips to A Coruña (Spain) for the university's students to broaden their knowledge and experience in fashion, logistics, environmental protection and sustainable development through Inditex and other companies. The collaboration also envisages the professional development of academic staff and the promotion of cultural activities in the Tsinghua campus.

Collaboration programme with the Massachusetts Institute of Technology (MIT)
The collaboration with MIT in education and research is structured around various action areas: creating Inditex chairs in areas such as operational research and sustainability; research and enhancement of knowledge in matters such as artificial intelligence, machine learning or data science; an Inditex scholarship for MIT students; and the development of research lines in areas such as textile recycling or the creation of new fibres using sustainable technologies.

Collaboration programme with the University of A Coruña (UDC)
The following projects are executed under this programme: Inditex-UDC Sustainability Chair to promote a space for community reflection, academic training and applied research on sustainability and social innovation; InTalent Programme that enables scientists with extensive international experience to conduct their innovation programmes at UDC's research centres; and grants to fund pre-doctoral research residencies in universities and research centres abroad, enabling them to complete their PhDs.

In 2022, we reinforced the activities for fostering research talent in the university environment, with the launch of the second edition of the InTalent Programme, allowing the University of A Coruña (UDC) to recruit excellent researchers, with a contribution of 1.5 million euros from Inditex.

Employment and Training Programme in Spain

Inditex has been supporting the Caritas Employment Programme since 2011, whose aim is to promote access to decent employment for persons in a situation of vulnerability. This initiative, to which we have contributed 16.5 million euros since the collaboration began, is structured around various lines of action: promotion of social economy enterprises; support for self-employment; and the improvement of professional training. Thanks to this programme, extended in January 2023 with a contribution of 5 million euros for the next three years, 8,570 people in or at risk of exclusion have improved their employability and 2,958 people have found a job.

for&from

for&from is a social/workplace integration programme for people with disabilities that is based on launching retail establishments under the image of the Inditex's different brands. These stores are managed by non-profit organisations and staffed by people with disabilities. Inditex makes an initial outlay to build the store and, from then on, the community organisations manage a self-sustaining model through the sale of products from previous seasons. The proceeds go entirely to the managing organisations to fund projects that help people with disabilities. The programme currently has 15 stores, including the opening in 2022 of the first Zara Home for&from store in Madrid, which have generated job opportunities for more than 700 people, and 7.5 million euros in profits for the managing organisations.

Salta

Salta is an Inditex programme aimed at incorporating people in situations or at risk of social exclusion into the labour market through training and job opportunities. The aim is to integrate vulnerable persons in the teams of our stores, factories or logistics centres. More than 1,600 people have been trained and joined Inditex through Salta. The programme currently operates in 16 markets: Germany, Brazil, South Korea, Spain, the United States, France, Greece, India, Italy, Kazakhstan, Mexico, Poland, Portugal, the United Kingdom, Romania and Türkiye.

Emergency relief

Ukraine Emergency Programme

In response to the war in Ukraine, Inditex launched an **emergency relief programme** to support the most vulnerable people in the conflict zone and those who have been forced to flee Ukraine. The following initiatives stem from this programme:

/ **Monetary contribution**: a donation of 3 million euros to UNHCR to help supply essential items to Ukraine and neighbouring countries.

/ **Medical aid**: deployment of the Emergency Unit of Médecins Sans Frontières, financed on a regular basis by Inditex, in Ukraine and Slovakia to assist the wounded.

/ **In-kind contribution**: donation of 313 thousand articles from our collections for their distribution among displaced persons inside Ukraine and refugees in neighbouring countries.

/ **Job creation:** more than 500 jobs created by Inditex for Ukrainian refugees across 22 European markets.

MSF Programme

MSF and Inditex have been working together since 2008 in developing numerous medical-humanitarian response projects in various parts of the world. As a result of this cooperation, to which Inditex has channelled 35 million euros over this period, six million people threatened by armed conflict, epidemics, diseases or natural disasters have received medical care.

Supporting the MSF Emergency Unit

In 2011 we began collaborating with Médecins Sans Frontières (MSF) with the aim of guaranteeing an immediate response to medical-humanitarian crises anywhere in the world. Since then we have helped provide assistance to more than four million vulnerable people without access to medical care in around 70 countries. In 2022, we funded the Barcelona-based Emergency Unit structure, which has been deployed in Ukraine and Mozambique, among other countries, as well as part of the regional emergency teams based in the Democratic Republic of Congo and the Central African Republic.

Access to healthcare for the Rohingya community in Bangladesh

In response to the medical and humanitarian needs of the Rohingya community in Bangladesh, Inditex has been supporting Médecins Sans Frontières' projects there since 2017. Hundreds of thousands of people have been helped through this cooperation, in particular women and children under five. In particular, thanks to the support in 2022, MSF teams have carried out, among other activities, outpatient clinics (paediatrics, gynaecology, obstetrics, sexual violence, mental health), paediatric emergencies, paediatric hospitalisation, nutrition and paediatric intensive care. In addition, basic medical care has been provided to pregnant women and children aged under 15 years.

Access to healthcare for the migrant population crossing Mexico

Inditex supports MSF in humanitarian relief projects to assist people from Central America attempting to cross Mexico to gain entry into the United States. Specifically, in 2022 and thanks to Inditex's support, Médecins Sans Frontières is present in several hostels and stopover points for migrants along the way, offering basic medical and psychological care. Furthermore, MSF has mobile clinics that go to the areas most frequented by migrants where, in addition to medical and psychological care, they also distribute hygiene products, water and blankets. The organisation also has a Comprehensive Care Centre in Mexico City where specialised medical care is offered to migrants and refugees.

UNHCR Programme

For the third year running, Inditex and UNHCR, the United Nations High Commissioner for Refugees, implemented their ambitious programme of gifts in kind to help clothe refugees and internally displaced people. Through this initiative, which is rolled out in conjunction with various suppliers, Inditex supports UNHCR in its task of sheltering refugees who have been forced to abandon their homes and all their possessions, and helping to restore their dignity. In 2022 more than 2 million articles from our collections were donated to UNHCR to help refugees in Uganda and South Sudan, among other countries. Humanitarian emergency assistance was also provided in response to the war in Ukraine.

Assistance to displaced people in South America

Since 2009 we have been working with Entreculturas on a programme to tackle the situation of people forced to flee in Colombia and on its borders (Panama, Ecuador and Venezuela), due to the armed conflict which over this period has caused the exodus of millions of Colombians from the region. For this purpose we established a partnership with the Jesuit Refugee Service Latin America and the Caribbean (JRS LAC), which has helped 100,000 refugees or displaced persons, especially children, adolescents and young people at risk of being linked to, used or forcibly recruited, as well as refugees and displaced persons with disabilities, ethnic minorities, black and indigenous communities and women-headed households with children. In 2021, in light of the humanitarian crisis stemming from the situation in Venezuela, Inditex decided to support another three-year programme to assist displaced persons that will be carried out in Venezuela, Colombia, Ecuador and Brazil.

A Flote

Fundación Emalcsa, A Coruña City Council and Inditex have been working together since 2017 in the A Flote social integration and social benefits programme in the catchment area of Inditex's main headquarters. In 2022, 344 emergency social benefits were handled, 315 requested by women and 29 by men. These emergency benefits were used mainly for help with housing, school meals and help sheltering Ukrainian refugees. In addition, a welcome service for Ukrainian refugees (translation, counselling, employment support, etc.) was set up, helping dozens of families.

Every Mother Counts Programme

This programme supplies prenatal and maternity care to pregnant women in Bangladesh and the United States. The support of Inditex has enabled Every Mother Counts to partner with the HOPE Foundation for Women and Children in the south-eastern Bangladeshi district of Cox's Bazar. In the United States, it has also provided access to prenatal and post-partum care for thousands of low-income women at risk of social exclusion and their babies.

Medicus Mundi Programme

Medicus Mundi and Inditex have been working together in Morocco since 2015 to improve the well-being of garment workers in the Tangier-Fes-Guercif-Taza and Casablanca-Settat regions. In 2022, our partnership with Medicus Mundi was strengthened when we signed a new three-year agreement, endowed by Inditex with 1.2 million euros. This intervention continues work in areas such as occupational risk prevention and adds the implementation of protocols against sexual and moral harassment at the workplace. It also focuses on improving the health and social context of the sector, through activities for the socio-occupational integration of vulnerable groups, support for the local public healthcare system and the promotion of sexual and reproductive health. The programme plans to expand its activities into neighbouring countries like Tunisia.

Environment

Moda Re-

Moda Re- is a programme run by Cáritas and promoted by Inditex dedicated to collecting used textiles in order to recover and reuse them through a sustainable business model based on the circular economy. Its purpose is to generate employment for vulnerable people through the collection, recycling, and reuse of used garments. Thanks to Inditex's support for this initiative, some 2.3 million articles have been donated to vulnerable people; 2,628 sensor-equipped clothing collection containers of used garments have been installed and more than 93,000 tonnes of clothing collected; and 84 second-hand clothing stores have been opened or refurbished. The programme currently generates more than 1,200 jobs, 512 of them are insertion employments. Likewise, the initiative has become a benchmark in the process of dignifying the free delivery of clothes to those most in need, based on donations made through the 129 solidarity stores that currently make up the Moda Re- network. In January 2023, Inditex renewed its support for this programme on the basis of a contribution of 3.5 million euros in the 2023-2025 period.

Water.org programme

We have been working with Water.org since 2015 to improve access to drinking water and sanitation for vulnerable families through microloans in countries such as Bangladesh, Cambodia and India. The idea is to provide people on low incomes with access to affordable loans to cover their water and sanitation requirements. In 2022, starting with Inditex's philanthropic contribution, local financial institutions released an additional 62 million euros, enabling 197 thousand loans to be granted. Consequently, more than 750 thousand people have improved their access to water and sanitation in 2022.

#BRINGYOUROWNBAG (#TRAETUBOLSA)

Using reusable bags reduces waste and minimises the consumption of raw materials, water and energy. To encourage their reuse, Inditex brands began charging for paper bags and envelopes in their stores in 2021, reaching 59 markets with this initiative in 2022. Inditex does not obtain any profit from this measure. The equivalent full amount are invested in environmental and social initiatives.

By teaming up with various non-profit organisations, we promote projects that foster the protection and restoration of ecosystems, help to prevent their degradation, enhance knowledge and understanding about them and advance the use of regenerative production techniques. These are the first projects under this initiative, to which new programmes will be added going forward.

WWF Programme

In December, Inditex and WWF signed a collaboration agreement for the next three years focused on nature restoration, as well as working together on transformative projects. This partnership began with a total of nine WWF projects in North Africa, Europe, Asia and Latin America focusing on the restoration and conservation of forests and river catchment areas and the protection of endangered species and their ecosystems.

The Group will allocate part of the proceeds from charging for paper bags and envelopes, a practice it began in 2021 to encourage people to use reusable alternatives, to these projects. Inditex will make a minimum annual contribution of 3 million euros to WWF, with 4.2 million euros allocated for 2022, bringing its total input through 2025 to over 10 million euros.

ASA Programme

We collaborate with Action for Social Advancement (ASA), along with the Laudes Foundation, IDH The Sustainable Trade Initiative and WWF India, to promote regenerative agriculture, ecosystem restoration and community well-being in a 300,000 hectare area in the Indian states of Madhya Pradesh and Odisha. The initiative, endowed by Inditex with 3.5 million euros, aims to improve soil quality and biodiversity, optimise water management and reduce greenhouse gas emissions.

Water & Climate Fund by Water.org

In Bangladesh, India and the Philippines, it is estimated that more than 30% of the water supplied through the public sanitation network is wasted because of the condition of the pipes. Not only is this a drain on resources, but it also constrains local communities' access to water. Consequently, in March we signed a new agreement with Water.org to support its Water & Climate Fund, a global fund that aims to develop projects to improve water and sanitation infrastructure. Through this fund, endowed by Inditex with 5 million euros, Water.org seeks to achieve greater efficiency and savings, while also improving local communities' access to water.

Sustainable Forestry and Demonstration Forests

Forestis, the Galician Forestry Association, and Inditex launched this project in 2022 to develop forestry interventions in Galicia (Spain) and Portugal, which will apply forestry management practices that increase resilience and improve the sustainability of ecosystems. This approach seeks to make forest's biological greenhouse gas sink function compatible with the use of quality forestry products and people's enjoyment of forests. The programme, endowed by Inditex with 2 million euros, also covers research activities aimed at exploring the feasibility of outreach initiatives in the field of forest and environmental resource sustainability.

Other issues addressed

In addition to the programmes described above, in 2022 we allocated 24% of our corporate community investment to initiatives linked to social welfare, economic development, health, art and culture. Likewise, in 2022 we have continued to support research institutions such as Fundación Pro CNIC, Real Instituto Elcano and Fundación Carolina, among others. Inditex's links to art and culture are embodied by collaborations with institutions such as the Royal Spanish Academy, Reina Sofía National Museum of Art and the Royal Theatre opera house, among others.

Likewise, Inditex makes one-off contributions at corporate level and from the Group brands and subsidiaries to help further the general aims of non-profit organisations. We earmarked 1.75 million euros in 2022 for charitable gifts in connection with requests from non-profit organisations, which were distributed among more than 150 entities.

6. How we do things

6.1. Good governance, corporate ethical culture and solid Compliance architecture / 6.2. Tax responsibility and transparency / 6.3. Responsible risk management

The way we conduct ourselves is based on a corporate ethical culture, which we convey to our internal and external stakeholders alike, and which is based on an internal regulatory and responsible risk management system that fosters the development of an ethical, efficient and competitive business model.

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

Governing Bodies

Annual General Meeting

Board of Directors

Independent:	45.45%
Proprietary:	36.36%
Executive:	9.09%
Affiliate:	9.09%

Marta Ortega Pérez
Non-executive Chair

José Arnau Sierra
Deputy Chair

Óscar García Maceiras
Chief Executive Officer

Amancio Ortega Gaona
Founder - Proprietary Director

Pontegadea Inversiones, S.L. (Flora Pérez Marcote)
Proprietary Director

Denise Patricia Kingsmill
Independent Director

Pilar López Álvarez
Independent Director

Anne Lange
Independent Director

José Luis Durán Schulz
Independent Director

Rodrigo Echenique Gordillo
Independent Director – Lead Independent Director

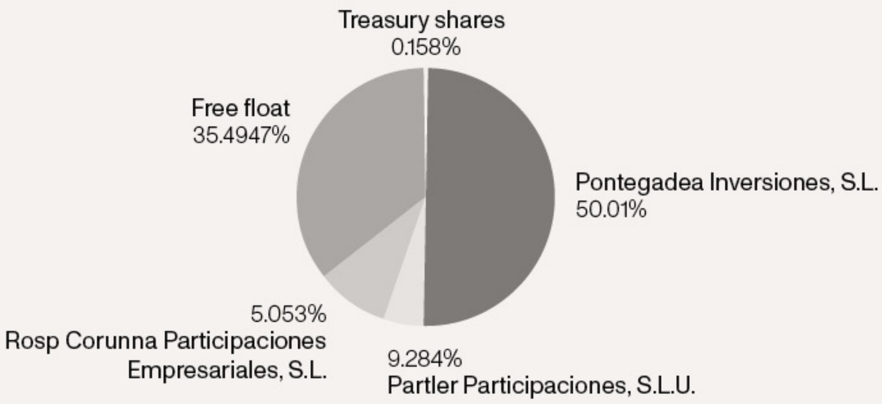
Emilio Saracho Rodríguez de Torres
Affiliate

Javier Monteoliva Díaz
Secretary non-member

Executive Committee

Audit and Compliance Committee | Nomination Committee | Remuneration Committee | Sustainability Committee

Inditex shareholder structure



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.

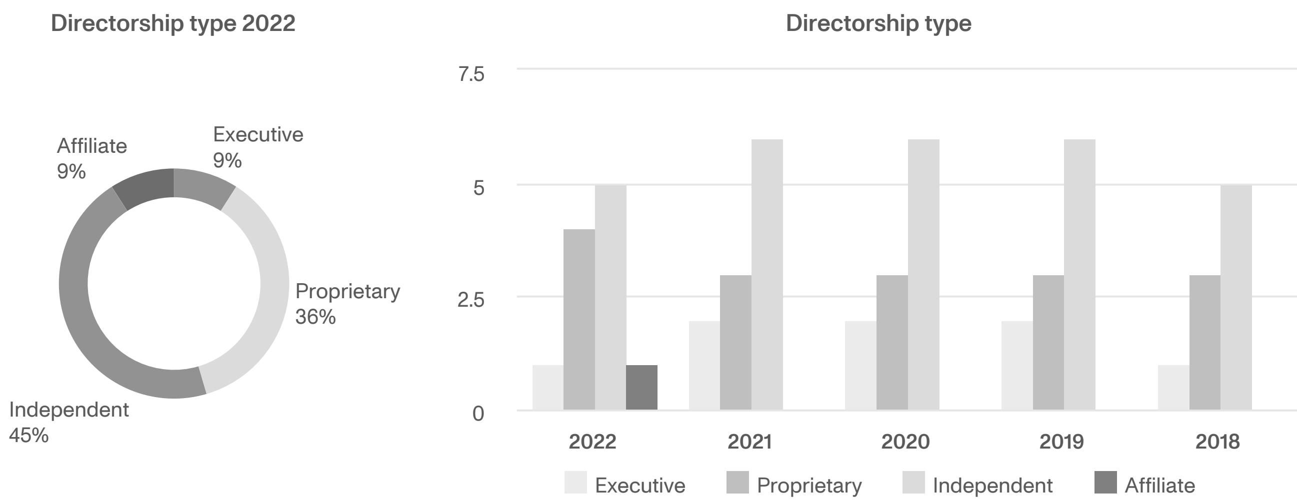
With regard to gender diversity, the Committee has consistently strived to achieve the highest levels of female representation. In 2019 the 30% target established in the Diversity of Board of Directors Membership and Director Selection Policy in force at the time and recommended by the Good Governance 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.**

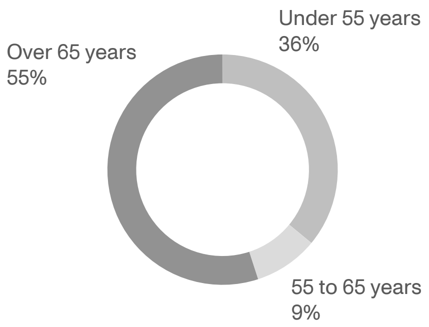
Governing Bodies	% women				
	2022	2021	2020	2019	2018
Board of Directors	45.45%	36.36%	36.36%	36.36%	33.33%
Audit and Compliance Committee	42.86%	42.86%	42.86%	36.36%	33.33%
Nomination Committee	40.00%	40.00%	40.00%	40.00%	33.33%
Remuneration Committee	20.00%	20.00%	20.00%	20.00%	33.33%
Sustainability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

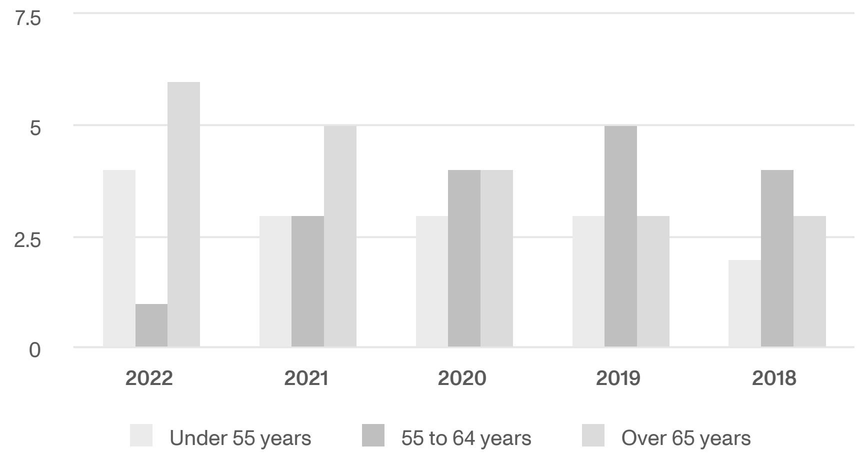
Main indicators of diversity within Inditex's Board of Directors for the last five years (2018, 2019, 2020, 2021 y 2022)



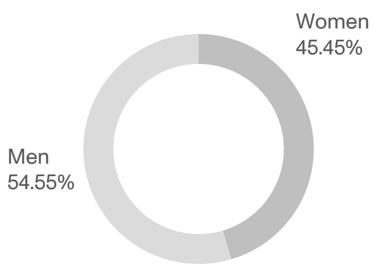
Age 2022



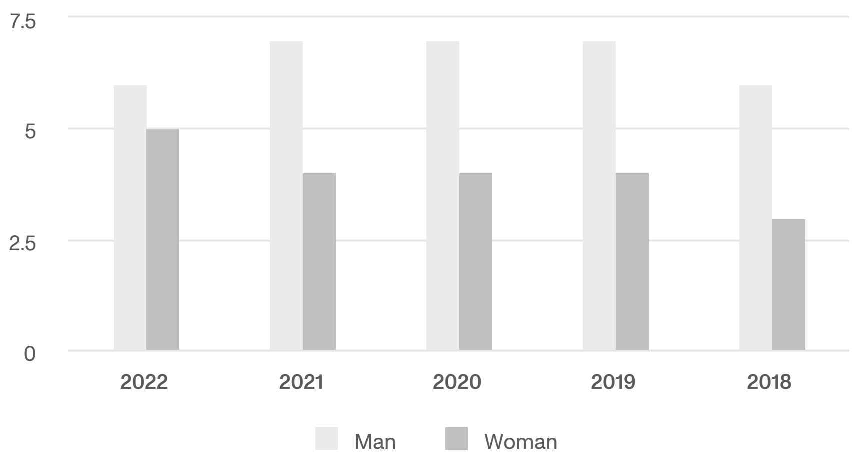
Age



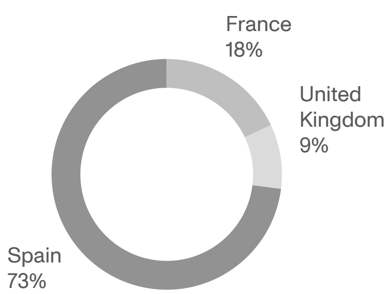
Gender 2022



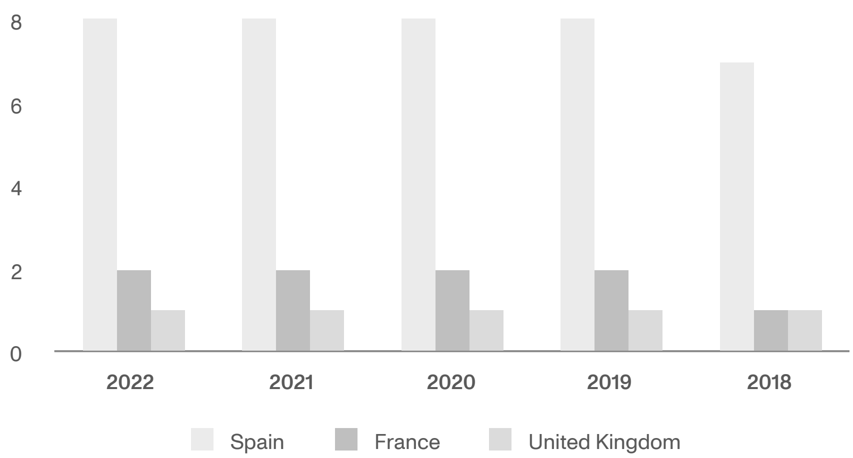
Gender

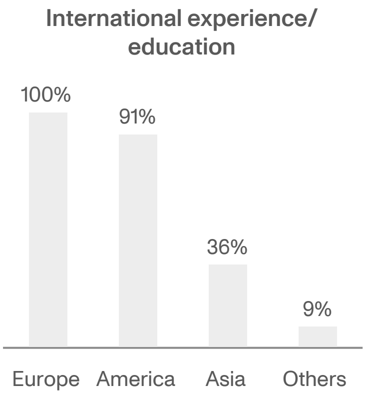


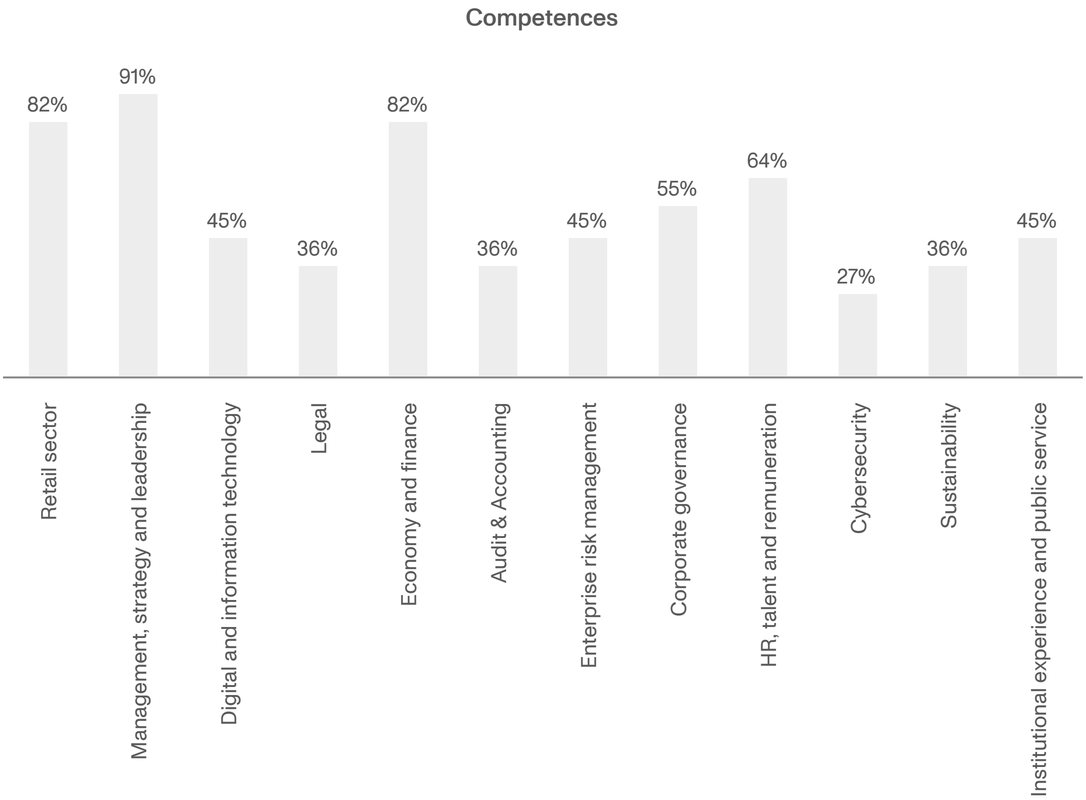
Geographical Area 2022



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 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

Sustainability Governance

Board of Directors

Body responsible for approving Inditex's sustainability strategy.

EXECUTIVE BODIES

Chief Executive Officer

/ Addresses all aspects related to the operation of the business: defining the sustainability strategy.

/ Reports at least quarterly to the Board of Directors.

Management Committee

/ Body responsible for coordinating the company's management and supports the CEO in discharging his duties.

/ Addresses all aspects related to the operation of the business: fostering the sustainability strategy.

Chief Sustainability Officer

/ The Chief Sustainability Officer is a Senior Manager of Inditex and a member of the Management Committee.

/ Reports hierarchically to the Chief Executive Officer and reports on a quarterly basis to the Sustainability Committee and, where applicable, to the Audit and Compliance Committee on sustainability, in the areas of human rights, social, environmental and/or health and safety of the product issues.

/ Establishes the strategy and identifies tolerance to risks (approved by the Board) related to sustainability, including climate risk.

/ Oversees the implementation of the sustainability strategy and the attainment of the climate goals.

/ Reports at least quarterly to the Sustainability Committee and to the Audit and Compliance Committee, and to the Board of Directors whenever so required.

Sustainability Operational Committee

The Sustainability Operational Committee is the body in charge of coordinating and promoting the implementation of the sustainability strategy among the Group's different brands and business units. It is chaired by the Chief Sustainability Officer and comprises representatives from various relevant areas. It meets on a quarterly basis.

ADVISORY BODIES

Sustainability Committee

/ Body in charge of overseeing and controlling sustainability proposals in the social, environmental and health and safety of our products.

/ Monitoring sustainability strategy and practices.

/ Sustainability objectives measurement and achievement.

/ Body in charge of liaising with stakeholders in the field of sustainability.

/ Overseeing and evaluating the preparation of regulated and non-regulated non-financial information.

/ Reports to the Board of Directors on a quarterly basis.

Social Advisory Board

A collegiate body composed of external independent experts which advises the Company on sustainability issues.

The members of the Social Advisory Board are: Cecilia Plañiol, Javier Sardina, Victor Viñuales, Ezequiel Reficco, Paula Farias.

Audit and Compliance Committee

/ Body responsible for overseeing and assessing financial and non-financial risks, such as those arising from the Group's actions in relation to its social, environmental and other sustainability practices, including climate change risks.

/ On an annual basis, this committee supervises and assesses non-financial risks and its degree of tolerance, while ensuring that the risks are managed within the tolerance levels established by the Board.

/ Also responsible for overseeing and evaluating the preparation of non-financial information and its integrity and overseeing the independent verification of such information.

/ Reports to the Board of Directors on a quarterly basis.

Ethics Committee

Body reporting to the Board of Directors, which oversees compliance with the standards of conduct.

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:	(i) Increase in the number of sustainable items, measured by the following parameters: (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)	(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.

Compliance.
The
how
matters

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.

ⓘ 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:

Compliance System organizational structure

Board of Directors

Audit and Compliance Committee

/ Assessing the effectiveness of internal control and risk management systems with regard to both financial and non-financial risks.

/ Identifying most significant financial and non-financial risks.

/ Overseeing compliance and effectiveness of Compliance policies and procedures.

Ethics Committee
Decision-making body

/ Overseeing compliance with the Codes of Conduct .

/ Overseeing the Criminal Risk Prevention Model.

/ Overseeing the proceedings of the Ethics Line.

Members of the Ethics Committee:

/ General Counsel and Secretary of the Board
/ Chief Compliance Officer
/ Chief People Officer
/ Chief Audit Officer
/ Chief Sustainability Officer

General Counsel's Office – Compliance Office
Operating management of the Compliance System

/ Arrangement of regulations.

/ Liaising with the areas and departments entrusted with Compliance duties.

/ Periodic reporting: (i) departments entrusted with compliance duties to GCO-CO and (ii) GCP-CO every six months and on an annual basis to the Ethics Committee and the Audit and Compliance Committee.

Comprised of:

/ General Counsel and Secretary of the Board of Directors
/ Chief Compliance Officer

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 topic[55]

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.

[55] In accordance with the Navex classification.

In 2022, the Ethics Committee processed a total of 312[56] 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.

[56] 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**
Region[1]	**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**
Region[1]	**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**
Region[1]	**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 "Tra!n", 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**
Region[1]		
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.

6.2. Tax responsibility and transparency

GRI 3-3; 201-2; 201-4; 207-1; 207-2; 207-3; 207-4

Related material topics: Value creation.

For Inditex, **strict compliance with our tax obligations in all the markets where we operate** is a fundamental principle of our tax policy. We see the application of good tax practices as an extension of our commitment to sustainability and corporate social responsibility.

It is also consistent with our **philosophy of value creation** and our determination to bring about **positive social transformation** wherever we are present, as the payment of taxes, by companies and individuals, enables the economic and social development of a community. Moreover, it fosters the construction and consolidation of infrastructures and public services that benefit the well-being of citizens and society in general.

Inditex's Tax Policy, approved by the Board of Directors in 2015, establishes that, in its tax practices, Inditex shall apply the fiscal legislation of the markets where it is present and, preferably, the interpretative criteria established by the authorities or courts of those markets. Due to the heterogeneity of this regulatory framework, Inditex approaches its tax management by taking the standards of best practice in each territory as a reference.

The Inditex Group is based upon a vertical organisation which takes part in all stages of the value chain of the textile industry (design, production, procurement, distribution and sale). Since all such activities are carried out in different territories, the part of profit created in the value chain attributed to each one needs to be determined. Profit attribution is done pursuant to the arm's length principle, in accordance with local regulations and OECD Transfer Pricing Guidelines.

The principles of **collaboration, mutual trust and good faith** govern Inditex's relationship with the tax authorities. Furthermore, we are part of *Foro de Grandes Empresas* ("Large Companies Forum") in Spain, whose primary objective is to promote greater collaboration among large companies and the State Taxation Administration. We also comply with the Code of Good Tax Practices promoted in the Forum, and have followed its recommendations and subsequent developments. Specifically, it is important to note that the Group has presented the Tax Transparency Report in accordance with the recommendation contained in section 2.4 of the Code.

Below is a breakdown of profit before taxes by market for 2022 (millions of euros)[57]

Markets	2022	2021	2020	2019	2018
Americas	**1,141**	**645**	**(129)**	**359**	**294**
Brazil	122	61	(30)	63	74
Canada	91	33	(9)	27	17
United States	424	253	(48)	84	50
Mexico	376	213	(43)	146	116
Other	128	85	1	39	37
Asia & Rest of the world	**376**	**393**	**60**	**657**	**561**
Australia	33	14	(2)	13	11
China	105	198	1	375	364
South Korea	50	34	6	57	24
Japan	11	44	17	83	56
Kazakhstan	48	23	14	22	15
Other	129	80	24	107	91
Spain	**1,422**	**1,083**	**640**	**1,805**	**1,650**
Spain	1,422	1,083	640	1,805	1,650
Europe	**1,919**	**1,785**	**388**	**1,720**	**1,417**
Germany	64	44	1	51	14
Belgium	34	36	(2)	26	83
France	145	127	28	101	139
Greece	27	30	15	41	31
The Netherlands	586	202	9	328	274
Hungary	7	7	(2)	11	12
Italy	127	121	(48)	93	83
Poland	9	25	3	44	38
Portugal	47	62	(1)	77	63
United Kingdom	154	98	30	78	34
Romania	75	66	31	67	67
Switzerland	493	409	145	307	257
Other	151	558	179	497	322
Profit/(loss) before taxes	**4,858**	**3,906**	**959**	**4,541**	**3,922**
Consolidation	500	293	442	140	506
Consolidated profit/(loss) before taxes	**5,358**	**4,199**	**1,401**	**4,681**	**4,428**

[57] Profit before tax results from the application of the International Financial Reporting Standards (IFRS), including the application of the accounting standard for leases IFRS 16 and excludes the result of the dividend distribution of other subsidiaries of the Group, capital gains from the sale of intra-group holdings, as well as provisions for portfolio impairments in Group subsidiaries. Profit before tax is conditioned by the 'headquarters effect' and compliance with international regulations on transfer pricing (OECD Guidelines) whereby the result derived from design, supply, logistics and distribution functions is allocated to certain markets and, therefore, does not represent the Group's profitability in each market.

In 2022, the effective overall income tax rate was 22,6%, and the accrued income tax expense (in million euros) was as follows:

Markets	2022	2021	2020	2019	2018
Americas	**326**	**164**	**38**	**120**	**93**
Brazil	51	17	0	14	18
Canada	22	2	6	6	5
United States	99	64	6	41	20
Mexico	113	49	15	42	38
Other	41	32	11	17	12
Asia & Rest of the world	**58**	**59**	**62**	**123**	**119**
Australia	11	1	4	4	3
China	(6)	20	20	56	71
South Korea	15	10	7	14	6
Japan	4	10	19	28	21
Kazakhstan	10	4	5	5	4
Other	24	14	7	16	14
Spain	**267**	**195**	**103**	**372**	**360**
Spain	267	195	103	372	360
Europe	**479**	**383**	**222**	**392**	**383**
Germany	18	7	(6)	12	5
Belgium	5	7	(1)	6	24
France	42	27	15	30	52
Greece	5	7	1	10	12
The Netherlands	190	106	84	127	101
Hungary	1	1	1	1	1
Italy	20	3	6	21	25
Poland	3	10	18	14	12
Portugal	12	14	5	16	14
United Kingdom	22	18	8	15	7
Romania	10	7	1	9	10
Switzerland	92	79	48	58	60
Other	59	98	42	73	60
	1,130	**800**	**425**	**1,007**	**955**
Consolidation	95	80	42	116	110
Income tax[1]	**1,225**	**880**	**467**	**1,123**	**1,065**

1. 2022 income tax corresponds to the obligation to pay corporate income tax, or any other, similar tax, paid in the current year, or to be paid in the following year, linked to pre-tax profit by market, in accordance with the provisions of the Information Guide on Non-Financial Information and Diversity published by the Spanish Accounting and Auditing Institute. This year, the payment obligation may be conditioned in some markets by the tax effect associated with tax losses generated in previous years.

The relation between profit/(loss) before tax and corporate income tax in each market is obtained by applying the prevailing tax rate to the taxable income. This, in turn, is the result of performing certain permanent or temporary adjustments to the accounting profit/(loss) before tax.

These adjustments relate mainly to avoiding double taxation on income, to non-deductible expenses and to differences in the criteria for temporary allocation of income and expenditure between tax and accounting legislation (depreciation, impairment, etc.).

The Group is committed to not using structures of a shady nature for tax purposes, putting shell companies located in territories considered as tax havens or uncooperative territories by the Spanish tax authorities. In this regard, the incorporation of companies located in territories considered as tax havens is limited to situations where it is absolutely indispensable for the development of the Group's own commercial activities, as is the case with the companies which operate the stores located in Macao SAR and Monaco.

	Sale of goods and services (thousands of euros)	Number of stores
Macao SAR	5,097	2
Monaco	7,538	1
Total	**12,635**	**3**

This year, taking into account all the markets in which it operates, the group has received 10 million euros (31 million in the previous year) in public subsidies, mainly from China.

Likewise, section **6.1.3. Compliance and criminal risk prevention system** of this Report, sets out the measures that Inditex has adopted within the framework of stopping money laundering and the financing of terrorism.

In the financial year 2022, and in compliance with our tax obligations, Inditex's total tax contribution amounted to 7,479 million euros, of which 3,200 million euros were direct taxes paid and 4,279 million euros were taxes collected on behalf of third parties in the territories and markets where the Company operates. In order to standardise the tax disclosures and denominations of these territories, PwC's Total Tax Contribution methodology is used. In it, taxes are divided into five categories:

/ Income tax. This includes tax payable on profits earned by companies (such as corporate income tax or business tax), as well as taxes collected and some withholdings on payments to third parties.

/ Property tax. Tax payable on the ownership, sale, transfer or occupation of property.

/ Personal tax. Tax related to employment, paid and collected. This includes employees' personal income tax withholdings or social security contributions payable by the employee or the Company.

/ Tax on products and services. Indirect taxes on the production and consumption of goods and services, such as VAT or customs duties, among others.

/ Environmental tax. Duties relating to the supply, use or consumption of products and services that, in one way or another, affect the environment.

Direct tax		**Taxes collected**	
Income tax	1,185	Income tax	156
Property tax	102	Property tax	10
Personal tax	781	Personal tax	811
Tax on products and services	1,119	Tax on products and services	3,301
Environmental tax	13	Environmental tax	1
Total	**3,200**	**Total**	**4,279**
Total tax contribution			**7,479**

With respect to the tax contribution by markets, as Inditex's home market, Spain is home to the main product activities and resulting business. For this reason, and because it represents 14.4% of global sales, it is the Group's largest direct tax contribution market. In 2022, 1,809 million euros in tax were paid in Spain, i.e., 24% of the overall total.

Tax contribution

€7,479 M
total tax contribution

€3,200 M
direct taxes

€4,279 M
taxes collected

€1,809 M
Spain

2022 Taxes	Dir*	Coll**
Total	**949**	**860**

€3,962 M
Europe
(does not include Spain)

2022 Taxes	Dir*	Coll**
Germany	50	296
Belgium	14	120
France	152	465
Greece	22	140
Netherlands	205	131
Hungary	2	45
Italy	67	450
Poland	13	116
Portugal	52	225
United Kingdom	144	255
Romania	12	89
Switzerland	110	21
Other	288	478
Total	**1,131**	**2,831**

€1,252M
Americas

2022 Taxes	Dir*	Coll**
Brazil	146	82
Canada	54	52
United States	304	163
Mexico	268	79
Other	80	24
Total	**852**	**400**

€456M
Asia & rest of the world

2022 Taxes	Dir*	Coll**
Australia	11	26
China	42	64
South Korea	36	15
Japan	40	41
Kazakhstan	32	7
Other	107	35
Total	**268**	**188**

* Direct taxes
** Taxes collected

	Own taxes paid in the years 2022-2018 (in million euros)					Taxes collected in 2022-2018 (in million euros)				
Markets	**2022**	**2021**	**2020**	**2019**	**2018**	**2022**	**2021**	**2020**	**2019**	**2018**
Americas	**852**	**592**	**357**	**623**	**489**	**400**	**318**	**177**	**320**	**271**
Brazil	146	90	53	108	100	82	47	34	84	79
Canada	54	50	41	53	43	52	36	23	35	33
United States	304	259	129	213	151	163	166	88	129	107
Mexico	268	141	101	194	136	79	48	22	52	35
Other	80	52	33	55	59	24	21	10	20	17
Asia & Rest of the world	**268**	**257**	**248**	**345**	**359**	**188**	**208**	**144**	**189**	**187**
Australia	11	15	11	12	10	26	19	17	25	21
China	42	66	79	138	173	64	108	59	96	109
South Korea	36	32	31	32	27	15	12	10	12	12
Japan	40	51	59	66	64	41	40	40	34	28
Kazakhstan	32	19	12	14	14	7	4	3	4	3
Other	107	74	56	83	71	35	25	15	18	14
Spain	**949**	**780**	**620**	**1,049**	**928**	**860**	**721**	**581**	**825**	**764**
Spain	949	780	620	1,049	928	860	721	581	825	764
Europe	**1,131**	**794**	**691**	**1,023**	**988**	**2,831**	**2,423**	**1,871**	**2,375**	**2,180**
Germany	50	26	18	32	33	296	252	189	228	201
Belgium	14	9	7	18	35	120	101	107	99	97
France	152	84	117	190	229	465	360	300	347	324
Greece	22	16	12	31	23	140	107	80	135	124
The Netherlands	205	85	117	166	108	131	113	97	85	86
Hungary	2	3	4	4	4	45	29	23	35	31
Italy	67	37	44	75	82	450	385	246	384	356
Poland	13	17	24	22	11	116	85	82	111	98
Portugal	52	14	20	29	46	225	165	151	203	191
United Kingdom	144	120	16	65	72	255	173	91	132	129
Romania	12	6	2	10	13	89	73	56	78	73
Switzerland	110	62	66	94	70	21	19	15	17	15
Other	288	315	244	287	262	478	561	434	521	455
Own taxes	**3,200**	**2,423**	**1,916**	**3,040**	**2,764**	**4,279**	**3,670**	**2,773**	**3,709**	**3,402**

6.3. Responsible risk management

Related material topics: Risk management and control systems; Climate change.

6.3.1. Risk management and control framework

GRI 3-3

6.3.1.1. Integrated Risk Management System

Inditex's **Integrated Risk Management System (IRMS)** establishes the Group's risk management and control framework. The IRMS, based on the COSO Enterprise Risk Management[58] (ERM) framework, encompasses our entire Group, both at the corporate level and in the various business units and subsidiaries, regardless of their geographic location. It is incorporated in our strategic planning process, in the definition of business objectives, as well as in the Group's day-to-day operations. The IRMS entails both financial and non-financial risks (including tax, operational, technological, cybersecurity, legal/regulatory, social, environmental, climate change, political, reputational, corruption-related and other risks). We define a risk to be any potential event, regardless of its nature, that may have a negative impact on the achievement of the business objectives.

The **Risk Management and Control Policy** establishes the basic principles, risk factors and the general action guidelines for managing and controlling the risks that affect our Group. The determination of this Policy is a non-delegable power of the Board of Directors. It is the responsibility of this body and the Group's Senior Management to promote it, although its implementation is the responsibility of each and every individual forming part of Inditex. Its application may be extended, in whole or in part, to any individual and/or legal person linked to the Group. The purpose of the Policy is to provide reasonable assurance in regard to the achievement of the objectives set by the Group in response to the various challenges it faces, providing all stakeholders with an adequate level of assurance to ensure the protection of the value generated.

The IRMS is based on this Policy and is developed and supplemented by internal regulations of different levels that govern the management of different risks and apply to different units or areas of the Group. This system coexists with other functions tasked with monitoring specific risk areas. Other relevant risk management policies and regulations are detailed below. Our IRMS is based on the 'COSO ERM' methodological framework and the relevant ISO standards, adapted to our own needs and specific characteristics. Furthermore, specific evaluation and quantification methodologies are used to tackle specific risks, in particular those relating to the climate.

6.3.1.2. Bodies responsible for preparing and implementing the Risk Management System

The IRMS ensures adequate segregation of duties between the various elements of which it is comprised, i.e., between the areas or business units that assume and manage the risks, and those responsible for coordination, control and supervision. Responsibilities between the units and bodies involved are based on a **three-lines-of-defence model**. The responsibilities of the areas and bodies involved in the IRMS are specified below:

[58] Marco COSO ERM, Enterprise Risk Management - Integrating with Strategy and Performance, published on September 2017 by the Committee of Sponsoring Organizations of the Treadway Comission (COSO).

Risk management

Board of Directors

Approval of the Risk Management and Control Policy, which establishes the basic principles, key risk factors and the general framework of action for their management.

Audit and Compliance Committee

Supervision
of risk control and management, verifying their proper functioning on the basis of the policy approved by the Board.

Assessment
of the effectiveness of financial and non-financial risk internal control and management systems, as well as the measures envisaged to mitigate the impact of the risks identified.

Identification and re-assessment, at least annually, of the main financial and non-financial risks and their tolerance levels.

Risk Map
identifying the main risks by category and an assessment thereof as a function of their potential impact, probability and the Group's preparedness for tackling them.

Senior Management

Awareness and dissemination
of the importance of the Integrated Risk Management System and its value for all the Group's stakeholders.

Definition and validation
of roles, attributions and responsibilities
the framework of Integrated Risk Management System.

Approval of action plans
and work plans derived from the risk management process itself, and activity monitoring.

Setting the level of risk
that the Company considers acceptable, based on the objectives and interests of the Company and its stakeholders.

Three lines of defence

1. Business units *(continuous reporting)*
Reporting of the risks to which the Group is exposed in its respective responsibility areas, including those related to climate.

2. Risk management / Compliance function *(quarterly reporting)*
Responsible for coordinating and updating the Integrated Risk Management System to maintain maximum quality levels.

3. Internal Audit *(quarterly reporting)*
Independently and objectively supervises the Integrated Risk Management System.

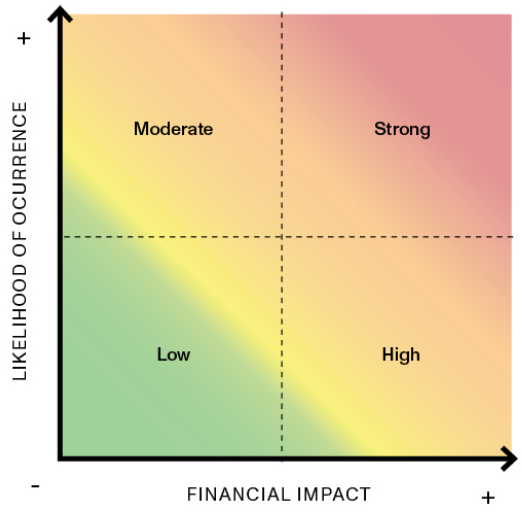
6.3.1.3. Risk identification, assessment and prioritisation

Uniform, standardised and systematic risk identification, assessment and prioritisation processes are in place, based on the concepts of risk appetite, risk tolerance and target risk. The risk factors to which the Group is subject are classified into six categories, which are subdivided into lower hierarchical classifications according to their causality: financial, geopolitical, technological, environmental, social and governance risks.

The risk identification process aims to pinpoint, recognise and describe the risks that may prevent the organisation from achieving its objectives. In the identification process, every effort is made to have the best information available, taking as a foundation the knowledge and experience of the areas directly responsible for risk management, complemented, where appropriate, by relevant external sources. Emerging risks are also considered, i.e., those risks that are new, in the process of transformation, or are a novel combination of risks, whose impact, probability of occurrence and cost are not yet well understood. In any event, the scope of geographic dimension of the risks is taken into account, especially of those that are specific to certain geographies and those linked to climate.

Risk criteria must be set by Senior Management, in keeping with the Group's objectives and interests, as well as those of our various stakeholders, and are updated periodically. Risks are assessed in terms of residual risk, i.e., the risk remaining after appropriate measures are taken.

The assessment considers three magnitudes for each of the risks: impact, likelihood of occurrence and level of preparedness. The Risk Management department periodically (at least annually) asks the various management units to assess and review the different risks and the mitigation measures in place and planned, by means of a system of interviews and questionnaires. A risk register is kept, represented in a risk map, weighing risks according to their overall impact (strong, high, moderate and minor risks). The map is periodically reported to the Board of Directors and contains the critical risks, meaning those which, if they were to materialise, could compromise the achievement of our strategic objectives.



Risk management and control framework

Impact

Effect that a risk would have if it were to materialise. Risk managers consider the worst-case impact scenario for risk materialisation and assess the impact on each strategic objective based on their own calculations, except for the 'Corporate image and reputation' variable, for which they use a standard questionnaire. To obtain the total risk impact assessment, the result of the variable with the highest impact is considered and increased according to the other affected variables on a weighted basis.

Likelihood

Risk managers use an average scenario to assess the probability of occurrence. The estimated probability of the risk materialising is measured, taking into account the track record of the past five years as well as the one-year expectations. The various possible scenarios are documented in terms of impact and likelihood of occurrence.

Preparation

The level of preparedness is measured using a questionnaire on aspects related to response capacity, existing mechanisms and controls, scenario analysis and contingency plans.

These assessments are transferred to the tolerance scales defined by Senior Management for each of the variables to obtain the total impact level. Various thresholds are currently assessed for the following financial variables: change in sales, change in gross margin, change in net profit and change in cash flow generated from operating activities.

To assess climate change-related risks, we also used methods for the financial assessment of (acute and chronic) physical and transitional risks in the short, medium and long term based on **scenario methodology**.

ⓘ More information in section 6.3.4.Climate change: risks and opportunities of this Report.

The scenario methodology is also used to assess risks in categories not related to climate change. To analyse each scenario increasing levels of severity are factored in, so as to simulate its likelihood of occurrence, its timing, its recovery curve and its aggregate and separate impact. The purpose is to calculate 'Earning Value at Risk' over a time frame of five years discounted to obtain its present value. This enables the Group to assess risks in intrinsic and residual terms, after taking into account risk mitigation and transfer measures. This method is part of the process of evolution and development of the IRMS.

6.3.2 Risk map

GRI 3-3; 201-2; 308-2

The risk map represents the inventory of critical risks for the Group. There are also maps for specific risk categories that offer greater granularity.

Critical risk map

	# Risks	Strong	High	Moderate	Minor
Social	4	25%	50%	25%	0%
Financial	8	50%	0%	50%	0%
Geopolitical	3	33%	33%	33%	0%
Governance	7	57%	14%	14%	14%
Environmental	4	50%	0%	25%	25%
Technology	5	20%	60%	20%	0%
Total	**31**	**39%**	**26%**	**28%**	**7%**

There follows a description of the main risk factors, and their main mitigation measures and the trend with respect to the previous year.

SOCIAL RISKS
Risks arising from socio-economic trends, including evolving societal preferences, social norms and demographics, as well as the prevalence of diseases and the development of public healthcare systems.

Main risks	Description and impact	Main mitigations	Risk trend
Human capital	Risks relating to **talent and people management** pertain to the necessity to adapt our organisational culture to the needs of staff in a new and complex environment, where the sustainability of human capital becomes more relevant and which aims to ensure the quality of employment, health and well-being of staff, work-life balance, diversity, and other factors. Today's labour market is becoming increasingly demanding in terms of corporate social responsibility, which determines a company's appeal as a preferred employment destination. Accordingly, the content and impact of human capital risks are evaluated every year. Furthermore, we are more exposed to the potential risk resulting from the shutdown of critical operational processes (logistics activity, transport, administrative services, among others) as a result of **labour disputes**, strike action, riots or protests that curb or disrupt corporate productivity.	/ Knowledge transfer and the involvement of all our people in our culture and way of operating / Team development, growth opportunities for top talent and retention of key employees through career development, training and compensation policies. / Recruitment of new staff to ensure a continuous inflow of talent / Measures to develop the Diversity and Inclusion Policy / Development of equality plans, establishing measures to promote the commitment to and effective application of equality between men and women, preventing discrimination in the workplace, guaranteeing a healthy working environment and helping to maintain a work-life balance. / Implementation of community programmes and projects ⓘ More information in section *5.1. Our people* of this Report.	↑

Infectious and contagious diseases	This category includes the risks posed by infectious and contagious diseases. It corresponds to the potential disruption caused by a local, regional or global pandemic as a result of infectious diseases against which there is little or no pre-existing immunity in the human population. As covid-19 has taught us, the impacts of a pandemic can be multiple, unpredictable and of varying intensity, both in time and scope. They can become systemic because of how their consequences manifest.	/ Establishment of an information system to ensure better knowledge of the guidelines issued by public authorities and bodies / Mechanisms aimed at ensuring the continuity of our operations / Flexibility of the business model and strengthening of the online channel ⓘ With regard to the impact and the mitigation measures, see section 6.3.3 Risks that have materialised during the year analysed in this Report. / Maintenance and updating of measures established by the health authorities: creating emergency management committees, compiling data on the epidemiological situation, regular information to employees, installing protective screens in workplaces, adapting capacity, etc. ⓘ Regarding the management of the impact on people, see section 5.1.6 Our people's health, safety and well-being of this Report.	↓
Brand perception	Risks which have a direct influence on the perception of stakeholders (customers, employees, shareholders and suppliers) and society in general regarding our Group.	/ Monitoring of the Group's image in all areas, carried out by various departments, including Communications and Institutional Relations / Establishment of the necessary procedures and protocols by the Communications and Institutional Relations, and Sustainability departments / Management of the relationship with the regulatory bodies by the General Counsel's Office – Office of the Chief Compliance Officer. Investor and Analyst Relations Management by the Capital Markets Department / Code of Conduct and Responsible Practices / Code of Conduct for Manufacturers and Suppliers / Social Media Policy ⓘ More information in section 5.4 Our shareholders and 6.1 Good governance, corporate ethics culture and solid compliance architecture of this Report.	→

FINANCIAL RISKS
Threats originating in the macroeconomic sphere, in global value chains and in industry- or company- specific events that may prevent the proposed objectives from being achieved.

Main risks	Description and impact	Main mitigations	Risk trend
Competition	The **competitive environment** may result in risks from difficulties in adapting to the environment or market in which we operate, as regards both the procurement processes and the product retailing and sale activities. These risks are inherent to the fashion retailing business and consist of our Group's potential inability to continue operating and react to changes in the target market or to adapt to new situations in its supply or distribution countries. These risks derive from the possible difficulties involved in recognising and taking on board the ongoing changes in fashion trends, and in manufacturing, supplying and putting up for sale new articles that meet customer expectations.	/ Business model through management that seeks to improve the efficiency and effectiveness of markets, business lines and stores, rationalising and diversifying the sales network / Internationalisation policy / The Group's multi-brand format based on omni-channelling, through the full integration of channels and new technologies as alternatives for communication and sales / Feasibility analysis of each new market, business line or store, plus subsequent follow-up ⓘ More information in sections *3. Get to know Inditex* and *4. Our strategy* of this Report.	→
	Competition may also surface in the infringement of **industrial and intellectual property**	/ Code of Conduct and Responsible Practices / Existence of an Industrial Property (IP) Department to supervise the use of industrial and intellectual property rights and protect the Group's IP assets, as well as of specialist staff integrated in the commercial areas. / Industrial and intellectual property training / Industrial and Intellectual Property Product Control Policy	→
Counterparty	The Group is exposed to **counterparty risk** from our suppliers of goods and services, especially those that are more strategic for the continuity of our operations, as well as from our customers and business partners, which could impact the normal performance of some of our operations. The Group is also exposed to the risk that financial counterparties fail to comply with their obligations in relation to investing our liquidity, credit policies or other funding and guarantee vehicles, as well as the derivative instruments arranged to hedge financial risks.	/ Analysis and monitoring of the financial solvency of the most important third parties for the Group, including legal, technological, operational, reputational and regulatory compliance aspects, among others / The Group's Financial Investment Policy, whose aim is to ensure the safety, integrity and liquidity of the Company's financial assets / Financial Risk Management Policy, which determines the caps on counterparty exposure / Flexibility and diversification of the value chain ensure the resilience and continuity of our operations in the event of potential disruptions owing to the behaviour of third parties ⓘ More information in section *5.6.1. Supply chain management* of this Report.	→

Market crisis	The euro is the Group's functional currency. Our international transactions require the use of numerous currencies, giving rise to foreign **currency exchange risk**. Currency exposure manifests itself in terms of net investment, translation and transaction risks. We have investments overseas whose assets are exposed to the **foreign currency exchange risk**. Given that we consolidate the annual accounts of our companies in euros, we are exposed to foreign exchange translation risk resulting from all our entities located outside the Eurozone. We are also exposed to the risk arising from the volatility in currencies other than the euro of payment and collection flows in relation to the acquisition and provision of goods and services in both Group and non-Group transactions.	/ Financial Risk Management Policy ⓘ More information in note *26. Financial instruments and risk management policy* of the Consolidated Annual Accounts	→
	Supply and distribution shipping is critical to our business. There is a risk of **paralysis** or delay **in the movement** and customs clearance of **goods** as a result of changes in the political/social situation and stability in countries where goods are produced and sold, regulatory changes, trade frictions—whether tariff or non-tariff related, and saturation of logistics infrastructures, among others.	/ In-house teams specialised in market customs regulations, which are in permanent contact with customs agencies / Diversification of shipping points and establishment of alternative routes. / Continuous tracking of the product until it arrives at the store / Monitoring of relevant regulations and regulatory changes	→
Economic outlook	Our activity is subject to the risk of a potential downturn in sales as a result of **economic contraction** or other macroeconomic headwinds generated by external factors.	/ Flexible business model based on multi-brand omni-channelling. / Territorial diversification by means of an internationalisation strategy ⓘ More information in sections *3. Get to know Inditex* and *4. Our strategy of this Report.*	↑
Economic variables	The Group is exposed to the risk of inflation affecting costs linked to the acquisition of the goods and services necessary to conduct our business. Notable is the impact of the increase in the price of the multiple raw materials, (textile and non-textile) consumed directly and indirectly in the Group's operations, and in the procurement of goods, primarily of our products and services, in particular in connection with the transportation of supplies and distribution. ⓘ More information in note *26. Financial instruments and risk management policy* of the Consolidated Annual Accounts and in section *5.3.2. Design and selection of materials* of this Report.	/ Flexibility of the manufacturing and procurement model, allowing production to be adapted to market demand and to possible changes in the supply market environment. / Permanent contact with stores and online teams by our team of designers, through the Product Management department, helping them to learn about customer preferences. / Selective price adjustments to safeguard our margins. / Vertical integration of operations makes it possible to shorten production and delivery lead times and to reduce inventory volumes, while keeping sufficient manoeuvring room to introduce new products over the course of the season. / Monitoring of raw material markets and strategic promotion of circularity and recycling of raw materials ⓘ More information in section *4. Our strategy* of this Report.	↑

GEOPOLITICAL RISKS

Geopolitical risks arise from a deterioration in the political situation, a society's crime levels, changes in the ideology, leadership and regulation of its authorities, politically motivated conflicts at home or in nation states that threaten operations or expected prospects.

Main risks	Description and impact	Main mitigations	Risk trend
Business environment and political violence	Potential instability in the territories where our **supply chain** is located, as well as where products are marketed, poses a significant risk. **Socio-political instability** arising from social uprisings or other causes of political violence, as well as their potential spread to other countries, may affect our ability to operate in affected territories, with the ensuing impact on value chains, sales and expansion, or damage to our facilities. These circumstances may result in **frictions** that **hinder the normal movement of goods** due to political instability, infrastructure saturation, or constraints, especially on key routes, which generate bottlenecks due to supply-demand imbalances that limit access to transport and/or erode business margins.	/ Value chain with multiple geographic origins which provides the necessary flexibility and adaptation to demand, ensuring alternatives should it become necessary to switch between different manufacturing markets in case of severe, continuous disruptions. / Diversification of points of sale. / Monitoring of country risk and proximity to the local market. / Continued tracking of the unfolding conflict and its complex repercussions closely, putting in place plans to mitigate its impact, especially in relation to its workforce in the affected markets. ⓘ More information in sections *3. Get to know Inditex*, *4. Our strategy and 5.6.1. Supply chain management* of this Report.	↑
Government business policies and regulatory framework	As a result of our extensive direct and indirect geographic presence, we are exposed to a wide range and variety of legislation in the countries where we operate. Regulatory changes, which are increasingly frequent and more intense, especially in our sector, as well as the possibility that local authorities might adopt differing or even divergent interpretations from one jurisdiction to the next, expose the Group to potential negative effects of a financial, compliance and/or reputational nature. This includes risks relating to labour, commercial and consumer law, industrial and intellectual property law and personal data protection and privacy regulations , with a particular emphasis on tax and customs regulations, as well as risks pertaining to other legislation. Expectations of significant regulatory or policy changes that may create uncertainty for the normal conduct of the business model and require an effort in financial and operational planning to ensure proper adaptation.	/ Systematic tracking of the impacts and risks of the emerging regulations that affect the business model and the proposal of operable solutions. / A business model based on a firm commitment to good governance, transparency and respect, aimed at promoting social and environmental sustainability, and conveying a corporate ethical culture in the performance of all our activities. / Continuous compliance training. / The existence of an independent body that supervises compliance with the internal standards of conduct (Ethics Committee) and a mechanism to report irregularities and non-compliances (Ethics Line). / Implementation of the model for the organisation, prevention, detection, control and management of legal and reputational risks, deriving from potential breaches. / Policy on Donations and Sponsorships, Policy on Gifts and Business Courtesies, Policy on Dealings with Public Servants. / Tax Policy / Anti-Money Laundering and Terrorist Financing Policy / Continuous assessment of the corporate governance system in order to verify its degree of compliance with and adaptation to new legislation, recommendations, standards and best practices in this respect, and to systematically reinforce good corporate governance practices. ⓘ More information in sections *6.2. Tax responsibility and transparency* and *6.1 Good governance, corporate ethical culture and solid compliance architecture* of this Report	↓

GOVERNANCE RISK

Governance risk includes non-compliance by the Company and, in particular, by its Board of Directors and Senior Management, with the law in a formal and/or material sense, with good governance recommendations, with best practices, and with the commitments that we voluntarily undertake. It also includes risks arising from the tactical and strategic decisions of the Group's management that may result in the non-achievement of business, functional area or Group objectives, as well as risks of corruption or damage to the Company's reputation.

Main risks	Description and impact	Main mitigations	Risk trend
Business model implementation	Risks related to potential **weaknesses in the commercial offer** as a result of not anticipating trends, not being able to react and respond to changes in market trends, not providing sufficient supply to stores or not being able to continue to stand out from our competitors.	/ Agility and flexibility of the business model / Qualified teams geared towards identifying the product wanted by the market and ensuring adequate supply management / Availability of reliable data, with the necessary frequency and level of detail, providing information on how well supply matches demand in the market. / Linking up with customers through social media and having different touch points to ascertain customers' tastes and expectations (stores, online sales). / Proximity supply allowing for swift response to customer demand ⓘ More information in section *4. Our strategy* of this Report.	↑
	Risk of **concentration of logistics operations activity** (procurement, storage and distribution) in a limited number of distribution centres, whether our own or operated by third parties, located across Spain.	/ Logistics Connection Hub in the Netherlands. / Use of smaller logistics centres located in other countries and with third party logistics operators which carry out variable scale distribution operations. / Implementation of our WMS (Warehouse Management System) in all external logistics operators to ensure full operability and compatibility with our systems. / Our RFID and SINT (integrated stock) programmes have been implemented in all retail concepts. ⓘ More information in section *4. Our strategy* of this Report.	↑
Non-compliance	The Group is exposed to the risk of **non-compliance** with its Human Rights Policy and other standards we have established in this regard. In particular, breaches of our Code of Conduct for Manufacturers and Suppliers, defined as the **minimum standards of ethical and responsible behaviour** to be observed by the **manufacturers and suppliers** of the products we market. Furthermore, the requisite ESG (environmental, social and governance) performance in the fashion industry is increasing and is based on **transparency and traceability.**	/ Mandatory compliance with the Code of Conduct for Manufacturers and Suppliers by all those who wish to become part of the Group's supply chain. / Programme for Compliance with the Code of Conduct for Manufacturers and Suppliers by means of different types of audits of the facilities required for production. / The Ethics Line and Ethics Committee (also responsible for the application and interpretation of the Code of Conduct for Manufacturers and Suppliers). / Traceability strategy based on a management system whereby each supplier is required to know and share its supply chain data and report the facilities involved in the productions, and an audit process that confirms that production does in fact take place in declared and authorised factories. ⓘ More information in sections *5.6 Suppliers* and *6.1. Good governance, corporate ethical culture and solid compliance architecture* of this Report and section *F.1.2* of the Annual Corporate Governance Report.	↑

Data protection and privacy	Our Group faces the risk of **failing to comply with the law** in a formal or material sense, or with good governance recommendations, best practices or voluntary commitments. This includes risks relating to tax, customs, anti-bribery and corruption, labour law, commerce and consumption-related regulations, industrial and intellectual property regulations, data protection and privacy and risks relating to other types of legislation, in particular criminal regulatory risks, as well as other regulatory compliance risks.	/ The Company's Compliance System / Criminal Risk Prevention Model, comprising the Criminal Risk Prevention Policy, the Criminal Risk Prevention Procedure and the Scoping Matrix of Criminal Risks and Controls. / The main policies approved within the framework of the Criminal Risk Prevention Model are as follows: Policy on Donations and Sponsorships, Policy on Gifts and Business Courtesies, Policy on Dealings with Public Servants, Conflicts of Interest Policy, Anti-Money Laundering and Terrorist Financing Policy, Due Diligence Policy and the Procedure for Limiting Trade Relations with Suppliers in Restricted or Unauthorised Markets. / Ethics Line and Ethics Committee ⓘ More information in section *6.1.3. Compliance and criminal risk prevention systems* of this Report. / Data protection and privacy compliance model, the basic rule of which is the Personal Data Protection and Privacy Compliance Policy. ⓘ More information in section *6.3.5.2. Personal data protection and privacy* of this Report. / Annual assessment of the corporate governance system in order to verify its degree of compliance with and adaptation to new legislation, recommendations, standards and best practices in this respect, and to systematically reinforce good corporate governance practices / Periodic supervision by the Audit and Compliance Committee of the existence of possible conflicts of interest or transactions with/among related parties, contrary to the interests of the Company and/or its stakeholders.	→
Products and services	We are exposed to risks relating to the **quality, composition** and other aspects linked to the **health and safety of our products.**	/ Checking and verifying product health and safety standards and detailed manufacturing guidelines through the Clear to Wear: Product Health Policy and Safe to Wear: Product Safety Policy. ⓘ More information in sections *5.3.3. Health and safety of products* and *5.6 Suppliers* of this Report	→

ENVIRONMENTAL RISKS
Risks associated with natural disasters, climate change and the interactions resulting from human exploitation of the environment.

Main risks	Description and impact	Main mitigations	Risk trend
Climate change	Our performance is exposed to the potential impacts of climate change in its various manifestations of physical risk, whether chronic or acute, as well as the risks resulting from the transition to a low-carbon economy. With regard to physical risks, seven climate phenomena are taken into consideration: heatwave, freeze, river flooding, coastal flooding, temperature windstorm and tropical storms and water stress in the catchment areas in which our own or third-party facilities are located.	/ Decarbonisation is one of the main axes of our Sustainability Roadmap, in line with the goals of the Paris Agreement. We have set very ambitious decarbonisation targets for our business and for our industry as a whole. / Section 6.3.4. Climate change: risks and opportunities focuses on this risk within the framework of the Task Force on Climate-related Financial Disclosures (TCFD), which the Group joined in June 2020. ⓘ More information in sections 5.5.1. Our approach to energy management and emissions reduction and 6.3.4. Climate change: risks and opportunities of this Report.	↑
Environmental degradation and Scarcity of natural resources	There is a risk of producing adverse effects in the environment through the release of undesirable or hazardous substances (whether biological or chemical) throughout our value chain. There is also a risk that our activities could translate into negative externalities such as the loss of biodiversity, deforestation, soil degradation, scarcity of raw materials, especially those that meet our sustainability requirements, among others. A sufficient and reliable supply of preferred raw materials must be guaranteed to meet the our sustainability commitments.	/ The Sustainability Policy sets out, among others, the environmental commitments, which are applied transversally across all its business areas and throughout the supply chain. / Environmental strategies: Biodiversity Strategy, Global Water Management Strategy and Global Energy Strategy / Forest Product Policy / Commitment to clean energy and the implementation of circular management models in our headquarters, logistics centres, factories and stores (clothes collection project). / Zero Waste Programme, initiative to implement a waste management system that allows waste generated at our own facilities to become an available resource for a new use through their reuse or recycling / Packaging quality standards to introduce recycled materials in packaging, extend its life and facilitate its recycling (Green to Pack Programme) / Research and development of new, more sustainable raw materials and fibres through the use of new technologies via the corporate platform Sustainability Innovation Hub / Collaboration projects with third parties in the field of circularity and innovation (MIT Spain, Ellen MacArthur Foundation, Global Fashion Agenda, Euratex, and so on). / Application of the Green to Wear standard in the supply chain ⓘ More information in sections 5.5.1. Our approach to energy management and emissions reduction and 6.3.4. Climate change: risks and opportunities of this Report.	→
Extreme weather events	As a result of natural disasters such as floods, fires, earthquakes, etc., key business operations and shipping processes could be halted. Events such as these could potentially affect our Group's critical infrastructure.	Management of these risks, including mitigation measures and resilience plans, has been discussed in the section on **industrial accident** risks. Section 6.3.4. Climate change: risks and opportunities includes a sub-section concerning the physical climate impact on the Group's value chain.	→

INDITEX

TECHNOLOGY RISKS
This includes targeted cyberattacks, collapse of critical infrastructure, industrial accidents with direct or indirect impacts, as well as the inability to adapt to technological advances.

Main risks	Description and impact	Main mitigations	Risk trend
Critical infrastructure	We are more exposed to the risk arising from various contingencies (incidents, sabotage or accidents) that lead to a halt or operational inefficiency of IT services or processes needed to perform the business activity.	/ Ensuring the availability of the systems by deploying technical contingency plans which, together with associated technical recovery procedures and their relevant recovery testing would reduce the consequences of an incident, breakdown or stoppage. / Main data centre certified to TIER IV standard, guaranteeing maximum reliability and high availability. / Availability of certified data centres guaranteeing high availability as well as synchronous data storage in redundant locations or duplication of equipment and lines. / Information Security Procedure Incident Response Plan, which includes the management of incidents affecting personal data from the standpoint of compliance with personal data protection and privacy regulations. ⓘ More information in section *6.3.5 Information security and privacy* of this Report	→
Cybersecurity	This refers to exposures that could compromise the continuity of operations and/or the confidentiality, integrity and/or availability of our information, regardless of whether it is located in our own systems or those of third parties; and third parties' information located in our systems. We are aware that technological risks evolve exponentially, unpredictably and, in some cases, in a very sophisticated way. Thus, although Information Security is a priority, there is the possibility of an undetectable attack which might affect operations or information managed by us.	/ Existence of an Information Security Officer, reporting directly to the Chief Executive Officer. / Availability of a reference framework (Information Security Policy) aimed at ensuring the confidentiality, integrity and availability of information. / Permanent control of the Information Security management system to ensure confidentiality and integrity of information and uninterrupted operations through the Information Security department and with the support of the Information Security Committee. / Continuous review mechanisms, by the Information Security department, evaluated through internal and external audits, for the prevention, detection and response to cyberattacks / Updating the inventory and information technology and security risk map to establish the necessary mitigation measures and ensure continuous improvement by the responsible areas / Development of a strategic plan with international experts in order to maintain and improve the maturity of the Information Security programme / Insurance policies to cover loss of profit, expenses arising from the attack and the Company's civil liability for damage caused to third parties / Compliance with the requirements of the Payment Card Industry Data Security Standard (PCI- DSS) and obtaining the ISO/IEC 27001 certification for Information Security. / Certifications required within international regulatory frameworks, such as the K-ISMS[1] in South Korea and the MLPS[2] in China. / Awareness and skill-building through employee cybersecurity training. / Information Security Procedure Incident Response Plan, which includes the management of incidents affecting personal data from the standpoint of compliance with personal data protection and privacy regulations. ⓘ More information in section *6.3.5 Information security and privacy* of this Report	→

1. K-ISMS is South Korea's information security management system. This standard is managed by the Korean Internet and Security Agency ("KISA"). It was prepared to evaluate whether enterprises and organisations operate and manage their information security system consistently and securely such that they protect key information assets from various threats.

2. MLPS is the multi-layer protection scheme. It is a regulatory classification scheme intended to protect the security of information systems located in China. China's Cybersecurity Law requires the network and system components to be protected against disruptions, damage, unauthorised access using a graded scale to prevent data leakage, manipulation and espionage

Industrial accident	We are exposed to the risk arising from the interruption of operations associated with the possible occurrence of extraordinary events beyond our Group's control (fires, transport or key supplier strikes, interruptions in energy and fuel supplies, etc.), which could have a significant effect on the normal functioning of our operations. The main operational risks are concentrated at logistics centres and at third party operators transporting goods.	/ Actions to reduce exposure to this type of risks, maintaining high levels of prevention and protection at all the distribution centres. Existence of insurance policies that cover both property damage and loss of profit resulting from the incident. / Optimisation of the scale and use of all logistics centres according to the volume of each retail concept and the specific needs of the geographic area they serve. / Configuration of the various logistics centres to allow them to take over storage and delivery capacity from other centres in the event of a contingency caused by accidents or stoppages in distribution activities. / Logistics Expansion Plan, which assesses the need and envisages new investments if necessary. Phasing-in of Radio Frequency Identification (RFID) technology in the value chain and development of new mobile robotics technologies. / The search for, validation and control of external logistics operators, at different strategic points, with full integration into the Company's logistics capacity. / Diversification of shipping suppliers. ⓘ More information in section *4. Our strategy* of this Report.	↑
Disruptive technology	We are aware that **technological innovations and evolutions** in a broad sense, both in customer interaction through the development of a satisfactory omni-channel experience, as well as the improvement of all operating and business processes, are indispensable to ensure fulfilment of our strategic objectives.	/ The digital transformation and the drive for digitalisation as a key transformation tool are evident throughout all our Group's operational and business processes. Digitalisation allows a more agile, efficient and accurate management of our operations, from logistics through to in-store transactions. It also fosters sales growth by integrating channels. It ensures immediate availability and accessibility of business data, obtained thanks to our full integration, so as to continue to speed up decision-making processes, manage inventory more efficiently and improve the standard of customer services. / Digitalisation is key to the development of our sustainability strategy as, among other things, it makes it possible to manage supply chain traceability, allowing us to compile sustainability information. / With regard to people management, our digital tilt has enabled us to continue improving our operations, from the initial recruitment to the contract stage. Digitalisation is critical when it comes to the communication and training of our teams all over the world. ⓘ More information in section *4. Our strategy* of this Report.	→

Disruptive technology	The governance, **availability, quality and value of the information generated in** the course of our activities is increasingly becoming a competitive advantage and is essential for normal business operations. The information is varied: transactional and operational, financial and accounting, management and budgeting and control. We ensure the protection of information, regardless of how it is communicated, shared, projected or stored. This protection affects both the information inside the Group and the information shared with third parties.	/ Periodic review of the management information distributed to the various managers, and investment, among other areas, in information transmission systems, data analysis and intelligence for decision-making and process optimisation, business monitoring and budgeting. / Various Group departments, particularly the Management Planning and Control and the Administration departments, which report to the Financial Division, are directly responsible for producing and supervising the quality of this information. The Information Security department is responsible for ensuring that this information is accessible and/or modified only by those authorised to do so, entering parameters into the systems to guarantee the reliability, confidentiality, integrity and availability of critical information. / Information Security Procedure Incident Response Plan, which includes the management of incidents involving personal data from the standpoint of compliance with personal data protection and privacy regulations. ⓘ More information in section *6.3.5. Information security and privacy* of this Report / Establishment of an Internal Risk Management and Control System over Financial Reporting (ICFR), with the aim of continuously monitoring and assessing the main associated risks in order to reasonably ensure the reliability of the Group's public financial information. ⓘ More information in the Report on *Internal Control on Financial Reporting (ICFR) systems*) / Ensuring the reliability of the non-financial information supplied to the market through an internal control on non-financial reporting (ICNFR) system. / The Consolidated Annual Accounts and those of all the relevant companies, as well as the Statement on Non-Financial Information, which forms part of the Directors' Report, are reviewed by the external auditors. For the most significant companies, the external auditors are asked to make recommendations on internal controls. ⓘ More information in the *Independent Verification Report* included in this Report.

6.3.3. Risks that materialised over the course of the year

GRI 3-3

The covid-19 pandemic affected the evolution of the year less intensely, because the situation was normalizing in most of the markets. However, some geographies still suffered continuous or sporadic mobility restrictions of varying intensity that have occasionally affected both the Group's stores and the value chain, both owned and operated by third parties. Our response to the pandemic has had the primary objective of ensuring the health and well-being of our employees, customers and all the people who, directly or indirectly, provide services or provide goods necessary for the operation of the business, undertaking the measures of prevention and, where appropriate, timely mitigations, at all times, in addition to guaranteeing the normal functioning of our operations. The **integrated sales model** has allowed us to continue meeting the demand of our customers in all markets, even at times with stricter mobility restriction measures. Sales in the online channel have continued to develop strongly and have made it possible to complement and offset the impact of the impediments to the physical distribution channel. If the pandemic has occasionally caused disruptions to our value chain, the flexibility and diversification of our supply model has made it possible to mitigate its impact, taking advantage of the agility of our business model to meet demand through the most efficient combination of origins of merchandise of proximity and long cycle. The transport market has tended to gradually normalize during the year, although it has not yet returned, both in prices and availability, to the conditions prior to the pandemic. The restrictions on commercial traffic and the increase in the prices of fossil fuels, mainly the result of geopolitical tensions, have continued to add complexity to an already very difficult environment. The Group has sought versatile and reasonable transport alternatives, adapted to unexpected circumstances, ensuring the availability of the necessary capacity to guarantee the flexibility of our business model.

The uncertain and challenging macroeconomic and geopolitical environment were hallmarks of the year. The conflict in Ukraine forced the suspension of the Group's operations in Ukraine and the Russian Federation. Operations in Ukraine remain temporarily suspended. The Group continues to analyse developments in the conflict and its complex implications on an ongoing basis and to put plans in place to mitigate its impact.

More information at *Note 33* of the Consolidated Annual Accounts.

During the year many markets continued to experience accused inflationary processes. The inflationary spiral has affected many of the costs of goods and services that make up our value chain. In particular, commodity markets, especially energy and certain textile fibres, experienced a generalised uptick in the year. Energy costs, both in the sales markets and in supplying countries linked to the transformation processes in our value chain, have risen sharply. Although price levels have tended to moderate as the year has progressed, we are still far from pre-pandemic levels. Especially, in these exacting circumstances, spending has been systematically and rigorously controlled. In addition, in anticipation of potential supply chain stress, and harnessing the flexibility of our business model, the Group has brought inventory inflows forward. Although the Group's commercial and operational performance has been very positive, it should be noted that the economic outlook in many of the markets where we operate is challenging. This is a result of multiple factors (fragile economies still in the process of recovering from the crisis caused by the various waves of Covid-19, inflationary trends, the end of monetary stimulus packages, the beginning of fiscal consolidation, high levels of public debt, etc.).

The economic and geopolitical environment has generated instability and volatility in financial markets. Foreign currency exchange risk has been particularly concentrated in the US dollar and the Turkish lira. During 2022, the movements of non-euro currencies had a negative impact on the Company's sales growth and a slightly positive impact on the cost of sales. Foreign exchange rate risk continued to be pro-actively managed in accordance with Group guidelines based on centralising management, optimising foreign exchange exposures, maximising the benefit of diversifying the risk portfolio and monitoring risk continuously.

Although the Group has a **strong cash position**, measures have been taken to guarantee and safeguard the Company's liquidity. The Group also has external sources of financing through credit facilities, mostly committed, totalling 8,083 million euros.

ⓘ More information at Note 21 of the Consolidated Annual Accounts.

At the time of drafting this document, Türkiye and Syria are under the effects of the catastrophic earthquakes that have been occurring since February 6, 2023. Inditex's priority has been to join the humanitarian emergency through its contribution that allows it to collaborate to cover the basic needs of people affected by earthquakes. Türkiye plays a central role in the Group's value chain. Despite the fact that a significant part of the factories of the Turkish cluster are concentrated in the area affected by the earthquakes, the impact on the Group's global supply chain is not material. Our operations in the affected area tend to normalize.

6.3.4. Climate change: risks and opportunities

GRI 201-2

Assessing and managing climate change-related risks and opportunities is a key component of our progress towards decarbonisation. Assessing potential climate-related impacts, in their various manifestations, is a very important factor in the Group's strategic decision-making. The current climate situation requires collaboration and joint action, so we are in favour of disclosing our key climate risks and opportunities through this Report.

Our climate-related management and disclosure framework is based on the recommendations of the Task Force on Climate-related Financial Disclosures (TCFD). We also closely adhere to the recommendations and standards that international accounting standard bodies are developing in connection with the transparency of the climate risks.

TCFD framework:

Physical risks

Acute
Caused by natural events, including more severe extreme weather events, like cyclones, hurricanes and floods.

Chronic
Long-term changes in weather patterns that may cause an increase in sea level or chronic heat waves.

These physical risks may cause damage to material goods and disrupt the supply chain in the following scenarios:

/ Changes in the availability of water resources.

/ Vulnerability in respect of other specific resources or raw materials on which Inditex depends, such as cotton, viscose, etc.

/ Potential disruption in shipping routes.

/ Employee health and safety.

Transition risks

Market
Technology
Policy and legal
Reputation

The Company's actions on the four TCFD pillars of **governance, strategy, risk management, and metrics and targets** is presented below.

Climate governance

The Group's sustainability strategy and its policy on climate change is approved at the highest level by the Board of Directors of Inditex. The Sustainability Roadmap includes a series of milestones and targets for advancing towards a low-carbon economy, the proper implementation of which is a shared responsibility involving all levels of the Company.

The Board of Directors reviews, on a quarterly basis, the fulfilment of the objectives included in the Strategic Plan, analysing, among others, the indicators related to sustainability and climate change, which are integrated in our business model and in our decision-making processes.

Climate governance at Inditex follows the same processes and is carried out through the same bodies as are the rest of sustainability-related matters.

ⓘ More information on the organisational structure of sustainability and climate change governance, the associated responsibilities and the monitoring and oversight processes in section *6.1.1. Good Corporate Governance* of this Report.

Strategy

Our approach to decarbonisation

At Inditex we are determined to be **agents of change** so as to drive the transformation of the textile sector towards a more resilient and low-emission economy. The Group's Sustainability Roadmap contains our decarbonisation targets, including achieving net zero emissions by 2040 and science-based reduction targets to 2030, which are currently under review to ensure they are aligned with the latest scientific evidence.

ⓘ More information in sections 5.5. Environment and 5.3. Our products of this Report.

We believe it is necessary to adopt a **holistic approach** involving the analysis of future climate scenarios and the identification of associated risks and opportunities in order to guarantee a resilient long-, medium- and and short-term strategy. Building on the work carried out in previous years, the Inditex Group joins forces with Risilience, which harnesses the methodology developed by its academic partner, the University of Cambridge/Centre for Risk Studies to design a climate risk assessment model under different scenarios.

Due to the large scale and long-term challenge posed by climate change, in addition to the Group's planning and business cycles, these risks and opportunities were assessed in the short (0-5 years), medium (5-10 years) and long (more than 10 years) term.

Analysis of the scenarios

The scenario analysis methodology provides us with a better understanding of the potential impacts of climate change on our Company, and is therefore a valuable tool for strategic planning, risk management and assessing our resilience. In 2022, we continued to work with the University of Cambridge to advance different aspects of resilience in our value chain. For example, by analysing certain transition risks in greater depth, considering a wider scope of exposure for our value chain or starting to include in the analysis the mitigation measures proposed through our sustainability strategies.

Emissions pathways have been updated in line with the latest ones published in the Sixth Assessment Report from the Intergovernmental Panel on Climate Change (IPCC) in 2022. The models of this Sixth Report tend to show significantly greater climate sensitivity than those of the Fifth Assessment Report, as well as an increase in the range of scenarios and experiments considered.

In 2022 Risilience updated several of the physical and transition risk models to incorporate new and updated data sources, reflecting the latest science and changes in external climate-related trends, and providing more detailed knowledge. These updates, combined with updated proprietary financial and business data, provide a revised view of physical and transition risks.The updates to the Risilience model include:

/ Physical risks: update of the basis for physical climate risk models from Phase 5 to Phase 6 of the Coupled Model Intercomparison Project (CMIP5 to CMIP6). These are the latest generation of climate models and are consistent with the results of the latest IPCC Sixth Assessment Report. Additional emission pathways have been modelled to assess the sensitivity of physical risks to different levels of global temperature increases.

/ Physical risk - Raw material supply: the model has been honed to factor in crop growing seasons and the number of raw materials analysed has been increased.

/ Transition - Regulatory risk: updating global carbon price data to reflect current policies. Improving the methodology used to forecast future carbon prices and updating data from various bodies, such as the Network for Greening the Financial System (NGFS).

/ Transition - Liability risk: update of the likelihood and costs associated with climate-related litigation, classified by emission pathway and industry.

Five emissions pathways were used to assess the potential impacts on the Group of physical and transition risks. Each pathway has its own socio-economic narrative based on assumptions in respect of regulatory changes, energy outlooks and technological advances on the basis of existing data, and a probability of occurrence. For example, emissions pathways are aligned with the Shared Socio-economic Pathways of the Intergovernmental Panel on Climate Change (IPCC's SSPs). The **five emissions pathways** used are described below in more detail:

Analysed Scenarios

Effect on GHG emissions

>4ºC	3ºC	2.5ºC	2ºC	1.5ºC
200% in 2100	-50% in 2100	-75% in 2100	Net 0 in 2070	Net 0 in 2050
No policies	**Current policies**	**Policies announced**	**Paris Agreement limit**	**Paris Agreement ambition**
Assumes an increase in energy consumption and emissions by the end of the century, with contrary policies.	Continuation of the current trend, with no new policies or changes to the existing ones.	Includes the current commitments and objectives published, such as those defined in the Nationally Determined Contributions (NDCs).	In line with the Paris Agreement, which requires rapid and global change in the energy system, technology and behaviour.	Urgent and radical political response, requiring a swift and systemic overhaul of the energy system and sweeping changes in society, as well as more investment in technological innovation.

In the short term, the most significant impacts relating to climate change stem from **transition risks**. Consequently, in the next five years transition risk is likely to evolve swiftly as a result of regulatory changes, energy supply and demand, legal processes, etc. Transition risks vary widely depending on the emissions pathway. The most ambitious scenarios in terms of emissions reductions result in potentially higher risks.

In the short term (five years), **physical risk** deriving from climate change does not significantly vary across the five emissions pathways and, as a result, its impact is broadly equal in all of them. Since over longer time frames there is more uncertainty with regard to the behaviour of climate change over physical risk, there is a greater divergence between the various pathways, and the probability of the materialisation of these risks increases. These findings evidence the importance of establishing measures in our Sustainability Roadmap in the short, medium and long term.

Method of analysing financial impacts

To quantify the potential impacts of these scenarios, a financial representation (or digital twin) of the Group was created. The **digital twin** is a representation of the Group's business, including its financial statements, key facilities, its value chain, including raw materials (both natural and man-made), a breakdown of the business by market and the greenhouse gas (GHG) emissions. The model captures the geographic presence of our value chain (sources of raw materials, factories, distribution centres, transport hubs, etc.), our commercial presence and our carbon footprint in respect of scopes 1, 2 and 3. The model allows a short-term quantification, over a five-year time frame, and also provides a 20-year outlook.

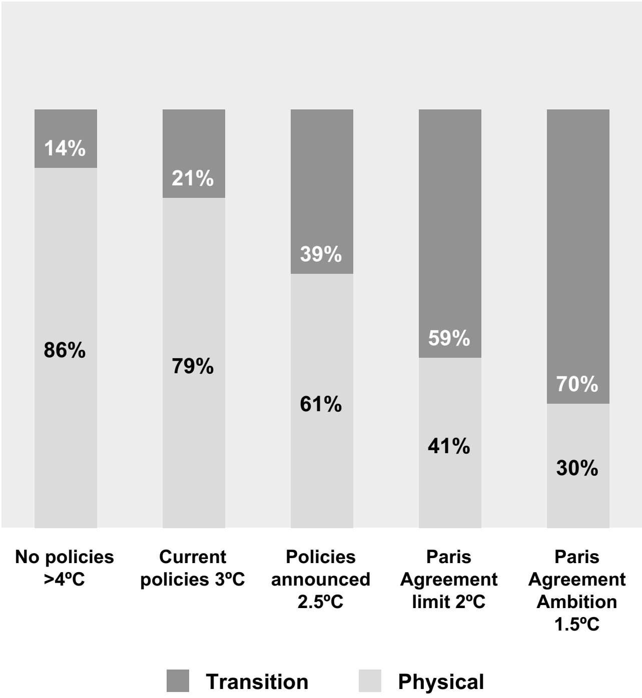
The results show the potential losses in future 'at risk' cash flows. Earning Value at Risk, discounted to obtain its present value, makes it possible to quantify the total financial impact of each scenario. The impacts are assessed from the standpoint of the physical and transition risks facing the Group. Each risk is modelled independently, assuming there are no interdependencies or trade-offs between them.

Earning Value at Risk

The Group's estimated global earning value at risk for the next five years that results from the risks linked to climate was modelled assuming no mitigation actions are undertaken. However, work is ongoing to identify and quantify the mitigation measures of our sustainability strategy so as to be able to gauge the residual risk. In the 'Current policies' emissions pathway, aggregate risk from climate change, in both its manifestations, is considered strong in the Group's critical risk map based on its impact and probability of occurrence. The 'Current policies' scenario is the second least severe in terms of transition risk.

ⓘ More information in sections *6.3.1. Risk management and control framework* and *6.3.2. Risk map* of this Report.

With respect to total estimated risk, the table below shows the profile of each of the risk dimensions of the five pathways used, distinguishing between physical and transition risks in the short term.



There follows a description of the various dimensions of risk under the different greenhouse gas emissions pathways and their relative impact:

Physical Risks

Physical risks resulting from climate change can be owing to extreme weather events (acute risks) or gradual changes in longer-term weather patterns (chronic risks). The analysis of physical risks was conducted for a total of more than 15,000 geolocalised facilities, belonging to both the Group and third parties, throughout our value chain of different types (factories, logistics centres, offices, airports, ports, logistics hubs, stores, etc.). Each type of asset has recovery curves assigned to it, depending on the severity of the scenarios, their vulnerability and resilience to each climate phenomenon. Seven climate phenomena are considered: heatwave, freeze, water stress,, river flooding, coastal flooding, 'extratropical' storm and tropical storm. Flash flooding was not considered this time as a result of the IPCC Assessment Report update, but will be included again in future analyses. The choice of these physical phenomena is based on Cambridge University's relevance criteria for our business.

Each threat is evaluated using a base-case scenario (2000) and a change forecast. The base-case scenario is compiled using the historical meteorological series of the last 40 years, while the forecasts are based on a risk estimate through 2030, 2040 and 2050. In order to weigh the financial impacts of extreme weather events caused by climate change, the changing probability and severity of each event is used to quantify the increase or reduction of the physical impacts expected at facility level. The base-case scenario also makes it possible to assess existing risks, especially water stress in the catchment areas where the Group's own or third-party facilities are located, particularly in Spain, where the Group's main assets are concentrated[59].

[59] More information in CDP Water 2022.

The effect of physical risks is assessed for **four types of key risk**:

Dimension	Description and impact	Main mitigations	Risk trend
Physical Acute	/ **Operations at key facilities:** extreme weather conditions can disrupt production and activities, as well as increasing the costs of operations and processes in key facilities. Impact on earnings: estimated total loss of profit attributed to the risk of market disruption. / **Damage to physical assets:** in addition to the aforementioned disruptions, the assets themselves may be damaged, and the costs of operations and processes may increase. Earnings impact: the disruption of production capacities generates loss of earnings depending on the products and services at each facility. Damage to assets may result in the loss and/or deterioration of facilities and/or stock.	/ Most of the facilities are related to the supply chain and our commercial network so there are technical contingency systems in place that would mitigate the consequences of a disruption or shutdown. / Continuous review systems, along with the insurance policies, would cover loss of profit and resulting expenses. / In the specific case of logistics centres, they have been configured so as to be able to take on storage and distribution capacity for other centres in the event of a contingency caused by extreme weather events. ⓘ More information in chapter *6.3 Responsible risk management* of this Report.	↑
Physical Acute and Chronic	/ **Disruption of earnings:** extreme weather events affect consumers' purchasing patterns so that consumers may alter their behaviour because of the weather. Impact on earnings: extreme weather events can impact short-term normal earnings flows. Sales may be affected by changes to demand if consumers change their behaviour due to the weather, reduced retail traffic or if the value chain experiences local disruptions.	/ All areas of the Group are geared towards satisfying customer needs and guaranteeing the best shopping experience, which is why our activity begins by actively listening to our customers and identifying their demands and expectations. / Flexible, integrated and innovative business model that affords a competitive advantage when it comes to analysis and response in the short, medium and long terms. ⓘ More information in section 4. Our strategy of this Report.	↑
Physical Chronic	/ **Raw materials supply:** agricultural products and water supply are affected by extreme weather phenomena and chronic climate changes, which may render certain crops non-viable or reduce their yield. Revenue impact: companies with agricultural supply chains are vulnerable to rising costs and the unavailability of raw materials due to extreme weather events and chronic climate changes, leading to disruptions in the production chain and potential losses as supply shortfalls cannot be replenished. Raw materials that cannot be replaced pose the greatest risk (e.g. cotton). Cotton, linen, wool, cowhide and cellulosic fibres have been analysed.	/ The Group's collaboration with other organisations and institutions to increase the range of materials with better environmental performance, which make more efficient use of natural resources with recycled content. / We have exacting commitments for the use of materials of preferred origin in the short term (cotton and man-made cellulosic fibres of preferred origin by 2023, and polyester and linen of preferred origin by 2025). / The Group's efforts and work to foster the development of technologies to improve the sustainability of the raw materials and their subsequent recycling.	↑

Transition Risks

Transition risks are financial and reputational risks associated with the nature, speed and trend of changes in policies, legal frameworks, technologies and markets as society transitions to a low-carbon economy. Transition risks vary broadly depending on the level of ambition expressed in the various greenhouse gas emissions pathways and transversally affect all business areas. Five dimensions of transition risks were assessed in accordance with the five GHG emissions pathways in the short, medium and long terms:

Dimension	Description and impact	Main mitigations	Risk trend[1]
Transition Regulatory	/ **Carbon pricing:** carbon pricing policies vary in each of the jurisdictions. They are a pivotal mechanisms for incentivising decarbonisation. Organisations pay a price for emissions throughout their value chain so that the cost of negative externalities is passed on to those responsible for them. / **Carbon markets:** the development of emissions markets, still largely voluntary, is experiencing an increase in demand and in the prices of carbon emissions allowances to reach credible reductions. Earnings and costs impact: the Group's total emissions footprint in each of the jurisdictions is subject to their carbon pricing. The financial impact stems from the increase in production and distribution costs, and the cost of raw material procurements, in terms of the increase per unit of product.	/ Ambitious Group Sustainability Roadmap that reflects Inditex's firm commitment to progressing towards a low-carbon economy model. The goal of net zero greenhouse gas emissions by 2040, science-based decarbonisation targets (SBTs) by 2030, and the commitment to using 100% renewable electricity at our own facilities, achieved in 2022. ⓘ More information in section *4. Our strategy* of this Report.	↓
Transition Legal liability	/ **Lawsuits from emissions and climate damage**: a generalisation of lawsuits against companies for their liability in emissions and the damaging economic and environmental consequences thereof. Cost impact: the intensity of lawsuits related to GHG emissions and climate change that the Group may experience will vary depending on the different emissions pathways. Their probability of occurrence and potential impact will also vary depending on the associated costs (settlement, legal damages, legal costs, etc.).	/ Inditex's Sustainability Policy establishes that all the Group's activities will be conducted in the most environmentally-friendly way possible, fostering the conservation of biodiversity and the sustainable management of natural resources. ⓘ More information in section *4. Our strategy* of this Report. / Solid Compliance System in place and a robust corporate governance system that ensures compliance with regulations, guidelines and best practices in this connection. ⓘ More information in sections *6.1 Good governance, corporate ethics, culture and solid compliance architecture* of this Report and F.1.2 of the Annual Corporate Governance Report.	↓

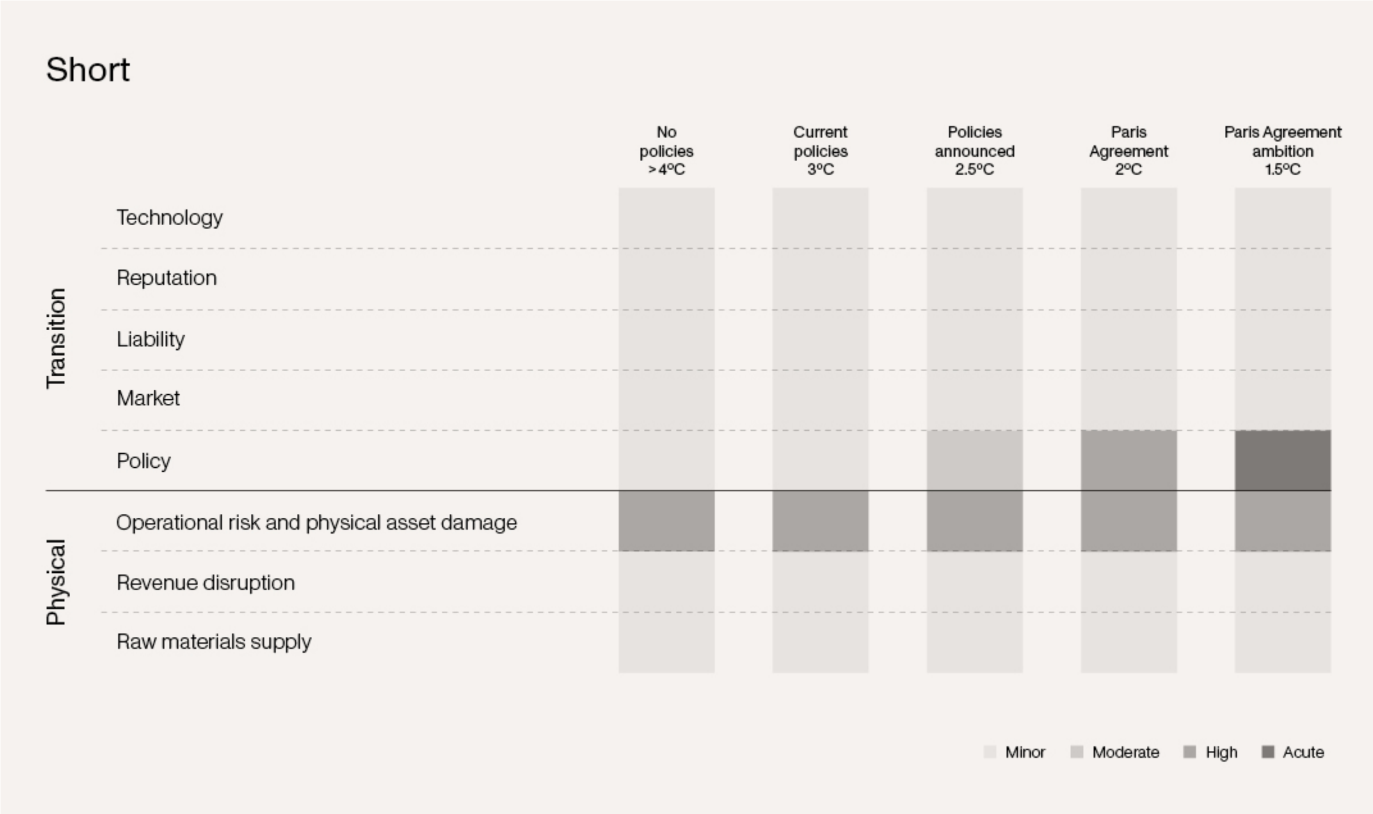
Dimension	Description and impact	Main mitigations	Risk trend[1]
Transition Technological	/ **Disruptive technological innovation:** the pace of adoption of low-carbon technologies, and the resulting 'green premium', may affect the competitiveness of companies as a consequence of the impact in terms of operating expenses and the value of the assets. Investments must seek a balance between innovation and profitability. Impact on cost: the model explores the cost for the Group of investing in these technologies and seeking efficiencies in our operating and distribution assets.	/ Innovation is an inherent and transversal value throughout the Inditex business model, which is why we collaborate with our suppliers and other organisations to find innovative solutions that may be applied throughout the value chain and life cycle of our products. Inditex's Sustainability Innovation Hub is clear evidence that it is seeking to foster the circular economy, contribute to decarbonisation and maximise environmentally-friendly development. Another example is our involvement in projects such as CIRC or the collaboration with Infinited Fiber Company. ⓘ More information in section *5.3.1 A firm commitment to innovation and circularity* of this Report.	↑
Transition Market	/ **Consumers preference for sustainability**: consumers tend to prefer alternative products and services that produce lower emissions. Competitors may emerge who propose innovations that transform demand, jeopardising the market share and cost of capital of established players. Earnings and costs impact: the demand impacts are expressed as the loss of earnings and/or failure to comply with growth targets. Investor sentiment translates into an increase in the cost of capital and in the cost of financing. The various emissions pathways will determine the scale of these impacts.	/ The Group's commitment to customers also implies anticipating their demands in matters such as diversity, sustainability or transparency, issues in which the aim is to involve them in the efforts and progress made.	↓
Transition Reputation	/ **Climate activism and stigmatisation by consumers:** a negative change in public opinion towards companies with carbon-intensive activities. Consumer demand is affected by climate activism, which also affects investor confidence and access to capital.	/ Inditex's Sustainability Roadmap includes ambitious targets and actions aimed at achieving the long-term goal as a lever of transformation. The Group collaborates with all the actors in the value chain and with stakeholders to tackle global challenges from a holistic standpoint.	↑

1. The risk trend reflected here corresponds with the short term

The tables below show the evaluation of the climate change risk dimensions as per the five greenhouse gas emissions pathways for the Inditex Group.

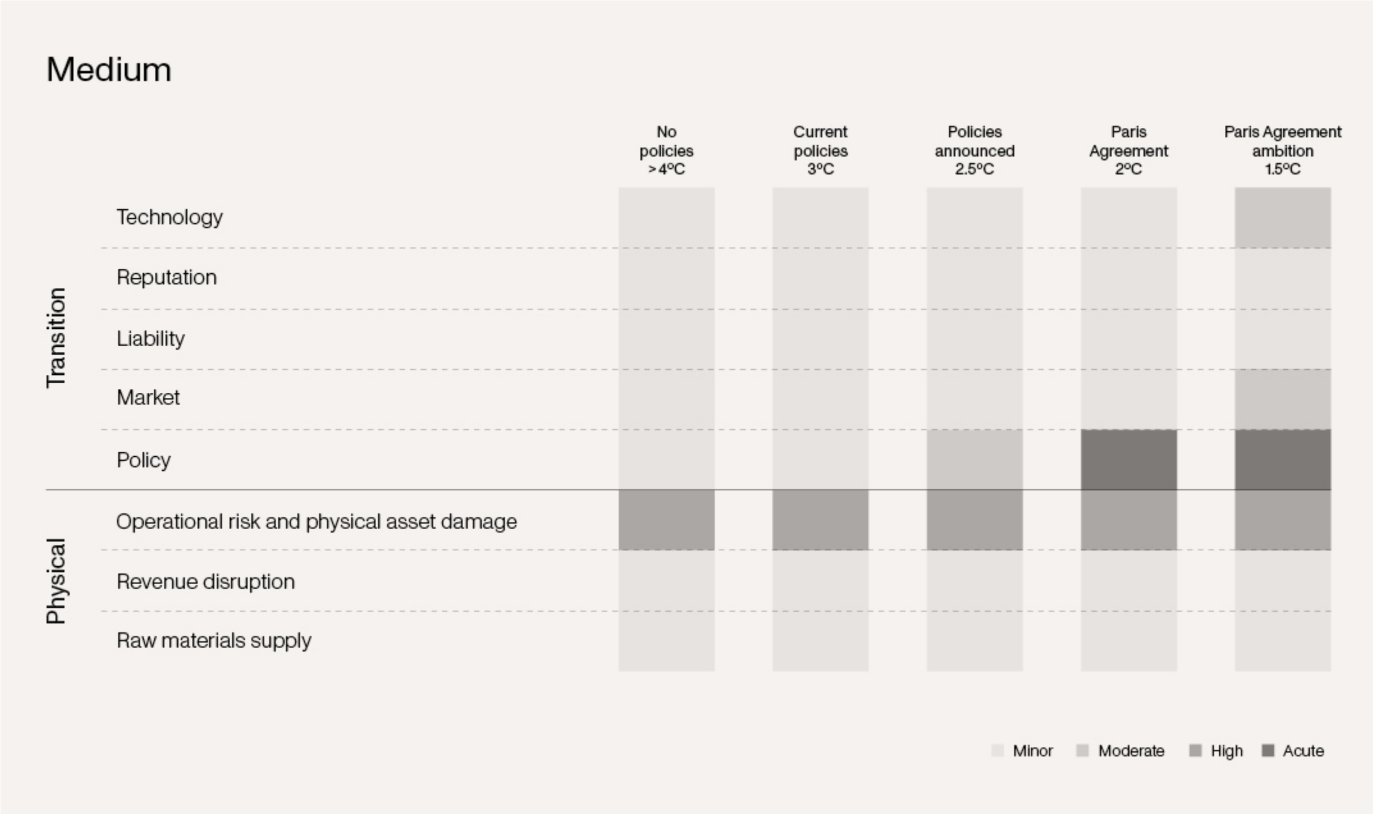
Medium- and long-term risks are estimated by translating the five-year cash flow estimates from the short term to the two corresponding future dates. The aim is to gauge how our business model would perform under climate conditions projected by different emissions pathways. This makes it possible to distinguish the impact of climate change.

In the short term (0-5 years):

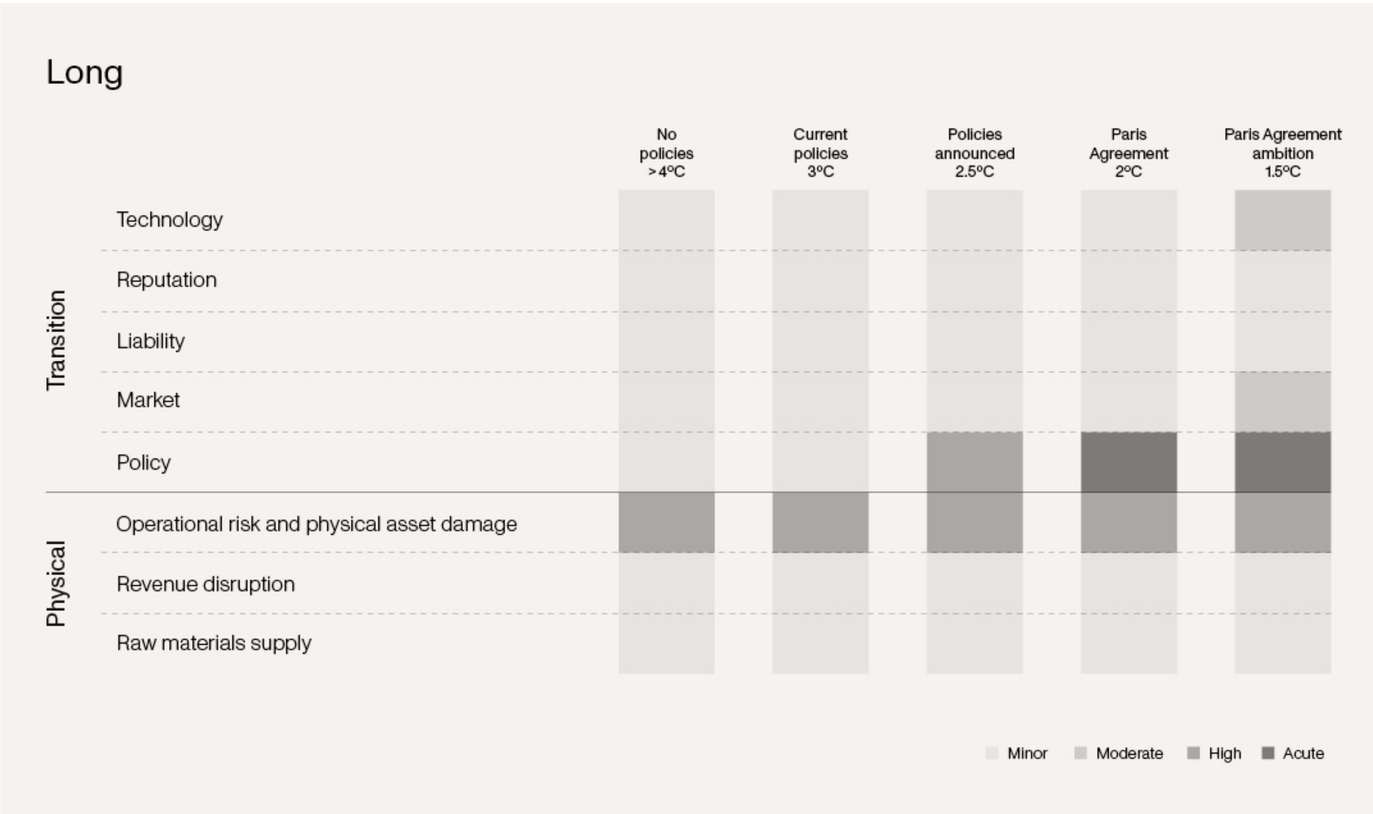


The estimated financial impact of physical risk is relatively limited for the next five years, although higher than reported in the previous year. There is an increase in the frequency and severity of physical risks as a result of the step-up from CMIP5 to CMIP6. The probability that acute events could cause significant losses ('catastrophic physical tail risks') remains low. The most vivid manifestations of physical risks resulting from climate change will, in principle, take longer to emerge. In the short term, around 70% of physical risk, in its various manifestations, comes from our own operations. The remaining risk originates from third-party operations.

In the medium term (5-10 years):



In the long term (more than 10 years):



Opportunities arising from climate change[60]

The sustainability culture that permeates every area of the Group enables us to advance towards a three-pronged objective: minimising potential environmental and social impacts in our value chain, mitigating our exposure to potential climate change risks, and in addition, being able to identify and leverage the opportunities associated with a low-carbon economy.

Our hope is that these benefits and opportunities will benefit not only our Company and our business model, but also the entire industry and society at large.

Opportunity	Description of the opportunity
Integrated business model	All our formats continue to introduce cutting-edge technology into their integrated stores and online platform, creating an efficient, sustainable and integrated economic model. We generate opportunities for improvement for our entire ecosystem while minimising resource consumption. ⓘ More information in section *4. Our strategy* of this Report.
Continuous strategic transformation	Our integrated business model gives us an overview of our customers and their demands at all times. Our strategy harnesses this advantage to evolve our model towards economic, sustainable and inclusive improvements. The starting point is to try to maintain the level of commercial success achieved to date, building on the opportunities afforded by digitalisation and our sustainability ambitions. ⓘ More information in section *4. Our strategy* of this Report.
Innovation	The complexity of the global challenges we face and the path towards a positive impact require an increasingly prominent presence of innovation, science and technology in our actions. For example, through our collaborative platform Sustainability Innovation Hub, we work with numerous startups like Nextevo and Renewcell, and we have signed our first purchase commitment with Infinited Fiber for more than 100 million euros. In 2022, Inditex was recognised by Boston Consulting Group as one of the world's 50 most innovative companies. ⓘ More information in section *5.3.1. A firm commitment to innovation and circularity* of this Report.
Customer orientation	We have a process of interaction with our customers as the main tool to identify the latest trends and create the products they want (clothing, footwear, accessories and household items), maintaining our high standards through a combination of design, quality and sustainability, at affordable prices. This constant connection has also enabled us to pinpoint new needs that we have gradually incorporated in the form of new services, technologies or channels. ⓘ More information in chapter *5.2. Our customers* of this Report.
Transformation of the sector	We have developed a unique business model the hallmarks of which are flexibility and efficiency, ceaseless innovation, the creativity of our staff and our focus on sustainability in every process involved. This is the starting point from which we work to effect, through determination and collaboration, the transformation of the sector, generating a positive impact on society, the industry and our environment. ⓘ More information in section *4. Our strategy* of this Report.
New business models	As part of our commitment to using resources more efficiently, we are working on new solutions that allow our customers to request a repair, or to sell or donate the Zara garments they have at home. In 2022, we launched the new Zara Pre-Owned platform to help our customers extend the useful life of their garments and further our commitment to circularity. ⓘ More information in section *5.3. Our products* of this Report.
Collaboration	To address the paradigm shift needed to face the challenges posed by the fight against climate change, circularity or the sustainable development of communities, we have to join forces with all the actors involved. Hence, we take an open approach in which collaboration is a pillar of transformation. Examples of this are our engagement with entities such as the United Nations Global Compact, The Fashion Pact, Ellen MacArthur Foundation or Zero Discharge of Hazardous Chemicals, among others. ⓘ More information in section *4.2. Stakeholder engagement* of this Report.

[60] More information in our answer to CDP Climate Change questionnaires available at www.cdp.net.

Opportunity	Description of the opportunity
Efficient consumption of natural resources	As part of our commitment to sustainable development, at Inditex we are strongly committed to circularity, an economic, management and production model that enables growth while conserving natural resources and advancing in the decarbonisation of the value chain. For us, circularity represents a differential model for production and consumption that spans every stage of a product from design to end of life, promotes the recycling and reuse of articles to extend their life cycle and thus minimises the use of natural resources, energy consumption and waste generation. ⓘ More information in section *5.3. Our products* of this Report.
Energy efficiency	Energy efficiency is a priority in both our designs and our day-to-day operations. In this regard we are constantly reviewing our standards to guarantee that they are in line with cutting-edge practices and implementing new programmes to advance on the path of continuous improvement and sustainability in our operations. We work closely with our suppliers and other organisations to promote the rational and efficient use of energy throughout the value chain. ⓘ More information in section *5.5.1. Our approach to energy management and emissions reduction* of this Report.
Generation of renewable energies	The generation and acquisition of energy from renewable sources is a core pillar of the architecture of our business model. To achieve this, we invest in generating renewable energy at our own operating centres. We use our own solar thermal, solar photovoltaic and wind energy, as well as facilities to harness geothermal energy, thereby avoiding dependence on third parties and introducing concepts such as additionality in respect of new power generation infrastructure in the grid. ⓘ More information in section *5.5.1. Our approach to energy management and emissions reduction* of this Report.
Sustainable building	We make the necessary investments in all our headquarters, platforms and stores to control the consumption of resources, to reduce it and to mitigate its impact. For example, when building our headquarters, they are designed in accordance with bioclimatic criteria, encouraging the installation of photovoltaic panels, harnessing rain water for non-drinking uses and ensuring that lighting systems are self-regulating in accordance with external light conditions. ⓘ More information in section *5.5 Environment*, of this Report.

Risk management

Inditex has an Integrated Risk Management System (IRMS) which covers the entire Group and which is described in section 6.3.1 Risk management and control framework. Risks arising from climate change are managed in the same way as the rest of risks to which the Group is exposed, taking into consideration its characteristics for the purpose of assessing and quantifying these risks.

ⓘ More information in section *6.3.1. Risk management and control framework* of this Report..

Metrics and targets

Protecting the environment and reducing our impact on it are core pillars of our business strategy. We are actively committed to this, taking action to help our planet to remain below the global warming limit established in the Paris Agreement.

Targets

We have emissions reduction targets approved by the Science Based Target Initiative (SBTi) to reduce scope 1 and 2 GHG emissions by 90% in 2018-2030, and by 20% in the cases of GHG emissions resulting from the acquisition of our goods and services for the same period. These objectives are an initial milestone in Inditex's ambitious emissions reduction strategy, whose purpose is to achieve net zero emissions by 2040.

In section *5.5.1. Our approach to energy management and emissions reduction* provides information on the Group's targets, the programmes in place to advance them and historical metrics related to our progress, including total energy consumption, renewable electricity used, scope 1, 2 and 3 emissions, etc.

ⓘ More information in section *5.5.1. Our approach to decarbonisation and energy management* of this Report.

Mechanisms to incentivise decarbonisation

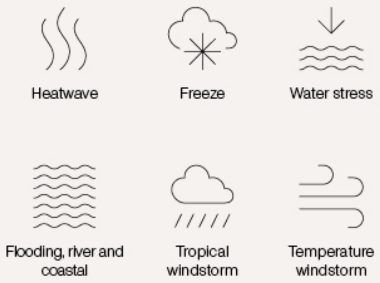
Variable remuneration

In accordance with our values of transparency, results-orientation and commitment to sustainability, we link our people's variable remuneration to the Company's goals and the sustainability objectives for all employees. The Chief Executive Officer and Senior Management have specific incentives associated with emission reductions.

ⓘ More information in section *6.1.1 Good corporate governance* of this Report.

Climate change risk assessment

Physical risks



Physical asset damage
repair and replacement costs of damage to property, plan, equipment and inventory from extreme weather events.

Key facility operations risks
disruption to output of production and activities from extreme weather events.

Raw materials supply
agricultural production and water supply are affected by extreme weather events and chronic climate changes.

Revenue disruption
extreme weather events affect the purchasing patterns of consumers.

Transition risks

Policy dimension

/ Carbon pricing: carbon pricing policies vary across jurisdictions in order to incentivise decarbonisation. Organisations pay a price for emissions throughout **their entire value chain.**
/ Carbon markets: the development of emissions markets, still largely voluntary, is experiencing an increasement in terms of demand.

Market dimension

/ Preference for sustainability among consumers:
consumers preferences are trending towards alternative products and services of a sustainable nature. Competitors may emerge, coming up with innovations that transform demand and threaten to capture market share from established firms.

Technology dimension

/ The pace of adoption of low-carbon technologies with the resulting 'green premium', may affect the competitiveness of companies as a result of their impact in terms of operating costs and asset value.
Investments should seek a balance between innovation and profitability.

Legal dimension

/ Climate damage and emissions claims: widespread lawsuits against companies for their responsibility for GHG emissions and the resulting economic and environmental damages.

Reputation dimension

/ Climate activism and consumer stigmatisation: negative change in public opinion towards companies with carbon-intensive activities. Consumer demand is affected by climate activism, which also influences investors' confidence and access to capital.

Summary of climate change risk

TCFD Framework	Dimensions	Upstream raw materials supply	Supply chain and operations	Final stages of the value chain	Group financial risks
Physical risks	Acute risks: extreme weather events	Disruptions in the supply of raw materials in the short term	Business interruption and damage to physical assets	Short-term market demand disruption	
	Chronic: gradual changes in climate patterns	Feasibility of raw materials supply in some geographies	Water stress and heat waves threatens value chain in certain geographies	Dependence on demand for certain products in certain geographies	
Transition risks	Policy: carbon pricing	Increased cost of upstream emissions in the value chain	Increased in the cost of fossil fuel-based activities	Elasticity of demand to cost pass through	
	Technology: innovation in low-carbon technologies	Cost of upstream decarbonization in the value chain	Devaluation of carbon-intensive physical assets	Innovative competitors challenge market share	
	Market: preference for sustainability among consumers			Consumer preferences shifting towards sustainable alternatives	
	Reputation: climate activism and stigmatisation			Consumer perception of the Group and its brands	Investor sentiment towards Inditex's climate strategy
	Market: investor sentiment				Market shock resulting from desinvestment in carbon-intensive sectors
	Liability: climate litigation				Demands related to the contribution to climate change

6.3.5. Information security and privacy

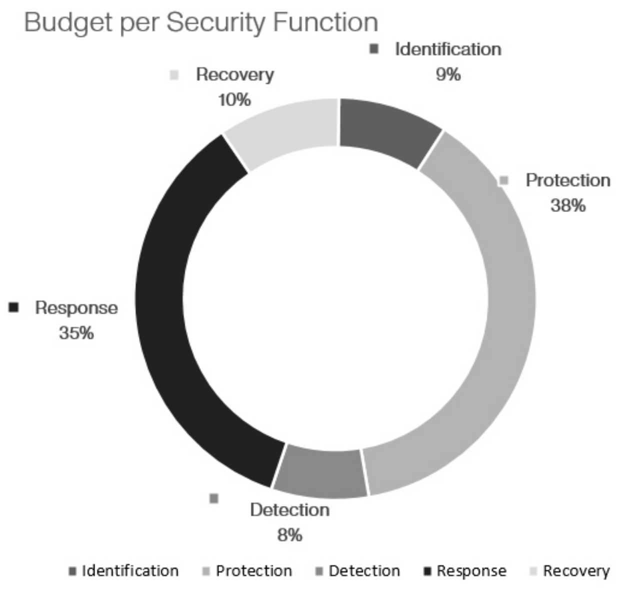
GRI 417-1

6.3.5.1. Information security

The transformation process being experienced by the sector as a result of the development of online sales and their integration with the physical sphere is changing the way companies develop and deliver their products and services to customers.

In the field of information technology, Information Security is continuously evolving and organisations must involve their Management and invest proportionately so as to define and implement an effective strategy to ensure that the risks associated with technological development have the least impact on their operations. Accordingly, we aim to protect the interests of the Company's key stakeholders (customers, shareholders, employees, investors, suppliers, partners, etc.) and guarantee the visibility and involvement of managers in overseeing technology risks and cybersecurity matters.

Against this backdrop, mindful of the importance of continuously improving the Company’s Information Security management model, we have ramped up our investment in security by 8% with respect to the previous year, giving a cumulative increase of 56% in the last three years. This, together with the commitment, support and leadership of the Organisation's Senior Management, makes it possible for us to continue developing initiatives that provide us with technologies and solutions to meet our global strategic objectives, complying with the principles and guidelines established both generally and in the Information Security Policy published on the Company's website. Below is a breakdown of the Company's annual Information Security budget across the five basic cybersecurity functions.



We assign the highest priority to guaranteeing the confidentiality and integrity of information and ensuring the availability of all processes that support sales and distribution channels. The Information Security Department is the area responsible for ensuring this, and the Information Security Committee, made up of members of Senior Management, is the body that supervises implementation of best practices in security management, compliance with applicable regulations and effective and consistent application of ethical values throughout the Company, as set forth in the Information Security Committee Regulations.

Evidencing this commitment, and as a result of a project to advise on compliance with cybersecurity and privacy regulations at an international level, the Statute of the Chief Information Security Officer was approved in 2022. Its purpose is to define the framework of action and competencies of the Information Security function, regulating both its place in the Organisation and the levels of organisational autonomy and independence (reporting to the Chief Executive Officer), internal and external responsibilities and reporting lines. In this connection, the Information Security strategy and risks must be reported at least half yearly to the Board of Directors through the Audit and Compliance Committee. Moreover, within the framework of the aforementioned advisory project, we carried out an analysis of the impact of the new Directive (EU) 2022/2555 Network and Information Security (NIS2), which aims to improve the security of networks and information systems in European territory.

Furthermore, in 2022 we also implemented various actions and initiatives based on the Company’s needs, targets and challenges as identified in the "Next Generation Cybersecurity" strategic plan. This plan, which was developed in 2021 with the help of international experts in various fields, is aimed at maintaining, improving and evolving the maturity of the Group’s Information Security programme. As a result, in coordination with the Personal Data Protection and Privacy area and other relevant areas, we have made progress in several initiatives to boost the protection of our Group's information, the main areas of focus being the prevention of leaks and theft of sensitive information, as well as the availability of critical services. This is further supported by the existence of the Cyber Risk insurance programme, which provides various coverages and services, including own damage (including loss of profit), liabilities and regulatory procedures, as well as crisis management services.

As a result of the increase in cyberattacks on companies worldwide, with no material financial or reputational impact on the Company as of the date of this report, the working groups set up have maintained and further developed their activity. These groups, under the supervision of the Information Security Committee, have been tasked with continuing to design and implement new initiatives, and overseeing those already in place, focusing on the management of vulnerabilities and higher-risk assets with the new tools acquired. In addition, as a consequence of conflict between countries, monitoring tasks have been ramped up, as has the management of the risks associated with this context. For this purpose, the Information Security Department has a specialised Cyber Intelligence team whose main function is the early detection of the potential risks and threats we face by means of continuous monitoring of the digital environment.

In 2022, our global incident responsel team registered as a member of CSIRT.es (Platform of Spanish Cybersecurity and Incident Management Teams), which aims to exchange information on cybersecurity incidents and improve collaboration and coordination in order to respond quickly in any situation that may affect large companies. In 2022, our Security Operations Centre (SOC), whose purpose is the detection, analysis, reporting and remediation of potential security incidents that may affect the Organisation, registered a total of 98 events of interest, the most relevant of which we have reported to the Information Security Committee. None of these events had a material impact on our operations or financial statements.

We also promote security by partnering with public and private organisations, such as the NGO CyberPeace Institute that helps vulnerable communities protect themselves and recover from cyberattacks, or with specialised cybersecurity forums such as the Spanish National Cybersecurity Institute (INCIBE) and the Centre for Industrial Cybersecurity (CCI).

Meanwhile, we have implemented improvements in perimeter security measures in order to optimise the protection of sales and distribution channels, reinforced vulnerability detection at our perimeter and increased the number of external researchers participating in our private vulnerability detection programme. Moreover, exercises continue to be carried out by independent external personnel consisting of simulating attacks targeting the Company in order to try to identify our weaknesses with the aim of improving the Organisation's security status.

In addition to the aforementioned activities, we have worked on automation processes, focusing especially on the optimisation and standardisation of various tasks carried out by the Information Security Department, achieving positive results this year by giving more capabilities to the teams. Furthermore, in the area of corporate identity and access management, we have addressed several initiatives in connection with improving oversight and internal processes with respect to identity management and the granting of permissions, as well as monitoring the management of privileged identities.

With regard to the availability of critical services, we have carried out various exercises to assess and ensure the recovery of critical systems in different scenarios so as to gauge and reduce the risks associated with the continuity of our systems and applications. The infrastructure supporting these services is Tier IV certified, a standard distinguishing data centres that offer the highest level of performance and reliability, guaranteeing a high degree of availability of our systems.

An initiative was also launched to improve the visibility of the security level of our relevant partners, reinforcing the existing control programmes, with the aim of reducing the risk of cybersecurity threats that might affect them. We also continue to pay attention to security in the supply chain, with the Information Security Department having a team dedicated to carrying out audits and implementing stringent controls to verify the level of security and guarantees in the service provided by our suppliers.

We have conducted various external assessments, both mandatory and voluntary, concerning our security model, showing that Inditex's Information Security is consistent with best practices and standards in cybersecurity at both the local and international levels. As a result, we have successfully renewed all major Information Security certifications:

/ Payment Card Industry-Data Security Standard (PCI-DSS) on the protection of our customers' payment card data.

/ ISO/IEC 27001, which evaluates Inditex's Information Security Management System, ensuring the confidentiality, integrity and availability of the Company's information and of the systems and applications that support the sales channels.

/ Korean Information Security Management System (K-ISMS), which evidences our adherence to legal cybersecurity requirements in South Korea.

/ Multi-Layer Protection Scheme (MLPS), which regulates cybersecurity issues in China.

We have also carried out numerous internal audits and reviews, both by third parties and by our Internal Audit Department and the Oversight Area within the Information Security Department, which ensures compliance and proper application of the policies and procedures defined by the department. These reviews notably include the cybersecurity maturity audit carried out by a specialised service provider with the aim of assessing the Inditex Group's level of Information Security and comparing it with other entities subject to exacting standards, such as companies in the Banking sector.

With regard to data protection, we are currently engaged in an initiative to activate our Company's sensitive data protection capabilities. Complementary to this initiative, we have also implemented a range of drives for our employees, collaborators and members of the Board of Directors, aimed at assessing and enhancing their level of security awareness and expertise, by means of the Cybersecurity Culture Plan and the training programme. The latter comprises specific actions aimed at the different groups of users according to their profile and role within the Organisation, covering both general aspects of information security and internal policies. We also expanded the scope of the awareness campaigns, covering 7,743 users and achieving better results than in the previous period.

Finally, user protection has been enhanced through the evolution of privileged identity shielding capabilities and the new email protection solution.

6.3.5.2. Personal Data Protection and Privacy

Throughout 2022, we have worked in alignment with the Company's strategy and objectives, advocating the value of respect for privacy and ensuring an appropriate level of compliance with data protection and privacy regulations.

In this regard, in order to guarantee the data protection of the groups whose personal data we process (customers, employees, candidates, etc.), at Inditex we conduct an analysis of all the trends with an impact on privacy across the retail sector, as well as the obligations entailed by the new regulations and the interpretations of the supervisory authorities, judges and courts. This guarantees compliance with the principles deriving from the data protection and privacy regulations, and in particular, those of transparency and the management of the rights of interested parties.

During the year we worked on a number of cross-cutting projects that have enabled us to advance in the implementation of our privacy programme. They include the following:

/ Project to improve the conservation and deletion of personal data of the main groups (customers, employees and candidates) stored in the Company's main systems.

/ Project to improve the automation of the management of personal data protection rights.

/ Management of third-party risks, with work on the implementation and improvement of the supplier approval procedure in collaboration with other Company departments, to guarantee that the suppliers who may process personal data for which Inditex is responsible have, from the standpoint of their organisational structure, a commitment to compliance in matters of data protection and privacy.

More specifically, in relation to **customers**, the Personal Data Protection and Privacy Department has worked hand in hand with the business teams, supporting them as needed. Thus, we have analysed and reviewed numerous projects aimed at improving the shopping experience, promoting sustainability (such as the Zara Pre-Owned project) or fostering the practice of sport (such as Oysho Training), among others, to ensure that these projects build in privacy from the design stage, in accordance with the corporate procedure.

Projects have also been rolled out to implement in our online platform the requirements pursuant to new privacy regulations affecting the Asian and American markets.

With regard to our **employees, we foster a culture of privacy** in our Company through, among other actions, a course on data protection and privacy in Tra!n (the corporate eLearning tool). This course is aimed at all employees of the Company at a global level, and is mandatory for those employees who work in departments that, due to their functions, process the personal data of different stakeholders. In seven months, we have managed to get 78% of the employees required to take this course to complete it.

Meanwhile, the management of third-party risks has evolved over 2022, with work on the implementation and improvement of the **supplier approval procedure.** Among other matters, this is to guarantee that the suppliers who may process personal data for which Inditex is responsible have, from the point of view of their organisational structure, a commitment to compliance in matters of data protection and privacy.

Lastly, we maintain the structure of our C**ompliance model in connection with data protection and privacy**, based on:

/ Boosting the role of our corporate Data Protection and Privacy Department as a control area (second line of defence).

/ Continuous improvement of the privacy programme.

/ Monitoring by the Group's Data Protection Officer (DPO).

/ Periodic reporting: at least once a year to the Board of Directors through the Audit and Compliance Committee and to the Company's Management through our participation in the Information Security Committee.

7. Reporting principles and indicators

7.1. Additional indicators / 7.2. Reporting principles

At Inditex we have a robust reporting structure with a special focus on indicators and metrics which provide information to interested parties transparently on diverse aspects of our Company.

7.1. Additional indicators

7.1.1. Management of the supply chain indicators

GRI 3-3; 308-1; 414-1; 414-2; AF7; AF8; AF16; AF17

a) Supplier clusters[61]

	2022
Spain	
Number of suppliers with purchases in the year	153
Number of sewing factories associated with suppliers with purchases	92
Number of factories for other processes associated with suppliers with purchases[1]	301
Workforce of manufacturers working for Inditex in Spain	18,661
Portugal	
Number of suppliers with purchases in the year	119
Number of sewing factories associated with suppliers with purchases	403
Number of factories for other processes associated with suppliers with purchases[1]	344
Workforce of manufacturers working for Inditex in Portugal	43,254
Morocco	
Number of suppliers with purchases in the year	183
Number of sewing factories associated with suppliers with purchases	348
Number of factories for other processes associated with suppliers with purchases[1]	37
Workforce of manufacturers working for Inditex in Morocco	94,247
Türkiye	
Number of suppliers with purchases in the year	201
Number of sewing factories associated with suppliers with purchases	907
Number of factories for other processes associated with suppliers with purchases[1]	802
Workforce of manufacturers working for Inditex in Türkiye	379,362
India	
Number of suppliers with purchases in the year	101
Number of sewing factories associated with suppliers with purchases	132
Number of factories for other processes associated with suppliers with purchases[1]	273
Workforce of manufacturers working for Inditex in India	425,077
Bangladesh	
Number of suppliers with purchases in the year	137
Number of sewing factories associated with suppliers with purchases	261
Number of factories for other processes associated with suppliers with purchases[1]	191
Workforce of manufacturers working for Inditex in Bangladesh	929,404
Vietnam	
Number of suppliers with purchases in the year	10
Number of sewing factories associated with suppliers with purchases	98
Number of factories for other processes associated with suppliers with purchases[1]	53
Workforce of manufacturers working for Inditex in Vietnam	111,337
Cambodia	
Number of suppliers with purchases in the year	2
Number of sewing factories associated with suppliers with purchases	95
Number of factories for other processes associated with suppliers with purchases[1]	19
Workforce of manufacturers working for Inditex in Cambodia	77,850
China	
Number of suppliers with purchases in the year	404
Number of sewing factories associated with suppliers with purchases	1,404

[61] Includes information of the main country of each of the clusters.

Number of factories for other processes associated with suppliers with purchases[1]	1,572
Workforce of manufacturers working for Inditex in China	584,601
Pakistan	
Number of suppliers with purchases in the year	59
Number of sewing factories associated with suppliers with purchases	83
Number of factories for other processes associated with suppliers with purchases[1]	91
Workforce of manufacturers working for Inditex in Pakistan	451,909
Argentina[2]	
Number of suppliers with purchases in the year	12
Number of sewing factories associated with suppliers with purchases	15
Number of factories for other processes associated with suppliers with purchases[1]	57
Workforce of manufacturers working for Inditex in Argentina	8,133
Brazil[2]	
Number of suppliers with purchases in the year	1
Number of sewing factories associated with suppliers with purchases	1
Number of factories for other processes associated with suppliers with purchases[1]	6
Workforce of manufacturers working for Inditex in Brazil	5,736

1. Includes raw materials processing, cutting, dyeing and washing, finishing non-textile product processes. For factories performing more than one process, their main process was considered.
2. Includes all suppliers and factories active in the region so as to make the data representative.

b) Supply chain assessment[62]

Audits by region in 2022

Geographic area	Traceability	Pre-assessment	Environmental preliminary assessment	Social	Environmental	Special	Total
Africa	5,400	97	3	390	75	117	6,082
Americas	154	16	2	35	6	41	254
Asia	2,872	1,438	34	3,058	1,225	795	9,422
Europe outside the EU	1,283	245	7	1,177	442	51	3,205
European Union	1,087	279	10	1,295	317	41	3,029
Total	**10,796**	**2,075**	**56**	**5,955**	**2,065**	**1,045**	**21,992**

Internal and external audits in 2022

	Traceability	Pre-assessment	Environmental preliminary assessment	Social	Environmental	Special	Total
Internal	283	35	0	305	41	908	1,572
External	10,513	2,040	56	5,650	2,024	137	20,420
Total	**10,796**	**2,075**	**56**	**5,955**	**2,065**	**1,045**	**21,992**

Social ranking and volume of suppliers with purchase[1]

	2022			2021			2020			2019			2018		
	No. of suppliers	% of suppliers	% of production	No. of suppliers	% of suppliers	% of production	No. of suppliers	% of suppliers	% of production	No. of suppliers	% of suppliers	% of production	No. of suppliers	% of suppliers	% of production
A	650	38%	37%	653	37%	35%	575	32%	32%	784	40%	41%	661	35%	37%
B	1,018	59%	61%	1,077	60%	63%	1,152	64%	66%	1,051	53%	56%	1,045	56%	59%
C	10	1%	0%	18	1%	2%	27	2%	1%	44	2%	1%	80	4%	2%
Subject to CAP	30	2%	1%	23	1%	0%	24	1%	1%	38	2%	1%	47	3%	1%
PR	21	1%	0%	19	1%	0%	27	1%	0%	68	3%	1%	33	2%	1%
Total	**1,729**	**100%**	**100%**	**1,790**	**100%**	**100%**	**1,805**	**100%**	**100%**	**1,985**	**100%**	**100%**	**1,866**	**100%**	**100%**

1. Supplier A: Complies with the Code of Conduct. Supplier B: Does not comply with some non-relevant aspect of the Code of Conduct. Supplier C: Does not comply with some sensitive, but not conclusive, aspect of the Code of Conduct. CAP Supplier: Supplier in Corrective Action Plan. Supplier PR: Undergoing an auditing process.

62 The audits carried out using Inditex's own methodology are included.

Social ranking and purchase volume of suppliers by region [1]

Africa	2022			2021			2020			2019			2018		
	No. of suppliers	% of suppliers	% of production	No. of suppliers	% of suppliers	% of production	No. of suppliers	% of suppliers	% of production	No. of suppliers	% of suppliers	% of production	No. of suppliers	% of suppliers	% of production
A	144	72%	68%	149	77%	80%	96	62%	66%	97	60%	64%	67	46%	52%
B	44	22%	25%	36	19%	17%	41	26%	24%	44	27%	24%	59	40%	37%
C	1	0%	0%	0	0%	0%	4	3%	2%	7	5%	6%	13	9%	9%
Subject to CAP	4	2%	2%	1	0%	0%	5	3%	2%	11	7%	5%	5	3%	2%
PR	8	4%	4%	8	4%	3%	10	6%	6%	2	1%	1%	1	2%	0%
Total	**201**	**100%**	**100%**	**194**	**100%**	**100%**	**156**	**100%**	**100%**	**161**	**100%**	**100%**	**145**	**100%**	**100%**

Americas	2022			2021			2020			2019			2018		
	No. of suppliers	% of suppliers	% of production	No. of suppliers	% of suppliers	% of production	No. of suppliers	% of suppliers	% of production	No. of suppliers	% of suppliers	% of production	No. of suppliers	% of suppliers	% of production
A	9	82%	95%	10	83%	90%	2	22%	19%	8	47%	16%	13	59%	30%
B	2	18%	5%	2	17%	10%	7	78%	81%	9	53%	84%	8	36%	70%
C	0	0%	0%	0	0%	0%	0	0%	0%	0	0%	0%	1	5%	0%
Subject to CAP	0	0%	0%	0	0%	0%	0	0%	0%	0	0%	0%	0	0%	0%
PR	0	0%	0%	0	0%	0%	0	0%	0%	0	0%	0%	0	0%	0%
Total	**11**	**100%**	**100%**	**12**	**100%**	**100%**	**9**	**100%**	**100%**	**17**	**100%**	**100%**	**22**	**100%**	**100%**

Asia	2022			2021			2020			2019			2018		
	No. of suppliers	% of suppliers	% of production	No. of suppliers	% of suppliers	% of production	No. of suppliers	% of suppliers	% of production	No. of suppliers	% of suppliers	% of production	No. of suppliers	% of suppliers	% of production
A	267	28%	32%	217	22%	26%	194	20%	26%	354	32%	37%	273	26%	30%
B	675	71%	67%	730	75%	72%	780	79%	74%	700	63%	62%	695	67%	66%
C	5	1%	0%	17	2%	2%	14	1%	0%	21	2%	1%	42	4%	3%
Subject to CAP	6	1%	0%	11	1%	0%	1	0%	0%	11	1%	0%	16	2%	1%
PR	2	0%	0%	3	0%	0%	2	0%	0%	21	2%	0%	14	1%	0%
Total	**955**	**100%**	**100%**	**978**	**100%**	**100%**	**991**	**100%**	**100%**	**1,107**	**100%**	**100%**	**1,040**	**100%**	**100%**

Europe outside the EU	2022			2021			2020			2019			2018		
	No. of suppliers	% of suppliers	% of production	No. of suppliers	% of suppliers	% of production	No. of suppliers	% of suppliers	% of production	No. of suppliers	% of suppliers	% of production	No. of suppliers	% of suppliers	% of production
A	47	20%	23%	53	24%	26%	50	21%	29%	58	27%	37%	76	38%	51%
B	160	70%	71%	160	72%	69%	170	70%	66%	131	61%	58%	89	45%	41%
C	4	2%	0%	1	0%	3%	8	3%	2%	10	5%	3%	14	7%	3%
Subject to CAP	18	8%	5%	8	4%	1%	11	5%	3%	12	5%	1%	18	9%	4%
PR	1	0%	0%	1	0%	1%	3	1%	0%	4	2%	1%	3	1%	1%
Total	**230**	**100%**	**100%**	**223**	**100%**	**100%**	**242**	**100%**	**100%**	**215**	**100%**	**100%**	**200**	**100%**	**100%**

European Union	2022			2021			2020			2019			2018		
	No. of suppliers	% of suppliers	% of production	No. of suppliers	% of suppliers	% of production	No. of suppliers	% of suppliers	% of production	No. of suppliers	% of suppliers	% of production	No. of suppliers	% of suppliers	% of production
A	183	55%	57%	224	58%	55%	233	57%	44%	267	55%	50%	232	51%	41%
B	137	41%	42%	149	39%	45%	154	38%	56%	167	35%	49%	194	42%	58%
C	0	0%	0%	0	0%	0%	1	0%	0%	6	1%	0%	10	2%	0%
Subject to CAP	2	1%	0%	3	1%	0%	7	2%	0%	4	1%	0%	8	2%	0%
PR	10	3%	1%	7	2%	0%	12	3%	0%	41	8%	1%	15	3%	1%
Total	**332**	**100%**	**100%**	**383**	**100%**	**100%**	**407**	**100%**	**100%**	**485**	**100%**	**100%**	**459**	**100%**	**100%**

1. Supplier A: Complies with the Code of Conduct. Supplier B: Does not comply with some non-relevant aspect of the Code of Conduct. Supplier C: Does not comply with some sensitive, but not conclusive, aspect of the Code of Conduct. CAP Supplier: Supplier in Corrective Action Plan. Supplier PR: Undergoing an auditing process.

c) Continuous improvement of the supply chain

Corrective Action Plans in the social area in 2022 at factories incurring in sensitive breaches of the Code of Conduct

Geographic area	Factories that have begun an improvement process	Factories that have improved their compliance	Factories in the process of improving	% CAPs completed successfully
Africa	20	0	16	0%
Americas	2	1	0	50%
Asia	219	47	136	57%
Europe outside the EU	211	47	103	44%
European Union	35	7	13	32%
Total	**487**	**102**	**268**	**47%**

Corrective Action Plans in the environmental area in 2022 in factories incurring in sensitive breaches of the Green to Wear standard

Geographic area	Factories that have begun an improvement process	Factories that have improved their compliance	Factories in the process of improving	% CAPs completed successfully
Africa	22	3	18	75%
Americas	2	0	2	0%
Asia	291	75	170	62%
Europe outside the EU	136	38	70	58%
European Union	96	4	80	25%
Total	**547**	**120**	**340**	**58%**

7.1.2. Health and safety of our products indicators

GRI 3-3; 416-1; 416-2

Results of the *Picking* programme

The Picking programme enables us to verify that our products comply with the Group's Clear to Wear (CtW) and Safe to Wear (StW) health and safety standards. In 2022, initial compliance with our standards reached 98.4%. In cases of initial non-compliance (1.6%), we apply re-operation protocols that allow these products to be properly corrected, eliminating the presence of restricted substances and improving parameters such as colour fastness to achieve compliance.

Degree of initial compliance

	2022	2021	2020	2019	2018
CtW – Chemical substances	99.2%	99.3%	99.3%	98.9%	99.1%
PTR	99.4%	99.5%	99.3%	98.8%	98.6%
CtW[1]	**98.7%**	**98.8%**	**98.6%**	**97.8%**	**97.7%**
StW – Parameters	99.9%	99.9%	99.9%	99.8%	99.8%
StW – Design	99.8%	99.8%	99.8%	99.7%	99.8%
StW	**99.7%**	**99.7%**	**99.7%**	**99.6%**	**99.6%**
CtW + StW	**98.4%**	**98.5%**	**98.3%**	**97.4%**	**97.4%**

1. For the purpose of comparison with previous reports, in the wake of the publication in 2021 of the Physical Testing Requirements (PTR) standard, the CtW category takes into consideration compliance in both chemicals included in CtW and parameters included in PTR (previously listed under the heading CtW – Parameters).

Degree of initial compliance by geographic area

Africa	2022	2021	2020	2019	2018
CtW	99.2%	99.1%	99.2%	98.4%	97.7%
StW	99.0%	99.3%	99.2%	98.8%	99.4%
CtW+StW	98.3%	98.4%	98.4%	97.2%	97.1%

Americas	2022	2021	2020	2019	2018
CtW	98.4%	100.0%	86.3%	100.0%	96.1%
StW	100.0%	100.0%	100.0%	100.0%	100.0%
CtW+StW	98.4%	100.0%	86.3%	100.0%	96.1%

Asia	2022	2021	2020	2019	2018
CtW	98.4%	98.6%	98.4%	97.5%	97.5%
StW	99.8%	99.8%	99.8%	99.7%	99.8%
CtW+StW	98.3%	98.4%	98.2%	97.3%	97.3%

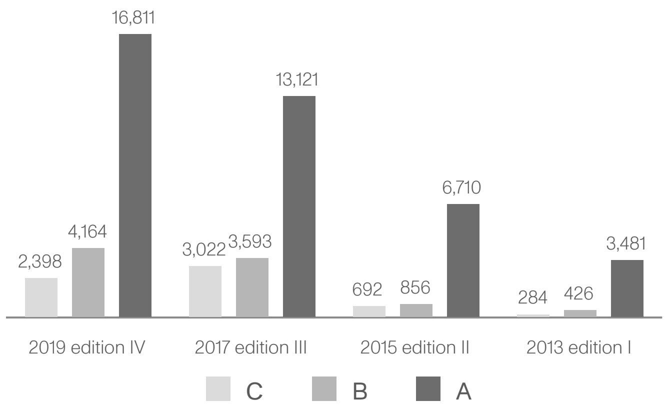
European Union	2022	2021	2020	2019	2018
CtW	99.7%	99.4%	99.1%	98.8%	98.3%
StW	99.7%	99.7%	99.5%	99.4%	99.5%
CtW+StW	99.3%	99.0%	98.7%	98.2%	97.8%

Europe outside the EU	2022	2021	2020	2019	2018
CtW	99.3%	99.4%	99.5%	95.8%	99.6%
StW	99.7%	99.6%	99.8%	100.0%	100.0%
CtW+StW	98.9%	99.0%	99.3%	95.8%	99.6%

The List, by Inditex programme

The List, by Inditex contains a register of commercially available chemical products used in the manufacturing processes of textile and leather goods. In 2019 we published findings from the 4th edition of the programme, including a total of 83,257 analyses, which allowed the classification of 27,756 chemical products (although the final published 4th edition includes 23,373 chemical products). It is important to point out that, due to the departure of two participants from the project, the published 4th edition presents less chemicals than those actually analysed and classified in the programme.

	1st edition	2nd edition	3rd edition	4th edition
Manufacturers	10	15	22	24
No. of manufacturer requests	10	5	78	98
(acceptance %)	(100)%	(100)%	(13)%	(4)%
No. of chemical products classified	4,191	8,258	19,736	23,373
No. of analyses	1,774	8,289	34,605	83,257



Chemical products "A": Their use is permitted in Inditex production with no further analysis by the institutions that use them.

Chemical products "B": Their use in the Inditex supply chain is subject to further analyses during production, as indicated in the Green to Wear standard.

Chemical products "C": The use of these chemicals is prohibited in Inditex production.

7.1.3. Environmental impact management indicators

GRI 3-3; 305-1; 305-2; 305-3; 305-4; 305-5

Section 5.5. Environment outlines a set of quantitative environmental indicators along with their performance in 2022 and developments over recent years. These quantitative indicators give us a picture of the progress made thanks to the management of natural and energy resources in the year.

a) Scope of the indicators

The environmental indicator system includes data obtained between 1 February 2022 and 31 January 2023. The data are shown in absolute and relative terms. The latter is calculated latter based on the surface square metres of our facilities and based on the level on net sales, so as to represent the efficiency reached after the Company's activities and the continuous improvement resulting from their management. The scope of the indicators includes the Inditex Group's own facilities, specifically:

/ The headquarters in Arteixo (A Coruña) and all the brands' headquarters: Zara, Pull&Bear, Massimo Dutti, Bershka, Stradivarius, Oysho, Zara Home and Tempe, all of them located in Spain.

/ All the Group's own factories, located in Spain.

/ All the Group's logistics centres.

/ All the Group's own stores.

International offices are not included in the scope. Indicators where the scope differs are shown alongside the data in question.

b) Calculation of relative indicators

Relative indicators are calculated using the following formula:

/ Ratio per square metre (m^2) = (absolute figure for the year/total surface area in m^2)

/ Ratio by net sales = (absolute value for the year/sales (€))[63]

c) Greenhouse gas emissions

The Inditex Group's greenhouse gas (GHG) emissions are calculated and reported following the international guidelines of the Intergovernmental Panel on Climate Change, IPCC (Guidelines for National Greenhouse Gas Inventories, 2006) and the World Resources Institute (GHG Protocol, 2015). The GHG emissions scopes reported are accounted for in accordance with the Company's financial limit. GHG emissions include gases (CO_2, CH_4, N_2O, HFCs, PFCs, SF_6, and NF_3) and are expressed in units of CO_2 equivalent (CO_2eq). Specifically, scope 3 emissions are broken down according to the GHG Protocol categories. For greater transparency, the "Purchased goods and services" category (according to the GHG Protocol) is subdivided into the following categories: raw material extraction, raw material processing, material production, wet processes and final product assembly.

Below is a brief overview of the calculation methodology used for each category of Inditex Group GHG emissions

[63] Includes sales in our own stores and franchises.

Scope	Description	Methodology	Emission factors
Scope 1	Direct emissions related to sources under the direct control of the Inditex Group (combustion in boilers, own vehicles, etc.).	Scope 1 emissions are calculated based on the consumption of the various fuel types and their corresponding emission factors. The emissions associated with occasional leaks (or punctual leaks) of HFC and PFC gases from air conditioning equipment are not included.	DEFRA (Department for Environment Food & Rural Affairs), v.3.0, 2022.
Scope 2	These are indirect emissions related to the generation of electricity acquired and consumed by the Inditex Group.	Scope 2 emissions are calculated based on the consumption of electricity in each market and their corresponding emission factors. The emissions associated with the electricity acquired in international offices are not included.	Location-based method: / IEA (2022), Emission Factors Market-based method: / Contractual instruments for renewable energy: (PPA, EACs, etc.)
Scope 3 - Category 1: Purchased goods and services	All upstream (cradle-to-gate) emissions generated in Inditex's supply chain from the manufacture of products made available to customers.	Extraction of raw materials: emissions are calculated based on the tonnes of the various raw materials consumed and the corresponding emission factors.	Higg Materials Sustainability Index (MSI), 2021
		Spinning and weaving: emissions are calculated based on the energy consumption and the corresponding emission factors. Energy consumption is estimated on the basis of raw materials consumption ratios.	IEA (2022), Emission Factors DEFRA (Department for Environment Food & Rural Affairs), v.3.0, 2022.
		Wet processes and cutting and sewing: Emissions are calculated on the basis of the Scope 3 evaluator, Greenhouse Gas Protocol and Quantis calculator.	Scope 3 evaluator, Greenhouse Gas Protocol and Quantis
Scope 3 - Category 2: Capital goods	Emissions generated as a result of the extraction, production and transportation of capital goods purchased and/or acquired by the Company	Emissions are calculated using the Scope 3 evaluator, Greenhouse Gas Protocol and Quantis	Scope 3 evaluator, Greenhouse Gas Protocol and Quantis
Scope 3 - Category 3: Activities linked to fuel and energy	Emissions generated in the process of extraction, refining, production and transportation of energy and fuels purchased and acquired by the Company.	Emissions are calculated based on the global energy consumption and the corresponding emission factors.	DEFRA (Department for Environment Food & Rural Affairs), v.3.0, 2022.
Scope 3 - Category 4: Upstream transport and distribution	Emissions linked to the upstream transportation and distribution services acquired by the Company.	Their calculation takes into account the tonnes transported and kilometres travelled by each means of transport, along with the relevant emission factors.	GLEC, Global Logistic Emissions Council Framework for Logistics Emissions Accounting and Reporting, v.2.0.
Scope 3 - Category 5: Waste generated in operations	Emissions from the final disposal and treatment of waste generated in Inditex's headquarters, own logistics centres and own factories. Information on waste generated in own stores is not available at the required level of itemisation.	Their calculation takes into account the tonnes of each type of waste generated and the final treatment of each, along with the corresponding emission factors.	DEFRA (Department for Environment Food & Rural Affairs), v.3.0, 2022.
Scope 3 - Category 6: Business trips	Emissions from the transportation of employees for business-related activities in vehicles operated by third parties.	Their calculation takes into account the origin, destination, means of transport used by Spanish agents and the corresponding emission factors. It is extrapolated to the rest of the subsidiaries on the basis of travel expenditure in Spain.	DEFRA (Department for Environment Food & Rural Affairs), v.3.0, 2022.
Scope 3 - Category 7: Emissions from employee commuting	Emissions generated as employees commute between home and work.	Their calculation involves estimating average distances covered by means of transport and commuting patterns based on bibliographic research.	DEFRA (Department for Environment Food & Rural Affairs), v.3.0, 2022.
Scope 3 - Category 8: Upstream leased assets	Emissions associated with third-party assets leased by Inditex.	Not applicable	
Scope 3 - Category 9: Downstream transport and distribution	Emissions from the downstream transportation and distribution of sold products.	Not reported. Inditex is working on improving the internal corporate systems to provide this information with the degree of detail required.	
Scope 3 - Category 10: Processing of sold products	Emissions from the subsequent transformation of sold products.	Not applicable	

Scope	Description	Methodology	Emission factors
Scope 3 - Category 11: Use of sold products	Estimated emissions from the use of products sold by Inditex.	Their calculation takes into account the energy consumed during the use phase based on bibliographic research.	IEA (2022), Emission Factors. Higg Product Module methodology, June 2021.
Scope 3 - Category 12: End of life treatment of sold products	Emissions from the final disposal of products sold by the Company.	Their calculation takes into account the number of units sold and the final destination based on bibliographic research (20% reuse and 80% landfill).	DEFRA (Department for Environment Food & Rural Affairs), v.3.0, 2022.
Scope 3 - Category 13: Downstream leased assets	Emissions from Inditex-owned assets leased to third parties.	Not applicable.	
Scope 3 - Category 14: Franchised	Emissions from franchisees during the operation of franchises.	The electricity consumption of franchises has been estimated from the average consumption of own stores. This consumption is multiplied by the corresponding emission factor.	IEA (2022), Emission Factors
Scope 3 - Category 15: Investments	Emissions from Inditex investment activities	This category includes equity and debt investments. Project finance and investment management and customer service do not apply.	Scope 3 evaluator, Greenhouse Gas Protocol and Quantis

d) Conversion factors used for the calculation

/ 1 tonne of diesel = 1.035 tonnes of oil equivalent (toe).

/ Diesel density = 0.8446 kg/litre, DEFRA (Department for Environment Food & Rural Affairs, v.3.0, 2022)

/ 1 toe = 41.868 GJ.

/ 1 GJ = 277.778 kWh.

7.1.4. Corporate community investment indicators

GRI 3-3; 201-1; 203-1

	2022	2021	2020	2019	2018	2022-2018 change
Corporate Community Investment	87,870,420	63,500,135	71,803,602	49,231,909	46,218,895	90%

Form of contribution (in euros)	2022	% 2022	2021	% 2021	2020	% 2020	2019	% 2019	2018	% 2018	2022-2018 change	
Cash	46,280,569	53%	31,865,805	50%	50,247,787	70%	33,248,048	68%	30,109,825	65%	54%	
Time	9,413,346	11%	6,182,600	10%	5,341,060	7%	3,668,531	7%	3,542,309	8%	166%	Management costs included
In-kind	30,266,626	34%	24,171,628	38%	15,046,374	21%	11,684,094	24%	11,935,563	26%	154%	
Management costs	1,909,879	2%	1,280,102	2%	1,168,380	2%	631,236	1%	631,198	1%	203%	
Total	**87,870,420**	**100%**	**63,500,135**	**100%**	**71,803,602**	**100%**	**49,231,909**	**100%**	**46,218,895**	**100%**	**90%**	

Category (in euros)	2022	% 2022	2021	% 2021	2020	% 2020	2019	% 2019	2018	% 2018	2022-2018 change	
Charitable gifts	1,753,555	2%	1,700,733	3%	1,915,938	3%	1,633,093	3%	1,801,149	4%	-3%	
Community investment	58,720,596	68%	45,748,133	73%	55,242,082	78%	36,668,336	75%	36,179,975	79%	62%	Management costs excluded
Commercial initiatives in the community	25,486,390	30%	14,771,167	24%	13,477,202	19%	10,299,244	21%	7,606,572	17%	235%	
Total	**85,960,541**	**100%**	**62,220,033**	**100%**	**70,635,222**	**100%**	**48,600,673**	**100%**	**45,587,697**	**100%**	**89%**	

Issue addressed (in euros)	2022	% 2022	2021	% 2021	2020	% 2020	2019	% 2019	2018	% 2018	2022 -2018 change	
Education	14,094,888	16%	7,278,201	12%	7,518,126	11%	8,501,897	17%	7,468,318	16%	89%	
Health	6,564,862	8%	3,261,939	5%	24,198,243	34%	2,798,355	6%	3,861,618	8%	70%	
Economic development	3,992,003	5%	3,293,301	5%	1,220,854	2%	1,304,020	3%	1,610,820	4%	148%	Management costs excluded
Environment	19,385,452	23%	5,594,131	9%	4,680,860	7%	5,446,742	11%	3,586,327	8%	441%	
Arts and culture	891,955	1%	1,079,312	2%	988,654	1%	1,221,122	3%	870,924	2%	2%	
Social welfare	9,191,329	11%	19,019,444	31%	21,506,246	30%	19,646,921	40%	19,098,184	42%	-52%	
Emergency relief	31,840,052	37%	22,693,705	36%	10,522,239	15%	9,681,616	20%	9,044,621	20%	252%	
Others	0	0%	0	0%	0	0%	0	0%	46,883	0%	0%	
Total	**85,960,541**	**100%**	**62,220,033**	**100%**	**70,635,222**	**100%**	**48,600,673**	**100%**	**45,587,697**	**100%**	**89%**	

Location of the activity (in euros)	2022	% 2022	2021	% 2021	2020	% 2020	2019	% 2019	2018	% 2018	2022-2018 change	
Spain	28,355,155	33%	21,203,015	34%	41,228,603	58%	17,529,175	36%	20,297,453	45%	40%	
Europe ex-Spain	22,569,569	26%	8,752,685	14%	7,316,927	10%	7,464,704	15%	5,643,921	12%	300%	Management costs excluded
Americas	13,774,978	16%	10,608,807	17%	10,357,432	15%	13,328,564	27%	10,208,058	22%	35%	
Asia and rest of the world	21,260,838	25%	21,655,526	35%	11,732,259	17%	10,278,231	21%	9,438,265	21%	125%	
Total	**85,960,541**	**100%**	**62,220,033**	**100%**	**70,635,222**	**100%**	**48,600,673**	**100%**	**45,587,697**	**100%**	**89%**	

SDG (in euros)	2022	% 2022	2021	% 2021	2020	% 2020	2019	% 2019	2018	% 2018	Total 2022 - 2018
1. No poverty	3,750,457	4.4%	1,796,811	2.9%	199,709	0.3%	52,547	0.1%	161,176	0.4%	5,960,700
2. Zero hunger	99,188	0.1%	509,079	0.8%	171,091	0.2%	399,582	0.8%	163,364	0.4%	1,342,304
3. Good health and well-being	7,670,746	8.9%	9,223,912	14.8%	28,371,255	40.2%	7,375,925	15.2%	7,260,232	15.9%	59,902,070
4. Quality education	7,182,324	8.4%	3,810,370	6.1%	4,958,119	7.0%	5,405,862	11.1%	5,824,809	12.8%	27,181,484
5. Gender equality	5,122,683	6.0%	2,980,153	4.8%	3,422,346	4.8%	2,581,715	5.3%	1,687,518	3.7%	15,794,415
6. Clean water and sanitation	2,597,186	3.0%	1,032,230	1.7%	1,396,363	2.0%	952,531	2.0%	785,861	1.7%	6,764,171
7. Affordable and clean energy	2,500	0.0%	464,644	0.7%	30,684	0.0%	20,000	0.0%	20,000	0.0%	537,828
8. Decent work and economic growth	7,931,367	9.2%	5,869,853	9.4%	7,259,969	10.3%	7,859,961	16.2%	8,334,396	18.3%	37,255,546
9. Industry, innovation and infrastructure	2,501,301	2.9%	844,244	1.4%	397,752	0.6%	1,884,953	3.9%	446,410	1.0%	6,074,660
10. Reduced inequality	17,760,641	20.7%	19,973,638	32.1%	12,901,353	18.3%	9,870,828	20.3%	9,294,145	20.4%	69,800,605
11. Sustainable cities and communities	722,389	0.8%	842,896	1.4%	793,168	1.1%	1,243,389	2.6%	1,206,475	2.6%	4,808,317
12. Responsible consumption and production	22,531,480	26.2%	12,863,973	20.7%	9,729,241	13.8%	8,818,385	18.1%	7,745,279	17.0%	61,688,358
13. Climate action	7,089,561	8.3%	519,761	0.8%	115,627	0.2%	88,294	0.2%	89,427	0.2%	7,902,670
14. Life below water	250,180	0.3%	204,690	0.3%	160,416	0.2%	270,429	0.6%	378,437	0.8%	1,264,152
15. Life on land	131,635	0.2%	824,001	1.3%	250,000	0.4%	289,465	0.6%	379,806	0.8%	1,874,907
16. Peace, justice and strong institutions	155,344	0.2%	89,652	0.1%	346,048	0.5%	621,561	1.3%	608,050	1.3%	1,820,655
17. Partnerships for the goals	461,558	0.5%	370,126	0.6%	132,080	0.2%	865,247	1.8%	1,202,312	2.6%	3,031,323
Total	**85,960,541**	**100.0%**	**62,220,033**	**100%**	**70,635,222**	**100%**	**48,600,673**	**100%**	**45,587,697**	**100%**	**313,004,166**

% management costs excluded

Output indicators	2022	2021	2020	2019	2018	2022-2018 change
Number of hours spent by employees on social initiatives during working hours	313,778	206,087	178,035	122,284	118,077	166%
Number of social initiatives implemented	725	725	703	670	622	17%
Number of garments donated to social causes	7,894,590	5,899,270	4,114,490	3,164,804	3,225,462	145%
Number of direct beneficiaries	3,352,138	2,217,342	3,313,581	2,441,300	2,425,639	38%
Number of community organisations supported	469	427	439	421	413	14%

	2022	2021	2020	2019	2018	Total 2022-2018
Number of children with access to education	20,230	19,556	31,054	43,443	48,794	163,077
Number of people receiving professional training	16,143	14,546	14,399	26,763	32,514	104,365
Number of migrants, refugees and displaced persons served	1,861,489	188,054	172,160	405,335	952,935	3,579,973
Number of people receiving medical care	1,037,184	1,348,727	732,601	930,223	1,078,634	5,127,369
Number of employments created through community investment projects	6,234	5,391	5,524	11,288	16,437	44,874
Number of people accessing water and sanitation	753,616	583,426	359,675	361,978	553,653	2,612,348

	2022	2021	2020	2019	2018	Total 2022 - 2018
Leverage (in euros)	**75,306,852**	**56,044,311**	**38,525,899**	**79,291,268**	**49,827,907**	**298,996,237**

Impact indicators	2022	2021	2020	2019	2018	2022-2018 change
Number of direct beneficiaries where results were measured	**3,283,404**	**2,184,117**	**3,272,473**	**2,406,380**	**2,401,131**	**37%**

INDITEX

Depth of impact (number of beneficiaries that...)	2022	2021	2020	2019	2018	2022-2018 change
Made a connection as a result of the initiative	403,097	203,349	2,147,665	1,108,752	599,741	-33%
Made an improvement as a result of the initiative	2,529,808	1,412,624	791,219	890,818	1,450,128	74%
Made a transformation as a result of the initiative	350,499	568,144	333,589	406,810	351,262	0%

Type of impact (number of beneficiaries that...)	2022	2021	2020	2019	2018	2022-2018 change
Experienced a direct positive change in their behaviour or attitude	653,145	478,076	351,101	374,548	324,788	101%
Developed new skills or an increase in their personal well-being	30,606	31,725	50,079	71,321	59,921	-49%
Experienced a positive impact on their quality of life	2,852,121	2,041,808	1,158,212	1,300,898	1,743,085	64%

Social cash flow	2022	2021	2020	2019	2018
Cash received from the sale of products and services	32,569	27,716	20,402	28,286	26,145
Flow received from financial investments	105	4	6	31	29
Cash received for sales of assets	0	0	36	40	159
Total value added flow	32,674	27,721	20,444	28,357	26,333

Distribution of value added flow	2022	2021	2020	2019	2018
Remuneration to employees for their services	4,753	4,179	3,376	4,430	4,136
Tax on profits paid	1,176	734	452	1,207	1,070
Return of financial debt	17	-22	-17	-49	73
Dividends paid to shareholders	2,914	2,192	1,090	2,741	2,335
Corporate Community Investment	88	64	72	49	46
Cash retained for future growth	705	1,790	-398	1,284	510
Payments made outside the Group for the purchase of goods, raw materials and services	21,666	17,729	15,204	17,669	16,586
Payments made for investment in new productive assets	1,355	1,055	665	1,026	1,577
Total distribution of value added flow	**32,674**	**27,721**	**20,444**	**28,357**	**26,333**

7.1.5. European taxonomy of sustainable activities

1. Regulatory context

The Inditex Group is subject to Regulation (EU) 2020/852 on EU Taxonomy (hereinafter "Taxonomy")[64], which stipulates a series of obligations with regard to the disclosure of information relating to "environmentally sustainable" activities. In the 2021 financial year, it was mandatory to report the proportion of taxonomy-eligible economic activities[65] through the key performance indicators for turnover, investments in fixed assets (CapEx) and operating expenditure (OpEx) for the two environmental objectives currently included in the regulation: climate change mitigation and climate change adaptation[66]. For 2022, it is also mandatory to report alignment[67] for those same objectives, in addition to certain complementary qualitative information[68].

The Taxonomy is a regulation that is still under development, which creates a context of regulatory uncertainty. This leads companies to make decisions based on their own interpretation and to perform continuous analyses in order to ensure that the information provided properly complies with the requirements established, in view of the information being made available.

While on the date this Report was drawn up, the Inditex Group's main activity—the distribution and sale of fashion items—is not yet contemplated in the current regulatory framework, it does apply to other activities linked to the Group's business model.

2. Scope and assessment of Inditex's activities

The scope of the information on Taxonomy includes all the companies over which the Inditex Group has control or joint control (listed in Annex I of the Consolidated Annual Accounts). Within this perimeter, the Group has conducted an analysis of its accounting information in order to determine which activities are associated with those described in the Taxonomy[69], identifying those that are eligible within the framework of the mitigation objective[70]. This analysis is grounded upon the current level of understanding of the descriptions and technical screening criteria included in the Taxonomy, which, as we discuss below, in some cases has implied updating the assessment and calculation criteria applied in 2021.

There follows a presentation of the foremost findings of this analysis in relation with the three key indicators(Turnover, CapEx and OpEx)[71].

Turnover: Inditex is mainly dedicated to the distribution and sale of fashion items, and this activity is its main source of revenue. Since this activity is not currently included in the Taxonomy, **no turnover items have been identified that could be considered eligible.**

CapEx: A core portion of the Group's CapEx corresponds to investments undertaken in relation with store refurbishments and openings.

However, in most cases these actions are related to the design and conditioning of commercial spaces, mostly rented premises, in which, only exceptionally, actions are carried out on the building envelope or insulation (which is what has the ability to influence its energy efficiency). This means that only in these exceptional cases will the Group's activities be considered eligible in accordance with the description of **activity 7.2** (renovation of existing buildings) and **7.3** (installation, maintenance and repair of energy efficiency equipment) for being able to improve energy efficiency of the buildings in which it carries out its activity.

Another significant part of CapEx refers to the construction and refurbishment of the Group's corporate headquarters and logistics centers. In this case, in addition to the taxonomic activities mentioned in the previous section, **activity 7.7** (acquisition and ownership of buildings) is also taken into account. The criteria applied is the same as for store investments, considering eligible actions with the capacity to influence the energy efficiency of the buildings under analysis.

Additionally, the rights of use of commercial spaces (ie, the rental of stores) are part of the CapEx according to the definition of the Taxonomy. Following a criteria consistent with the above, it will only be considered eligible under the description of activity **7.7** (acquisition and ownership of buildings) when the rental corresponds to a building and not only limited to an interior space, since it does not have the capacity to influence the building energy efficiency.

This understanding of activities 7.2, 7.3 and 7.7 is the main reason for the adjustment in the results reported this year in terms of CapEx compared to those reported for the year 2021.

---

[64] The EU Taxonomy is structured around the Regulation (EU) 2020/852, and is supported by two delegated acts: Delegated Regulation (EU) 2021/2139 (the Climate Delegated Act), which specifies the technical screening criteria to determine taxonomy-aligned activities; and the Delegated Regulation (EU) 2021/2178 (Disclosures Delegated Act), which specifies the content, methodology and presentation of information to be disclosed by companies with regard to sustainable economic activities.
[65] Taxonomy-eligible economic activity means an economic activity that is described in the delegated acts, irrespective of whether that economic activity meets any or all of the technical screening criteria laid down in those delegated acts.
[66] The remaining objectives are: the sustainable use and protection of water and marine resources, the transition to a circular economy, pollution prevention and control, and the protection and restoration of biodiversity and ecosystems.
[67] Taxonomy-aligned economic activity means an economic activity that complies with the technical screening criteria laid down in the delegated acts.
[68] The Disclosures Delegated Act requires certain qualitative information to be specified in detail concerning accounting policies, the assessment of compliance with the Regulation, in addition to contextual information thereon.
[69] Annexes I and II to the Delegated Regulation (EU) 2021/2139
[70] Unlike what was reported in the 2021 financial year—when eligible activities were identified for both the mitigation and adaptation objectives—the current understanding of the technical screening criteria included in the Taxonomy indicates that the activities identified are only eligible for the objective of climate change mitigation.
[71] The composition and calculation of these indicators is explained below.

Moreover, the Inditex Group undertakes other investments linked, among others, with the development of IT solutions and data processing, and the implementation and operation of systems that supervise and optimise energy consumption to boost efficiency, which might be considered to be eligible within the framework of activities 8.1. (data processing, hosting and related activities) and 7.5. (installation, maintenance and repair of instruments and devices used to measure, regulate and control energy efficiency in buildings), respectively. However, these activities represent an insignificant proportion of approximately 0% of the Group's CapEx in fiscal year 2022.

OpEx: In keeping with the definition of this indicator provided in Taxonomy, the percentage of eligible OpEx of the Inditex Group for 2022 has been considered to be approximately 0%.

3. Assessment of compliance with the technical criteria

In accordance with the analysis carried out, the Group considers the following activities to be eligible in 2022 in respect of CapEx:

Taxonomy Activity	Description of the activity	Inditex Group activities
7.2 Renovation of existing buildings	Construction and civil engineering works or preparation of such works	Renovation of store buildings, headquarters and logistics centers when there is the possibility of acting on the building envelope.
7.3. Installation, maintenance and repair of energy efficiency equipment	Individual renovation measures consisting of the installation, maintenance and repair of energy efficiency equipment	Installation, maintenance and repair of energy efficiency equipment at stores, headquarters and logistics centres.
7.7. Acquisition and ownership of buildings -	Buying real estate and exercising ownership of that real estate	Ownership of headquarters and logistics centers as long as there is the possibility of influencing the energy efficiency of the buildings under analysis.

Compliance with the technical criteria of substantial contribution to climate change mitigation

Activities linked to the renovation of buildings in which the action involves the intervention of at least 25% of the building envelope are considered aligned activities. In 2022, only one intervention of this nature has been found.

Compliance with the technical criteria of not causing significant harm (DNSH)

Adaptation to climate change: The Inditex Group has analyzed the potential impacts related to climate change risks, both physical and transition, using five emission trajectories aligned with the socioeconomic forecasts of the Intergovernmental Panel on Climate Change (IPCC's Shared Socioeconomic Pathways - SSPs), and considering short (0-5 years), medium (5-10 years) and long-term (more than 10 years) time horizons. In the case of physical risks, the Group has considered eight sources of risk that are relevant to the Group's business.

After identifying and evaluating the potential impacts derived from the sources of climate risk (among the most relevant are those associated with the interruption of operations at key facilities, damage to physical assets or disruptions in the supply of raw materials), The Inditex Group has defined adaptation measures with the aim of reducing exposure to risks, thus adapting to the consequences of climate change. For more information on climate risk assessment, see section 6.3.4. Climate change: risks and opportunities.

Sustainable use and protection of water and marine resources: The building identified as aligned has been completely renovated, including sanitary facilities such as taps, sinks and toilets that meet the minimum requirements in relation to the maximum flow of water and water discharge established by the Taxonomy.

Transition towards a circular economy: The identified actions comply with the requirements included in the Taxonomy in this context, including the requirement that at least 70% of the non-hazardous construction and demolition waste generated on site is recovered.

Pollution prevention and control: The construction components and materials used in the intervention identified as aligned, conform to the requirements contained in the Taxonomy in this context, including those related to the presence of chemical products or other polluting materials.

Compliance with the minimum social safeguards

To consider any economic activity as aligned, it must be carried out in accordance with OECD Guidelines for Multinational Enterprises and the UN Guiding Principles on Business and Human Rights. The Inditex Group applies an approach based on the development of due diligence processes in its operations and business decisions, which makes it possible to identify, prevent, mitigate and remedy, if necessary, the impacts on the economy, the environment and people, (including those related to human rights). In this sense, the Group has a Human Rights strategy aligned with the United Nations Guiding Principles on Business and Human Rights, which is based on three pillars for the integration of the promotion and respect for human rights throughout the company. value chain: the Group's Human Rights Policy, due diligence and grievance mechanisms. Likewise, there are also policies and procedures regarding competition, anti-corruption, responsible business, conflicts of interest, and fiscal responsibility. It is worth noting the Code of Conduct and Responsible Practices, whose objective is to ensure a professional, ethical and responsible commitment of the Inditex Group and of all those who are part of it, in the development of their activities, as a basic element of the business culture.

4. Process of calculating the key performance indicators and associated results

The process of calculating the key performance indicators (Turnover, CapEx and OpEx) of eligibility and alignment involves analysing the Group's consolidated information, excluding intercompany transactions and avoiding double-counting through the processing of accounting information, bearing in mind the adjustments made in the consolidation process, using a single source of information to avoid considering the same item twice, and checking the traceability and accuracy of the information. The Group's Annual Accounts are used to analyse the turnover and OpEx key performance indicators.

The turnover, CapEx and OpEx key performance indicators represent the proportion of the Group's turnover, investments in fixed assets and operating expenditure, respectively, that adheres to, whether in the form of eligibility or alignment, the requirements outlined in the Taxonomy. To construct the numerators of the three key performance indicators, the corresponding items identified as eligible or aligned as per the Taxonomy are considered. With regard to the denominators:

/ Turnover: The denominator includes the ordinary revenue in the year. Revenue from Group companies, subsidies or donations, among others, are not taken into account.

/ CapEx: The denominator includes additions to fixed assets, including those derived from business combinations and rights of use. Therefore, the Inditex Group considers all additions to property, plant and equipment, intangible assets and rights of use in accordance with IFRS 16..

/ OpEx*:* The denominator includes the expenses associated with research and development, building renovation measures, short-term leases and maintenance or repairs that ensure the proper functioning of the assets.

The results obtained for each of these key performance indicators are shown below, alongside the respective conclusions.

Results

Turnover

In keeping with the previous sections, no items of turnover have been identified that could be considered eligible as per the current Taxonomy framework. This means that the eligible Turnover results are approximately 0%. Consequently, this indicator has not experienced any changes with regard to the previous financial year, when the reported eligible turnover was 0.01%.

CapEx

The Inditex Group considers to be eligible those actions where there is potential to influence the energy efficiency of the buildings under analysis. As previously stated, this implied updating the criterion used to calculated this indicator in 2021 which led to approximately 95% of the CapEx that was considered to be eligible in 2021 not being considered eligible under this criterion.

Thus, the eligibility value for 2022 (0.65%) would be comparable to 0.4% for the 2021 financial year[72].

Likewise, in line with what was explained above, a 0.3% of elegible and aligned CapEx is recorded in 2022. This CapEx is from the reform of a store in which the building envelope is acted on, optimizing the energy efficiency of the same.

OpEx

In line with the previously exposed above, the OpEx calculation criterion has been updated for this year, with the result that 100% of the OpEx that was considered eligible in 2021 is not eligible with the greater understanding of the taxonomic activities. Consequently, eligible OpEx is observed to be approximately 0% of the Inditex Group's total OpEx in 2022. This figure would be comparable to 0.0% for the 2021 financial year[73]. Therefore, this key performance indicator has not experienced any changes with regard to the previous financial year.

[72] Figure for the restated eligible CapEx in accordance with the changes made to the calculation methodology and applied in 2022. The value reported in the 2021 financial year was 84.39%.

[73] Figure for the restated eligible OpEx in accordance with the changes made to the calculation methodology applied in 2022. The value reported in the 2021 financial year was 46.65%.

Turnover

Economic activities	Code(s)	Absolute turnover	Proportion of turnover	Substantial contribution criteria: Climate change mitigation	Climate change adaptation	Water and marine resources	Circular economy	Pollution	Biodiversity and ecosystems	DNSH Criteria (Does Not Significantly Harm): Climate change mitigation	Climate change adaptation	Water and marine resources	Circular economy	Pollution	Biodiversity and ecosystems	Minimum safeguards	Taxonomy-aligned proportion of turnover, year N[2]	Taxonomy-aligned proportion of turnover, year N-1[2]	Category ("enabling activity")	Category ("transitional activity")
		M€	%	%	%	%	%	%	%	Yes/No	Yes/No	Yes/No	Yes/No	Yes/No	Yes/No	Yes/No	%	%	F	T
A. TAXONOMY ELIGIBLE ACTIVITIES																				
A.1. Environmentally sustainable activities (Taxonomy-aligned)																				
Turnover of environmentally sustainable activities (Taxonomy-aligned) (A.1)		0	0%														0%	NA[1]		
A.2 Taxonomy-eligible, but not environmentally sustainable activities (not Taxonomy-aligned activities)																				
Turnover of Taxonomy-eligible, but not environmentally sustainable activities (not Taxonomy-aligned activities) (A.2)		0	0%																	
Total (A.1 + A.2)		**0**	**0%**														**0%**	**NA[1]**		
B. TAXONOMY NON-ELIGIBLE ACTIVITIES																				
Turnover of Taxonomy-non-eligible activities (B)		32,569	100%																	
Total (A + B)		**32,569**	**100%**																	

1. The report of alignment report is mandatory in 2022 for the first time, so no information is provided for 2021.
2. Values in this column represent the percentage of aligned activities over the total for each indicator (A+B).

CapEx

				Substantial contribution criteria						DNSH Criteria (Does Not Significantly Harm)										
Economic activities	Code(s)	Absolute CAPEX 2022	Proportion of CAPEX	Climate change mitigation	Climate change adaptation	Water and marine resources	Circular economy	Pollution	Biodiversity and ecosystems	Climate change mitigation	Climate change adaptation	Water and marine resources	Circular economy	Pollution	Biodiversity and ecosystems	Minimum safeguards	Taxonomy-aligned proportion of CAPEX, year N[2]	Taxonomy-aligned proportion of CAPEX, year N-1[2]	Category ("enabling activity")	Category ("transitional activity")
		M€	%	%	%	%	%	%	%	Yes/No	Yes/No	Yes/No	Yes/No	Yes/No	Yes/No	Yes/No	%	%	F	T
A. TAXONOMY ELIGIBLE ACTIVITIES																				
A.1. Environmentally sustainable activities (Taxonomy-aligned)																				
Renovation of existing buildings	7.2	9.84	0.30%	100%	0%	NA	NA	NA	NA	Y	Y	Y	Y	Y	NA	Y	0.30%	NA[1]		T
CAPEX of environmentally sustainable activities (Taxonomy-aligned) (A.1)		9.84	0.30%														0.30%	NA[1]		
A.2 Taxonomy-eligible, but not environmentally sustainable activities (not Taxonomy-aligned activities)																				
Installation, maintenance and repair of energy efficiency equipment	7.3	3.83	0.12%																	
Acquisition and ownership of buildings	7.7	7.52	0.23%																	
CAPEX of Taxonomy-eligible, but not environmentally sustainable activities (not Taxonomy-aligned activities)) (A.2)		11.35	0.35%																	
Total (A.1 + A.2)		**21.18**	**0.65%**														0.30%	NA[1]		
B. TAXONOMY NON-ELIGIBLE ACTIVITIES																				
CAPEX of Taxonomy-non-eligible activities (B)		3,257.44	99.35%																	
Total (A + B)		**3,278.62**	**100.0%**																	

1. The report of alignment report is mandatory in 2022 for the first time, so no information is provided for 2021.
2. Values in this column represent the percentage of aligned activities over the total for each indicator (A+B).

OpEx

				Substantial contribution criteria						DNSH Criteria (Does Not Significantly Harm)										
Economic activities	Code(s)	Absolute OPEX	Proportion of OPEX	Climate change mitigation	Climate change adaptation	Water and marine resources	Circular economy	Pollution	Biodiversity and ecosystems	Climate change mitigation	Climate change adaptation	Water and marine resources	Circular economy	Pollution	Biodiversity and ecosystems	Minimum safeguards	Taxonomy-aligned proportion of OPEX, year N[2]	Taxonomy-aligned proportion of OPEX, year N-1[2]	Category ("enabling activity")	Category ("transitional activity")
		M€	%	%	%	%	%	%	%	Yes/No	Yes/No	Yes/No	Yes/No	Yes/No	Yes/No	Yes/No	%	%	F	T
A. TAXONOMY ELIGIBLE ACTIVITIES																				
A.1. Environmentally sustainable activities (Taxonomy-aligned)																				
OPEX of environmentally sustainable activities (Taxonomy-aligned) (A.1)		0	0%														0%	NA[1]		
A.2 Taxonomy-eligible, but not environmentally sustainable activities (not Taxonomy-aligned activities)																				
OPEX of Taxonomy-eligible, but not environmentally sustainable activities (not Taxonomy-aligned activities)) (A.2)		0	0%																	
Total (A.1 + A.2)		**0**	**0%**														**0%**	**NA1**		
B. TAXONOMY NON-ELIGIBLE ACTIVITIES																				
OPEX of Taxonomy-non-eligible activities (B)		1,270.58	100%																	
Total (A + B)		**1,270.58**	**100%**																	

1. The report of alignment report is mandatory in 2022 for the first time, so no information is provided for 2021.
2. Values in this column represent the percentage of aligned activities over the total for each indicator (A+B).

7.1.6. Inditex's contribution to the SDGs. Key indicators

SDGS	Targets	Section	Main indicator or related content (2016 GRI version if not stated otherwise)
1 NO POVERTY	1.2	Communities	GRI 203-2
2 ZERO HUNGER	2.1	Communities	GRI 203-2
	2.4	Communities	GRI 203-2
3 GOOD HEALTH AND WELL-BEING	3.4	Our people	GRI 403-2 (2018)
	3.4	Suppliers	Supply chain workers benefiting from health and safety programmes
	3.8	Communities	GRI 203-2
	3.9	Our products	Chemical substances included in the Manufacturing Restricted Substances List (MRSL)
	3.9	Environment	GRI 305-1; GRI 305-2; GRI 305-3
4 QUALITY EDUCATION	4.4 and 4.5	Our people	GRI 404-1
	4.4 and 4.5	Communities	GRI 203-2
5 GENDER EQUALITY	5.1	Our people	GRI 405-1; GRI 401-3; GRI 405-2
	5.1	Suppliers	Supply chain workers benefiting from gender, diversity and inclusion programmes GRI 406-1
	5.1	Communities	GRI 203-2
	5.1	Good governance, corporate ethics culture and solid compliance architecture	GRI 405-1
	5.2	Suppliers	GRI 414-2
	5.5	Good governance, corporate ethics culture and solid compliance architecture	GRI 2-9 (2021)
6 CLEAN WATER AND SANITATION	6.4	Suppliers	Number of environmental audits carried out and the resulting Corrective Action Plans
	6.4	Environment	GRI 303-3 (2018)
	6.4	Communities	GRI 203-2
7 AFFORDABLE AND CLEAN ENERGY	7.2	Environment	GRI 302-1
	7.2	Communities	GRI 203-2
	7.3	Environment	GRI 302-4

8 DECENT WORK AND ECONOMIC GROWTH	8.5	Our people	GRI 2-7 (2021); GRI 405-2
	8.5	Suppliers	Workers involved in the Workers at the Centre 2019-2022 programmes
	8.5	Communities	GRI 203-2
	8.5	Good governance, corporate ethics culture and solid compliance architecture	Policies formalizing Inditex's commitment to decent work
	8.6	Our people	GRI 401-1
	8.6	Communities	GRI 203-2
	8.7	Suppliers	GRI 408-1; GRI 409-1
	8.8	Our people	GRI 2-30 (2021)
	8.8	Suppliers	Actions taken for the protection of workers in the supply chain within the framework Workers at the Centre 2019-2022 GRI 407-1
	8.8	Communities	GRI 203-2
9 INDUSTRY, INNOVATION AND INFRASTRUCTURE	9.2	Tax responsibility and transparency	GRI 201-1
	9.4	Our products	Initiatives developed by the Sustainability Innovation Hub
	9.4	Environment	LEED and BREEAM certifications in own distribution centres, headquarters and stores
	9.4	Communities	GRI 203-1
	9.5	Responsible risk management	Technology-related information security initiatives
10 REDUCED INEQUALITIES	10.2	Communities	GRI 203-2
	10.3	Our people	GRI 405-2
	10.7	Suppliers	Workers benefiting from protection of migrants and refugees programmes
11 SUSTAINABLE CITIES AND COMMUNITIES	11.1	Communities	GRI 203-1
12 RESPONSIBLE CONSUMPTION AND PRODUCTION	12.2	Our products	GRI 301-1; GRI 301-2
	12.2	Environment	GRI 302-2
	12.2	Suppliers	Identification of suppliers and manufacturers
	12.2	Communities	GRI 203-2
	12.4	Our products	GRI 301-2
	12.4	Environment	GRI 306-1 (2020)
	12.5	Environment	GRI 306-3 (2020); GRI 306-4 (2020)
	12.8	Our customers	Number of enquiries received by the various customer service channels
13 CLIMATE ACTION	13.1	Environment	GRI 305-5; GRI 302-1
	13.1	Suppliers	GRI 308-1
	13.1	Communities	GRI 203-2
	13.1	Responsible risk management	GRI 201-2
14 LIFE BELOW WATER	14.1	Our products	Actions within the framework of the commitment to Zero Discharge of Hazardous Chemicals
	14.3	Environment	GRI 305-1
	14.3	Communities	GRI 203-2

15.1	Our products	Projects with recycled raw materials with less impacts
15.1	Environment	GRI 304-2
15.2	Communities	GRI 203-2
16.3	Communities	GRI 203-2
16.3	Good governance, corporate ethics culture and solid compliance architecture	Grievance mechanisms
16.5	Good governance, corporate ethics culture and solid compliance architecture	GRI 205-1
16.7	Our shareholders	Requests attended by the Individual Shareholders' Department
16.7	Good governance, corporate ethics culture and solid compliance architecture	GRI 2-10 (2021)
17.3	Communities	GRI 203-2
17.16	Our people	Cooperation relationship with international entities
17.16	Our products	Cooperation relationship with international entities
17.16	Environment	Cooperation relationship with international entities
17.16	Suppliers	Cooperation relationship with international entities
17.16	Communities	GRI 203-2
17.16	Good governance, corporate ethics culture and solid compliance architecture	Cooperation relationship with international entities
17.17	Suppliers	Public-private partnerships
17.17	Communities	GRI 203-2

KEY:

Indicators selected by Inditex based on the guidelines in: Business Reporting on the SDGs: An Analysis of Goals and Targets.

Indicators established by Inditex that correspond to disclosures present in the GRI standards.

Internal indicators established by Inditex.

7.2. Reporting principles

7.2.1. How we report

GRI 2-5

This **2022 Integrated Management Report** shows the information concerning Inditex's performance in the 2022 financial year (from 1 February 2022 to 31 January 2023). In it, we aim to provide all our stakeholders with truthful, relevant and accurate information on our accountability for the year 2022, as well as showcasing our objectives, progress and initiatives in the year.

The information included in this Report is both financial and non-financial. It therefore includes the Group's Consolidated Annual Accounts, followed by the Integrated Management Report, also comprising this Statement on Non-Financial Information (SNFI).

The Statement on Non-Financial Information has been prepared by the Board of Directors of Inditex, following a favourable report from the Audit and Compliance Committee and the Sustainability Committee, both responsible for supervising the information included therein. The SNFI has also been favourably evaluated by the Inditex Social Advisory Board (the Group's advisory and consultative body in matters of sustainability and made up of external and independent people). Subsequently, it will be submitted to the Group's Annual General Meeting for examination and, where appropriate, approval, as a separate item on the agenda.

Act 11/2018 of 28 December, which entered into force in 2018, amends the Code of Commerce, the revised text of the Spanish Companies Act approved by Royal Legislative Decree 1/2010, of 2 July and Law 22/2015, of 20 July on Statutory Audit, as regards non-financial information and diversity (hereinafter, Act 11/2018), which supersedes Royal Decree Law 18/2017, of 24 November which transposed Directive 2014/95/EU of the European Parliament and of the Council, regarding disclosure of non-financial information and information on diversity into the Spanish legal system.

Through the Statement on Non-Financial Information, we fulfil the legislative requirements pursuant to Act 11/2018 on non-financial reporting and diversity, as well as the European Union Taxonomy Regulation (Regulation (EU) 2020/852 of the European Parliament and of the Council on the establishment of a framework to facilitate sustainable investment), and amending Regulation (EU) 2019/2088.

Said Act 11/2018 establishes that certain undertakings, including Inditex, are obliged to prepare a Statement on Non-Financial Information' which must be included in the Directors' Report or in a separate report corresponding to the same financial year. The SNFI must include, among other matters, the necessary information to understand the performance, results and situation of the Group and the impact of its activities in respect of environmental and social issues, respect for human rights and the fight against corruption and bribery, as well as matters regarding the workforce. It must also include, if applicable, such measures taken by the company to promote equal treatment and equal opportunities between women and men, non-discrimination and inclusion of people with disabilities and universal accessibility.

Moreover, Article 8 of the EU Taxonomy Regulation (Regulation (EU) 2020/852) establishes that certain undertakings, including Inditex, are obliged to provide information on how and to what extent the undertaking's activities are associated with economic activities that qualify as environmentally sustainable, and the proportion of their turnover, investments in fixed assets and operating expenditure associated with these environmentally sustainable activities. This year, as part of the Regulation, the Group will report information not only on eligibility but also on alignment.

The scope of the reported information includes all the companies over which Inditex has control or joint control (listed in Annex I of the Consolidated Annual Accounts, in which any variations in comparison with those of 2021 are specified). Relevant information is also provided on the Company's supply chain, made up of independent suppliers and manufacturers not owned by the Inditex Group.

In addition to responding to those legislative requirements that apply to the Company, we also follow the guidelines of the main reporting initiatives and entities:

/ The principles of the International Integrated Reporting Framework.

/ GRI Universal Standards 2021.

/ The principles of the United Nations Global Compact.

/ AA1000 APS (2018) ACCOUNTABILITY Standard Principles.

/ Principles of the Sustainability Accounting Standards Board (SASB) framework.

/ Recommendations of the Task Force on Climate-Related Financial Disclosures (TCFD).

/ Guide entitled Business Reporting on the SDGs: An Analysis of Goals and Targets, compiled by the Action Platform for Reporting on the Sustainable Development Goals.

/ Recommendations of the European Securities and Markets Authority (ESMA): European common enforcement priorities for annual financial reports.

/ Recommendations included in the European Commission Communication 2017/C215/01 – Guidelines on non-financial reporting, and in EU Supplement 2019/C209/01 on reporting climate-related information.

Voluntary reporting frameworks, principles and standards

The Inditex Group's 2022 Integrated Annual Report follows the criteria set forth in the **Integrated Reporting Framework;** compiled by the International Integrated Reporting Council (IIRC), which this year joined the International Financial Reporting Standards Foundation (IFRS Foundation). Inditex is a member of the IIRC Business Network, and has followed its principles since the initiative began, having taken part in the IIRC's pilot edition in 2011.

The principles under which this Integrated Report has been prepared include the use of the Global Reporting Initiative (GRI) Standards or GRI Standards, in their most up-to-date version: **GRI Universal Standards 2021**. This international framework is cited in article 49.6.e) of the Commercial Code introduced by the aforementioned Act 11/2018.

We have followed the GRI standards since 2007 and are members of the GRI Community, a community of companies from different sectors that collaborate, demonstrate leadership in reporting and share knowledge and best practices.

In determining the contents to be included in the Statement on Non-Financial Information, and how to report on them, the Company has followed the indications provided in GRI 1: Foundation 2021, which establishes the following key concepts:

Impact	**Material topics**
Inditex addresses the effect that it has or may potentially have, as a consequence of its activities and/or business relations, on the economy, the environment and people (including the impact on human rights).	Inditex's reporting covers those issues and indicators that reflect the Organisation's most significant social, environmental and economic impacts or those that substantively influence the valuations and decisions of its stakeholders.
Due Diligence	**Stakeholder groups**
Inditex applies to its operations and business decisions an approach based on the development of due diligence processes, which enables the Group to identify, prevent, mitigate and justify the way in which we manage the impacts on the economy, the environment and people (including those that affect human rights).	Inditex identifies its stakeholders and systematically engages with them so as to respond to their expectations and interests.

In application of the materiality topics, this Report addresses the issues which reflect Inditex's impact on the economy, environment and people (including impact on human rights) and which may substantially affect the assessments and decision-making of its stakeholders. These issues are identified and assessed by means of a materiality exercise involving the main stakeholder groups. We also apply a dual materiality approach, including an assessment of how these issues may impact our Company.

ⓘ More information in section 4.2.2. Materiality analysis of this Report.

To facilitate navigation and as a reference for readers, we include a GRI Content Index in this Report.

Accordingly, Inditex has prepared the report in accordance with the GRI Standards for the period from 1 February 2022 to 31 January 2023.

We also adhere to the **principles of the United Nations Global Compact,** of which we have been members since 2001. Thus, this Report also serves as a Communication on Progress, with the GRI Content Index showing the different parts of the document that are related to each of the Global Compact Principles.

Furthermore, we have also used the **Sustainability Accounting Standard Board (SASB)** reporting framework as a reference in preparing this Report, although this year it is a part of the International Financial Reporting Standards Foundation (IFRS Foundation) and it is supervised by the International Sustainability Standards Board (ISSB). Specifically, the guidelines of the Apparel, Accessories and Footwear sector standard have been followed and an SASB reference table listing the disclosures and metrics pertaining to this standard has been included.

ⓘ More information in section 7.2.5. SASB reference table of this Report.

For the third consecutive year, we report detailed information on climate change risks and opportunities, as recommended by the Task Force on Climate Related Financial Disclosures (TCFD). Details of this information are available in this Report under a specific chapter, the structure of which corresponds to the four blocks described by TCFD: Governance, Strategy, Risk Management, Metrics and Goals.

ⓘ More information in section *6.3.4. Climate change: risks and opportunities* of this Report.

In addition, for the sixth consecutive year we have used the guide entitled **Business Reporting on the SDGs: An Analysis of Goals and Targets**, developed by the Action Platform for Reporting on the Sustainable Development Goals, organised jointly by the United Nations Global Compact and the Global Reporting Initiative (GRI), to which Inditex has belonged since its inception and which came to an end in 2020. Accordingly, accurate information is provided on our contribution to the United Nations Sustainable Development Goals (SDGs). This year, and since 2021, Inditex has been part of the Business Leadership Forum organised by GRI to catalyse the power of corporate reporting on the SDGs in order to drive action towards achieving these goals.

ⓘ More information in section *7.1.6. Inditex's contribution to the SDGs. Key indicators*, of this Report.

Lastly, as an important aspect in the preparation of integrated reports, we have considered the recommendations of the **European Securities and Markets Authority (ESMA), published in its report European common enforcement priorities for 2022 annual financial reports**. This year they have referred mainly to the dissemination of climate information, EU Taxonomy and aspects relating to the scope and quality of the information reported. Information on the above is provided throughout this Integrated Report. Moreover, It has also been prepared with reference to the Recommendations included in the European Commission Communication 2017/C215/01 – Guidelines on non-financial reporting, and in EU Supplement 2019/C209/01 on reporting climate-related information.

Non-Financial information control system

In order to ensure that the information included in the SNFI is truthful and accurate, and that it meets our stakeholders' expectations also with regard to their reliability and robustness, at Inditex we have implemented an Internal Control System of Non-Financial Reporting (ICNFR). The objective of this system is to provide reasonable assurance on the reliability of the information included in our SNFI. Therefore, the ICNFR mainly comprises the control activities on the information gathering processes and the activities of supervision of the main indicators included in the SNFI (the scope of which is defined annually taking into account qualitative and quantitative criteria, as well as the results of the materiality analysis).

The Group's ICNFR has been developed in line with the international reference standard on internal control COSO (Committee of Sponsoring of the Treadway Comission). It was implemented for the first time within the framework of the preparation of the SNFI 2020 and in an exercise of continuous improvement it has been enriched and provided with more exhaustive controls year after year, a process that will continue to be developed in future years.

External assurance

The information disclosed in the Statement on Non-Financial Information has been subject to the independent verification of Ernst & Young. The scope and results of this independent verification are described in the Verification Report attached hereto. This report has been reviewed in accordance with the revised International Standard on Assurance Engagements (ISAE) 3000, Assurance Engagements Other than Audits or Review of Historical Financial Information, and with Guideline no. 47 on attestation engagements of the Statement on Non-Financial Information issued by the Instituto de Censores Jurados de Cuentas [Institute of Certified Public Accountants] of Spain. Based on these two standards, in addition to the review carried out of the contents required by Act 11/2018, a selection of 42 disclosures from the GRI Standards have been reviewed. These disclosures were selected based on the materiality analysis performed by Inditex annually with its stakeholders. These disclosures are listed in the GRI index alongside the symbol: ☑

The outcome of the verification corroborates that the declared GRI Standards application option is appropriate.

7.2.2. Balance of material topics

GRI 2-4; 3-2; 3-3

Material topic	GRI standards	Content	Coverage[1]	Involvement[2]
1. Ethical behaviour and governance	GRI 3: Material topics 2021 GRI 205: Anti-corruption 2016 GRI 206: Anti-competitive behaviour 2016 GRI 405: Diversity and Equal Opportunity 2016 GRI 415: Public Policy 2016	3-3 205-1 to 205-3 206-1 405-1 415-1		
2. Risk management and control systems	GRI 3: Material topics 2021 GRI 418: Customer privacy 2016	3-3 418-1		
3. Stakeholder engagement	GRI 3: Material topics 2021	3-3		
4. Responsible communication	GRI 3: Material topics 2021 GRI 417: Marketing and labelling 2016	3-3 417-1 to 417-3		
5. Value chain transparency and traceability	GRI 3: Material topics 2021	3-3		
6. Responsible purchasing practices	GRI 3: Material topics 2021	3-3		
7. Value creation	GRI 3: Material topics 2021 GRI 201: Economic performance 2016 GRI 203: Indirect economic impacts 2016 GRI 207: Tax 2019 GRI 413: Local communities 2016	3-3 201-1 to 201-4 203-1 to 203-2 207-1 to 207-4 413-1 to 413-2		
8. Innovation	GRI 3: Material topics 2021	3-3		
9. Quality of employment	GRI 3: Material topics 2021 GRI 401: Employment 2016 GRI 402: Labour/Management relations 2016 GRI 403: Occupational health and safety 2018 GRI 405: Diversity and Equal Opportunity 2016 GRI 406: Non-discrimination 2016 GRI 407: Freedom of association and collective bargaining 2016	3-3 401-1 to 401-3 402-1 403-1 to 403-10 405-1 to 405-2 406-1 407-1		
10. Human Rights	GRI 3: Material topics 2021 GRI 405: Diversity and Equal Opportunity 2016 GRI 406: Non-discrimination 2016 GRI 408: Child labour 2016 GRI 409: Forced or compulsory labour 2016 GRI 414: Supplier social assessment 2016	3-3 405-1 to 405-2 406-1 408-1 409-1 414-1 to 414-2		
11. Safe and healthy environments	GRI 3: Material topics 2021 GRI 403: Occupational health and safety 2018	3-3 403-1 to 403-10		
12. Talent management	GRI 3: Material topics 2021 GRI 401: Employment 2016 GRI 404: Training and education 2016	3-3 401-1 to 401-3 404-1 to 404-3		

Material topic	GRI standards	Content	Coverage[1]	Involvement[2]
13. Socially sustainable production environments	GRI 3: Material topics 2021 GRI 407: Freedom of association and collective bargaining 2016 GRI 408: Child labour 2016 GRI 409: Forced or compulsory labour 2016 GRI 414: Supplier social assessment 2016	3-3 407-1 408-1 409-1 414-1 to 414-2		
14. Climate change	GRI 3: Material topics 2021 GRI 302: Energy 2016 GRI 305: Emissions 2016	3-3 302-1 to 302-5 305-1 to 305-7		
15. Environmental footprint minimisation	GRI 3: Material topics 2021 GRI 303: Water and effluents 2018 GRI 306: Waste 2020 GRI 308: Supplier environmental assessment 2016	3-3 303-1 to 303-5 306-1 to 306-5 308-1 to 308-2		
16. Protection of natural resources	GRI 3: Material topics 2021 GRI 304: Biodiversity 2016	3-3 304-1 to 304-4		
17. Product sustainability	GRI 3: Material topics 2021 GRI 301: Materials 2016 GRI 416: Customer health and safety 2016	3-3 301-1 to 301-3 416-1 to 416-2		
18. Circularity	GRI 3: Material topics 2021 GRI 301: Materials 2016 GRI 306: Waste 2020	3-3 301-1 to 301-3 306-1 to 306-5		

1. Indicates where the impact is effected, inside or outside of the organisation, or both.
2. Indicates the organisation's involvement with respect to the impact.
Direct: The organisation is directly linked to the impact.
Indirect: The organisation is linked to the impact through its business relations.

Inside the organisation · Outside the organisation · Inside and outside the organisation · Direct · Indirect

7.2.3. Index of the contents required by Act 11/2018

Index of the contents required by Act 11/2018[74]

Information requested by Act 11/2018	Materiality	SNFI page where response is given	Reporting criteria: GRI (2016 version unless otherwise indicated)
General information			
A brief description of the business model that includes its business environment, its organisation and structure	Material	113-114, 119-122, 125-128	GRI 2-6 (2021)
Markets in which it operates	Material	111, 125-128	GRI 2-1 (2021) GRI 2-6 (2021)
Organisation's objectives and strategies	Material	105, 107-108, 125-130, 132-133, 186, 221-224, 266-269	GRI 2-22 (2021)
Main factors and trends that may affect its future development	Material	105, 107-108, 125-131, 173-174, 180, 291-292	GRI 3-3 (2021) GRI 2-22 (2021)
Reporting framework used	Material	343-345	GRI 1 (2021)
Materiality principle	Material	142-144	GRI 3-1 (2021) GRI 3-2 (2021)
Environmental issues			
Management approach: description and results of policies relating to these issues, as well as the main risks related to these issues related to the group's activities	Material	125-133, 185-190, 193-194, 197, 210	GRI 3-3 (2021)
Detailed general information			
Detailed information on the current and foreseeable effects of the company's activities on the environment and, where applicable, health and safety	Material	201-203, 206, 209	GRI 3-3 (2021)
Environmental assessment or certification procedures	Material	187-189, 201-206	GRI 3-3 (2021)
Resources dedicated to the prevention of environmental risks	Material	204-206	GRI 3-3 (2021)
Application of the principle of precaution	Material	197-203, 210	GRI 2-23 (2021) and GRI 3-3 (2021), with regard to the application of the principle of precaution
Amount of provisions and guarantees for environmental risks	Material	197-203, 210	GRI 3-3 (2021)
Pollution			
Measures to prevent, mitigate or repair emissions which severely affect the environment; taking into account any form of atmospheric pollution specific to an activity	Material	197-200, 204-206	GRI 3-3 (2021) GRI 305-7
Including noise and light pollution	Non-material	142-144	Not applicable
Circular economy and waste prevention and management			
Prevention, recycling and reuse measures, and other forms of recovery and disposal of waste	Material	125, 186, 193-194, 202-203	GRI 3-3 (2021) GRI 301-3 with regard to recovered packaging products for reuse and recycling GRI 306-1 to 306-2 (2020) GRI 306-3 with regard to waste generated at the headquarters, logistics centres and own factories GRI 306-4 to 306-5 (2020)
Actions to fight against food waste	Non-material	142-144	Not applicable

[74] In addition to the selected GRI Standards disclosures, disclosures linked to the Draft of the Apparel and Footwear sectoral supplement of the Global Reporting Initiative's G4 Guide (AF) are also indicated in the index.

Information requested by Act 11/2018	Materiality	SNFI page where response is given	Reporting criteria: GRI (2016 version unless otherwise indicated)
Sustainable use of resources			
Water consumption and water supply according to local limitations	Material	207	GRI 303-1 to 303-3 (2018) GRI 303-5 (2018) with regard to total water consumption from own sources
Consumption of raw materials and measures taken to improve the efficiency of their use	Material	187-193	GRI 301-1 to 301-3 AF18, AF20
Direct and indirect energy consumption	Material	202-203	GRI 302-1 GRI 302-3
Measures taken to improve energy efficiency	Material	129, 131-133, 201-206	GRI 3-3 (2021) GRI 201-2
Use of renewable energies	Material	129, 199, 203-206	GRI 302-1 AF21
Climate change			
Greenhouse gas emissions generated as a result of the company's activities, including the use of the goods and services it produces	Material	199, 202, 326-328	GRI 305-1 GRI 305-2 GRI 305-3 GRI 305-4
Measures taken to adapt to the consequences of climate change	Material	131-133, 197-206, 267-269	GRI 3-3 (2021) GRI 201-2
Voluntary reduction targets set for the medium and long term to reduce greenhouse gas emissions and the means implemented for this purpose	Material	200-206, 326-328	GRI 3-3 (2021) GRI 305-5
Biodiversity protection			
Measures taken to preserve or restore biodiversity	Material	192, 197-198, 209-211	GRI 3-3 (2021) GRI 304-3 with regard to measures taken to preserve biodiversity
Impacts caused by the activities or operations in protected areas	Material	194, 202, 209-211	GRI 3-3 (2021) GRI 304-1 GRI 304-2
Social issues concerning staff			
Management approach: description and results of policies relating to these issues, as well as the main risks related to these issues related to the group's activities	Material	147-180	GRI 3-3 (2021)
Employment			
Total number and distribution of employees by country, gender, age and occupational classification	Material	147-152	GRI 2-7 (2021), regarding employees by labor contract and type, by gender GRI 405-1
Total number and distribution of employment contract modalities and annual average of permanent contracts, temporary contracts and part-time contracts by gender, age and occupational classification	Material	167-168, 262-264	GRI 2-7 (2021), regarding employees by labor contract and type, by gender
Number of dismissals by gender, age and occupational classification	Material	168	GRI 3-3 (2021) GRI 401-1
Average salaries and their evolution broken down by gender, age and occupational classification or equal value	Material	172-173, 265	GRI 3-3 (2021)
Wage gap, equal or average remuneration of jobs in society	Material	171-172	GRI 3-3 (2021) GRI 405-2 with regard to the remuneration of women compared to men by gender, age and occupational classification
Average remuneration of directors and officers, including variable remuneration, allowances, indemnities, payment to long-term savings pension schemes and any other payment broken down by gender	Material	265	GRI 3-3 (2021)
Implementation of policies to disconnect from work	Material	159	GRI 3-3 (2021)
Number of employees with disabilities	Material	154	GRI 3-3 (2021) GRI 405-1

Information requested by Act 11/2018	Materiality	SNFI page where response is given	Reporting criteria: GRI (2016 version unless otherwise indicated)
Organisation of work			
Organisation of working hours	Material	169-171	GRI 3-3 (2021)
Number of hours of absenteeism	Material	177	GRI 3-3 (2021) GRI 403-9 with regard to absenteeism hours
Measures designed to facilitate the enjoyment of amicable settlement and to promote the corresponding exercise of these by both parents	Material	158-159	GRI 3-3 (2021) GRI 401-3 with regard to information relating to Inditex Spain
Health and safety			
Occupational health and safety conditions	Material	173-175, 177-180, 230-231	GRI 3-3 (2021) GRI 403-1 to 403-8 (2018)
Work-related accidents, in particular their frequency and severity, as well as occupational diseases; broken down by gender	Material	175-177	GRI 403-9 (2018) with regard to occupational accident injuries GRI 403-10 (2018) with regard to work-related ill health
Labour Relations			
Organisation of social dialogue including procedures for informing, consulting and negotiating with staff	Material	169-171	GRI 3-3 (2021)
Mechanisms and procedures the company has to promote the involvement of workers in the management of the company, in terms of information, consultation and participation	Material	170-171	GRI 3-3 (2021)
Percentage of employees covered by a collective bargaining agreement by country	Material	169	GRI 2-30 (2021)
Assessment of collective bargaining agreements, particularly in the field of health and safety at work	Material	169-171	GRI 3-3 (2021) GRI 403-4 (2018)
Training			
Policies implemented in the field of training	Material	160-161	GRI 404-2
Total number of training hours by occupational category	Material	162	GRI 3-3 (2021) GRI 404-1
Universal accessibility			
Universal accessibility for people with disabilities	Material	154-156	GRI 3-3 (2021)
Equality			
Measures taken to promote equal treatment and equal opportunities between women and men	Material	150-153, 228-229	GRI 3-3 (2021)
Equality plans, measures taken to promote employment, protocols against sexual and gender-based harassment	Material	150-158	GRI 3-3 (2021)
Policy against all types of discrimination and, where applicable, diversity management	Material	150-158	GRI 3-3 (2021)
Respect for human rights			
Management approach: description and results of policies relating to these issues, as well as the main risks related to these issues related to the group's activities	Material	134-142, 221-236, 274-280	GRI 3-3 (2021)
Application of due diligence procedures			
Application of due diligence procedures in the field of human rights and prevention of the risks of human rights violations and, where applicable, measures to mitigate, manage and repair potential abuses committed	Material	134-142, 222-224, 230-231, 235-236	GRI 2-23 (2021) GRI 2-24 (2021) GRI 2-26 (2021) AF16
Allegations of cases of human rights violations	Material	364	GRI 3-3 (2021) GRI 406-1 AF12, AF13, AF14, AF16

Information requested by Act 11/2018	Materiality	SNFI page where response is given	Reporting criteria: GRI (2016 version unless otherwise indicated)
Measures implemented to promote and comply with the provisions of the ILO fundamental conventions relating to respect for freedom of association and the right to collective bargaining; eliminating discrimination in employment and occupation; the elimination of forced or compulsory labour; the effective abolition of child labour	Material	135-142, 169-171, 224-229, 232-236, 270, 362, 364	GRI 3-3 (2021) GRI 407-1 GRI 408-1 GRI 409-1
Fight against corruption and bribery			
Management approach: description and results of policies relating to these issues, as well as the main risks related to these issues related to the group's activities	Material	270-280	GRI 3-3 (2021)
Measures adopted to prevent corruption and bribery	Material	270-280	GRI 3-3 (2021) GRI 2-23 (2021) GRI 2-24 (2021) GRI 2-26 (2021) GRI 205-1 to 205-3
Measures to combat money laundering	Material	270-280	GRI 3-3 (2021) GRI 2-23 (2021) GRI 2-24 (2021) GRI 2-26 (2021) GRI 205-1 to 205-3
Contributions to foundations and non-profit entities	Material	140-142, 240-245, 359	GRI 2-28 (2021) GRI 201-1 with regard to community investment GRI 415-1
Information on the company			
Management approach: description and results of policies relating to these issues, as well as the main risks related to these issues related to the group's activities	Material	125-129, 130, 140, 182-184, 216-219, 221-256	GRI 3-3 (2021)
Company commitments to sustainable development			
The impact of the company's activity on employment and local development	Material	237-256	GRI 3-3 (2021) GRI 203-2
The impact of the company's activity on local populations and on the territory	Material	221-256	GRI 3-3 (2021) GRI 413-1 GRI 413-2
Relations maintained with local community actors and the modalities of dialogue with them	Material	137-141, 221-256	GRI 2-29 (2021) GRI 413-1
Partnership or sponsorship actions	Material	140-141, 221-256, 329-331	GRI 3-3 (2021) GRI 201-1 with regard to community investment
Subcontracting and suppliers			
Inclusion of social, gender equality and environmental matters in the procurement policy	Material	135, 215-220, 227	GRI 3-3 (2021) GRI 308-1 GRI 414-1 AF6, AF7
Consideration of its social and environmental responsibility in relations with suppliers and subcontractors	Material	187-189, 215-220, 233	GRI 2-6 (2021) GRI 308-1 GRI 414-1
Monitoring and audit systems and their results	Material	217-220, 321-324	GRI 2-6 (2021) GRI 308-2 GRI 414-2 AF2, AF3, AF8, AF12, AF13, AF14, AF16
Consumers			
Measures for consumer health and safety	Material	184, 190-192	GRI 3-3 (2021) GRI 416-1
Claims systems, complaints received and their resolution	Material	183-184	GRI 3-3 (2021) GRI 418-1
Tax information			
The benefits obtained country by country	Material	282	GRI 3-3 (2021) GRI 207-4 (2019)
Tax on profits paid	Material	283-286	GRI 3-3 (2021) GRI 207-4 (2019)

Information requested by Act 11/2018	Materiality	SNFI page where response is given	Reporting criteria: GRI (2016 version unless otherwise indicated)
Public subsidies received	Material	284	GRI 201-4
Regulation EU (2020/852) - Taxonomy			
Requirements of the Regulation	Material	332-338	Inditex's own methodology developed based on the article 8 of the European Taxonomy

7.2.4. SASB reference table

Topic	Accounting Metric	Code	Disclosure
Management of Chemicals in Products	Discussion of processes to maintain compliance with restricted substances regulations	CG-AA-250a.1	Pages 187-192, 214, 219, 224, 325-326
	Discussion of processes to assess and manage risks and/or hazards associated with chemicals in products	CG-AA-250a.2	Pages 187-192, 214, 219, 224, 325-326
Environmental Impacts in the Supply Chain	Percentage of (1) tier 1 supplier facilities and (2) supplier facilities beyond tier 1 in compliance with wastewater discharge permits and/or contractual agreement	CG-AA-430a.1	In 2022, 99% of the suppliers and 97% of the factories under the scope of our Green to Wear environmental standard had authorization for all their hydric resources; 99% of suppliers and 98% of the factories had wastewater discharge permits and in 95% of suppliers and 92% of factories the direct or indirect discharge complies with the legal limits or the limits agreed with the External Effluent Treatment Plant. On the other hand, 75% of the suppliers and 82% of the factories under the scope of our Green to Wear environmental standard, meet the Foundational level of ZDHC in its direct discharges. Also, in line with our commitment to ZDHC, 84% of suppliers and 67% of factories comply with ZDHC limits applicable to the substances included in ZDHC Wastewater Guidelines v.1.1 in its direct and indirect discharges. As a consequence of the environmental audits, Corrective Action Plans are carried out in those cases in which it is necessary. During these plans, Inditex teams support suppliers and/or factories to correct the non-compliances detected, in accordance with the Company's philosophy of continuous improvement of the supply chain.
	Percentage of (1) tier 1 supplier facilities and (2) supplier facilities beyond tier 1 that have completed the Sustainable Apparel Coalition's Higg Facility Environmental Module (Higg FEM) assessment or an equivalent environmental data assessment	CG-AA-430a.2	All of our suppliers and manufacturers are audited against our Code of Conduct for Manufacturers and Suppliers, which includes a section on environmental compliance. Specifically, 94% of the suppliers and 88% of the factories active in 2022 which carried out any wet process, and that therefore are under the scope of our Green to Wear standard, have been environmentally audited. These facilities process a large majority of the products that include any of these wet processes. More information on pages 115-116, 215, 220-224, 322-324

Topic	Accounting Metric	Code	Disclosure
Labor Conditions in the Supply Chain	Percentage of (1) tier 1 supplier facilities and (2) supplier facilities beyond tier 1 that have been audited to a labor code of conduct, (3) percentage of total audits conducted by a third-party auditor	CG-AA-430b.1	All our suppliers and manufacturers are audited against our Code of Conduct for Manufacturers and Suppliers. This verification is carried out initially through a pre-assessment audit - carried out to all companies before they can become part of our supply chain - and subsequently periodically through social audits. Specifically, 65% of the suppliers and 56% of the factories active in the year 2022 were audited either through a pre-assessment or social audit during this same period. To contextualise this data, it is necessary to take into account that the periodicity of the social audits varies depending on the ranking obtained in the previous audit. In this sense, the interval between audits of suppliers or manufacturers with A or B rankings will be longer than in those with a C or D ranking. In fiscal year 2022, 96% of suppliers were ranked A o B. In 2022, 2,075 pre-assessment audits were carried out (98% carried out by external auditors), and 5,955 social audits (95% carried out by external auditors). Regardless of whether the audits are performed by internal or external auditors, the methodology used is Inditex's own audit methodology. More information on pages 115-116, 215, 220-224, 322-324
	Priority non-conformance rate and associated corrective action rate for suppliers' labor code of conduct audits	CG-AA-430b.2	Pages 215-218, 322-324
	Description of the greatest (1) labor and (2) environmental, health, and safety risks in the supply chain	CG-AA-430b.3	Pages 222-236, 291-298
Raw Materials Sourcing	(1) List of priority raw materials; for each priority raw material: (2) environmental and/or social factor(s) most likely to threaten sourcing, (3) discussion on business risks and/or opportunities associated with environmental and/or social factors, and (4) management strategy for addressing business risks and opportunities	CG-AA-440a.3	Pages 187-191, 206-209, 210, 215-216, 232-236, 291, 298, 305-309
	(1) Amount of priority raw materials purchased, by material, and (2) amount of each priority raw material that is certified to a third-party environmental and/or social standard, by standard	CG-AA-440a.4	Pages 187-189, 215-216
Activity Metrics	Number of (1) tier 1 suppliers and (2) suppliers beyond tier 1	CG-AA-000.A	In 2022, Inditex's supply chain comprised 1,729 suppliers - equivalent to tier 1 and defined as direct suppliers with which Inditex maintains a commercial relationship - which, in turn, used 8,271 factories for the Group's productions - equivalent to suppliers beyond tier 1. Fashion item suppliers with production of over 20,000 units in the spring/summer and autumn/winter 2022 campaigns are included. Suppliers with lower productions account for 0.22% of total production. Factories declared by suppliers in the product traceability systems for the orders of the spring/summer and autumn/winter 2022 campaigns are included.

7.2.5. GRI Content Index

Statement of use	INDITEX has reported in accordance with the GRI Standards for the period 01/02/2022 to 31/01/2023
GRI 1 used	GRI 1: Foundation 2021
Applicable GRI Sector Standards	Not applicable

GRI Standard	Disclosure	Page number(s) and/or direct answer	Omissions	External Assurance	Global Compact principle
General Disclosures					
GRI 2: General Disclosures 2021					
	The Organization and its reporting practices				
	2-1 Organizational details	125, 195 Industria de Diseño Textil, S.A. For further information about the nature and legal form of the Company, refer to the 2022 Annual Corporate Governance Report available at the corporate web page of Inditex, Compliance section, Good Corporate Governance heading. As for the location of the Company's headquarters, it is as follows: Avenida de la Diputación s/n Edificio Inditex, Arteixo, A Coruña, Spain. Information about the location of the operations is available at the Appendix I of the Annual Accounts: “Composition of the Inditex Group” available at the corporate web page of Inditex, Investors section, Financial Information heading.			
	2-2 Entities included in the organization’s sustainability reporting	For further information about the entities included in the consolidated financial statements, refer to the Appendix I of the Annual Accounts: available at the corporate web page of Inditex, Investors section, Financial Information heading.			
	2-3 Reporting period, frequency and contact point	The Annual Report provides an account of Inditex Group’s economic, social and environmental performance during financial year 2022, which runs from 1 February 2022 to 31 January 2023. It is a report which is published annually, and its date of publication for this fiscal year is 15/03/2023. Contact Details Shareholders Office accionistas@inditex.com Tel.: +34 901 33 02 12 Fax: +34 981 18 53 65 Investors Relations ir@inditex.com Tel.: +34 981 18 53 64 Fax: +34 981 18 53 65 Communication and Corporate Affairs press@inditex.com Tel.: +34 981 18 54 00 Inditex S.A. Edificio Inditex Avda. de la Diputación, s/n 15143 Arteixo, A Coruña, Spain +34 981 18 54 00 www.inditex.com			

GRI Standard	Disclosure	Page number(s) and/or direct answer	Omissions	External Assurance	Global Compact principle
	2-4 Restatements of information	113, 115-116, 142-144, 167-168, 214, 346-347 In respect of information presented for a different time horizon or covering a different entity than in previous reporting periods, the nuances of such changes are disclosed alongside the indicator in question.			
	2-5 External assurance	97-100, 345			
	Activities and workers				
	2-6 Activities, value chain and other business relationships	119-122, 125-128, 135-141, 214-215		√ Pg. 97-100	
	2-7 Employees	115-116, 147-152, 167-169 The employee breakdown by type of contract permanent/temporary) by region is: the Americas, 94% permanent (6% temporary); Spain, 87% permanent (13% temporary); Europe excl. Spain, 78% permanent (22% temporary); and Asia and rest of the world 66% permanent (34% temporary). The employee breakdown by type of working day (full/part-time) by gender is: for women, 38% full-time (62% part-time), and for men, 49% full-time (51% part-time). By region is: the Americas, 28% full-time (72% part-time; Spain, 52% full-time (48% part-time); Europe excl. Spain, 35% full-time (65% part-time); and Asia and rest of the world, 61% full-time (39% part-time). The employees with no guaranteed hours represent the 1.2% of the total workforce (1.2% women, 1% men), and the 2% of the part-time employees (1.9% women, 2% men). This group is concentrated in markets in Asia and rest of the world.		√ Pg. 97-100	Principle 6
	2-8 Workers who are not employees		Information on non-employee workers controlled by the Group is not available in the Company's systems with the required breakdown. Inditex is working on improving its systems to report this information.		
	Governance				
	2-9 Governance structure and composition	259-268, 270-272 For further information about the Company's governance structure and practices, refer to the 2022 Annual Corporate Governance Report, available at the corporate web page of Inditex, Investors section, Corporate Governance heading.			
	2-10 Nomination and selection of the highest governance body	260-261 For further information about the Company's governance structure and practices, refer to the 2022 Annual Corporate Governance Report, available at the corporate web page of Inditex, Investors section, Corporate Governance heading.			
	2-11 Chair of the highest governance body	260 For further information about the Company's governance structure and practices, refer to the 2022 Annual Corporate Governance Report, available at the corporate web page of Inditex, Investors section, Corporate Governance heading.			

GRI Standard	Disclosure	Page number(s) and/or direct answer	Omissions	External Assurance	Global Compact principle
	2-12 Role of the highest governance body in overseeing the management of impacts	137-138, 143, 259-261, 266-268, 271-280 For further information about the Company's governance structure and practices, refer to the 2022 Annual Corporate Governance Report, available at the corporate web page of Inditex, Investors section, Corporate Governance heading.			
	2-13 Delegation of responsibility for managing impacts	259-268 For further information about the Company's governance structure and practices, refer to the 2022 Annual Corporate Governance Report, available at the corporate web page of Inditex, Investors section, Corporate Governance heading.			
	2-14 Role of the highest governance body in sustainability reporting	The Board of Directors is the body responsible for reviewing and authorising the issuance of the Integrated Directors' Report which includes the Statement on Non-Financial Information.			
	2-15 Conflicts of interest	271-273 For further information about the related-party transactions and conflicts of interest, refer to the 2022 Annual Corporate Governance Report, available at the corporate web page of Inditex, Investors section, Corporate Governance heading.			
	2-16 Communication of critical concerns	137-140, 266-268 For further information, refer to the 2022 Annual Corporate Governance Report, available at the corporate web page of Inditex, Investors section, Corporate Governance heading.			
	2-17 Collective knowledge of the highest governance body	261-266 For further information about the Company's governance structure and practices, refer to the 2022 Annual Corporate Governance Report, available at the corporate web page of Inditex, Investors section, Corporate Governance heading.			
	2-18 Evaluation of the performance of the highest governance body	268-269, 271-273 For further information about the evaluation of the highest governance body's performance, refer to the 2022 Annual Corporate Governance Report, available at the corporate web page of Inditex, Investors section, Corporate Governance heading.			
	2-19 Remuneration policies	171, 265-269 For further information, refer to the Annual Report on Remuneration of Directors for 2022 and the 2022 Annual Corporate Governance Report, available at the corporate web page of Inditex, Investors section, Corporate Governance heading.			
	2-20 Process to determine remuneration	171, 265-269 For further information, refer to the Annual Report on Remuneration of Directors for 2022 and the 2022 Annual Corporate Governance Report, available at the corporate web page of Inditex, Investors section, Corporate Governance heading.			
	2-21 Annual total compensation ratio	171, 265-269 For further information, refer to the 2022 Annual Corporate Governance Report, available at the corporate web page of Inditex, Investors section, Corporate Governance heading.			

GRI Standard	Disclosure	Page number(s) and/or direct answer	Omissions	External Assurance	Global Compact principle
	Strategy, policies and practices				
	2-22 Statement on sustainable development strategy	105, 107-108			
	2-23 Policy commitments	140-141, 197-202, 210, 259, 261 Code of Conduct and Responsible Practices available at the corporate web page of Inditex, Group section, Ethical Commitment heading.			Principle 10
	2-24 Embedding policy commitments	130, 134-135, 215-220, 259, 266-268, 270-279			Principle 10
	2-25 Processes to remediate negative impacts	134-136			Principle 10
	2-26 Mechanisms for seeking advice and raising concerns	271-279			Principle 10
	2-27 Compliance with laws and regulations	The Inditex Group did not receive any significant fines or non-monetary sanctions for non-compliance with laws or regulations applicable to it through any of the channels available to that end in 2022.			
	2-28 Membership associations	129, 140-141, 192, 208, 237-239			
	Stakeholder engagement				
	2-29 Approach to stakeholder engagement	137-144			
	2-30 Collective bargaining agreements	169-171			Principle 3
	Material topics				
	3-1 Process to determine material topics	137-144			
	3-2 List of material topics	142-144, 346-347			
1. Ethical behaviour and governance					
GRI 3: Material topics 2021					
	3-3 Management of material topics	105-108, 125-139, 142-144, 147-149, 259-261, 268-273, 346-347 For further information, refer to the 2022 Annual Corporate Governance Report, available at the corporate web page of Inditex, Investors section, Corporate Governance heading.		√ Pg. 97-100	
GRI 205: Anti-corruption 2016					
	205-1 Operations assessed for risks related to corruption	270 The Code of Conduct and Responsible Practices addresses the prevention of corruption in all its manifestations. That Code is applicable to 100% of the Group's business units and is available at the corporate web page of Inditex, Group section, Ethical Commitment heading.			Principle 10
	205-2 Communication and training about anti-corruption policies and procedures	271-280		√ Pg. 97-100	Principle 10
	205-3 Confirmed incidents of corruption and actions taken	277-278		√ Pg. 97-100	Principle 10

INDITEX

GRI Standard	Disclosure	Page number(s) and/or direct answer	Omissions	External Assurance	Global Compact principle
GRI 206: Anti-competitive behavior 2016					
	206-1 Legal actions for anti-competitive behavior, anti-trust, and monopoly practices	278			
GRI 415: Public policy 2016					
	415-1 Political contributions	Inditex's Code of Conduct and Responsible Practices expressly stipulates that all dealings between Inditex and governments, authorities, institutions and political parties must be framed by the principles of lawfulness and neutrality. Any contributions made by the Company, whether in cash or in-kind, to political parties, institutions or public authorities must be made in accordance with prevailing legislation. So as to guarantee transparency in this respect they must be preceded by a report from the legal advisory department certifying their absolute lawfulness.			Principle 10
Other disclosures: Grievance procedures					
	AF4 Policy and procedures for receiving, investigating, and responding to grievances and complaints	271-280			
2. Risk management and control systems					
GRI 3: Material topics 2021					
	3-3 Management of material topics	105-108, 125-139, 142-144, 287-302, 346-347			
GRI 418: Customer privacy 2016					
	418-1 Substantiated complaints concerning breaches of customer privacy and losses of customer data	In 2022 there have been 8 cases where data protection authorities have contacted the company requesting information. Of these, only two cases remain open at year-end (one of them is a pending case from 2018 due to the processing times of the local authority). Throughout this financial year, no resolution has been determined that implies economic or other sanctions. In addition, there have been two cases affecting the security of personal data that the Company has deemed necessary to notify the data protection authorities. In both cases, the authorities have determined that the information provided is sufficient and they have been closed without any further action on their part. Moreover, the Inditex Group did not receive any significant fines concerning breaches of customer privacy or losses of customer data through any of the channels available to that end in 2022.		√ Pg. 97-100	
3. Stakeholder engagement					
GRI 3: Material topics 2021					
	3-3 Management of material topics	105-108, 125-139, 142-144, 346-347			
4. Responsible communication					
GRI 3: Material topics 2021					
	3-3 Management of material topics	105-108, 117-118, 125-139, 142-144, 291-301, 346-347 For further information, refer to the 2022 Annual Corporate Governance Report, available at the corporate web page of Inditex, Investors section, Corporate Governance heading.			

GRI Standard	Disclosure	Page number(s) and/or direct answer	Omissions	External Assurance	Global Compact principle
GRI 417: Marketing and labeling 2016					
	417-1 Requirements for product and service information and labeling	181-184, 187, 316-318 The Group's product health and safety standards are compulsory across the entire production chain (100%).			
	417-2 Incidents of non-compliance concerning product and service information and labeling	The Inditex Group did not record any significant incidences of noncompliance with regulations and voluntary codes concerning product information and labelling through any of the channels available to that end in 2022.			
	417-3 Incidents of non-compliance concerning marketing communications	The Inditex Group did not record any significant incidents of non compliance concerning marketing communications through any of the channels available to that end in 2022.			
5. Value chain transparency and traceability					
GRI 3: Material topics 2021					
	3-3 Management of material topics	105-108, 125-139, 142-144, 214-215, 322-324			
6. Responsible purchasing practices					
GRI 3: Material topics 2021					
	3-3 Management of material topics	105-108, 115-116, 125-139, 142-144, 187-190, 219, 227, 346-347			
Other disclosures: capacity building					
	AF5 Strategy and scope of efforts to strengthen capacity of management, workers and other staff to improve in social and environmental performance	135, 160-165, 190-192, 197-199			
Other disclosures: Business integration					
	AF6 Policies for supplier selection, management, and termination	214-220 Inditex's Code of Conduct for Manufacturers and Suppliers stipulates the standards and requirements to which suppliers looking to form part of Inditex's supply chain are bound. It is available at the corporate web page of Inditex, Group section, Ethical Commitment heading.		√ Pg. 97-100	
	AF17 Actions to identify and mitigate business practices that affect code compliance	217, 219-220, 326-328			
Other disclosures: Employment					
	AF24 Policy on the use and selection of labour brokers, including adherence to relevant ILO Conventions	169-171, 215, 223-224, 235-236 Inditex analyses and controls compliance with its Sustainability Strategy by its suppliers by means of a specific Code of Conduct for Manufacturers and Suppliers compliance programme.			
7. Value creation					
GRI 3: Material topics 2021					
	3-3 Management of material topics	105-108, 125-139, 142-144, 147-149, 281-286, 346-347			
GRI 201: Economic performance 2016					
	201-1 Direct economic value generated and distributed	113, 331			

GRI Standard	Disclosure	Page number(s) and/or direct answer	Omissions	External Assurance	Global Compact principle
	201-2 Financial implications and other risks and opportunities due to climate change	129-133, 285, 298, 303			
	201-3 Defined benefit plan obligations and other retirement plans	130, 259			
	201-4 Financial assistance received from government	195, 284		√ Pg. 97-100	
GRI 203: Indirect economic impacts 2016					
	203-1 Infrastructure investments and services supported	115-116, 329-331			
	203-2 Significant indirect economic impacts	251-256			
GRI 207: Tax 2019					
	207-1 Approach to tax	281-286 Inditex's Tax Policy is available at the corporate web page of Inditex, Group section, Ethical Commitment heading.			
	207-2 Tax governance, control, and risk management	281-286 Inditex's Tax Policy is available at the corporate web page of Inditex, Group section, Ethical Commitment heading.			
	207-3 Stakeholder engagement and management of concerns related to tax	281-286 Inditex's Tax Policy is available at the corporate web page of Inditex, Group section, Ethical Commitment heading.			
	207-4 Country-by-country reporting	281-286 Inditex's Tax Policy is available at the corporate web page of Inditex, Group section, Ethical Commitment heading.			
GRI 413: Local communities 2016					
	413-1 Operations with local community engagement, impact assessments, and development programs	173-174, 177-180, 221-224, 237-256			Principle 1
	413-2 Operations with significant actual and potential negative impacts on local communities	190-192, 215, 237-256			Principles 1 and 2
Other disclosures: Community investment					
	AF33 Priorities in community investment strategy	237-256			
	AF34 Amount of investment in worker communities broken down by location	237-256			
8. Innovation					
GRI 3: Material topics 2021					
	3-3 Management of material topics	105-108, 125-139, 142-144, 185-187, 346-347			

GRI Standard	Disclosure	Page number(s) and/or direct answer	Omissions	External Assurance	Global Compact principle
9. Quality of employment					
GRI 3: Material topics 2021					
	3-3 Management of material topics	105-108, 125-139, 142-144, 147-173, 221-229, 261-265, 346-347			
GRI 401: Employment 2016					
	401-1 New employee hires and employee turnover	Voluntary turnover at the Inditex Group was 51% (52% in women and 49% in men). By age category, turnover was 76% among the under 30s, 23% among those aged between 30 and 40; and 11% for those over the age of 40. Turnover varied considerably by region, reaching 91% in Asia, followed by the Americas with a 84%, 53% in Europe (excluding Spain); and 21% in Spain. Non voluntary turnover was 55% (55% in women and 55% in men). By age category, turnover was 82% among the under 30s, 25% among those aged between 30 and 40; and 16% for those over the age of 40. Turnover varied considerably by region, reaching 91% in Spain, followed by Europe (excluding Spain) with a 45%, 40% in the Americas, and 21% in Asia. During 2022, 4,800 people have joined Inditex (excluding the Russia effect), of which 44% are women and 56% are men. 58% of the hires are under the age of 30, and 34% are over 40. Most of them took place in Europe (excluding Spain), with 84%; followed by the Americas, with 15% and Spain with 1% of the new employees.		√ Pg. 97-100	Principle 6
	401-2 Benefits provided to full-time employees that are not provided to temporary or part-time employees	The Group provides the same benefits to temporary and part-time workers as it does to full-time workers.			
	401-3 Parental leave	158	Information relating to all the markets of the Group.	√ Pg. 97-100	Principle 6
GRI 402: Labor/Management relations 2016					
	402-1 Minimum notice periods regarding operational changes	The collective bargaining agreements in force do not include a minimum notice period for officially communicating significant operational changes at Inditex. However, whenever a significant development takes place, it is notified with the advance notice stipulated in prevailing legislation (article 41 of the Spanish Workers' Statute).			Principle 3
GRI 407: Freedom of association and collective bargaining 2016					
	407-1 Operations and suppliers in which the right to freedom of association and collective bargaining may be at risk	218, 221-227, 270 Inditex's Code of Code of Conduct and Responsible Practices specifically addresses the right to freedom of association and collective bargaining. That Code applies to all of the Group's operations. The Code of Conduct for Manufacturers and Suppliers, which applies to all of the Group's suppliers, also enshrines this right. The programme for supervising compliance with Inditex's Code of Conduct for Manufacturers and Suppliers assesses compliance with workers' right to freedom of association.			Principle 3
Other disclosures: Employment					
	AF22 Policy and practices regarding the use of employees with non- permanent and non-full-time	167-168			

GRI Standard	Disclosure	Page number(s) and/or direct answer	Omissions	External Assurance	Global Compact principle
	AF23 Policy regarding the use of home working	158-159			
Other disclosures: Labour/Management relations					
	AF29 Percentage of workplaces where there is one or more independent trade union(s)	169-171 47.2% of Inditex's workplaces have trade union representation.			
	AF30 Percentage of workplaces where, in the absence of a trade union, there are worker-management committees, broken down by country	The Group does not participate in worker-management committees in the absence of a trade union.			
Other disclosures: Wages and hours					
	AF25 Policy and practices on wage deductions that are not mandated by law	Inditex does not apply wage deductions that are not mandated by law.			
	AF26 Policy on working hours, including definition of overtime, and actions to prevent excessive and forced overtime	169-171 According to the Group's Code of Conduct and Responsible Practices, weekly working hours and overtime cannot exceed the limits stipulated in each country's labour legislation. Overtime is in all instances voluntary and remunerated as set down in applicable legislation. Elsewhere, the Inditex Group's Human Rights Policy sets down its zero tolerance stance towards forced or compulsory labour, as defined in ILO Convention 29. All of the foregoing applies to its own employees and its supply chain workers and any other natural and/or legal person related with Inditex. Moreover, the Code of Conduct sets down how the Group upholds and fosters compliance with human and labour rights, expressly committing to apply applicable regulations and best practices in the areas of employment terms and occupational health and safety, forbidding all forms of violence, harassment and abuse in the workplace.			
Other disclosures: Quality of employment					
	AF27 Policy and actions to protect the pregnancy and maternity rights of women workers	158-159, 228-229			
10. Human rights					
GRI 3: Material topics 2021					
	3-3 Management of material topics	105-108, 125-139, 142-144, 221-224, 346-347			
GRI 405: Diversity and equal opportunity 2016					
	405-1 Diversity of governance bodies and employees	147-149, 151, 167-168, 261-264 For further information about diversity on the Board of Directors, refer to the 2022 Annual Corporate Governance Report, available at the corporate web page of Inditex, Investors section, Corporate Governance heading.		√ Pg. 97-100	Principle 6

GRI Standard	Disclosure	Page number(s) and/or direct answer	Omissions	External Assurance	Global Compact principle
	405-2 Ratio of basic salary and remuneration of women to men	147-149, 171-173, 265 At Inditex there is wage parity between men and women: in 2022, in total salary, women have been paid 0.4% more than men. Should there be any situation where this is not met, specific action plans would be established for each situation: specific and more focused pay equity analysis, communication and awareness-raising plans aimed at those responsible for the corresponding market/brand, provision of an additional budget to make the necessary pay adjustments, etc.		√ Pg. 97-100	Principle 6
GRI 406: Non-discrimination 2016					
	406-1 Incidents of discrimination and corrective actions taken	277-278		√ Pg. 97-100	
GRI 408: Child labor 2016					
	408-1 Operations and suppliers at significant risk for incidents of child labor	217-218 The programme for supervising compliance with Inditex's Code of Conduct for Manufacturers and Suppliers, which applies to all of the Group's operations and suppliers, assesses the level of compliance with prohibition of child labour, as stated in said Code.			Principle 5
GRI 409: Forced or compulsory labor 2016					
	409-1 Operations and suppliers at significant risk for incidents of forced or compulsory labor	217-218 The programme for supervising compliance with Inditex's Code of Conduct for Manufacturers and Suppliers, which applies to all of the Group's operations and suppliers, assesses the level of compliance with prohibition of forced labour, as stated in said Code.			Principle 4
Other disclosures: Human rights					
	AF32 Actions to address gender discrimination and to provide opportunities for the advancement of women workers	150-153			
Other disclosures: Code of conduct					
	AF1 Code of conduct content and coverage	135, 223-224, 270 For further information, refer to the Code of Conduct and Responsible Practices and the Code of Conduct for Manufacturers and Suppliers, both available at the corporate web page of Inditex, Sustainability section, Reporting heading.			
	AF7 Number and location of workplaces covered by code of conduct	135, 169, 270, 323 The Code of Conduct for Manufacturers and Suppliers applies to 100% of Inditex's suppliers and manufacturers. For further information about supply chain identification, refer to the corporate web page of Inditex, Sustainability section, Reporting heading.		√ Pg. 97-100	
11. Safe and healthy environments					
GRI 3: Material topics 2021					
	3-3 Management of material topics	105-108, 125-139, 142-144, 173-180, 346-347			
GRI 403: Occupational health and safety 2018					
	403-1 Occupational health and safety management system	173			

INDITEX

GRI Standard	Disclosure	Page number(s) and/or direct answer	Omissions	External Assurance	Global Compact principle
	403-2 Hazard identification, risk assessment, and incident investigation	173-180			
	403-3 Occupational health services	174-175			
	403-4 Worker participation, consultation, and communication on occupational health and safety	173-180 The committees in place represent all workers to the same degree (management and employees) and all agreements are endorsed by management. All of the committees reach agreements related with worker health and safety. During the reporting period, Inditex had agreements in effect with unions at the local and international levels which address aspects such as personal protection gear, regular inspections, skills training and education and grievance mechanisms, among others.			
	403-5 Worker training on occupational health and safety	173-174			
	403-6 Promotion of worker health	173-175, 230-231			
	403-7 Prevention and mitigation of occupational health and safety impacts directly linked by business relationships	173-180, 184, 230-231			
	403-8 Workers covered by an occupational health and safety management system	173, 230-231			
	403-9 Work-related injuries	173-180	Information on the severity rate of workers not employed in workplaces controlled by the Group is not available in the Company's systems with the level of detail required. Inditex is working to upgrade its systems with a view to reporting that information.	√ Pg. 97-100	
	403-10 Work-related ill health	173-180	Information about workers not employed in the workplaces controlled by the Group is not available in the Company's systems with the level of detail required. Inditex is working to upgrade its systems with a view to reporting that information.	√ Pg. 97-100	
Other disclosures: Occupational health and safety					
	AF31 Initiatives and programs to respond to, reduce, and prevent the occurrence of musculoskeletal disorders	175			

GRI Standard	Disclosure	Page number(s) and/or direct answer	Omissions	External Assurance	Global Compact principle
12. Talent management					
GRI 3: Material topics 2021					
	3-3 Management of material topics	105-108, 125-139, 142-144, 148-149, 160-165, 346-347			
GRI 404: Training and education 2016					
	404-1 Average hours of training per year per employee	160-164 Training hours averaged 16.1 hours per employee in 2022 (15.9 hours for female employees and 16.5 hours for male employees). The data pertaining to the number of training hours broken down by gender is available for all markets representing 100% of the Group's employees.		√ Pg. 97-100	Principle 6
	404-2 Programs for upgrading employee skills and transition assistance programs	147, 150-158, 160-162, 164-165 93% of Group employees are under the age of 45, such that the Group does not face the prospect of having to deploy programmes for upgrading employee skills or transition assistance programmes in the near future.			
	404-3 Percentage of employees receiving regular performance and career development reviews	All of our people's performance is evaluated at least once a year and each brand conducts that process in keeping with its management model. Performance dialogue with store staff is continuous and centres around each person's contribution to store-specific objectives with a focus on career development, in line with one of our hallmark characteristics: internal promotion. In the case of office staff, target delivery and performance are reviewed with each person at least once a year, and objectives are set for the following year. Employee engagement includes dialogue aimed at fostering career development and getting feedback about employee concerns. Variable remuneration is fully tied to the Company's results and each person's contribution to their delivery. For further information about the annual performance review programme, refer to the 2022 Annual Corporate Governance Report, available at the corporate web page of Inditex, Investors section, Corporate Governance heading.			Principle 6
13. Socially sustainable production environments					
GRI 3: Material topics 2021					
	3-3 Management of material topics	105-108, 125-139, 142-144, 217-220, 321-324, 346-347			
GRI 414: Supplier social assessment 2016					
	414-1 New suppliers that were screened using social criteria	115-116, 217-218, 321-323		√ Pg. 97-100	Principle 2
	414-2 Negative social impacts in the supply chain and actions taken	115, 217-220, 322-324			Principle 2
Other disclosures: Audit process					
	AF2 Parties and personnel engaged in code of conduct compliance function	115, 221-224, 230, 235-236			
	AF3 Compliance audit process	216-220, 235-236			

INDITEX

GRI Standard	Disclosure	Page number(s) and/or direct answer	Omissions	External Assurance	Global Compact principle
	AF8 Number of audits conducted and percentage of workplaces audited	115-116, 216-220, 322-323		√ Pg. 97-100	
Other disclosures: Non-compliance findings					
	AF9 Incidents of non-compliance with legal requirements or collective bargaining agreements on wages	218			
	AF10 Incidents of non-compliance with overtime standards	218			
	AF11 Incidents of non-compliance with standards on pregnancy and maternity rights	218			
	AF12 Incidents of the use of child labour	218		√ Pg. 97-100	
	AF13 Incidents of non-compliance with standards on gender discrimination	218		√ Pg. 97-100	
	AF14 Incidents of non-compliance with code of conduct	218		√ Pg. 97-100	
	AF15 Analysis of data from code compliance audits	218			
Other disclosures: Remediation					
	AF16 Remediation practices to address non-compliance findings	216-218, 321-324		√ Pg. 97-100	
14. Climate change					
GRI 3: Material topics 2021					
	3-3 Management of material topics	105-108, 125-139, 142-144, 199, 201-206, 346-347 Inditex has a dedicated Energy Strategy and is working to minimise its impact on climate change all along its value chain. To that end we are streamlining our logistics processes, promoting energy efficiency in our facilities and making progress on our commitment to using renewable sources of energy. Further information about Inditex Global Energy Strategy is available at the corporate web page of Inditex, Sustainability section, Reporting heading.			
GRI 302: Energy 2016					
	302-1 Energy consumption within the organization	115, 202-206		√ Pg. 97-100	Principle 7 and 8
	302-2 Energy consumption outside of the organization	115, 202-206		√ Pg. 97-100	Principle 8
	302-3 Energy intensity	115, 202-206			Principle 8
	302-4 Reduction of energy consumption	115, 202-206		√ Pg. 97-100	Principle 8 and 9
	302-5 Reductions in energy requirements of products and services	115, 202-206			Principle 8 and 9

GRI Standard	Disclosure	Page number(s) and/or direct answer	Omissions	External Assurance	Global Compact principle
GRI 305: Emissions 2016					
	305-1 Direct (Scope 1) GHG emissions	199, 326-328		√ Pg. 97-100	Principle 7 and 8
	305-2 Energy indirect (Scope 2) GHG emissions	115, 299, 326-328		√ Pg. 97-100	Principle 7 and 8
	305-3 Other indirect (Scope 3) GHG emissions	115, 299, 326-328		√ Pg. 97-100	Principle 7 and 8
	305-4 GHG emissions intensity	115, 299, 326-328			Principle 8
	305-5 Reduction of GHG emissions	115, 299, 326-328		√ Pg. 97-100	Principle 8 and 9
	305-6 Emissions of ozone-depleting substances (ODS)	204-206, 215 We have plans in place to replace air conditioning units in stores with more efficient Class A units which enable us to avoid the emission of ozone-depleting substances. In addition, though the different measures implemented in our own stores, such as the renovation of climate control systems for example, the energy performance and efficiency is boosted. These actions to foster energy efficiency, coupled with the materialisation of our commitment to renewable energy, are key in our commitment to reducing the GHG emissions associated with our business activities.			Principle 7 and 8
	305-7 Nitrogen oxides (NOx), sulfur oxides (SOx), and other significant air emissions		Not applicable. We do not disclose information about other air emissions as they are considered non-material due to the characteristics of the devices and the equipment review frequency stipulated in prevailing legislation (controls are not necessary). The emission of particles deriving from transportation is generated by outsourced carriers so that this indicator is not applicable to the Group. Nevertheless, Inditex fosters enhanced emissions management and control in its value chain through the tool that enables calculation of emissions in accordance with the GHG Protocol, coupled with the definition of action plans.		Principle 7 and 8
Other disclosures: Energy					
	AF21 Amount of energy consumed and percentage of the energy that is from renewable sources	115, 202-204		√ Pg. 97-100	

GRI Standard	Disclosure	Page number(s) and/or direct answer	Omissions	External Assurance	Global Compact principle
15. Environmental footprint minimisation					
GRI 3: Material topics 2021					
	3-3 Management of material topics	105-108, 125-139, 142-144, 206-209, 211-213, 215, 346-347 The Global Water Management Strategy (available at the corporate web page of Inditex, Sustainability section, Reporting heading) contains a roadmap for achieving the sustainable and rational management of water and enhanced conservation of the environmental quality of freshwater and marine ecosystems. Inditex's detox commitment will similarly contribute to the sustainable use of water.			
GRI 303: Water and effluents 2018					
	303-1 Interactions with water as a shared resource	206-209			Principle 7 and 8
	303-2 Management of water discharge related impacts	206-208, 215, 219-220 The water supplied to all workplaces, whether for processing or consumption, is withdrawn from authorised public supply networks, so that Inditex does not have any impact on protected habitats. Moreover, all of its water supply comes from areas experiencing low or no water stress.			Principle 8
	303-3 Water withdrawal	206-208			Principle 8
	303-4 Water discharge	206-208 Further information about water discharges, available at the corporate web page of Inditex, Sustainability section, Reporting heading.			
	303-5 Water consumption	206-208 Inditex discloses information about water consumption at all of its offices, own factories, own logistics centres and all its own stores worldwide. The water supplied to all workplaces, whether for processing or consumption, is withdrawn from authorised public supply networks. Moreover, all of its water supply comes from areas experiencing low or no water stress.	The disclosure of water consumption in areas experiencing water stress is not applicable as Inditex's business is to distribute fashion garments (clothing, footwear and accessories) and home textile products, which it procures as finished products from its suppliers. In short, water consumption is not material on account of its business model and all of its water supply is sourced from areas that present low or no water stress. As for its suppliers, the Company has a number of policies and assessment and improvement programmes (e.g., Code of Conduct for Manufacturers and Suppliers, Green to Wear, etc.) designed to drive environmental sustainability across its supply chain.	√ Pg. 97-100	
GRI 306: Waste 2020					
	306-1 Waste generation and significant waste-related impacts	115, 185-190, 211-213			Principle 8

GRI Standard	Disclosure	Page number(s) and/or direct answer	Omissions	External Assurance	Global Compact principle
	306-2 Management of significant waste-related impacts	185-187, 211-213			Principle 8
	306-3 Waste generated	185-187, 211-213 None of the waste generated is disposed of by deep well injection or stored on site.	The Company's systems are not currently capable of producing disclosures about the waste generated in its proprietary stores with the level of detail required. Inditex has a number of projects underway with the aim of being able to comply with this disclosure requirement in future years.	√ Pg. 97-100	Principle 8
	306-4 Waste diverted from disposal	185-187, 211-213	The Company's systems are not currently capable of producing disclosures about the waste diverted from disposal in its proprietary stores with the level of detail required. Inditex has a number of projects underway with the aim of being able to comply with this disclosure requirement in future years.	√ Pg. 97-100	Principle 8
	306-5 Waste directed to disposal	185-187, 211-213	The Company's systems are not currently capable of producing disclosures about the waste directed to disposal in its proprietary stores with the level of detail required. Inditex has a number of projects underway with the aim of being able to comply with this disclosure requirement in future years.	√ Pg. 97-100	Principle 8
GRI 308: Supplier environmental assessment 2016					
	308-1 New suppliers that were screened using environmental criteria	115, 219-220, 321-324		√ Pg. 97-100	Principle 8
	308-2 Negative environmental impacts in the supply chain and actions taken	185, 205, 215-217, 219-220, 298		√ Pg. 97-100	Principle 8

GRI Standard	Disclosure	Page number(s) and/or direct answer	Omissions	External Assurance	Global Compact principle
16. Protection of natural resources					
GRI 3: Material topics 2021					
	3-3 Management of material topics	105-108, 125-139, 142-144, 187-190, 209-211, 346-347 In the Code of Conduct and Responsible Practices, Inditex pledges to minimise the environmental impact of its products in respect of their entire life cycle. Inditex's Biodiversity Policy (available at the corporate web page of Inditex, Sustainability section, Reporting heading) sets down its biodiversity protection and conservation targets, which it defined following the principles established in the United Nations Convention on Biological Diversity and acknowledging the work of the International Union for Conservation of Nature (IUCN). To guarantee application of this strategy, these principles are layered into the master plans of each of the key areas comprising the business model. The Inditex Group applies responsible production standards in relation to the use of products of animal origin. Inditex has a dedicated animal welfare policy, included in the Sustainability Policy, and a Biodiversity Strategy, which establish management criteria throughout the value chain, both documents available at the corporate web page of Inditex, Sustainability section, Reporting heading.			
GRI 304: Biodiversity 2016					
	304-1 Operational sites owned, leased, managed in, or adjacent to, protected areas and areas of high biodiversity value outside protected areas		Not applicable. The sites owned by Inditex are neither adjacent to nor located within protected areas or areas of high biodiversity value, so that its activities do not have a significant impact in biodiversity.		Principle 8
	304-2 Significant impacts of activities, products and services on biodiversity	185, 187-190, 199, 207, 209-213			Principle 8
	304-3 Habitats protected or restored	Inditex is committed to protecting and nurturing biodiversity by means of responsible and sustainable management of natural resources. For further information, refer to the Group's Biodiversity Strategy and Forest Product Policy, available at the corporate web page of Inditex, Sustainability section, Reporting heading.	Not applicable. Inditex's business is to distribute fashion garments (clothing, footwear and accessories) and home textiles, which it procures as finished products from its suppliers; as a result there are no habitats protected or restored as a result of its business activities.		Principle 8

GRI Standard	Disclosure	Page number(s) and/or direct answer	Omissions	External Assurance	Global Compact principle
	304-4 IUCN Red List species and national conservation list species with habitats in areas affected by operations	Inditex is committed to protecting and nurturing biodiversity by means of responsible and sustainable management of natural resources. For further information, refer to the Group's Biodiversity Strategy and Forest Product Policy, available at the corporate web page of Inditex, Sustainability section, Reporting heading.	Not applicable. Inditex's business is to distribute fashion garments (clothing, footwear and accessories) and home textiles, which it procures as finished products from its suppliers; as a result, the organisation's operations have no direct impact on any habitats. As for its suppliers, the Company has a number of programmes (e.g., The List by Inditex, Green to Wear, etc.) designed to drive environmental sustainability across its supply chain.		Principle 8
17. Product sustainability					
GRI 3: Material topics 2021					
	3-3 Management of material topics	105-108, 125-139, 142-144, 187-194, 187, 326, 346-347			
GRI 301: Materials 2016					
	301-1 Materials used by weight or volume	115, 186, 187-190		√ Pg. 97-100	Principle 7
	301-2 Recycled input materials used	115, 186, 187		√ Pg. 97-100	Principle 8
	301-3 Reclaimed products and their packaging materials	115, 186, 193		√ Pg. 97-100	Principle 8
GRI 416: Customer health and safety 2016					
	416-1 Assessment of the health and safety impacts of product and service categories	181-182, 184, 190-194, 325-326		√ Pg. 97-100	
	416-2 Incidents of non-compliance concerning the health and safety impacts of products and services	181-182, 184, 190-194, 325-326		√ Pg. 97-100	
Other disclosures: Materials					
	AF18 Programmes to replace organic-based adhesives and primers with water-based adhesives and primers	187-190, 194, 215-216			
	AF19 Practices to source safer alternative substances to those on the restricted substances list, including description of associated management systems	187-190, 194, 215-216			

INDITEX

GRI Standard	Disclosure	Page number(s) and/or direct answer	Omissions	External Assurance	Global Compact principle
	AF20 List of environmentally preferable materials used in apparel and footwear products	187-190, 194, 215-216			
18. Circularity					
GRI 3: Material topics 2021					
	3-3 Management of material topics	105-108, 125-139, 142-144, 185-187, 298, 346-347			

Report on Internal Control Systems (ICFR)

Ernst & Young, S.L.
Calle de Raimundo Fernández Villaverde, 65
28003 Madrid

Tel: 902 365 456
Fax: 915 727 238
ey.com

AUDITOR´S REPORT ON THE "INFORMATION RELATED TO THE SYSTEM OF INTERNAL CONTROL OVER FINANCIAL REPORTING (ICFR)"

Translation of a report and information originally issued in Spanish. In the event of discrepancy, the Spanish-language version prevails

To the Directors of Industria de Diseño Textil, S.A.:

In accordance with the request from the Board of Directors of Industria de Diseño Textil, S.A. (hereinafter the Entity) and our engagement letter dated February 24, 2023, we have performed certain procedures on the "ICFR related information" attached in section F of the 2022 Annual Corporate Governance Report of Industria de Diseño Textil, S.A., which summarizes the internal control procedures of the Entity in relation to the annual financial information.

The Board of Directors is responsible for adopting the appropriate measures in order to reasonably guarantee the implementation, maintenance and supervision of an adequate internal control system as well as developing improvements to that system and preparing and establishing the content of the accompanying ICFR related information attached.

It should be noted that irrespective of the quality of the design and operability of the internal control system adopted by the Entity in relation to its annual financial information, it can only provide reasonable, rather than absolute assurance with respect to the objectives pursued, due to the inherent limitations to any internal control system.

In the course of our audit work on the financial statements and pursuant to the Technical Auditing Standards, the sole purpose of our assessment of the entity´s internal control was to enable us to establish the nature, timing and extent of the audit procedures to be applied to the Entity´s financial statements. Therefore, our assessment of the internal control performed for the purposes of the audit of the financial statements was not sufficiently extensive to enable us to express a specific opinion on the effectiveness of the internal control over the regulated annual financial information.

For the purpose of issuing this report, we exclusively performed the specific procedures described below and indicated in the Guidelines on the Auditors' report relating to information on the Internal Control over Financial Reporting of Listed Companies, published by the Spanish National Securities Market Commission (CNMV) on its website, which establishes the work to be performed, the minimum scope thereof and the content of this report. Given that the scope of these procedures was limited and substantially less than that of an audit or a review of the internal control system, we do not express an opinion on the effectiveness thereof, or its design or operating effectiveness, in relation to Entity's annual financial information for 2022 described in the ICFR related information attached. Consequently, had we performed additional procedures to those established by the Guidelines mentioned above or had we carried out an audit or a review of the internal control over the regulated annual financial reporting information, other matters might have come to our attention that would have been reported to you.

Domicilio Social: C/ Raimundo Fernández Villaverde, 65. 28003 Madrid - Inscrita en el Registro Mercantil de Madrid, tomo 9.364 general, 8.130 de la sección 3ª del Libro de Sociedades, folio 68, hoja nº 87.690-1, inscripción 1ª. Madrid 9 de Marzo de 1.989. A member firm of Ernst & Young Global Limited.

Likewise, since this special engagement does not constitute an audit of the financial statements in accordance with prevailing audit regulations in Spain, we do not express an audit opinion in the terms provided for therein.

The procedures performed were as follows:

1. Read and understand the information prepared by the Entity in relation to the ICFR - which is provided in the Annual Corporate Governance Report disclosure information included in the Consolidated Directors' Report- and assess whether such information addresses all the required information which will follow the minimum content detailed in section F, relating to the description of the ICFR, as per the model established by CNMV Circular nº 5/2013 dated June 12, 2013 and subsequent amendments, the most recent one being CNMV Circular 3/2021 of September 28, 2021 (hereinafter, the CNMV Circulars).

2. Make enquiries of personnel in charge of preparing the information described in point 1 above in order to: (i) Obtain an understanding of the process followed in its preparation; (ii) Obtain information which will allow us to assess whether the terminology used is adapted to the definitions provided in the reference framework; (iii) Obtain information on whether the control procedures described are implemented and in use by the Entity.

3. Review the explanatory documentation supporting the information described in point 1 above, which should basically include that which is provided directly to those responsible for preparing the ICFR descriptive information. In this respect, the aforementioned documentation includes related reports prepared by the Internal Audit Department, senior management, and other internal and external experts providing support to the Audit and Compliance Committee.

4. Compare the information described in point 1 above with our knowledge of Entity's ICFR obtained as a result of performing the external audit procedures within the framework of the audit of the financial statements.

5. Read the minutes of the meetings held by the Board of Directors, Audit and Compliance Committee and other entity committees in order to assess the consistency between the ICFR issues addressed therein and the information provided in point 1 above.

6. Obtain the representation letter related to the work performed, duly signed by the personnel in charge of preparing the information discussed in point 1 above.

As a result of the procedures performed, no inconsistencies or issues were observed that might have an impact on ICFR related information.

This report was prepared exclusively within the framework of the requirements stipulated in article 540 of the Consolidated text of the Corporate Enterprises Act and CNMV Circulars on ICFR description in Annual Corporate Governance Reports.

ERNST & YOUNG, S.L.

Hildur Eir Jónsdóttir

Hildur Eir Jónsdóttir

March 15, 2023

INDITEX

ANNUAL CORPORATE GOVERNANCE REPORT (ACGR) 2022

Issuer identification details

Year End-Date:

31/01/2023

Tax ID (CIF):

A15075062

Company name:

INDUSTRIA DE DISEÑO TEXTIL, (INDITEX, S.A.)

Registered office:

Avda. de la Diputación, Edificio Inditex, Arteixo (A Coruña)

In this Annual Corporate Governance Report, the board of directors of INDUSTRIA DE DISEÑO TEXTIL, S.A. (INDITEX, S.A.) ("**Inditex**" or the "**Company**") has included all the relevant information for financial year 2022, which commenced on 1 February 2022 and ended on 31 January 2023, excepting those cases in which other dates of reference are specifically mentioned.

The revised text of the Ley de Sociedades de Capital [*Spanish Companies Act*] approved by Real Decreto Legislativo 1/2010 of 2 July (the "**Companies Act**" or "**LSC**" [*Spanish acronym*]), substantially amended by Act 31/2014 of 3 December to improve corporate governance and by Act 5/2021 of 12 April as regards encouragement of long-term shareholder engagement in listed companies (**"Act 5/2021**"), represents the basic legal framework of corporate governance in Spain.

In addition, the Good Governance Code of Listed Companies ("**GGC**" or "**Good Governance Code**"), approved by the Comisión Nacional del Mercado de Valores [*Spanish National Securities Market Commission*] ("**CNMV**") in February 2015 and amended in part by CNMV's board on 25 June 2020, lists a set of principles and practices that must govern corporate governance in listed companies.

This Annual Corporate Governance Report has been drawn up by the Audit and Compliance Committee in free format pursuant to the provision of CNMV's Circular 3/2021 of 28 September amending Circular 5/2013, that sets forth the standard forms of the annual corporate governance report of directors for listed public limited companies, saving banks and other entities that issue securities admitted to trading on regulated markets.

Notwithstanding the foregoing, the contents of this Report meet the minimum requirements set forth in applicable regulations, as provided in section 540 LSC and in Order ECC/461/2013 of 20 March and is accompanied by the relevant statistical Appendix.

It bears mentioning that for reasons beyond the Company's control and on account of CNMV's own systems, certain 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 Corporate Governance Report shall be released as other relevant information (OIR [*Spanish acronym*]) contemporaneously with the release of the Annual Report on Remuneration of Directors and shall be made available on Inditex's corporate website and on CNMV's website.

Inditex's corporate governance rules are established in the Articles of Association, the Board of Directors' Regulations, the Regulations of the General Meeting of Shareholders, the terms of reference of board committees, the Internal Regulations of Conduct in the Securities Markets (IRC), the Code of Conduct and Responsible Practices and the Regulations of the Social Advisory Board, as explained in greater detail below:

Articles of Association: Approved by the Annual General Meeting in July 2000 and subsequently amended several times. They were last amended on 13 July 2021 for the purposes of encompassing the regulatory development introduced by Act 5/2021 and aligning its language with the correlative amendments to the Board of Directors' Regulations and the terms of reference of the Audit and Compliance, Nomination and Sustainability Committees made throughout 2020 to bring them into line with the provisions of the revised GGC, amended in part further to a resolution passed by CNMV's board on 25 June 2020.

Board of Directors' Regulations: Approved by the Board of Directors in July 2000. This set of rules seeks to determine the principles of operation of the Board of Directors, the basic rules for its organisation and proceedings and the rules governing the conduct of its members. It provides, inter alia, rules regarding the appointment and removal of Directors, their rights and duties and the relations of the Board of Directors with the shareholders, the markets and the external auditor, all with the aim of achieving the highest possible degree of efficiency. This Regulation has been amended several times. The last amendment to this set of rules was approved by the board of directors on 12 May 2022. All said amendments are addressed in greater detail in section C.1.15 below.

Regulations of board committees (Audit and Compliance Committee, Nomination Committee, Remuneration Committee and Sustainability Committee, jointly "**board committees**"):

The terms of reference of the Audit and Compliance Committee, the Nomination Committee, and the Remuneration Committee were approved by the Board of Directors in the meeting held on 9 June 2015. The board of directors approved the Sustainability Committee's Regulations in the meeting held on 16 July 2019 following the committee's formation.

These terms of reference seek to govern the proceedings of board committees as regards their powers, composition, calling, quorum, decision-making and relationship with the remaining governing bodies of the Company.

The latest amendments to the terms of reference of board committees were approved by the board in the meeting held on 12 May 2022 so that the separation of duties of the Chair and the CEO as chief executive of the company is clearly reflected therein.

Regulations of the General Meeting of Shareholders: This set of rules was approved by the Annual General Meeting on 18 July 2003. Its aim is to govern the proceedings of the General Meeting of Shareholders as regards notices, meetings' preparation, information, attendance, proceedings and exercise of voting rights, and to inform shareholders of their rights and duties relating to said body. Said Regulations have been amended on various occasions, to adapt their provisions to the successive updates of the Articles of Association, the latest of which dated 13 July 2021. As was the case with the amendment to the Articles of Association, approved on the same date, said amendment seeks to encompass the regulatory development introduced by Act 5/2021. In particular, the possibility of holding virtual-only general meetings was covered, in accordance with the provisions of new section 182*bis* LSC.

Internal Regulations of Conduct in the Securities Markets (the "**Internal Regulations of Conduct**" or "**IRC**"): It was originally approved by the board of directors in July 2000. This document provides, inter alia, the rules for processing, safeguarding and disclosing inside information and other relevant Company information, the system that governs transactions in Inditex securities and financial instruments carried out by the persons included in its scope, the provisions on prohibition of market manipulation and Inditex's policy on treasury shares.

The new IRC was approved by the board of directors on 19 July 2016 for the purposes of adapting its contents to the European regulatory framework to fight market abuse, made up of Regulation (EU) No 596/2014 of 16 April 2014 on market abuse, Directive 2014/57/EU of 16 April 2014, and their respective implementing regulations, that seek to reinforce the integrity of the financial markets and to set up mechanisms for a streamlined implementation and supervision in the various Member States of the European Union.

Its latest amendment was approved by the board of directors on 3 November 2022, primarily to cover the new name of the Transparency Market Committee (formerly known as the "Compliance Supervisory Board"), specify who are deemed to be Senior Managers for the purposes of the IRC and indicate that the blackout period that applies to the remaining IRC groups will hereinafter apply to Directors and Senior Managers, in line with market practice.

Inditex Group's Code of Conduct and Responsible Practices: approved by the Board of Directors on 17 July 2012, it provides the lines of action that must be followed by the Group in the performance of its professional duties. Its goal consists of exacting an ethical and responsible professional behaviour from Inditex and its entire workforce in the conduct of their business anywhere in the world, as the foundation of its corporate culture upon which the training and the personal and career development of its employees is based. For these purposes, the principles and values that shall govern relations between the Group and its stakeholders (employees, customers, shareholders, business partners, suppliers and the societies where its business model is implemented) are defined therein. The Code of Conduct and Responsible Practices is based upon a number of overarching principles. These include, inter alia, that: (i) the Inditex Group shall carry out all its transactions under an ethical and responsible perspective; (ii) all persons, whether natural or legal, who maintain, directly or indirectly, any kind of professional, economic, social or industrial relationships with the Inditex Group shall be treated in a fair and honourable manner and; (iii) all Inditex activities shall be carried out in the manner that most respects the environment, promoting biodiversity preservation and sustainable management of natural resources.

The current full text of all the aforementioned documents is available on the corporate website: (i) under the "Investors" tab "Corporate Governance" section "Reports & Regulations" sub-section, and (ii) under the "Group" tab "Ethical commitment" section.

Regulations of the Social Advisory Board: The Social Board is Inditex's advisory body in the field of social and environmental sustainability. In December 2002, the board of directors authorised its creation and approved its Regulations, which determine the principles of action, the basic rules governing its organisation and proceedings and the rules of conduct of its members.

The Regulations of the Social Advisory Board have been amended several times, and for the last time on 16 July 2019 for the purposes of establishing its functional reporting line to the Sustainability Committee.

A. Ownership structure

A.1. Complete the following table on share capital and voting rights attached to shares, including those corresponding to shares with a loyalty vote as of year-end, where appropriate:

Indicate whether articles of association contain the provision of double loyalty voting:

Yes No x

Indicate whether the company has awarded votes for loyalty:

Yes No x

Date of the last share capital change	Share capital (€)	Number of shares	Number of voting rights (not including additional votes for loyalty)	Number of additional voting rights attached to shares with a loyalty vote	Total number of voting rights, including additional votes attached to loyalty shares
20/07/2000: AGM resolution	€93,499,560	3,116,652,000 shares	3,116,652,000	-	3,116,652,000

Indicate whether there are different classes of shares with different rights attached:

Yes No x

Class	Number of shares	Par value	Number of voting rights	Rights and obligations conferred
-	-	-	-	-

All shares are of the same class and series, represented by the book-entry method and are fully paid-up and subscribed.

INDITEX has been listed on the four different Spanish Stock Exchanges since 23 May 2001 and has been part of the selective IBEX35 index since July 2001. In addition, it has been part of the Euro Stoxx 50 index since September 2011, the MSCI index since November 2001, the Dow Jones Sustainability index since September 2002 and the FTSE4Good index since October 2002.

A.2. List the company's significant direct and indirect shareholders as of year-end, including directors with a significant shareholding:

The Company issues shares represented by the book-entry method. In addition, pursuant to the provisions of section 497 LSC, Inditex has a contract with Sociedad de Gestión de Sistemas de Registro, Compensación y Liquidación de Valores, S.A. (Iberclear) [*Spanish Central Securities Depositary in charge of the Register of Securities, and the Clearing and Settlement of all trades*] for the daily share ownership notification service.

According to the Company's Shareholders Register, the significant direct and indirect shareholders as of 31 January 2023, including directors with a significant shareholding, were those shown below:

Name or company name of shareholder	% of voting rights attached to the shares (including votes for loyalty)		% of voting rights through financial instruments		% of total voting rights	From the total number of voting rights attributed to the shares, indicate, where appropriate, the additional votes attributed corresponding to the shares with a loyalty vote	
	Direct	Indirect	Direct	Indirect		Direct	Indirect
Mr Amancio Ortega Gaona	- %	59.294 %	- %	- %	59.294 %	- %	- %
Ms Sandra Ortega Mera	- %	5.053 %	- %	- %	5.053 %		

Breakdown of the indirect shareholding:

Name or company name of the indirect owner	Name or company name of the direct owner	% of voting rights attached to the shares (including votes attached to loyalty shares)	% of voting rights through financial instruments	% of total voting rights	From the total number of voting rights attached to the shares, indicate, where appropriate, the additional votes attached to loyalty shares	
Mr Amancio Ortega Gaona	Pontegadea Inversiones, S.L. (*)	50.010 %	- %	50.010 %	-	-
	Partler Participaciones, S.L.U.	9.284 %	- %	9.284 %	-	-
Ms Sandra Ortega Mera	ROSP CORUNNA PARTICIPACIONES EMPRESARIALES, S.L.	5.053 %	- %	5.053 %	-	-

Remarks
(*) Mr Amancio Ortega Gaona owns a 59.294% stake in Inditex's share capital through the companies styled Pontegadea Inversiones, S.L. and Partler Participaciones, S.L.U. Mr Amancio Ortega Gaona and Pontegadea Inversiones, S.L., represented by Ms Flora Pérez Marcote, sit on Inditex's board of directors as proprietary directors.

Indicate the most significant changes in the shareholder structure during the year:

The Company has not received any notices regarding any significant movements in shareholder structure over the year.

A.3. Give details of the stake at financial year-end, of the members of the board of directors who are holders of voting rights attached to shares of the company or through financial instruments, irrespective of the percentage, excluding the directors who have been identified in Section A.2 above:

As at 31 January 2023, the following directors had a stake in the Company:

Name or company name of director	% of voting rights attached to shares (including loyalty votes)		% of voting rights through financial instruments		% of total voting rights	From the total % of voting rights attached to shares, indicate, where appropriate, the % of the additional votes attached to shares with a loyalty vote	
	Direct	Indirect	Direct	Indirect		Direct	Indirect
Ms Marta Ortega Pérez	0.0014 %	- %	- %	- %	0.0014 %	- %	- %
Mr Óscar García Maceiras	0.0004 %	- %	- %	- %	0.0004 %	- %	- %
Mr José Arnau Sierra	0.0010 %	- %	- %	- %	0.0010 %	- %	- %
Bns. Denise Patricia Kingsmill	- %	- %	- %	- %	- %	- %	- %
Ms Anne Lange	- %	- %	- %	- %	- %	- %	- %
Ms Pilar López Álvarez	0.0001 %	- %	- %	- %	0.0001 %	- %	- %
Mr José Luis Durán Schulz	0.0001 %	- %	- %	- %	0.0001 %	- %	- %
Mr Rodrigo Echenique Gordillo	0.0006 %	- %	- %	- %	0.0006 %	- %	- %
Mr Emilio Saracho Rodríguez de Torres	- %	- %	- %	- %	- %	- %	- %
TOTAL	**0.0036**				**0.0036**		

Total % of voting rights held by the board of directors	59.298%
Total % of voting rights represented on the board of directors	59.298%

A.4. Where applicable, indicate any family, commercial, contractual or corporate relationships that exist among significant shareholders to the extent that they are known to the company, unless they are insignificant or arise in the ordinary course of business, with the exception of those reported in section A.6:

Name or company name of related party	Type of relationship	Brief description
- Ms Sandra and Mr Marcos Ortega Mera.	Family	Ms Sandra and Mr Marcos Ortega Mera are the offspring of Mr Amancio Ortega Gaona, director and indirect shareholder.
- Mr Amancio Ortega Gaona		Mr Amancio Ortega Gaona is an indirect shareholder and beneficial owner of Inditex via significant shareholders Pontegadea Inversiones, S.L. and Partler Participaciones, S.L.U. and Ms Sandra and Mr Marcos Ortega Mera are indirect shareholders of the Company via significant shareholder Rosp Corunna Participaciones Empresariales, S.L. (where Mr Ortega Mera has a minority shareholding).

The Company has not received notice of any family, commercial, contractual or corporate relationships existing between the owners of significant holdings that are of a relevant nature or that do not arise from the ordinary course of business.

A.5. Where applicable, indicate any commercial, contractual or corporate relationships that exist between significant shareholders and the company and/or its group, unless they are of little relevance or arise in the ordinary course of business:

There have been no commercial, contractual or corporate relationships between significant shareholders and the company that are of a relevant nature or that do not arise from the ordinary course of business, without prejudice to the information provided, for transparency's sake, under section D below regarding “Related party and Intra-group transactions”.

A.6. Describe the relationships, unless of little relevance to both parties, existing between significant shareholders or shareholders represented on the Board and directors, or their representatives in the case of directors that are legal persons.

Explain, where applicable, how the significant shareholders are represented. Specifically, indicate the directors appointed to represent significant shareholders, those whose appointment was proposed by significant shareholders, or who are linked to significant shareholders and/or companies in their group, specifying the nature of those relationships or ties. In particular, mention the existence, identity and position of any directors of the listed company, or their representatives, who are in turn members or representatives of members of the Board of Directors of companies that hold significant shareholdings in the listed company or in group companies of these significant shareholders.

Name or company name of related director or representative	Name or company name of related significant shareholder	Company name of the group company of the significant shareholder	Description of relationship/position
Mr Amancio Ortega Gaona	PONTEGADEA INVERSIONES, S.L.	PONTEGADEA INVERSIONES, S.L.	Chair of the Board
	PONTEGADEA INVERSIONES, S.L.	PONTEGADEA INMOBILIARIA, S.L.U.	Chair of the Board
	PARTLER 2006, S.L.	PARTLER 2006, S.L.	Chair of the Board
	PARTLER 2006, S.L..	PARTLER PARTICIPACIONES, S.L.U.	Chair of the Board
Ms Marta Ortega Pérez	PONTEGADEA INVERSIONES, S.L.	PONTEGADEA INVERSIONES, S.L.	Ordinary member
	PARTLER 2006, S.L.	PARTLER 2006, S.L.	1st Deputy Chair
	PARTLER 2006, S.L.	PARTLER PARTICIPACIONES, S.L.U.	1st Deputy Chair
Mrs Flora Pérez Marcote (Legal representative of PONTEGADEA INVERSIONES S.L.)	PONTEGADEA INVERSIONES, S.L.	PONTEGADEA INVERSIONES, S.L.	1st Deputy Chair
	PONTEGADEA INVERSIONES, S.L.	PONTEGADEA INMOBILIARIA, S.L.U.	1st Deputy Chair
Mr José Arnau Sierra	PONTEGADEA INVERSIONES, S.L.	PONTEGADEA INVERSIONES, S.L.	2nd Deputy Chair
	PONTEGADEA INVERSIONES, S.L.	PONTEGADEA INMOBILIARIA, S.L.U.	2nd Deputy Chair
	PONTEGADEA INVERSIONES, S.L.	PONTEGADEA ESPAÑA, S.L.U.	Joint Director
	PONTEGADEA INVERSIONES, S.L.	ESPARELLE 2016, S.L.	Sole Director (Legal representative of PONTEGADEA INMOBILIARIA, S.L.U.)
	PONTEGADEA INVERSIONES, S.L.	PONTEGADEA DIECIOCHO, S.L.	Sole Director (Legal representative of PONTEGADEA INVERSIONES, S.L.)
	PONTEGADEA INVERSIONES, S.L.	SOBRADO FORESTAL 2014, S.L.	Sole Director
	PONTEGADEA INVERSIONES, S.L.	PONTEGADEA FRANCE S.A.S.	Legal representative of the Chair of the Company, PONTEGADEA INMOBILIARIA, S.L.U.
	PONTEGADEA INVERSIONES, S.L.	PRIMA CINQUE S.p.A.	Chair
	PONTEGADEA INVERSIONES, S.L.	PG REAL ESTATE INTEREST Ltd.	Ordinary member
	PONTEGADEA INVERSIONES, S.L.	PONTEGADEA INMOBILIARIA S.A. de C.V.	Chair
	PONTEGADEA INVERSIONES, S.L.	PONTEGADEA CANADA Inc.	Chair
	PONTEGADEA INVERSIONES, S.L.	PONTEGADEA KOREA Inc.	Ordinary member
	PONTEGADEA INVERSIONES, S.L.	PONTEGADEA USA Inc.	Chair
	PARTLER 2006, S.L.	PARTLER 2006, S.L.	2nd Deputy Chair
	PARTLER 2006, S.L.	PARTLER PARTICIPACIONES, S.L.U.	2nd Deputy Chair
	PARTLER 2006, S.L.	PONTE GADEA PORTUGAL - INVESTIMENTOS IMOBILIARIOS E HOTELEIROS S.A.	Chair
	PARTLER 2006, S.L.	ALMACK Ltd.	Ordinary member

Remarks:

As stated in sections A.2 and A.4 above, Mr Amancio Ortega Gaona is an indirect shareholder of Inditex through two significant shareholders: Partler Participaciones, S.L.U. and Pontegadea Inversiones, S.L. This latter is a member of Inditex's board of directors, with Ms Flora Pérez Marcote, the spouse of Mr Amancio Ortega Gaona, as its legal representative. Director and board chair, Ms Marta Ortega Pérez is the daughter of Mr Ortega and Ms Pérez. She sits on the board of directors of significant shareholders Pontegadea Inversiones, S.L. and Partler Participaciones, S.L.U., as explained in the table above.

A.7. Indicate whether the company has been notified of any shareholders' agreements that may affect it, in accordance with the provisions of Articles 530 and 531 of the Spanish Companies Act (LSC). If so, describe them briefly and list the shareholders bound by the agreement:

Yes No x

Indicate whether the company is aware of any concerted actions amongst its shareholders. If so, provide a brief description::

Yes No x

The Company has not received any notices regarding the making of shareholders' agreements nor does it have any proof of the existence of concerted actions amongst its shareholders.

A.8. Indicate whether any individual or company exercises or may exercise control over the company in accordance with Article 5 of the Securities Market Act. If so, identify them:

Yes x No

Name or company name
Mr Amancio Ortega Gaona

Remarks:

Mr Amancio Ortega Gaona owns a 59.294% stake in Inditex's share capital through PONTEGADEA INVERSIONES, S.L. and PARTLER PARTICIPACIONES, S.L.U.

A.9. Complete the following table with details of the company's treasury shares: At the close of the year:

Number of direct shares	Number of indirect shares	Total percentage of share capital
4,932,514	-	0.158 %

Explain any significant changes during the year:

As of 31 January 2022, the Company owned 4,226,305 treasury shares, representing 0.135% of the share capital.

The incentive for the first cycle (2019-2022) of the 2019-2023 Long-Term Incentive Plan was paid in 2022. Such Plan, addressed to the management and other employees of the Inditex Group and approved at the Annual General Meeting held on 16 July 2019, is described in the Annual Report and in the Annual Report on Remuneration of Directors (the "2019-2023 Plan"). The part of the incentive in shares was delivered to the beneficiaries of the Plan charged against treasury stock held by the Company as at the delivery date. 1,793,791 shares representing 0.058% of the share capital were delivered.

On 12 July 2022 the board of directors approved, under the current authorisation conferred at the Annual General Meeting held on 16 July 2019, a share buy-back programme for the Company to fulfil the requirements of shares delivery to the beneficiaries of the second cycle of the 2019-2023 Long-Term Incentive Plan as well as to the beneficiaries of the first cycle, and as the case may be, the second cycle of the 2021-2025 Long-Term Incentive Plan (the "2021-2025 Plan").

The Programme was launched in accordance with the provisions of article 5 of Regulation (EU) No. 596/2014 on market abuse and of Commission Delegated Regulation (EU) 2016/1052. Under this Programme, 2,500,000 treasury shares were purchased, representing 0.08% of the company's share capital.

Consequently, as at 31 January 2023, the Company owned 4,932,514 treasury stock representing 0.158% of the share capital.

A.10. Provide a detailed description of the conditions and terms of the authority given to the Board of Directors to issue, buy back, or transfer treasury shares.

As of the date of this report, the authorisation granted to the board of directors at the Annual General Meeting held on 16 July 2019 to acquire treasury shares remains in force. Said authorisation superseded the previous authorisation approved at the Annual General Meeting held on 19 July 2016.

The resolution passed by the aforementioned Annual General Meeting held on 16 July 2019 regarding agenda item 10 is transcribed below:

"To authorise the Board of Directors so that it may, in accordance with the provisions of section 146 of Companies Act, proceed with the derivative acquisition of treasury shares, either directly or through any subsidiaries in which the Company is the controlling company, observing the legal limits and requirements and under the following conditions:

a) Methods of acquisition: the acquisition shall be done through purchase and sale, exchange or dación en pago [acceptance in lieu of payment].

b) Maximum number of treasury shares to be acquired: shares with a nominal value that, when added to that of those shares, directly or indirectly in the possession of the Company, do not exceed 10% of the share capital.

c) Maximum and minimum prices: the minimum price of acquisition of the shares shall be their nominal value and the maximum price shall be up to 105% of their market value at the date of purchase.

d) Duration of the authorisation: five (5) years from the date of this resolution.

For the purposes of the provisions of section 146.1(a) of the Companies Act, it is hereby stated that shares acquired under this authority may be used by the Company, among other purposes, to be delivered to employees or directors of the Company, either directly or as result of the exercise of the option right they may hold, under employees' remuneration schemes in respect of employees of the Company or its Group.

This authorisation supersedes the authorisation approved at the Annual General Meeting held on 19 July 2016".

As provided in section A.9 above, the board of directors approved on 12 July 2022, under the authorisation conferred at the Annual General Meeting as described above, a temporary share buy-back programme for the Company to fulfil the requirements of shares delivery to the beneficiaries of the second cycle of the 2019-2023 Plan as well as of the first cycle, and if appropriate, the second cycle of the 2021-2025 Plan.

A.11. Estimated free float:

	%
Estimated free float	35.4914 %

For these purposes, 0.0036% of the share capital owned by the Inditex directors listed in section A.3 is not included as part of the free float.

A.12. Indicate whether there are any restrictions (articles of association, legislative or of any other nature) placed on the transfer of shares and/or any restrictions on voting rights. In particular, indicate the existence of any type of restriction that may impede a takeover of the company through acquisition of its shares on the market, as well as any regimes for preliminary authorisation or notification that may be applicable, under sector regulations, to acquisitions or transfers of the company's financial instruments.

Yes No x

All Company shares carry the same voting and financial rights, and there are no legal or by-law restrictions on the acquisition or transfer of shares.

As regards the exercise of voting rights, the only restriction is that provided in section 83.1 LSC, according to which any shareholder who is in arrears regarding any outstanding payments may not exercise their voting right.

There are no restrictions either to absentee voting, as any shareholder can exercise this right.

A.13. Indicate whether the General Meeting of Shareholders has resolved to adopt measures to neutralise a takeover bid by virtue of the provisions of Act 6/2007.

Yes No x

A.14. Indicate whether the company has issued shares that are not traded on a regulated EU market.

Yes No x

B. General Meeting of Shareholders

The General Meeting of Shareholders duly convened and with a quorum present in accordance with all statutory requirements and those provided in the Articles of Association and its own Regulations, is the supreme and sovereign body of expression of the will of the company. Its resolutions are binding on all shareholders, including absent or dissenting ones, without prejudice to any remedies they may have in law.

In accordance with the Articles of Association and the Regulations of the General Meeting of Shareholders, the General Meeting is authorised to pass all kinds of resolutions concerning the Company and, in particular, subject to any other powers vested by the applicable regulations, the exercise of the following powers is reserved to this body:

a) To resolve on the individual annual accounts of the Company and, where appropriate, on the consolidated accounts of the Company and its Group, as well as on the distribution of the income or loss;

(b) To approve the statement on non-financial information;

(c) To appoint, re-elect and dismiss directors, as well as to confirm or revoke the interim appointments of directors made by the Board of Directors, and to review their management;

(d) To approve the adoption of remuneration systems consisting of granting either shares or stock options, as well as any other remuneration system linked to the value of the shares, for the benefit of directors;

(e) To approve the remuneration policy for directors pursuant to statutory terms;

(f) To conduct, as a separate agenda item, an advisory say-on-pay vote on the Annual Report on Remuneration of Directors;

(g) To authorise the release of the directors from the duty of preventing conflicts of interest and of the prohibitions arising from the duty of loyalty, when the authorisation to release them is attributed by statute to the General Meeting of Shareholders, as well as from the obligation not to compete with the Company;

(h) To authorise the Board of Directors to increase the Company's share capital, or to proceed to the issue of bonds convertible into Company's shares;

(i) To resolve the issue of bonds convertible into Company shares or that allow bondholders to participate in the company's earnings, the increase or the reduction of the share capital, the exclusion or restriction of the pre-emptive right, the transformation, merger, split-off or winding-up of the Company, the global assignment of assets and liabilities, the approval of the final balance sheet of liquidation, the transfer of the registered office abroad, as well as any other amendment whatsoever of the Articles of Association;

(j) To authorise treasury share buy-back;

(k) To approve the related-party transactions that the General Meeting must approve pursuant to statute;

(l) To approve the transactions that entail a structural amendment in the Company, namely: (i) the transformation of listed companies into holding companies, through "*subsidiarisation*" or the assignment to subsidiaries of core activities theretofore carried out by the Company, even though the Company retains full control of those entities; (ii) the acquisition, disposal or contribution to another company of essential assets; and, (iii) any transactions that entail an effective amendment of the corporate objects and those having an effect equivalent to the liquidation of the Company;

(m) To appoint, re-elect and remove the statutory auditor;

(n) To appoint and remove, where appropriate, the Company's liquidators;

(o) To approve the Regulations of the General Meeting of Shareholders and any subsequent amendment thereof;

(p) To resolve on the matters submitted to it by a resolution of the Board of Directors;

(q) To give directions to the Board of Director or submit to the General Meeting of Shareholders' prior authorisation, the passing by the Board of Directors of decisions or resolutions on certain management matters; and

(r) To grant to the Board of Directors any powers it may deem suitable for dealing with unforeseen issues.

The board of directors must call the Annual General Meeting once a year, within the first six months of the closing of each financial year, in order, at least to review the company's management, approve, where appropriate, the accounts of the previous year and resolve on the distribution of income or loss.

Pursuant to sections 168 and 495.2(a) LSC, the Extraordinary General Meeting shall meet when the board of directors so resolves or when a number of shareholders representing at least 3% of the share capital so request, expressing in the request the business to be transacted. In this latter case, the General Meeting of Shareholders shall be called within the term provided in the applicable regulations and the agenda of the meeting must include the businesses that were the subject of the request.

In the notice calling the General Meeting of Shareholders, the board of directors shall require the presence of a Notary to take up the minutes of the General Meeting.

General Meetings must be convened by the board of directors by notice published in the Official Gazette of the Companies Register or in one of the newspapers with the largest circulation in Spain, on the Company's website and on CNMV's website, at least 1 month in advance of the day scheduled for the meeting to be held, or within any longer period required by statute, where appropriate, on account of the scope of the resolutions submitted for deliberation. The notice must state the name of the Company, the date, time and place of the meeting, as well as the date on which, if appropriate, the General Meeting shall be held on second call. There must be at least a 24-hour period between the first and the second calls. The notice shall likewise state, clearly and precisely, all the business to be transacted therein.

Where the board of directors resolves this possibility and it is announced in the notice, attendance at the Annual General Meeting may be in person or remotely, or even, where circumstances so advise, a virtual-only general meeting can be called. In any case, remote attendance shall be subject to ensuring that the identity of shareholders and proxy holders is duly guaranteed and that all attendees can effectively participate at the general meeting, both to exercise, in real time, the relevant rights to speak, to receive information, raise proposals and vote they are entitled to, and to follow the participation of the other attendees by the above-mentioned means. In these cases, the board of directors shall implement in the notice calling the meeting the procedure to exercise shareholders' rights.

No later than the date of publication, or in any case, on the business day that immediately follows, the Company shall send the notice calling the meeting to CNMV, and to the Governing Organisations of the Stock Exchanges where the company's shares are listed for its insertion in the relevant Listing Bulletins. The text of the notice shall also be available on the Company's website.

Notwithstanding the above, the General Meeting shall be deemed to have been duly called and a quorum shall be deemed to be present to discuss any matter, whenever the whole share capital is present and all those attending unanimously agree to hold the meeting.

The Annual General Meeting was held on 12 July 2022 on first call, with shareholders and proxy holders attending and participating both in person and remotely, with means enabling remote and real-time connection having been made available. All of which is in accordance with article 15 and 15*bis* of the Articles of Association and section 11*bis* of the Regulations of the General Meeting of Shareholders.

All members of the board of directors attended the Annual General Meeting except for Mr Amancio Ortega Gaona. Every board member attended the AGM in person, except for Mr Echenique and Mr Saracho, who attended remotely.

In 2022, an external facilitator was engaged to review compliance with standards, rules and procedures laid down by the board of directors regarding (i) the publication of the AGM notice; (ii) shareholders' rights management; and (iii) the arrangement and conduct of 2022 AGM.

The facilitator conducted a number of tests at different stages: notice, preparation and proceedings of AGM and after it was held.

Further to such verification, the external facilitator issued an unqualified report according to which: "no situations have been found where the regulations defined in the company regarding the Annual General Meeting have been deemed not to have been reasonably applied."

B.1. Indicate whether there are any differences between the minimum quorum regime established by the Spanish Companies Act (LSC) for General Meetings of Shareholders and the quorum set by the company, and if so give details.

Yes x No

	% required for quorum if different than that set out in section 193 LSC for general matters	**% required for quorum if different than that set out in section 194 LSC for special cases therein described**
Quorum required on 1st call	50% of the subscribed voting stock	— %
Quorum required on 2nd call	— %	— %

Description of differences:

Article 18.1 of the Articles of Association and section 16 of the Regulations of the General Meeting provide that a quorum shall be present at the General Meeting on first call when shareholders who are present or represented by proxy represent at least 50% of the subscribed voting stock. On second call, generally, a quorum will be present at the General Meeting irrespective of the capital attending the same. However, if the General Meeting of Shareholders is called to decide on an increase or a reduction of the share capital, the issue of bonds convertible into Company shares or that entitle bondholders to participate in the company's earnings, the exclusion or restriction of the pre-emptive right, the transformation of the Company, the merger by creation of a new company or by absorption of the Company by another entity, its spin-off in whole or in part, the global assignment of assets and liabilities, the substitution of the company's objects as well as any other amendment whatsoever to the Articles of Association, shall require, on second call, the attendance of 25% of the subscribed voting stock.

Therefore, the only difference between said rules and the provisions of the Companies Act lies in the quorum required to hold the General Meeting on first call: under the Articles of Association and the Regulations of the General Meeting of Shareholders, a quorum will be present at the General Meeting to validly pass any resolution when shareholders present or represented by proxy represent at least 50% percent of the subscribed voting stock, whereas in accordance with sections 193 and 194 LSC, said quorum will only be required to be present on first call for the General Meeting to pass resolutions on the matters described in section 194 exclusively.

This qualified quorum may not be deemed a restriction on Company control, as it is only applicable to first calls.

This is expressly permitted by section 193 LSC, which provides that a higher quorum may be established in the articles of association.

B.2. Indicate whether there are any differences between the company's manner of adopting corporate resolutions and the regime provided in the Spanish Companies Act (LSC) and, if so, give details:

Yes No x

B.3. Indicate the rules for amending the company's articles of association. In particular, indicate the majorities required for amendment of the articles of association and any provisions in place to protect shareholders' rights in the event of amendments to the articles of association.

Pursuant to the provisions of sections 285 *et seq*. LSC, it is incumbent on the General Meeting of Shareholders to resolve on any amendment to the Articles of Association.

Rules applicable to the amendment of the company's by-laws are provided in the Articles of Association and the Regulations of the General Meeting of Shareholders. Article 18 of the Articles of Association and section 16 of the Regulations of the General Meeting of Shareholders provide a special quorum for the first call of the Annual General Meeting that is to address any amendment to the Articles of Association. In particular, section 16 of the Regulations of the General Meeting of Shareholders reads as follows:

"*A quorum shall be present at the General Meeting of Shareholders on first call when shareholders who are present or represented by proxy hold at least fifty (50) percent of the subscribed share capital with the right to vote. In general, on second call, a quorum shall be present at the General Meeting, regardless of the share capital attending same. However, if the General Meeting of Shareholders is convened to decide on an increase or a reduction of the share capital, the issue of bonds convertible for shares in the Company, or bonds that confer on bondholders a stake in the company's earnings, the exclusion or restriction of the pre-emptive right, the transformation of the Company, the merger by establishment of a new company or by absorption of the Company by another entity, its split-off in whole or in part, the global assignment of assets and liabilities, the transfer of the registered office abroad, the substitution of the company objects as well as any other amendment whatsoever of the Articles of Association, attendance of twenty-five (25) percent of the subscribed share capital with the right to vote shall be required on second call.*"

In turn, section 6.(i) of the Regulations of the General Meeting of Shareholders expressly assigns to the General Meeting of Shareholders the power to approve any amendment to the Articles of Association: *"In accordance with the provisions of the Articles of Association, the General Meeting of Shareholders is authorised to pass all kinds of resolutions concerning the Company, the following powers being namely reserved thereto, without prejudice to any other powers vested by the applicable regulations: [...] (i) To resolve the issue of bonds convertible into Company's shares or that allow bondholders to participate in the company's earnings, the increase or the reduction of the share capital, the exclusion or restriction of the pre-emptive right, the transformation, merger, split-off or winding-up of the Company, the global assignment of assets and liabilities, the approval of the final balance sheet of liquidation, the transfer of the registered office abroad, as well as any other amendment whatsoever of the Articles of Association*"

B.4. Give details of attendance at General Meetings of Shareholders held during the reporting year and the two previous years::

	Attendance data				
			% absentee voting		
AGM Date	**% physically present**	**% present by proxy**	**Electronic voting**	**Others**	**Total**
14-07-2020	0.07%	88.31%	0% (1)	0.34% (1)	88.72%
Of which float	0.07%	23.96%	0%	0.34%	24.37%
13/07/2021	0.07%	88.35%	0% (2)	0.31% (2)	88.73%
Of which float	0.07%	24.00%	0%	0.31%	24.38%
12/07/2022	0.01%	87.53%	0% (3)	0.54% (3)	88.00%
Of which float	0.01%	23.18%	0%	0.54%	23.73%

(1) 146 shareholders cast absentee vote through distance communication means, by post, or electronic vote.
(2) 187 shareholders cast absentee vote through distance communication means, by post, or electronic vote.
(3) 312 shareholders cast absentee vote through distance communication means, by post, or electronic vote.

B.5. Indicate whether there were any items on the agenda that were not approved by shareholders for any reason, for all general meetings that took place in the year.

Yes No x

None of the agenda items subject to deliberation at the Annual General Meeting held on 12 July 2022 was rejected or not approved for any other reason. All agenda items were approved with the percentages and in the manner shown in the vote results available on the Company's corporate website.

B.6. Indicate whether the articles of association contain any restrictions requiring a minimum number of shares to attend General Meetings of Shareholders, or to cast absentee votes:

Yes No x

Number of shares required to attend General Meetings	**1**
Number of shares required to cast absentee vote	**1**

B.7. Indicate whether it has been established that certain decisions, other than those established by statute, entailing an acquisition, disposal or contribution to another company of essential assets or other similar corporate transactions must be submitted for approval to the General Meeting of Shareholders.

Yes No x

The General Meeting of Shareholders has no powers other than those established by statute.

In accordance with the Articles of Association and the Regulations of the General Meeting of Shareholders, the latter is authorised to pass all kinds of resolutions concerning the Company and, in particular, subject to any other powers vested by the applicable regulations, the exercise of the powers listed at the beginning of section B above is reserved to this body.

B.8. Indicate the address and manner of accessing on the company's website information pertaining to corporate governance and other information regarding General Meeting of Shareholders that must be made available to shareholders through the company website.

The most relevant information on the Company's corporate governance system (Articles of Association, Regulations of the General Meeting of Shareholders, Board of Directors' Regulations, the terms of reference of each board committee, the Internal Regulations of Conduct in the Securities Markets, as well as the composition of the board of directors and its committees, the Annual Corporate Governance Report and the Annual Report on Remuneration of Directors) can be found in the "Investors" tab, "Corporate Governance" section, "Reports & Regulations" sub-section of the corporate website (https://www.inditex.com/itxcomweb/en/investors/corporate-governance/reports-and-regulations).

In that same section, information on the General Meeting is provided in the "Annual General Meeting" sub-section, where a tab is available for each Annual General Meeting. Shareholders have access to all mandated or recommended information from the date the meeting is called so that they can duly exercise their rights to information and participation at the General Meeting. The Annual General Meeting is webcast live, and a link is provided for that purpose on those tabs. Once the meeting has been held, information on the resolutions passed and the votes results is also posted on the website.

C. Company Management Structure

C.1. Board of Directors

Except for any matters exclusively within the purview of the shareholders at the General Meeting of Shareholders, the board of directors is the highest decision-making, supervisory and monitoring body of the Company, as it is entrusted with its administration, management and representation, delegating as a general rule the management of the day-to-day business of Inditex to the executive bodies and the management team and focusing on the general supervisory function, which includes guiding Inditex's policy, monitoring the management bodies, assessing the management by the senior managers, making the most relevant decisions for the Company and liaising with the shareholders.

It is also incumbent on the board of directors to ensure that the Company enforces its social and ethical duties, and its duty to act in good faith with regard to its relationship with its employees and with third parties, as well as to ensure that no individuals or small groups of individuals have decision power within the company that has not been subject to counterweights and controls, and that no shareholder receives a more privileged treatment than the others.

The board of directors carries out its duties in accordance with corporate interests, which are understood to be the viability and maximisation of the company's value in the long term, in the interest of all the shareholders, which shall not prevent taking into account the rest of the legitimate interests, either public or private, that concur in the undertaking of each business activity, especially those of the other "stakeholders" of the Company (employees, customers, suppliers and civil society at large), determining and reviewing its business and financial strategies pursuant to said criterion, striving to achieve a reasonable balance between the proposals chosen and the risks taken.

C.1.1. Maximum and minimum number of directors established in the articles of association and the number set by the general meeting:

Maximum number of directors	12
Minimum number of directors	5
Number of directors set by the general meeting	11

C.1.2. Complete the following table on board members:

Name or company name of director	Representative	Directorship type	Position on the board	Date first appointed to the board	Date of last appointment	Election procedure
Ms Marta Ortega Pérez		Proprietary	Non-Executive Chair	29/11/2021[1]	12/07/2022	AGM
Mr Óscar García Maceiras González		Executive	CEO	29/11/2021	12/07/2022	AGM
Mr Amancio Ortega Gaona		Proprietary	Ordinary member	12/06/1985	16/07/2019	AGM
Mr José Arnau Sierra		Proprietary	Deputy Chair	12/06/2012	13/07/2021	AGM
PONTEGADEA INVERSIONES, S.L.	Ms Flora Pérez Marcote	Proprietary	Ordinary member	09/12/2015	14/07/2020	AGM
Bns Denise Patricia Kingsmill		Independent	Ordinary member	19/07/2016	14/07/2020	AGM
Ms Anne Lange		Independent	Ordinary member	10/12/2019	14/07/2020	AGM
Ms Pilar López Álvarez		Independent	Ordinary member	17/07/2018	12/07/2022	AGM
Mr José Luis Durán Schulz		Independent	Ordinary member	14/07/2015	16/07/2019	AGM
Mr Rodrigo Echenique Gordillo		Independent	Lead Independent Director	15/07/2014	12/07/2022	AGM
Mr Emilio Saracho Rodríguez de Torres		Affiliate	Ordinary member	13/07/2010	16/07/2019	AGM
Total number of directors						**11**

1. Effective as of 01/04/2022

Indicate any removals, whether through resignation or by resolution of the general meeting, that have occurred on the board of directors during the reporting period:

Name or company name of director	Directorship type at the time of removal	Date of last appointment	Date of termination	Specialized committees of which he/she was a member	Indicate whether the director left before the end of his or her term of office
Mr Pablo Isla Álvarez de Tejera	Executive	16/07/2019	31/03/2022	Executive Committee	Yes (end of his term of office: 16/07/2023)

Reason for removal when this occurs before the end of the term of office and other observations; information on whether the director has sent a letter to the remaining members of the board and, in the case of removal of non-executive directors, explanation or opinion of the director dismissed by the general meeting:

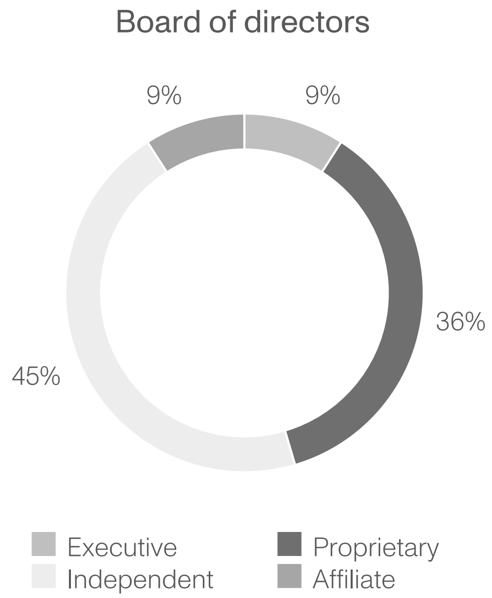
In the meeting held on 29 November 2021, the board of directors acknowledged the resignation tendered by Mr Pablo Isla Álvarez de Tejera, who stepped down as Chairman and from the board and its Executive Committee, effective as of 31 March 2022. Mr Isla remained in office until such date, as he explained in a letter addressed to the Deputy Chair of the board of directors on 29 November 2021.

In this same context, the board of directors approved in the meeting above referred, following a favourable report from the Nomination Committee, the appointment to the board through the co-option system of Ms Marta Ortega Pérez as new proprietary director and (non-executive) Chair to fill the board vacancy created following Mr Isla's departure, and of Mr Óscar García Maceiras as new executive director and CEO, effective immediately, to fill the board vacancy created after the resignation tendered by Mr Carlos Crespo González on 29 November 2021, already addressed in the Annual Corporate Governance Report for FY2021.

With Mr Isla's departure and subsequent co-option of Ms Ortega to the board of directors, a generational handover, which had been in the making for a certain time was completed, piloted by Mr Isla himself and Inditex's founder, controlling shareholder and director, Mr Amancio Ortega Gaona, who were in agreement to ensure that the succession of the Chair took place in an orderly and planned manner.

C.1.3. Complete the following tables on the members of the board and their directorship type:

The structure of the board of directors is addressed in detail in the sections below



1) EXECUTIVE DIRECTORS

Name or company name of the director	Position within the company's organization chart	Profile
Mr Óscar García Maceiras	CEO	(1)

Total number of executive directors	1
% of all directors	9.09 %

Remarks
As indicated in section C.1.2 above, the board of directors resolved in the meeting held on 29 November 2021 following a report of the Nomination Committee, to accept, inter alia, the resignation tendered by Mr Pablo Isla Álvarez de Tejera, who stepped down from the board and its Executive Committee. Mr Isla's departure became effective on 31 March 2022. Until that date he remained in office as Executive Chairman.

2) NON-EXECUTIVE PROPRIETARY DIRECTORS

Name or company name of director	Name or corporate name of the significant shareholder whom they represent or who has proposed their appointment	Profile
PONTEGADEA INVERSIONES, S.L.	Mr Amancio Ortega Gaona	(2)
Mr Amancio Ortega Gaona	Mr Amancio Ortega Gaona	(2)
Mr José Arnau Sierra	Mr Amancio Ortega Gaona	(2)
Ms Marta Ortega Pérez	Mr Amancio Ortega Gaona	(2)

Total number of proprietary directors	4
% of all directors	36.36 %

Remarks
– The board of directors resolved in the meeting held on 29 November 2021, following a favourable report from the Nomination Committee on the proposal raised by Mr Isla and Mr Ortega, to appoint through the co-option system Ms Marta Ortega Pérez to the board of directors as non-executive proprietary director. Her election, effective as of 1 April 2022 took place to fill the vacancy created on the board following the departure of Mr Pablo Isla Álvarez de Tejera on 31 March 2022. Such co-option to the board was submitted to shareholders for ratification and subsequent appointment at the Annual General Meeting held on 12 July 2022. – Pursuant to First Transitional Provision of Act 5/2021, Pontegadea Inversiones, S.L., represented by Ms Flora Pérez Marcote, will remain a member of Inditex board of directors until the end of her term of office. – The relationship of Ms Marta Ortega Pérez, Ms Flora Pérez Marcote, legal representative of Pontegadea Inversiones, S.L. and Mr Amancio Ortega Gaona has been explained in section A.6 above.

3) NON-EXECUTIVE INDEPENDENT DIRECTORS

Name of director	Profile
Mr José Luis Durán Schulz	(3)
Mr Rodrigo Echenique Gordillo	(3)
Bns Denise Patricia Kingsmill	(3)
Ms Anne Lange	(3)
Ms Pilar López Álvarez	(3)

Total number of independent directors	5
% of all directors	45.45 %

State whether any independent director receives from the company or any company in the group any amount or benefit other than compensation as a director, or has or has had a business relationship with the company or any company in the group during the past year, whether in his/her own name or as a significant shareholder, director or senior manager of a company that has or has had said relationship.

Except as explained below, no independent director receives any amount or benefit other than the compensation as a director, nor has or has had during the past year any business relationship with the Company or any company in the Group, either in his/her own name or as significant shareholder, director or senior manager of an entity that maintains or has maintained said relationship.

If so, include a reasoned statement by the Board explaining why it believes that the director in question can perform his or her duties as an independent director.

Name or company name of director	Description of the relationship	Reasoned statement
– Ms Pilar López Álvarez – Mr Rodrigo Echenique Gordillo	Inditex has been engaged for years in a business relationship with Microsoft and Banco Santander in the ordinary course of business.	Pursuant to section 229 LSC and section 34.1(d) of the Board of Directors' Regulations, the board of directors has considered that none of the business relationships with any such companies compromises the independence of its directors, as none of them takes part in the negotiation and execution of the relevant agreements, and none of such relationships can be deemed to be a significant or relevant business relationship, within the meaning of section 529*duodecis*(4)(e)LSC.

4) AFFILIATE DIRECTORS

Identify affiliate directors, indicate the reasons why they cannot be considered either proprietary or independent, and detail their ties with the company or its management or shareholders:

Name or company name of director	Reasons	Company, manager or shareholder to which or to whom the director is related	Profile
Mr. Emilio Saracho Rodríguez de Torres	12 years in office	Inditex	(4)

Total number of affiliate directors	1	
% of all directors	9.09%	

Indicate any changes that have occurred during the period in each directorship type:

Name or company name of director	Date of change	Previous directorship type	Current directorship type
Mr Emilio Saracho Rodríguez de Torres	12/7/2022	Non-executive independent director	Affiliate

Remarks
Mr Saracho's 12 straight years of service on Inditex's board of directors came to an on 13 July 2022. Pursuant to applicable internal regulations, he ceased to qualify as independent director and had to tender his resignation to the board. Such circumstance had been reported by Mr Saracho in a letter addressed to the Chair on 27 May 2022. The board of directors resolved in the meeting held on 7 June 2022 to retain Mr Saracho on the board until the end of his tenure in 2023. Upon passing such resolution, the board deemed it appropriate to retain him as a director in order to ensure an adequate stability and balance for a reasonable interim period marked by the transition at the highest level of the company's organisational structure. Mr Saracho became an "affiliate" director in July 2022.

The following is a brief description of the profile of:

1) Executive directors

2) Proprietary directors

3) Independent directors

4) Affiliate directors

1) EXECUTIVE DIRECTORS

Mr Óscar García Maceiras

Chief Executive Officer since November 2021.

A law graduate from Universidade de A Coruña and Abogado del Estado [*Spanish State Attorney*]. From 2001 through 2005, he worked as State Attorney in his home town. In 2005 he joined Banco Pastor as Head of Legal and was subsequently appointed General Counsel and Secretary of the Board In 2012 he was elected Deputy Secretary of the Board of Directors and Head of Institutional Service of Banco Popular Group.

That same year, he joined SAREB where he served as General Counsel and Secretary of the Board, in addition to being Head of Corporate Development and Legal Affairs. In 2016 he joined Banco Santander where he was Group General Counsel and Deputy Secretary of the Board of Directors until he was appointed General Counsel and Secretary of Inditex's board of directors in 2021.

He was appointed to Inditex's board by the Board of Directors in the meeting held on 29 November 2021, effective immediately, and ratified at the Annual General Meeting held on 12 July 2022.

He directly owns 12,520 shares of the Company.

2) PROPRIETARY DIRECTORS

Ms Marta Ortega Pérez

Non-executive Chair since April 2022.

Ms Ortega has built her entire career within the Inditex Group, which she joined in 2007 after she graduated in International Business from Regent's University London. During her first years at the company she carried out her professional duties in several international branches and business areas, later joining the Zara Woman design and product development team. In recent years she has focused on defining Zara's brand and product strategy. She sits on the boards of directors of Pontegadea Inversiones S.L. and Partler Participaciones, S.L.U., both significant shareholders of Inditex.

Ms Marta Ortega, daughter of Mr Amancio Ortega Gaona, founder and majority shareholder of Inditex and of Ms Flora Pérez Marcote –both of whom sit on this Board of Directors–, has been a member of the Amancio Ortega Foundation Board of Trustees since 2015.

She was appointed to Inditex's board by the Board of Directors in the meeting held on 29 November 2021, effective as of 1 April 2022, and ratified at the Annual General Meeting held on 12 July 2022.

She directly owns 42,511 shares of the Company.

Mr Amancio Ortega Gaona

He began his business career in the textile manufacturing sector in 1963. In 1972 he founded Confecciones Goa, S.A., the first garment-making factory of Inditex and 3 years later he founded Zara España, S.A. the first retailing company of the Group. He chaired Inditex's board of directors until 2011. He currently chairs the board of directors of Pontegadea Inversiones, S.L. and Partler 2006, S.L. as well as the Board of Trustees of Fundación Amancio Ortega.

He was re-elected to the board of directors at the Annual General Meetings held on 30 June 1990, 31 July 1995, 20 July 2000, 15 July 2005, 13 July 2010, 14 July 2015 and 16 July 2019.

He is the controlling shareholder of the Company where he owns 1,848,000,315 shares through Pontegadea Inversiones S.L.

and Partler Participaciones, S.L.U.

Pontegadea Inversiones S.L.

The company is represented on Inditex's board of directors by Ms Flora Pérez Marcote. It owns 1,558,637,990 shares of the Company, which represents 50.01% of the share capital.

Ms Flora Pérez Marcote is the legal representative of Pontegadea Inversiones S.L., where she holds the position of First Deputy Chair. She has spent her entire career within the Inditex Group, where she held different positions in areas relating to both design and production. She has served as a director at Group companies since 1992. She has been a member of Inditex's board of directors since 2005, representing Pontegadea Inversiones, S.L. She has also been a member of the Board of Trustees of Fundación Amancio Ortega since March 2003 and its Deputy Chair since October 2005.

She was appointed to the board of directors on 9 December 2015, ratified at the Annual General Meeting on 19 July 2016 and re-elected at the Annual General Meeting held on 14 July 2020.

Mr José Arnau Sierra

Deputy Chair since June 2012. Non-executive proprietary director since 2012, representing the founder, Mr Amancio Ortega Gaona.

A law graduate of the University of Santiago de Compostela and State Tax Inspector, he has been the chief executive of the Pontegadea Group since 2001.

He was the head of the Tax Department and a member of Inditex's Management Committee from 1993 to 2001 and served on its board of directors from 1997 to 2000. He had previously held various positions within the Tax Administration. He has been a member of various boards of directors as legal representative of Pontegadea Inversiones, S.L. From 1993 to 1996, he taught Tax Law at the University of A Coruña. He has been a member of the Board of Trustees of Fundación Amancio Ortega from inception and its Executive Deputy Chair since 2017.

He was appointed to the board of directors in June 2012, ratified at the Annual General Meeting held on 17 July 2012 and re-elected at the Annual General Meetings held on 18 July 2017 and 13 July 2021.

He directly owns 30,000 shares.

3) NON-EXECUTIVE INDEPENDENT DIRECTORS

Mr José Luis Durán Schulz

Independent director since July 2015.

He holds a degree in Economics and Management from ICADE. From 1987 through 1990, he was an auditor at Arthur Andersen. In 1991, he joined the Carrefour Group, where he held the following positions: Head of Management Control (Spain, Europe and Latin America) (1991-1997); Chief Financial Officer for Spain (1997-2001); Group Chief Financial Officer (2001-2005) and Group Chief Executive Officer (2005-2008).

In July 2009, he joined Maus Frères International Group, based in Switzerland, where he held the following positions, until January 2015: Chief Executive Officer of Lacoste, Executive Chairman of Gant and Board member of Aigle, S.A. Until 4 October 2015, he was member of the Governance, Remuneration and Nomination Committee at Unibail-Rodamco, and member of the Board of Directors of said company. Until 30 June 2017, he was an independent director and member of the Audit Committee of Orange. At present, he is the CEO of Value Retail Management.

He was elected to the board of directors at the Annual General Meeting held on 14 July 2015 and re-elected at the Annual General Meeting held on 16 July 2019.

He directly owns 3,106 shares.

Mr Rodrigo Echenique Gordillo

Independent director since July 2014.

He is a law graduate from the Complutense University of Madrid and Spanish State Attorney [Abogado del Estado].

At present, he is the Chair of Fundación Banco Santander and non-executive director of Directorio Santander Chile.

He is a member of the Board of Trustees of Fundación Consejo España-EE.UU, Deputy-Chair of the Board of Trustees of Teatro Real, member of the Board of Trustees of Escuela Superior de Música Reina Sofia, of Fundación Empresa y Crecimiento and of Fundación ProCNIC y CNIC.

From 1987 through 2020, he served on the board of directors of Banco Santander, S.A. He has been CEO, Deputy Chairman and Executive Director of Banco Santander, S.A., and has chaired Santander España and Banco Popular. He also served as Deputy Chairman of Banco Banif, S.A., Chairman of Allfunds Bank, and of SPREA. He has been a member of the board of directors of Santander Investment. He has been an Ordinary Member of the board of directors of various industrial and financial companies, such as Ebro Azúcares y Alcoholes, S.A., Industrias Agrícolas, S.A., SABA, S.A. and Lar, S.A.

He chaired the Social Advisory Board of the University Carlos III of Madrid. Additionally, he was first a member and then Chairman of the Advisory Board of Accenture, S.A., Lucent Technologies, and Quercus y Agrolimen, S.A. He has been the Chairman of Vallehermoso, S.A., Vocento, S.A., NH Hotels Group, Metrovacesa, S.A., and Merlin Properties SOCIMI, S.A.

He was elected to the Board of Directors at the Annual General Meeting held on 15 July 2014 and re-elected at the Annual General Meetings held on 17 July 2018 and 12 July 2022.

He directly owns 20,000 shares.

Bns Denise Patricia Kingsmill

Independent director since July 2016.

In 2000 Baroness Kingsmill was awarded a CBE for services to Employment Law and Competition. In June 2006, she was appointed to the House of Lords as a Labour Peer. She is a member of the International Agreements Committee in the House of Lords.

After a 20-year legal career, she became deputy chair of the

Competition Commission between 1996 and 2004. She has 5 honorary Doctorates from universities in the United Kingdom.

Baroness Kingsmill has been a Chair/member of the Remuneration committees of many international companies. As a lawyer, she has advised in relation to remuneration schemes. In 2001 she was invited by the Government to head a task force looking at women's employment and remuneration in the UK.

In 2003 she was appointed Chair of the Department of Trade and Industry's Accounting for People task force. She headed a second Government enquiry ("Accounting for People") into how companies should evaluate and measure the contribution of their work forces and specifically as to how they should communicate their progress in this area of "Human Capital Management" to all their stakeholders (*www.accountingforpeople.gov.uk*). In 2013 she was the co-chair of the Design Commission report into Design and Public Services ("Re-starting Britain").

Until May 2018, Baroness Kingsmill was the Chair of Monzo Bank and a Member of the Supervisory Board of E.ONSE. At present, she is a member of the International Advisory Board at IESE Business School. She has recently been appointed a UK representative on the NATO Parliamentary Assembly.

Baroness Kingsmill has been an adviser to a number of international companies and has been a non-executive director of various British, European and American boards, including International Consolidated Airlines Group, S.A. and Telecom Italia.

A diverse and varied career spanning fashion and design, law and regulation, as well as politics and people have given Baroness Kingsmill a unique perspective on the contemporary boardroom.

She was elected as a director on 19 July 2016 at the Annual General Meeting and re-elected at the Annual General Meeting held on 14 July 2020.

Ms Anne Lange

Independent director since 2019.

A French citizen, Ms Anne Lange is an entrepreneur and a sought-after C-level business advisor with over 25 years of experience in technology innovation, in both private & public sectors. She is a graduate of French Grandes Écoles, Institut d'Etudes Politiques in Paris and École Nationale d'Administration (ENA).

Her career began at the French Prime Minister's office as head of department for state-owned broadcasting companies until she joined Thomson, a high-tech champion, where she built up a new generation of consumer internet access devices. She worked in various global executive positions with Cisco since 2004, based out of France and Silicon Valley. As a C-level executive, her engagements centred on adopting and innovating technological, organisational and business processes to drive business transformation. Ms Lange is the co-founder and former CEO of Mentis Services, an IoT Data Intelligent Software provider of urban space services. She is currently the founder and managing partner of Adara, a consulting company that provides senior-level advice in transformation strategy and an investor in start-ups.

She currently serves on the executive boards of Orange (French leading service provider), Pernod-Ricard (second largest wine and spirits company in the world) and FFP (Peugeot's family holding).

She was appointed independent director by the Board of Directors in the meeting held on 10 December 2019 and ratified at the Annual General Meeting held on 14 July 2020.

Ms Pilar López Álvarez

Independent director since July 2018.

She has a Bachelor of Science in Business Administration and a Major in Finance from ICADE. She has worked in a variety of roles at J.P. Morgan in Madrid, London and New York (1993-1999). She joined Telefónica in 1999, where she held the following positions: Head of Management Planning and Control (1999-2001), Financial Controller in Telefónica Móviles (2001-2006), Strategy Director in Telefónica de España (2006-2007), Chief Financial Officer of O2 Plc., based in the UK (2007-2011) and for Telefónica Europa based in Madrid (2011-2014), and Head of the Operational Simplification Program of Grupo Telefónica (2014-2015).

She has served as Supervisory Board member of Telefónica Czech Republic AS (2007-2014), and as Vice Chairman of the Supervisory Board of Telefónica Deutschland Holding AG (2012-2015). She was a member of the Board of Tuenti Technologies and non-executive director of Ferguson Plc (2013-2018). She was a member of the Board of Trustees of Fundación ONCE, and a member of the board of directors of Asociación para el Progreso de la Dirección (APD).

At present, she is Deputy Chair of Microsoft Western Europe.

She was elected as a director on 17 July 2018 at the Annual General Meeting and re-elected at the Annual General Meeting held on 12 July 2022.

She directly owns 4,000 shares of the Company.

4) AFFILIATE DIRECTORS

Mr Emilio Saracho Rodríguez de Torres

Affiliate director since July 2022.

He is a graduate in Economics from Complutense University of Madrid. He has an MBA from the University of California in Los Angeles (UCLA), awarded in 1980. He was also a Fulbright scholar. He began his career in 1980 at Chase Manhattan Bank, where he was responsible for operations in various sectors such as Oil and Gas, Telecommunications and Capital goods.

In 1985, he took part in the launch and implementation of Banco Santander de Negocios, where he led the Investment Banking division. In 1989, he was appointed head of the Division of Large Companies of Grupo Santander and Deputy General Director. He has been a director of FISEAT, Santander de Pensiones and Santander de Leasing. In 1990, he worked for Goldman Sachs in London as co-head of Spanish and Portuguese operations. In 1995, he returned to Santander Investment as General Director in charge for the Investment Banking area worldwide. From 1996 to 1998, he was responsible for the Banking operations in Asia.

He joined J.P. Morgan in 1998 as Chairman for Spain and Portugal and head of business for the Iberian Peninsula and member of the European Management Committee.

From early 2006 through 1 January 2008, he was Chief Executive Officer of J.P. Morgan Private Bank for Europe, the Middle East and Africa, based in London. He also sat on the Operating Committee and on the European Management Committee, while chairing at the same time J.P. Morgan in Spain and Portugal.

He was in charge of Investment Banking operations of J.P. Morgan for Europe, the Middle East and Africa, and sat on the Executive Committee of the Investment Bank and on the Executive Committee of JPMorgan Chase. From December 2012 through April 2015, he was Deputy CEO for EMEA. From 2015 to the end of 2016, he was Vice Chairman of JPMorgan Chase & Co and from February to June 2017, he chaired the Board of Directors of Banco Popular.

At present, he sits on the Board of Directors of International Consolidated Airlines Group, S.A. (IAG) and is Senior Advisor of Altamar Capital Partners.

Mr Saracho was elected to the boardto the board of directors on 13 July 2010 at the Annual General Meeting and re-elected at the Annual General Meetings held on 14 July 2015 and 19 July 2019.

C.1.4. Complete the following table with information relating to the number of female directors at the close over the last 4 years, as well as their directorship type:

	Number of female directors					% of total director of each type				
	FY2022	FY2021	FY2020	FY2019	FY2018	FY 2022	FY2021	FY2020	FY2019	FY2018
Executive	0	0	0	0	0	— %	— %	— %	— %	— %
Proprietary	2	1	1	1	1	50.0 %	33.3 %	33.3 %	33.3 %	33.3 %
Independent	3	3	3	3	2	60 %	50 %	50 %	50 %	40 %
Affiliate	0	0	0	0	0	— %	— %	— %	— %	— %
Total	**5**	**4**	**4**	**4**	**3**	**45 %**	**36 %**	**36 %**	**36 %**	**33 %**

Remarks
At the meeting held on 29 November 2021, the board of directors resolved, following a favourable report from the Nomination Committee on the proposal raised by Mr Isla and Mr Ortega, to appoint Ms Marta Ortega Pérez to the board of directors through the co-option system, effective as of 1 April 2022, as proprietary director to fill the board vacancy resulting from Mr Isla's resignation. With five (5) female directors on the board, the percentage of women out of all board members has reached 45.45%. Thus, the Company has exceeded the 40% target for female representation on the board, set in the company's internal regulations since 2020 pursuant to Recommendation 15 GGC.

C.1.5. Indicate whether the company has diversity policies in relation to its Board of Directors on such questions as age, gender, disability, education and professional experience. Small and medium-sized enterprises, in accordance with the definition set out in the Spanish Auditing Act, will have to report at least the policy that they have implemented in relation to gender diversity.

Yes x No Partial policies

If so, describe these diversity policies, their objectives, the measures and the way in which they have been applied and their results over the year. Also indicate the specific measures adopted by the Board of Directors and the nomination and remuneration committee to achieve a balanced and diverse board membership.

If the company does not apply a diversity policy, explain the reasons why.

Description of the policies, objectives, measures, how they have been enforced and the results achieved

INDITEX

The Inditex Group has a Diversity of Board of Directors Membership and Director Selection Policy ("**Diversity of Board of Directors Membership and Director Selection Policy**") which was originally approved by the board of directors at its meeting held on 19 December 2015 and amended in part first at the board meeting held on 14 December 2020 primarily to align its provisions with the language of the revised GGC approved by CNMV's board on 25 June 2020 and then at the board meeting held on 8 June 2021 exclusively to align its wording with the new section 529*bis* LSC introduced by Act 5/2021. Pursuant to such section, only natural persons can serve as board members.

The Policy provides guidelines to guide the board of directors and the Nomination Committee's proceedings in the field of director selection and thus (i) ensure that search and selection processes as well as proposals on the appointment, re-election or ratification of directors are based on a prior analysis of the needs of the Company and the competences required by the board; (ii) favour diversity of directors' knowledge, skills, experience, geographic origin, age and gender; (iii) ensure an appropriate composition of the board and its committees, facilitating the appropriate discharge of the duties they are called upon to perform; and, (iv) contribute to talent attraction in the Inditex Group, making efforts to ensure that the best professionals serve on its governing bodies. The Policy observes and follows both GGC Recommendations and the overarching principles and guidelines of CNMV's Technical Guide 1/2019 on nomination and remuneration committees ("**Technical Guide 1/2019**").

With regard to gender diversity, the female representation target on the board of directors provided in Recommendation 15 GGC is covered in the Policy. The Company has thus endorsed the commitment to ensure that the number of female directors should account for at least 40% of all board seats by the end of 2022 and in the future. The Company had already exceeded such percentage in April 2022, without it being lesser at any later stage.

In line with the provisions of the Diversity of Board of Directors Membership and Director Selection Policy, the terms of reference of board committees also reflect the board's commitment to encouraging a diverse membership in terms of professional experience, competences, personal skills, sector-specific knowledge, international experience or origin, age and gender, taking into account the restrictions that are a result of their smaller size.

In accordance with section 6.1 of the above referred Policy, the provisions of Technical Guide 1/2019 and the terms of reference of the Nomination Committee, taking into account the significant changes to board membership in the year, the board of directors approved in the meeting held on 12 May 2022 the board skills matrix prepared by such Committee, to improve the effectiveness of the governing bodies.

The Board Skills Matrix was prepared taking into account the then current board membership (with a non-executive Chair and a CEO) as a tool to review the yardsticks to be followed for the appointment and re-election of directors at the 2022 AGM, to ensure an appropriate and diverse board membership and the possibility of considering and recruiting other candidates.

In addition to the above-mentioned Policy and the terms of reference of board committees, the Inditex Group also relies on a Diversity and Inclusion (D&I) Policy, originally approved by the Board of Directors on 12 December 2017 and amended in part at the meeting held on 14 December 2020.

The D&I Policy seeks to fully endorse the regulatory requirements, recommendations and best practices in the area of diversity and inclusion, and mark Inditex's commitment to diversity and multiculturalism in the working environment, in all positions and levels within the company, including on the board of directors, and its commitment to champion a culture of inclusion, equal treatment and respect, advocating for equitable workplace environments within the scope of its zero tolerance policy against any kind of discrimination. This Policy also expressly endorses, in line with Recommendation 14 GGC, the company's commitment to favouring diversity among Senior Managers and namely gender diversity, as the board of directors and the Nomination Committee are fully committed to encouraging the Company to have a significant number of female senior managers.

The board of directors is the driving force behind this full commitment, subscribed by the Group at its employees, to diversity, and it shall ensure that action is taken to encourage diversity within the organisation, as well as ensuring the absence of any form of discrimination, in particular gender-based discrimination, upon electing board members or senior managers.

The board of directors is ultimately responsible for the company's management and is entrusted with guiding its policies. Thus, being the driving force behind this high-level commitment, it shall ensure that action is taken to ensure compliance with the D&I Policy at all levels within the organisation and by all employees.

The principles and action lines of the D&I Policy govern all the proceedings of the Company, in particular in the area of human resources: recruitment and selection of candidates, compensation and benefits, promotions, transfers, skills enhancement, professional development and training, etc.

Meanwhile, pursuant to the Inditex Group's Code of Conduct and Responsible Practices, no one who is employed at Inditex shall be discriminated against because of their gender, and all employees shall be bound to interact with other employees pursuant to criteria of respect, dignity and justice, taking into account the unique cultural backgrounds of each individual, without allowing any form of violence, harassment or abuse in the workplace, or any form of discrimination on account of race, religion, age, nationality, gender or any other personal or social condition beyond qualifications and capacity.

With regard to a balanced and diverse board membership, the Annual General Meeting held on 12 July 2022 resolved pursuant to agenda item 5, to ratify and appoint Ms Marta Ortega Pérez and Mr Óscar García Maceiras to the board as proprietary and executive directors respectively, and to re-elect Ms Pilar López Álvarez and Mr Rodrigo Echenique Gordillo to the board, both of them as independent directors.

The ratification and appointment, or the re-election, as the case may be, of the above referred directors was based on a prior analysis of the needs of the company and the board of directors itself, the findings of which were written up in an explanatory report approved by the Nomination Committee on 6 June 2022, in accordance with Recommendation 14 GGC, sections 3, 4 and 5 of Technical Guide 1/2019 and section 5 of the Diversity of Board of Directors Membership and Director Selection Policy.

In said analysis, the Nomination Committee took into account, inter alia: (i) the board skills matrix approved on 12 May 2022; (ii) the findings of the annual evaluation of the performance of the board of directors for 2021; and (iii) the commitments undertaken by the Company, pursuant to the Diversity of Board of Directors Membership and Director Selection Policy with regard to: (a) diversity of background, experience, skills and gender on the board of directors, and (b) achievement of the representation target for the least represented gender on the board, set in Recommendation 15 GGC.

As shown in the above referred report, further to the review of the size, composition and effectiveness of the board of directors at the time, the Nomination Committee considered that with such structure and composition (with Ms Ortega and Mr García holding the positions of Chair and CEO, respectively, pending the ratification of their election at the AGM)) it would highly appreciate that the proposals on the re-election and appointment of directors should seek to keep or reinforce within the supreme governing body of the company: (i) the different profiles and experiences aligned with the Company's strategic focal points; (ii) a high diversity in terms of professional experience, competences, personal skills, sector-specific knowledge, gender, age, geographic origin, race, ethnicity and/ or cultural background, among others; (iii) a balance of directorship types on the board, ensuring a majority of non-executive directors, most of them independent, and an appropriate representation of proprietary directors within the board; and (iv) a progressive board refreshment, together with the necessary presence on the board of members with a wide experience and knowledge about the Company, the Group, its business, and the retail sector in general.

In line with the commitment assumed by the company, the Nomination Committee considered that favouring gender diversity should remain a priority for director selection, to keep or even surpass the 40% target for female representation on governing bodies set for 2022, without disregarding however, that all elections should be made based upon suitability and merit yardsticks.

The Committee further considered that although the board can be flexible to increase or even reduce the number of its members, its size was appropriate to facilitate dialogue and interaction among them, as it is aligned with the Group's dimensions, complexity and business, and on par with that of comparable companies.

Last, with regard to the progressive board refreshment that needs to be observed in view of the addition of future members, candidates with experience in other industries should be sought, in particular, those with international experience and experience in the retail sector and the fashion industry, as it was inferred from the annual evaluation of performance for the last two years. A combination of various nationalities was also appreciated; however, given the weight of the Spanish market in the Group's operations and total sales, with its parent company listed on all four Spanish Stock Exchanges, it was deemed appropriate to keep the representation of Spanish directors on the board.

The Nomination Committee considered that, in general terms, for the Board of Directors to duly perform its oversight role, it should have, as a whole, accredited abilities, competences, experience and merits: (i) about the Company itself, the Group, and the retail sector; (ii) in economy and finances, accounting, audit or risk management matters, including both financial and non-financial; (iii) in sustainability, regulatory compliance and corporate governance matters; (iv) in the digital and new technologies sector; (v) in different geographical markets; and (vi) in management, leadership and business strategy, as well as (vii) the requirement for each board member to be highly qualified and trustworthy, both as a person and as a professional, and available for the necessary dedication to the position.

The findings of the Nomination Committee were confirmed in an explanatory report approved by the board of directors on 7 June 2022 covering the proposals on the ratification and appointment of Ms Ortega and Mr García to the board, and the re-election of Ms López and Mr Echenique as directors pursuant to section 529*decies*(5) LSC, section 23.1 of the Board of Directors' Regulations and the Diversity of Board of Directors Membership and Director Selection Policy.

Based on the foregoing, the board of directors found in such explanatory report dated 7 June 2022, that the proposed ratifications, appointments and re-elections of directors above referred would contribute in terms of diversity and considered as a whole, to maintaining and reinforcing the following skills on the board:

(i) The high qualification and professional and personal integrity of board members.

(ii) A balanced membership with regard to the different directorship types: pursuant to the proposals raised, the board of directors would be composed of independent, proprietary and executive directors, ensuring that the majority of its members are non-executive. In this regard:

- With the re-election of the 2 independent directors, the majority of independent directors sitting on the board would be ensured.

- The appointment of the proprietary director: i) would ensure alignment of the decisions of the board of directors with the interests of shareholders, considering that although the company's share capital structure is diverse, a high percentage thereof is held by significant shareholders; and, (ii) would act as a counterweight in the event of potential risks of concentration of power in the executive director.

- On the other hand, the definitive separation of the roles of board chair and chief executive of the company, with a new non-executive Chair and a single executive director who will have every delegated authority, reduces any potential risk of power concentration.

  The separation of the positions of chair and CEO and the existence of a Management Committee, approved further to a resolution passed by the Board of Directors on 29 November 2021 for the purposes of supporting the new CEO in the performance of his duties, composed of members from the main business and corporate areas, would contribute to reducing a potential risk of power concentration in the hands of a single executive director, and to the appropriate oversight of the corporate strategy.

(iii) A balanced presence of men and women on the board.

Further to the re-election of Ms López and the appointment of Ms Ortega, 5 women would sit on the board of directors, and the percentage of female representation will stand at 45.45%.

(iv) Reinforcing experience in such areas as digital transformation, sustainability, compliance and corporate governance, and the relationship with regulators, economic and financial issues, audit, control and risk management issues, as well as leadership management and commercial strategy, in particular as regards product, design, innovation and brand image, which are the Company's strategic priorities.

With this membership, an appropriate balance would have been reached between skills and experience, that befits the interests of the company and the group, combining members with wide experience and knowledge of the Group, its business and the retail sector in general, with other profiles with education, competences, background and experience in other fields and sectors. This contributed to the appropriate performance of the oversight duty entrusted to the board of directors.

(v) The progressive refreshment of the board, with the presence of new members, combined with directors having a wide experience and knowledge of the company, the group and its business.

The appointment of Mr García and Ms Ortega completed the generational handover at the same time that the values of the company were upheld, ensuring the stability of the founder's project given their extensive record.

With the appointment of these 2 directors, a younger, more diverse and plural team would be formed, with the capacity to approach issues from a more modern perspective, in line with the expectations and demands of the next generations of customers and other stakeholders.

The continuance of Mr Echenique and Ms López on the board of directors was deemed to be highly convenient to ensure the right stability and balance of the governance structure of the Company, as both had contributed to the smooth running of such governing body and its committees. Thus, their sound knowledge of the company, its group and its business models, and of the dynamics and proceedings of its committees, governance regulations and management and oversight function at the highest level, even at extremely difficult times, was considered an invaluable asset.

(vi) Consequently, such appointments would contribute to significantly reduce the average age of directors and the average tenure of board members.

In the view of the Nomination Committee and the board itself, all of the above would contribute to consolidating diversity on the governing bodies in every relevant aspect, i.e., as regards directorship type, professional experience and education, age, gender, etc.

Based on all the foregoing, the Nomination Committee has considered that Inditex meets the targets and fulfils its commitment to diversity provided in the Diversity of Board of Directors Membership and Director Selection Policy and the remaining internal regulations.

C.1.6. Describe the measures, if any, agreed upon by the nomination committee to ensure that selection procedures do not contain hidden biases that impede the selection of female directors and that the company deliberately seeks and includes women who meet the target professional profile amongst potential candidates, making it possible to achieve a balance between men and women. Also indicate whether these measures include encouraging the company to have a significant number of female senior managers:C.1.6. Describe the measures, if any, agreed upon by the nomination committee to ensure that selection procedures do not contain hidden biases which impede the selection of female directors and that the company deliberately seeks and includes women who meet the target professional profile among potential candidates, making it possible to achieve a balance between men and women. Also indicate whether these measures include encouraging the company to have a significant number of female senior managers:

As explained in detail in section C.1.5 above, the Group relies on the Diversity of Board of Directors Membership and Director Selection Policy and the D&I Policy, both of which reflect the company's commitment to encouraging diversity, in particular gender diversity. Notwithstanding this, the role that the Nomination Committee plays in this area is addressed below.

Pursuant to section 529*bis*(2) LSC, the board of directors shall ensure that diversity, including of age, gender and professional experience, is encouraged in directors' recruitment processes, which should not suffer from any implicit bias that may entail any discrimination and particularly, that selection of female directors is fostered in a number that can ensure a balanced presence of women and men on the board.

The role that the Nomination Committee plays in this field is summarised below.

Pursuant to the provisions of section 16.2(b) of the Board of Directors' Regulations, and section 5.3(b) of the Nomination Committee's Regulations, one of the responsibilities of the Nomination Committee shall be: *"to seek an appropriate composition and a diverse membership on the board of directors and its committees in terms of professional experience, competences, personal skills, sector-specific knowledge, international experience or geographic origin, age and, in particular, gender."*

According to the Diversity of Board of Directors Membership and Director Selection Policy, the Nomination Committee must set a representation target for the least represented gender on the board and provide guidance on how to meet such target. According to section 6(d) of its terms of reference and the Diversity of Board of Directors Membership and Director Selection Policy, the Nomination Committee should strive to ensure that by the end of 2022 female directors would account for at least 40% of board seats. Under no circumstances shall such percentage be less than 30% at any given time before the expiry of such term.

Likewise, section 22.1. of the Board of Directors Regulations and section 6 (c) of the Nomination Committee's Regulations provide that both the board and such committee shall ensure that upon filling new vacancies or upon appointing new directors, selection procedures shall ensure the absence of any manner of discrimination.

Meanwhile, pursuant to section 13.2 of the Board of Directors' Regulations, section 5.3.(b) of the Nomination Committee's Regulations and the provisions of the Diversity of Board of Directors Membership and Director Selection Policy, the Nomination Committee is responsible for seeking an appropriate composition and a diverse membership on the board of directors and its committees in terms of professional experience, competences, personal skills, sector-specific knowledge, international experience or geographic origin, age and in particular, gender, taking into account the restrictions that are a result of the smaller size of the Committee.

Last, pursuant to section 16.2(f) of the Board of Directors' Regulations and section 5.3(e) of its terms of reference, the Nomination Committee shall be responsible for "*issuing a report regarding the proposals on the appointment and/or dismissal of senior managers, supporting the existence of a significant number of female senior managers in the company*".

C.1.7. Explain the conclusions of the nomination committee regarding verification of compliance with the policy aimed at promoting an appropriate composition of the Board of Directors.

The Nomination Committee has reviewed the re-election and ratification of directors' appointments process carried out in 2022 to establish compliance with the Diversity of Board of Directors Membership and Director Selection Policy.

This annual check has been performed considering two different stages in 2021 and 2022:

- The election of Ms Marta Ortega Pérez and Mr Óscar García Maceiras, co-opted to the board of directors on 29 November 2021, which represented the completion of the orderly and planned succession of the chair process following the departure of the former Executive Chairman, Mr Pablo Isla Álvarez de Tejera, agreed with the company.
- The subsequent ratification of the appointment and the re-election of directors whose term of office was about to expire, that had to be subject to the Annual General Meeting held on 12 July 2022.

Changes to the organisational structure approved by the board of directors via the co-option system in 2021 have been fully implemented in 2022, following the departure of the former Executive Chairman and the entry into office of Ms Ortega as non-executive Chair on 1 April 2022.

With regard to the proposed ratification of Ms Ortega and Mr García's co-option to the board, and the proposed re-election of Ms López and Mr Echenique, that the board raised to shareholders at the AGM 2022, it was established that such proposals were based on the prior analysis of board needs written up in a report issued by the Nomination Committee on 6 June 2022 (including the findings of the prior analysis carried out in respect of the proposed co-option on 29 November 2021, which were broken down in section C.1.7.of the Annual Corporate Governance Report for 2021). Moreover, such analysis was carried out based on the outcome of the board skills matrix referred to in section C.1.5. above.

The Board Skills Matrix was prepared taking into account the then current board membership (with a non-executive Chair and a CEO) as a tool to review the yardsticks to be followed for the appointment and re-election of directors, to ensure an appropriate and diverse board membership and the possibility of considering and recruiting other candidates.

In its report dated June 2022, the Nomination Committee considered (i) the competence, experience and merits of the directors whose ratification, appointment and re-election to the board was proposed to the 2022 AGM, and (ii) the fact that the professional profile of each director is deemed suitable for the Company's description, its business and its international dimension.

The findings of the committee's report were ratified by the board of directors in its explanatory report dated 7 June 2022 which also addressed the quality of work and the dedication to the position of the two directors whose re-election was proposed. Both reports and their findings have been addressed in detail in section C.1.5 above.

Considering that ratification of the co-option to the board of Ms Ortega and Mr García as proprietary and executive directors, respectively, and their subsequent appointment, as well as the re-election of Ms López and Mr Echenique, both of them as independent directors were approved at the AGM 2022, the structure and size of the board of directors is as follows:

– Eleven (11) directors sit on the board of directors. This number is within the limit provided in the Articles of Association and within the 5 to 15 range set out in Recommendation 13 GGC.

– By directorship type, the board is comprised of: one (1) executive director, four (4) proprietary directors, five (5) independent directors and one (1) affiliate director (further details on the latter in section C.1.3. above).

  In accordance with Recommendation 15 GGC, a large majority of non-executive directors sit on the board. Likewise, independent directors represent a high percentage of board members, compared to the remaining directorship types, higher than the Company's free float ratio.

  Likewise, in accordance with Recommendation 16 GGC, the ratio of proprietary to non-executive directors is below the proportion between the capital they represent on the board and the remainder of capital.

– The definitive separation of the roles of board chair and chief executive of the company takes place, with a new non-executive Chair and a single executive director who will have delegated authorities (subject to quantitative and qualitative restrictions).

– 45.45% of all board seats are filled by female directors, above the 40% representation target set in the Diversity of Board of Directors Membership and Director Selection Policy and Recommendation 15 GGC.

– The average tenure of independent directors on the board would be 5 years.

– Current board membership is balanced, combining directors with experience and knowledge of the Group, the retail business and industry in general and fashion retail together with others with education, competences, background and experience in other fields, industries and geographies..

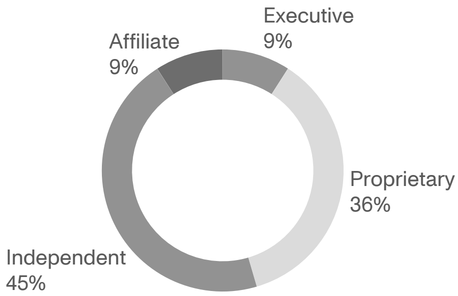
As part of the board refreshment process, experience in such areas as digital transformation, sustainability, compliance and corporate governance has been reinforced, as well as the relationship with regulators, economic and financial issues, audit, control and risk management issues, and leadership management and commercial strategy, in particular as regards product, design, innovation and brand image, which are the Company's strategic priorities.

This gradual board refreshment has resulted in a younger, more diverse and plural Board, skilled to tackle issues that need to be approached from a more modern perspective, in line with the expectations and demands of the next generations of customers and other stakeholders.

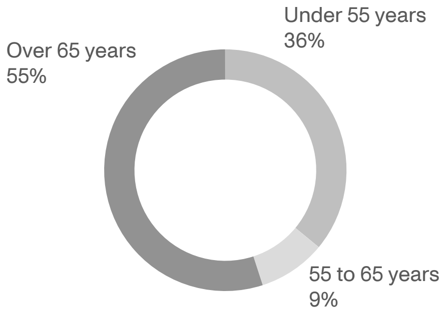
In short, as explained in section C.1.5 above, the Nomination Committee found that the ratification of appointments and re-election of directors process carried out in 2022 has contributed to favour the diversity of board and committees' membership - in particular, gender diversity - seeking to ensure an appropriate membership and contribute to talent attraction.

The resulting main indicators of board diversity are outlined below:

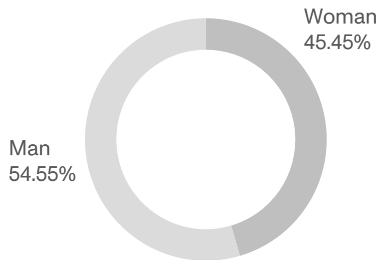
Directorship type 2022



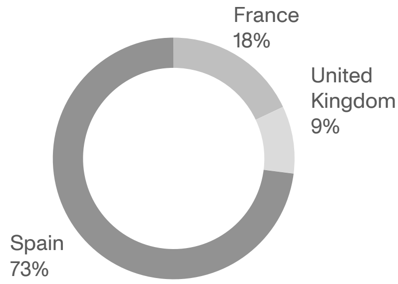
Age 2022



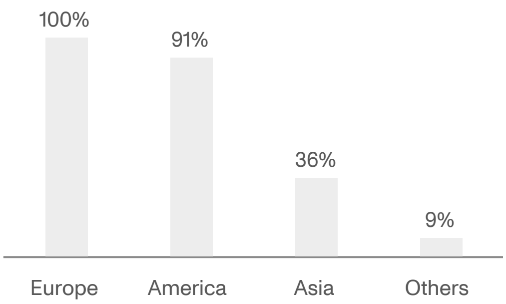
Sex 2022



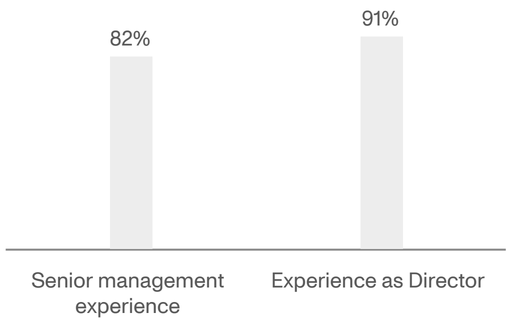
Geographical Area 2022



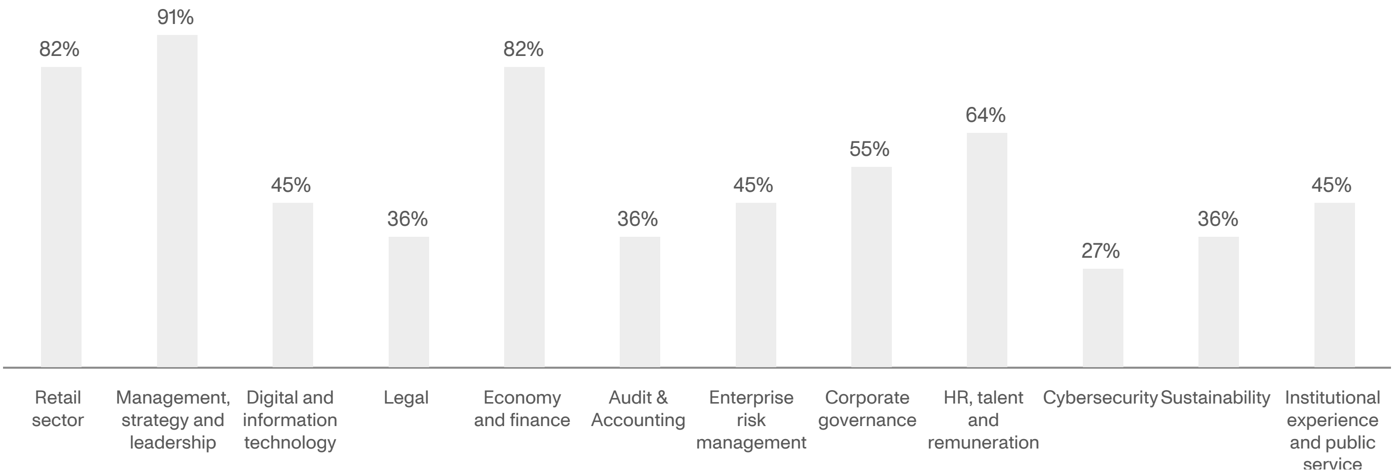
International experience/education



Previous experience



Competences



Based on all the foregoing, the Nomination Committee considered in its report dated 13 February 2023 that the ratification of appointments and re-election of directors process carried out in 2022 by the Company is aligned with the provisions of the Diversity of Board of Directors Membership and Director Selection Policy, as such process has been based on a report issued in November 2021 by an external facilitator on the suitability of the co-opted directors, the Board skills matrix, a prior analysis of the company's needs and the explanatory report issued by the board of directors.

It has further considered that the process has been aligned with the principles and goals set in the Policy, having contributed to ensuring an appropriate board and committees' membership and encouraging diversity of knowledge, skills, experience and gender on the board. In particular, the 40% representation goal set for the least represented gender has been exceeded.

C.1.8. Where applicable, explain the reasons for the appointment of any proprietary directors at the request of shareholders with less than a 3% equity interest:

No proprietary directors have been appointed at the request of shareholders with less than a 3% equity interest.

Name or company name of shareholder	Reason
—	—

Indicate whether the Board has declined any formal requests for presence on the Board from shareholders whose equity interest is equal to or greater than that of others at whose request proprietary directors have been appointed. If so, explain why the requests were not granted:

Yes No x

Name or company name of shareholder	Explanation
—	—

C.1.9. Indicate the powers, if any, delegated by the Board of Directors to directors or Board committees:

Mr Óscar García Maceiras	CEO

The CEO, Mr Óscar García Maceiras has been delegated a number of wide powers which, as a general rule, shall be exercised individually, except for those powers that entail undertaking in excess of a given amount or disposal of funds in excess of a given amount. In such case, the executive director must act jointly with another person who, by virtue of any legal title, has also been granted the power in question.

In any case, the prior resolution of the Board of Directors or, where delegated, of the Executive Committee, will be required in the event of transactions, proceedings or agreements which (i) entail the acquisition, disposal or encumbrance of real property of the company, or of any manner of industrial or intellectual property rights of the company, or of shares or interests held by the Company, above a given amount; or which (ii) regardless of their nature, entail the assumption of payment commitments in excess of a given amount. Certain types of financial or treasury transactions, proceedings or agreements are excepted from the requirement of a resolution of the Board, as the joint action mentioned above will suffice.

The requirement of joint action and/or of a prior resolution of the Board of Directors shall not apply when it involves transactions, proceedings or agreements which are, regardless of the amount involved, carried out or awarded between companies belonging to the Inditex Group, understanding as such those companies, whether Spanish or foreign, in which Inditex holds, whether directly or indirectly through other investee companies, at least 50% of the share capital, in which case the CEO may act individually, for and on behalf of the company, irrespective of the amount involved in the matter in question.

Additionally, as described in section C.2.1 below, the Executive Committee holds in delegation all the powers of the board of directors, except for those that cannot be delegated by statute or pursuant to the Articles of Association and those that are necessary for the responsible exercise of the general supervisory function that is incumbent on the board of directors.

C.1.10. Identify any members of the Board who are also directors, representatives of directors or managers in other companies forming part of the listed company's group:

As at 31 January 2023, none of Inditex's directors were managers or sat on the governing body of Group companies.

C.1.11. List the positions of director, administrator or representative thereof, held by directors or representatives of directors who are members of the company's board of directors in other entities, whether or not they are listed companies:

Identity of the director or representative	Company name of listed or unlisted company	Position	Paid or unpaid
Ms Marta Ortega Pérez	Pontegadea Inversiones S.L.	Director	Paid
	Partler 2006 S.L.	First Deputy Chair	Paid
	Pontegadea GB2020 S.L.	Ordinary member	Paid
	Partler Participaciones, S.L.U.	First Deputy Chair	Unpaid
	Fundación Amancio Ortega Gaona	Ordinary member	Unpaid
	Fundación MOP.- The MOP Foundation	Chair	Unpaid
Mr Amancio Ortega Gaona	Pontegadea Inversiones S.L.	Chair	Paid
	Pontegadea Inmobiliaria S.L.	Chair	Paid
	Partler 2006 S.L.	Chair	Paid
	Pontegadea GB2020 S.L.	Chair	Paid
	Partler Participaciones, S.L.U.	Chair	Unpaid
	Fundación Amancio Ortega Gaona	Chair	Unpaid
Ms Flora Pérez Marcote	Pontegadea Inversiones S.L.	First Deputy Chair	Paid
	Pontegadea Inmobiliaria S.L.	First Deputy Chair	Paid
	Pontegadea GB2020 S.L.	First Deputy Chair	Paid
	Fundación Amancio Ortega Gaona	First Deputy Chair	Unpaid
	Fundación MOP.- The MOP Foundation	Ordinary member	Unpaid
Mr José Arnau Sierra	Pontegadea Inversiones S.L.	Second Deputy Chair	Paid
	Pontegadea Inmobiliaria, S.L.U.	Second Deputy Chair	Paid
	Partler 2006 S.L.	Second Deputy Chair	Paid
	Pontegadea GB2020 S.L.	Second Deputy Chair	Paid
	Pontegadea España, S.L.U.	Joint Director	Unpaid
	Partler Participaciones S.L.	Second Deputy Chair	Unpaid
	Esparelle 2016, S.L.	Sole Director, legal representative of Pontegadea Inversiones S.L.U.	Unpaid
	Pontegadea Dieciocho S.L.	Sole Director, legal representative of Pontegadea Inversiones S.L.	Unpaid
	Sobrado Forestal 2014, S.L.	Sole Director	Unpaid
	Pontegadea France, S.A.S.	Chair, legal representative of Pontegadea Inmobiliaria S.L.U.	Unpaid
	Prima Cinque, S.p.a.	Chair	Unpaid
	PG Real Estate Interests Ltd.	Ordinary member	Unpaid
	Pontegadea Inmobiliaria, S.A. de CV	Chair	Unpaid
	Pontegadea Canadá, Inc.	Chair	Unpaid
	Pontegadea Korea, Inc.	Ordinary member	Unpaid
	Ponte Gadea USA, Inc.	Chair	Unpaid
	Hills Place, Sarl	Ordinary member	Unpaid
	Pontegadea UK, Ltd.	Ordinary member	Unpaid
	Almack Ltd.	Ordinary member	Unpaid

Identity of the director or representative	Company name of listed or unlisted company	Position	Paid or unpaid
	Ponte Gadea Portugal – Investimentos Imobiliários e Hoteleiros, S.A.	Chair, appointed by Partler 2006 S.L.	Unpaid
	Pontegadea Amoreiras – Sociedade Imobiliária, S.A.	Chair, appointed by Partler 2006 S.L.	Unpaid
	Proherre Internacional- Sociedade Imobiliária, Lda	Joint and Several Director	Unpaid
	Pontegadea Real Estate, S.A.S.	Chair, legal representative of Pontegadea Inmobiliario S.L.U.	Unpaid
	Montaigne Real Estate, S.A.S.	Sole Director	Unpaid
	Fongadea Recoletos 7-9, S.L.	Chair	Unpaid
	Daimar de Inversiones S.L.	Sole Director	Unpaid
	Pontel Participaciones S.L.	Ordinary member	Unpaid
	Fundación Amancio Ortega Gaona	Second Deputy Chair	Unpaid
	Fundación Kertor	Trustee	Unpaid
	Fundación Santiago Rey Fernández Latorre	Trustee	Unpaid
	Fundación Bal y Gay	Trustee	Unpaid
Ms Anne Lange	Pernod-Ricard, S.A.S.	Non-executive director	Paid
	Peugeot Invest	Non-executive director	Paid
	Orange, S.A.	Non-executive director	Paid
Mr Rodrigo Echenique Gordillo	Banco Santander Chile	Non-executive director	Paid
	Fundación Banco Santander	Chair	Unpaid
Mr Emilio Saracho Rodríguez de Torres	International Consolidated Airlines Group, S.A.	Independent director	Paid

Remarks

Indicate, where appropriate, the other remunerated activities of the directors or directors' representatives, whatever their nature, other than those indicated in the previous table.

Identity of the director or representative	Other paid activities
Ms Anne Lange	Managing Partner at ADARA: a consulting firm that provides senior-level advice to start-ups and in the field of innovation.
Ms Pilar López Álvarez	VP Sales, Marketing, Ops (COO) at Microsoft Western Europe.
Mr Rodrigo Echenique Gordillo	Advisor to Banco Santander (Santander Group)
Mr Emilio Saracho Rodríguez de Torres	Senior Advisor at Altamar Capital Partners
Mr José Luis Durán Schulz	CEO at VALUE RETAIL MANAGEMENT and consultant at JLD Advise.

C.1.12. Indicate whether the company has established rules on the maximum number of company boards on which its directors may sit, explaining, if necessary, and identifying where this is regulated, where applicable:

Yes x No

Explanation of the rules and identification of the document where this is regulated

Pursuant to section 22.2 of the Board of Directors' Regulations, the Board of Directors may not propose or appoint in order to fill a position of director, anyone who holds the office of director in more than 4 listed companies other than the Company at the same time.

C.1.13. Indicate the remuneration received by the Board of Directors as a whole for the following items:

Remuneration accruing in favour of the Board of Directors in the financial year (thousands of euros)	38,698
Funds accumulated by current directors for long-term savings systems with consolidated economic rights (thousands of euros)	9,838
Funds accumulated by current directors for long-term savings systems with unconsolidated economic rights (thousands of euros)	-
Pension rights accumulated by former directors (thousands of euros)	-

The amount stated as “Remuneration accruing in favour of the Board of Directors in the financial year (thousand euro)” corresponds to the aggregate amount shown in section C.1.c) “Summary of remunerations (thousand euro)” of the Annual Report on Remuneration of Directors for 2022. Included therein are the fixed remuneration items of directors in their status as such, and the fixed and short and long-term variable remunerations accrued by the CEO, Mr Óscar García Maceiras, and the former Executive Chairman, Mr Pablo Isla Álvarez de Tejera, for the performance of executive functions. In particular, it includes:

The amounts of the remuneration accrued by: (i) Mr Óscar García Maceiras, as director and for the performance of executive functions from 1 February 2022 through 31 January 2023 and (ii) Mr Pablo Isla Álvarez Tejera, as director and the part of his fixed remuneration (wage) for the performance of executive functions from 1 February 2022 through 31 March 2022, date of economic effect of his resignation.

With regard to long-term or multi-year variable remuneration: included in the above referred global remuneration for directors are the amounts of €2,483 thousand accrued by the CEO under the second cycle (2020-2023) of the 2019-2023 Plan. The 2019-2023 Plan materialised in (i) an incentive in cash in the aggregate gross amount of €1,035 thousand for the CEO, and (ii) an incentive in shares equivalent to a total number of 49,477 shares corresponding to the gross amount of €1,448 thousand for the CEO.

It bears mention that for the purposes of quantifying the part of such incentive to be delivered in shares, the closing price of Inditex share on the last trading day of the week before the board meeting where it assessed and approved the level of target achievement for the second cycle of the 2019-2023 Plan (i.e. 10 March 2023) was considered. The incentive in cash and in shares will be delivered within the month following the release of the annual accounts for 2023.

Also included in the above referred global remuneration are the amounts accrued and paid in 2022 to the former Executive Chairman itemised as follows:

(i) The following amounts as early settlement of current incentives and other items of fixed remuneration:

- Of the incentive for the second cycle (2020-2023) of the 2019-2023 Plan: the incentive - determined by the board of directors to be for a level of achievement on target -, prorated for the time between cycle commencement and the date of his departure, amounted to €980 thousand and 46,859 shares.
- Of the incentive for the first cycle (2021-2024) of the 2021-2025 Plan: the incentive - determined by the board of directors to be for a level of achievement on target -, prorated for the time between cycle commencement and the date of his departure, amounted to €421 thousand and 24,418 shares.
- Of the annual variable remuneration for FY2022: the incentive prorated for the time between the beginning of the year and the date of his departure - estimated by the board of directors at maximum level of achievement -, amounted to €788 thousand.
- Of the pro-rated part of the extraordinary payments, the portion of the fixed remuneration accrued for FY2022 (February and March 2022) corresponding to extra payments (July and December) amounted to €132 thousand.

(ii) As severance pay:

- Severance pay for termination amounted to €3,250 thousand, and
- The consideration for his post-contractual non-compete obligation amounted to €19,740 thousand.

With regard to the *“Funds accumulated by current directors for long-term savings systems with consolidated economic rights (thousand euro)*”, no contributions to the long term savings system have been made since 2015 and the amount of accumulated funds in such system reached €9,838 thousand as at 31 January 2023.

Mr Isla keeps 100% of the entitlement to the accumulated funds pursuant to sections B.10 and C.1.a) iii) “Long-term saving systems” of the Annual Report on Remuneration of Directors for 2022.

C.1.14. Identify members of senior management who are not also executive directors and indicate their total remuneration accrued during the year:

Name or company name	Position
Ms Lorena Alba Castro	Chief Logistics Officer
Mr José Pablo del Bado Rivas	Director of PULL & BEAR - Management Committee
Mr Carlos Crespo González	COO & Head of Digital and Sustainable Transformation
Mr Miguel Díaz Miranda	Chief Financial Officer & Chief Operating Officer of ZARA - Management Committee
Mr Raúl Estradera Vázquez	Chief Communication Officer
Mr Ignacio Fernández Fernández	Chief Financial Officer - Management Committee
Mr Antonio Flórez de la Fuente	Director of BERSHKA
Mr Javier García Torralbo	Chief Digital Officer - Management Committee
Ms Begoña López-Cano Ibarreche	Chief People Officer - Management Committee
Mr Abel López Cernadas	Head of Import, Export and Transport
Mr Marcos López García	Capital Markets Director
Mr Juan José López Romero	Chief Infrastructure and Services Officer
Mr Javier Losada Montero	Chief Sustainability Officer - Management Committee
Mr Gabriel Moneo Marina	Chief IT Officer
Mr Javier Monteoliva Díaz	General Counsel and Secretary of the Board
Ms María Lorena Mosquera Martín	Director of ZARA HOME
Ms Paula Mouzo Lestón	Chief Audit Officer
Ms Beatriz Padín Santos	Director of ZARA Woman - Management Committee
Mr Jorge Pérez Marcote	Director of MASSIMO DUTTI - Management Committee
Mr Óscar Pérez Marcote	Director of ZARA - Management Committee
Ms Carmen Sevillano Chaves	Director of OYSHO
Mr Jordi Triquell Valls	Director of STRADIVARIUS
Mr Jesús Echevarría Hernández[1]	Chief Communication Officer

1. Mr Raúl Estradera Vázquez holds this position since 1 April 2022 when he replaced Mr Jesús Echevarría Hernández.

Number of women in senior management	6
Percentage out of all senior managers	27.27 %
Total remuneration of senior management (thousand euros)	104,781

Included in the amount stated as "Aggregate remuneration for senior managers" is the fixed remuneration and the variable remuneration accrued by senior managers in financial year 2022, both short-term variable remuneration and long-term variable remuneration for the second cycle (2020-2023) of the 2019-2023 Plan.

Under such cycle, the amount of €35,628 thousand were accrued by senior managers as at 31 January 2023 in the framework of the 2019-2023 Plan, materialised in: (i) an incentive in cash in the aggregate gross amount of €17,089 thousand, and (ii) an incentive in shares equivalent to a total number of 633,369 shares, which correspond to the gross amount of €18,539 thousand.

It bears mention that for the purposes of quantifying the part of the incentive to be delivered in shares, the closing price of Inditex share on the last business day of the week before the date when the board of directors assessed and approved the level of target achievement of the first cycle of the 2019-2023 Plan (i.e. 10 March 2023) was considered.

The incentive in cash and in shares will be delivered within the month following the release of the annual accounts for 2022.

Likewise, included in said amount are the remunerations earned in 2022 by senior managers in office in the year, including the relevant compensation.

The evolution of Senior Managers' remuneration versus the previous year is primarily due to a higher number of officers that qualify as such and to the increase in the short-term and long-term variable remuneration as a result of the Company's strong operating performance in 2022. Additionally, long-term remuneration has also been affected by a higher price of Inditex shares compared to the one in the previous year.

C.1.15. Indicate whether the Board regulations were amended during the year:

Yes x No

The Board of Directors approved on 12 May 2022, following a favourable report from the Audit and Compliance Committee, the revised text of the Board of Directors' Regulations as amended in part, primarily to reflect the clear separation of duties assigned to the Chair and those assigned to the CEO as chief executive of the Company, thus preventing any risk of confusion regarding the profile and role of the new non-executive Chair.

It was also amended to adjust the composition of the Executive Committee on the basis of the new organisational structure.

The amendments made are addressed below:

– **Amendment to section 14 ("The Executive Committee or the Chief Executive Officers") in Chapter IV ("Structure of the Board of Directors)**

  The current wording of this section was amended so that the Executive Committee will be hereinafter chaired by the Chief Executive Officer or the company's chief executive, should more than one director perform executive functions, instead of the Chair of the Board of Directors.

– **Amendment to section 16 ("The Nomination Committee") in Chapter IV ("Structure of the Board of Directors")**

  The term "Executive" is deleted in reference to the position of Chair.

C.1.16. Specify the procedures for selection, appointment, re-election and removal of directors. List the competent bodies, steps to follow and criteria applied in each procedure.

The system for the selection, appointment and re-election of members of the board of directors constitutes a formal and transparent procedure that is expressly covered in the Articles of Association, the Board of Directors' Regulations and the Nomination Committee's Regulations.

The Diversity of Board of Directors Membership and Director Selection Policy referred to in section C.1.5 above provided guidance on selection of directors for the purposes of guiding the proceedings of the Board of Directors and the Nomination Committee in this area.

The Policy is informed by the Recommendations of the GGC and the overarching principles and guidelines of CNMV's Technical Guide 1/2019. According to the Policy, the process to appoint, ratify and re-elect directors shall be guided by the following overarching principles: (i) favouring diversity and search for excellence within the board of directors; (ii) the selection process for prospective directors shall not be tainted by any kind of discrimination and shall follow the merit-based approach; (iii) fulfilling the corporate interest; and (iv) transparency in the process to select prospective directors.

In this regard, the Policy sets forth that the selection, appointment, ratification and re-election of directors shall be based on a prior analysis of the needs of the Company and the Group, and of the competences required by the board of directors itself. This analysis shall be carried out by the board of directors on the advice of the Nomination Committee. The board of directors has its own organization and internal proceedings, including: (i) the co-option of directors to fill board vacancies, on the proposal or following a favourable report of the Nomination Committee, as the case may be; and (ii) the election, on the proposal or following report of the same committee, of internal positions and of members of board committees. In turn, the Nomination Committee is responsible for the process of selecting prospective directors. Pursuant to the Articles of Association, the Board of Directors' Regulations, and its own terms of reference, directors shall be appointed either by the General Meeting of Shareholders or the board of directors, pursuant to applicable laws and the company' regulations on corporate governance.

The proposals on the appointment, ratification or re-election of directors submitted by the board of directors to shareholders at the Annual General Meeting, and the appointment resolutions passed by the board of directors via the co-option system in use of the powers it is entrusted by statute shall be made following: (i) a proposal raised by the Nomination Committee, as regards independent directors; or, (ii) a report of the Nomination Committee for all other directorship types.

To ensure the appropriate composition of the board of directors at all times, its structure, size and composition as well as the membership of its committees shall be regularly reviewed.

To this end, efforts should be made to ensure that the board of directors has a balanced membership with regard to the various classes of directors, with a large majority of non-executive directors and an appropriate mix of proprietary and independent directors, and an appropriate balance of profiles, knowledge, skills, careers and experiences so that multiple viewpoints are contributed to the discussion of the business transacted and the decision-making process is enriched. In addition, consideration should be given to ensuring a progressive and orderly board refreshment to achieve the objectives set out in the Policy.

As provided in the Policy, the findings of the above-mentioned prior analysis shall be written up in an explanatory report issued by the Nomination Committee, to be posted on the corporate website upon calling the General Meeting to which the nomination, ratification or re-election of each director is submitted.

Prospective directors of the Company shall meet at all times the following requirements:

- Be honest, respectable persons of well-known ability, competence, professional background and experience and merits.
- Be law-abiding and respectful of good marketing practices both in their lives and professional careers and observe the provisions of applicable regulations.
- Be trustworthy professionals whose conduct and career are aligned with the principles and duties set out in Inditex's internal regulations–in particular, in the Code of Conduct and Responsible Practices–and with the views and values of the Inditex Group.
- Be committed to their duties as directors and available to dedicate sufficient time and efforts to meet their board responsibilities.

In the process for the selection of prospective directors, those individuals who meet the requirements laid down in the Policy and who, given their profile and features favour diversity of knowledge, skills, experiences, origin, age and gender on the board of directors, shall be considered, and any implicit bias which might entail any manner of discrimination and specifically hamper selection of female directors shall be prevented.

In order to define the duties and required skills of prospective directors, the Nomination Committee shall review the competences, knowledge, experience and other occupations of current directors serving on the board, and it shall prepare and keep a board skills matrix updated, based upon which it shall define the duties and skills required from candidates who have to fill each vacancy and evaluate the required time and dedication for them to effectively meet their board responsibilities.

Those persons who are involved in any legal grounds of disqualification to be a company director or who fail to meet the requirements set forth by the Company's corporate governance rules to be a director, shall not be eligible to be a director.

In particular, neither the Committee nor the board of directors can propose or appoint as member of the board of directors anyone who serves as a director at the same time in more than four listed companies other than the Company.

The Nomination Committee shall take into account the proposals submitted by any director, provided that the prospective candidate meets the requirements to be eligible and the provisions of the Diversity of Board of Directors Membership and Director Selection Policy are observed. To do so, it shall take all necessary measures and make all appropriate enquiries to ensure that the candidates are not involved in any of the scenarios described in the foregoing paragraphs.

Likewise, the Company may rely on external advisors to carry out the prior analysis of the needs of the company, and to assess the competences required by the board of directors and the Inditex Group, as well as to search or assess prospective directors or evaluate their performance and/or suitability. It is incumbent upon the Nomination Committee to establish and ensure the effective independence of the above-mentioned experts.

The proposals or reports on the appointment of directors shall be prepared by the Nomination Committee and include the directorship type assigned to the director- This classification must be duly supported.

Proposal on the election of directors submitted by the board of directors to the Annual General Meeting shall be accompanied by an explanatory report issued by the board of directors assessing the qualifications, experience and merits of the proposed candidate; such report shall be attached to the minutes of the board meeting. Additionally, with regard to the ratification or re-election of directors, the explanatory report shall assess the quality of the director's work and their dedication to office during their tenure as well as their observance of the company's corporate governance rules. In any case, the Nomination Committee shall take into account the need for progressive board refreshment.

Where the board of directors departs from the proposals and reports of the Nomination Committee, it must state the reasons for its actions and place them on record.

With regard to the representation target for the least represented gender on the board and to the guidance on how to meet it, the company has updated the female representation target on the board of directors, in line with Recommendation 15 GGC, as provided in section 5.1.1 of the Diversity of Board of Directors Membership and Director Selection Policy and in section 6 (d) of the Nomination Committee's Regulations. The company endorses the commitment to ensure that the number of female directors should account for at least 40% of all board seats by the end of 2022.

The Nomination Committee shall, on an annual basis, establish compliance with the Diversity of Board of Directors Membership and Director Selection Policy and inform the board of directors thereof, and the board shall disclose said information in the Annual Corporate Governance Report.

With regard to the removal and dismissal of directors, directors shall vacate office upon expiry of their term of office, or at any time further to a resolution of the General Meeting of Shareholders.

The board of directors may only propose to the General Meeting the removal of an independent director before the expiry of his/her term of office when a just cause arises, where the director has incurred in any grounds for dismissal or resignation pursuant to applicable regulations or to the Company's corporate governance rules. Said just cause must be considered by the board, following a favourable report from the Nomination Committee. In particular, pursuant to section 25.3 of the Board of Directors' Regulations, a just cause will exist when a director holds new positions or assumes new obligations preventing them from making sufficient time available for board meetings and other duties inherent in the office of director; is in breach of the duties inherent in the office or is involved in any of the circumstances leading to them no longer qualifying as independent directors, pursuant to the provisions of applicable regulations. Likewise, removal of a director may be proposed as a result of takeover, mergers or other similar corporate transactions that entail a change in the shareholding structure of the Company, where said change entails in turn another in the structure of the Board of Directors on account of the ratio of proprietary directors.

Furthermore, where a director vacates their office before the end of their term of office through resignation or further to a resolution of the General Meeting of Shareholders, they should state the reasons for the resignation, or with regard to non-executive directors, their opinion on the reasons for the dismissal resolved by the General Meeting of Shareholders, in a letter that must be addressed to all the members of the board of directors. To the extent that this may be relevant for investors, and without prejudice to reporting it in the Annual Corporate Governance Report, the Company, shall announce their departure in the shortest delay with sufficient reference to the reasons or circumstances provided by the director.

In addition, the Nomination Committee must issue a report with regard to the proposal for early dismissal of independent directors.

When directors tender their resignation, the Nomination Committee must ensure the transparency of the process, gathering the information it may deem necessary to this end.

C.1.17. Explain to what extent the annual evaluation of the Board has given rise to significant changes in its internal organization and in the procedures applicable to its activities:

The Company carries out a self-evaluation process with regard to the performance of the board of directors and its committees, the Chair, the CEO, the Lead Independent Director and the Secretary of the board, as provided in its internal regulations, in accordance with applicable regulations and GGC recommendations.

In this regard, following each annual evaluation, a number of recommendations are issued, where appropriate, to improve (i) the quality and effectiveness of board proceedings; (ii) the proceedings and composition of its committees, paying special attention to the chairs of the different board committees; (iii) the diversity of board membership and powers; (iv) the performance of the Chair and the CEO; and (v) the performance and input of the Lead Independent Director and the Secretary of the board.

In 2022, the findings of the annual evaluation for the previous year were considered both in the various analyses of board needs carried out by the Nomination Committee in respect of the re-election and appointment of directors resolved in the year, and in the suitability analysis commissioned by the committee in 2021 and carried out by the external facilitator. Such suitability analysis was also considered in the ratification, re-election and appointment of directors process carried out in 2022. In particular, the following findings were established further the evaluation:

(i) The size of the board was deemed to be appropriate.

(ii) The Committee appreciated the relevance of keeping and reinforcing within the company's supreme governing body: (i) different profiles and experiences in line with the strategic focal points marked as a priority by the Company; (ii) a highly diverse board membership in terms of, without limitation, professional experience, competences, personal skills, sector-specific knowledge and age; (iii) a balanced combination of directorship types, ensuring that the majority of directors serving on the board are non-executive and that the presence on the board of proprietary directors is such as to ensure the existence of an effective counterweight; and, (iv) a progressive board refreshment, combined with the necessary presence of directors with proven experience and sound knowledge of the company, the Group, its business and generally, the retail sector.

Boosting diversity, in particular gender diversity, was identified as a priority, in line with the commitment undertaken by the Company.

As described in detail in section C.1.5 above, both the ratification and appointment of Ms Ortega and Mr García to the board as proprietary and executive director, respectively, and the re-election of Ms López and Mr Echenique as independent directors, have contributed, in line with the feedback received from the directors in the annual evaluation, to: (i) consolidating diversity of directorship types, keeping the balance of proprietary and independent directors and increasing the already wide majority of non-executive directors (90.9%); (ii) reinforcing female representation, as the 40% target set for 2022 has been exceeded; (iii) ensuring the existence of appropriate counterweights, as the positions of Chair of the Board and chief executive are separate; (iv) reinforcing the existence of profiles with a wide experience and knowledge of the Company, its Group, the retail sector, as well as experience in areas such as digital transformation, sustainability, compliance and corporate governance and the relationship with regulators, topics such as finance and economy, audit and control, in particular in the area of product, design, innovation and brand image, which are the focal points of the Company's strategy; as well as (v) reducing directors' average age and average tenure.

On the other hand, with regard to the organisation and proceedings of the board and its committees, the annual self-evaluation process is an especially useful driver of the gradual implementation of required changes, such as:

(i) The improvement of the internal dynamics of the board and its committees as a result of the following:

- 2022 has been marked by the rise in the number of board meetings (10 versus 7 in 2021).
- The appropriate arrangement of board and committees' meetings, via the relevant schedule that allows to systematically arrange the agenda, topics and attendees.
- In terms of agenda, it has also contributed to (i) higher dedication to strategy-related issues, and (ii) a gradual transformation of board debates and decisions, as topics related to sustainable management and accountability to stakeholders are gaining momentum.
- An increasing interaction between directors and the management team, as members of this latter are increasingly in attendance at board and committees' meetings.
- More frequent business updates presented to Directors via the CEO's reports.
- Headway has been made in providing the information earlier in advance as well as in terms of its quality, in the context of a continuous improvement process, via executive summaries outlining the priority issues, allowing for a better preparation of meetings and for dedicating more time to debate.

(ii) Significant progress regarding directors' training schemes. In 2022, the training plan which was designed considering directors' concerns and key elements pointed out in the annual evaluation, has been boosted.

(iii) A more effective and automated process to evaluate the performance of the board of directors and its committees, the Chair, the CEO, the Lead Independent Director and the Secretary of the board.

(iv) Significant headway was made in the dynamics of separate meetings held by independent directors under the helm of the Lead Independent Director.

(v) Separate meetings held by the Audit and Compliance Committee with the external auditors without any member of management being present.

Describe the evaluation process and the areas evaluated by the board of directors with or without the help of an external advisor, regarding the functioning and composition of the Board and its committees and any other area or aspect that has been evaluated.

Pursuant to the provisions of section 7(a) of its terms of reference, the Nomination Committee must establish and oversee an annual programme for evaluating the performance of the board of directors and its committees, the Chair, the CEO, the Lead Independent Director and the Secretary of the board, and in particular, following up on directors' attendance at the meetings of the board and the committees where they sit.

Therefore, considering the statutory framework and Inditex's own internal regulations, the evaluation system of the board of directors and its committees, the Chair, the CEO, the Lead Independent Director and the Secretary of the Board is carried out as follows:

1. The Nomination Committee prepares an annual programme for the evaluation of the performance of the duties of the board of directors and its committees, the Chair, the CEO, the Lead Independent Director and the Secretary of the Board.

Since the approval of the Evaluation Programme back in 2015, its organisation and implementation as well as the organisational structure of the company have undergone major changes. This entailed the necessary amendment to the programme, which was approved at the Nomination Committee held on 12 September 2022. In particular, the main changes were: (i) the roles of Chair and CEO are separate; (ii) the Sustainability Committee is considered under the programme; (iii) the duties of the Lead Independent Director are aligned with those that they are effectively performing in practice regarding the evaluation process; (iv) the scope of the evaluation programme is aligned with the provisions of CNMV's Technical Guide 1/2019; and (v) the possibility of using different methodologies, including questionnaires and/or interviews, is considered.

2. The procedure is carried out by means of a number of questionnaires that directors must complete.

The full questionnaire is reviewed and updated every year to align the annual evaluation with best practices in the field of good governance.

The evaluation process has undergone a formal revision in the year, to raise more simple and consistent questions, keeping in any case all the elements subject to assessment, pursuant to applicable recommendations.

Other material changes were also made, such as the addition of a new questionnaire to evaluate the performance of the non-executive Chair.

The process has been automated through the use of a technological platform available to the Directors that ensures information confidentiality, traceability and security. Directors are only granted access to the questionnaires pertaining to the committees where they sit.

3. According to the annual programme, each committee has to prepare its own evaluation report which must be sent to the board of directors as detailed below:

(a) The Chair of the Nomination Committee shall prepare and send reports on the evaluation of the board, the Lead Independent Director and the Secretary.

(b) The Lead Independent Director shall prepare and send the findings reports on the performance of the Chair and the CEO,

(c) The chair of each committee shall prepare their own findings report.

The Chair of the Nomination Committee is tasked with reviewing and integrating every report.

4. The board of directors assesses –pursuant to statute and the Board of Directors' Regulations– its performance and that of its committees as well as the performance of the Chair, the CEO, the Lead Independent Director and the Secretary of the Board, based upon the reports issued as stated in the foregoing section.

5. Last, on the basis of the outcome of the evaluation and the areas for improvement reported, the Nomination Committee prepares an action plan which it follows-up.

In accordance with Recommendation 36 GGC, Inditex has relied on the advice of Deloitte, an external consultant, as regards the self-evaluation process for FY2022.

C.1.18. Provide details, for years in which the evaluation was carried out with the help of an external advisor, of the business relationships that the external advisor or company in its group maintains with the company or any company in its group.

In 2022, Inditex has relied on the advice of external consultant Deloitte regarding the self-evaluation of the performance of the board of directors and its committees, the Chair, the CEO, the Lead Independent Director and the Secretary of the board.

Other than this engagement, Deloitte has other business relationships with Inditex and other Group companies which do not extend to advice on remuneration and/or selection of directors or key staff for the Company. Therefore, none of such business relationships could lead to a potential conflict of interest as regards the advice given on the self-evaluation process.

C.1.19. Indicate the cases in which directors are required to resign.

Pursuant to section 25 of the Board of Directors' Regulations, directors must offer their resignation to the board of directors and effectively resign, should this latter deem it advisable, in the following cases:

(a) When they reach a certain age, under the terms detailed in section C.1.22.

(b) When they cease to hold the executive positions to which their appointment as director was associated.

(c) When they are involved in any of the incompatibility or prohibition cases provided in applicable regulations, the Articles of Association or these Regulations, including if they would happen to hold the office of director in more than four listed companies other than the Company.

(d) When they are seriously admonished by the Audit and Compliance Committee for having breached their duties as directors.

(e) When they are involved in any circumstances affecting them, related or not to their actions within the Company, that may damage the name and reputation of the Company or otherwise jeopardise the Company's interests. For this purpose, they shall report to the board of directors any criminal charges brought against them as well as any procedural consequences.

(f) When the reasons for their appointment cease.

(g) With regard to proprietary directors, when the shareholders they represent dispose of their ownership interest in its entirety or reduce it up to a limit that requires the reduction of the number of proprietary directors.

(h) With regard to independent directors, when they have continuously held the position on the board in the Company for 12 years.

C.1.20. Are qualified majorities other than those established by statute required for any particular kind of decision?

Yes x No

If so, describe the differences.

Description of requirements

A qualified majority other than that established by statute is exclusively required to amend the Board of Directors' Regulations. Pursuant to section 3.4 thereof, in order for the amendment of said Regulations to be valid, a resolution passed by a majority of two-thirds of the directors present shall be required.

Apart from this, the scenarios of qualified majority for the passing of resolutions by the board of directors are addressed in article 25.4 of the Articles of Association, which reads: "*For resolutions to be passed, an absolute majority of votes by the directors attending the meeting shall be required, except for those cases where a larger majority is required by statute, by these Articles of Association or by the Board of Directors' Regulations. In the case of an equality of votes, the Chairman shall have a casting vote.*" Likewise, article 27.2 of the Articles of Association provides that for the permanent delegation of any power of the board of directors other than non-delegable ones it shall be necessary for two-thirds of those making up the board of directors to vote for the motion, as provided in section 249.3 LSC.

C.1.21. Explain whether there are any specific requirements, other than those relating to directors, for being appointed as chairman of the Board of Directors.

Yes No x

Description of requirements
—

INDITEX

C.1.22. Indicate whether the articles of association or Board regulations establish any limit as to the age of directors:

Yes x No

	Age limit
Chair	68
CEO	65
Director	68

Section 25.2(a) of the Board of Directors' Regulations provides that directors must offer their resignation to the Board of Directors and effectively resign, should this latter deem it advisable "*When they reach the age of 68. Notwithstanding this, directors who hold the office of Chief Executive Officer or Managing Director shall offer their resignation to the Board of Directors upon attaining the age of 65, being able to continue as ordinary members of the Board of Directors until the aforementioned age of 68. As an exception, the foregoing rules shall not apply in the case of the founder of the Company, Mr. Amancio Ortega Gaona.*"

C.1.23. Indicate whether the articles of association or Board regulations establish any term limits for independent directors other than those required by law or any other additional requirements that are stricter than those provided by law:

Yes No x

Additional requirements and/or maximum number of years of office	-

C.1.24. Indicate whether the articles of association or Board of Directors' regulations establish specific rules for appointing other directors as proxy to vote in Board meetings, if so the procedure for doing so and, in particular, the maximum number of proxies that a director may hold, as well as whether any limit has been established regarding the categories of director to whom votes may be delegated beyond the limits imposed by law. If so, briefly describe these rules.

Article 25.3 of the Articles of Association sets forth that any director can appoint another director as proxy holder in writing, each meeting requiring a special proxy, notifying the Chairman of the same in writing.

Pursuant to said article and section 20.1 of the Board of Directors' Regulations, non-executive directors may only be represented by another non-executive director.

No maximum number of proxies that a director can hold has been fixed.

In line with this provision, section 20.1 of the Board of Directors' Regulations provides that quorum shall be present on the board of directors when at least half plus one of its members attend either in person or by proxy (or, in case of an uneven number of directors, when a number of directors immediately higher than half of it is in attendance), stating further that the directors shall do their best to attend the meetings of the board of directors, and, when they cannot do so in person, they shall endeavour to grant a proxy to another member of the board giving instructions as to its use and communicating the same to the Chairman of the Board of Directors.

C.1.25. Indicate the number of meetings held by the Board of Directors during the year. Also indicate, where applicable, the number of times the Board met without the chairman being present. Meetings where the chairman gave specific proxy instructions are to be counted as attended.

Number of board meetings	10
Number of board meetings held without the chairman's presence	0

FY2022 has been marked by the rise in the number of board meetings held (10 versus 7 in 2021). The board held both in person and hybrid meetings (with some directors attending in person and others remotely). Videoconference or conference call systems were used to hold these meetings, pursuant to the provisions of section 19.4 of the Board of Directors' Regulations.

Indicate the number of meetings held by the lead independent director with the other directors, where there was neither attendance nor representation of any executive director:

Number of meetings	1

Remarks

On 5 June 2022, a separate meeting of non-executive independent directors was held led by Mr Rodrigo Echenique Gordillo, Lead Independent Director, for the purposes of discussing highly relevant matters to the Company, thus ensuring that with regard to the decision-making over such matters, their independence within the board of directors is kept.

Indicate the number of meetings held by each board committee during the year:

Number of meetings held by the executive committee	0
Number of meetings held by the audit committee	6
Number of meetings held by the nomination committee	5
Number of meeting held by the remuneration committee	5
Number of meetings held by the sustainability committee	6

In 2022, board committees held both in person and hybrid meetings (with some members attending in person and others remotely).

All of which, pursuant to sections 19.2, 15.2, 12.2 and 14.2 of the terms of reference of the Audit and Compliance, Nomination, Remuneration and Sustainability Committees, respectively.

C.1.26. Indicate the number of meetings held by the Board of Directors during the year with member attendance data:

Number of meetings in which at least 80% of directors were present in person	10
Attendance in person as a % of total votes during the year	88.00 %
Number of meetings with attendance in person or proxies given with specific instructions, by all directors	9
Votes cast in person and by proxies with specific instructions, as a % of total votes during the year	90 %

C.1.27. Indicate whether the individual and consolidated financial statements submitted to the Board for issue are certified in advance:

Yes x No

Identify, where applicable, the person(s) who certified the individual and consolidated financial statements of the company for issue by the Board:

The individual and consolidated annual accounts of the Company that are presented to be stated by the board of directors are previously certified by the CEO and the CFO.

Name	Position
Mr Óscar García Maceiras	CEO
Mr Ignacio Fernández Fernández	CFO

C.1.28. Explain the mechanisms, if any, established by the Board of Directors to ensure that the financial statements it presents to the General Meeting of Shareholders are prepared in accordance with accounting regulations.

The Audit and Compliance Committee, mostly made up of non-executive independent directors, meets with external auditors in order to review the Company's annual accounts and certain periodic financial information that the board of directors must provide to the markets and their supervisory boards, overseeing compliance with statutory requirements and the appropriate application of generally accepted accounting principles in the drafting of the financial statements. In the meetings held by the Audit and Compliance Committee with external auditors without any member of the management being present, any disagreement or difference of opinion existing between the Company's Management and the external auditors is put forward, so that the board of directors can take the necessary steps to ensure that the annual accounts are stated in accordance with accounting regulations, endeavouring for them to be drafted in such a manner that they do not give rise to qualifications on the part of the auditor.

Furthermore, before drafting the annual, half-yearly or quarterly financial statements, the Company's Management meets with the Audit and Compliance Committee and is subjected by the latter to suitable questions as to, among others, the application of accounting standards and the estimates made in the preparations of the financial statements, topics that are subject to discussion with the external auditors.

In this regard, in line with Recommendation 8 GGC, section 7(d) of the terms of reference of the Audit and Compliance Committee includes the following among the powers of such committee: *"to review the contents of the auditor's reports and, where appropriate, of the reports on limited review of interim accounts, as well as other mandatory reports to be prepared by the statutory auditor, prior to the issue thereof, in order to avoid qualified reports, ensuring that the annual accounts that the Board of Directors presents to the General Meeting of Shareholders are drawn up in accordance with accounting standards and, that in the circumstances where the statutory auditor includes any qualification in the auditor's report, the Chair of the Committee should give a clear explanation at the General Meeting of the committee's opinion regarding the contents and scope of such qualifications, making a summary of that opinion available to the shareholders at the time of the publication of the notice calling the General Meeting of Shareholders along with the rest of the proposals and reports of the board of director*."

Meanwhile, section 45.5 of the Board of Directors' Regulations reads as follows: "*The Board of Directors shall ensure that the annual accounts are drawn up in accordance with accounting standards, endeavouring to draft them in such a manner that they do not give rise to qualifications on the part of the auditor. However, in the exceptional circumstances where the auditor expresses a qualified opinion and the Board of Directors considers that it must stick to its position, it shall publicly explain the contents and scope of the discrepancy. The foregoing without prejudice to the information that the Chair of the Audit and Compliance Committee would make available to the shareholders at the Annual General Meeting.*"

Finally, pursuant to the provisions of section 45.2 of the Board of Directors Regulations, the board shall meet at least once a year with the statutory auditor to receive information on the work done and on the evolution of the accounting and risk situation of the Company.

C.1.29. Is the secretary of the Board also a director?

Yes No x

If the secretary is not a director, complete the following table:

Name or company name of the secretary	Representative
Mr Javier Monteoliva Díaz	—

C.1.30. Indicate the specific mechanisms established by the company to safeguard the independence of the external auditors, and any mechanisms to safeguard the independence of financial analysts, investment banks and rating agencies, including how legal provisions have been implemented in practice.

Section 45 of the Board of Directors' Regulations reads:

1. "*The relations of the Board of Directors with the external auditor of the Company shall be channelled through the Audit and Compliance Committee.*

2. The Board of Directors shall meet at least once a year with the statutory auditor to receive information on the work done and on the evolution of the accounting and risk situation of the Company.

3. The Audit and Compliance Committee shall refrain from proposing to the Board of Directors, and the latter shall refrain from putting forward to the General Meeting of Shareholders, the appointment as statutory auditor of the Company of an audit firm incurring in incompatibility in accordance with the legislation on statutory audit as well as any audit firm wherein the fees that the Company expects to pay them for all services are in excess of the limits established in the legislation on statutory audit.

4. The Board of Directors shall publicly disclose the whole of the fees paid by the Company to the audit firm for non-audit services. […]"

The measures to preserve the independence of external auditors are explained below:

- The Audit and Compliance Committee, mostly made up of non-executive independent directors, which has as a whole the relevant background with regard to the industry to which Inditex belongs, proposes to the board of directors to be subsequently raised to shareholders at the Annual General Meeting: (i) the appointment of the statutory auditors, as such committee is responsible for the auditors selection process pursuant to applicable regulations; as well as (ii) the terms of their engagement; (iii) the scope of their professional mandate; and, where appropriate, (iv) the termination or non-renewal of their appointment.

  With regard to said process for the selection of auditors, mentioned above, and in accordance with the provisions of CNMV's Technical Guide 3/2017 on audit committees at public-interest entities, the Procedure for the Selection of the Statutory Auditor was approved by the Audit and Compliance Committee on 9 September 2019.

  For the purposes of ensuring an unbiased, fair, transparent and efficient and non-discriminating process, the selection criteria to be considered are defined in the Procedure, as well as the various proceedings both for the selection and appointment of external auditors, and for their re-election or replacement.

  In accordance with the Procedure, the process for the selection of auditor must begin with the issue of tender documents for candidate firms, pursuant to a timeline and a request for proposals previously determined. A working team made up of members from different areas and departments will be appointed to assist in the process. This team will be responsible for selecting and inviting candidate firms to tender their proposal to become the statutory auditor of the Inditex Group. Finally, the work team will issue a report evaluating the proposals tendered based upon the predefined criteria.

  On the other hand, the criteria for the re-election or replacement of the statutory auditors are also defined in the Procedure, based upon an annual evaluation of the proceedings of the statutory auditor that will take into account, without limitation, their contribution to the quality of the audit and to the integrity of financial and non-financial information.

- Likewise, the Audit and Compliance Committee is entrusted with the duty of liaising with external auditors in order to receive information on such matters that could compromise their independence and on any other matter related to the carrying out of the statutory audit, as well as on those other communications envisaged by statutory audit legislation and auditing standards. Namely, the Audit and Compliance Committee shall:

  - Receive from the statutory auditors on an annual basis, the statement on their independence regarding the Company or the companies related thereto, directly or indirectly.

  - Oversee the engagement of the statutory auditor for non-audit services as well as the terms and the performance of the contracts entered into with the external auditor of the Company for the rendering of such services.

    In this regard, the Company relies on the Policy on statutory auditor contracting for the provision of non-audit services (formerly, the Procedure to Contract an Auditor for the Provision of Additional Non-audit Services, approved by the Audit and Compliance Committee on 18 July 2016). The Policy, as amended, was approved by the board in the meeting held on 15 March 2022, to align it with the new implementing regulations of the Statutory Audit Act.

    The Policy regulates the process to be followed so that the Audit and Compliance Committee may be apprised of and approve the contracts entered into by the Company and the entities of its Group with the Statutory Auditor for the provision of non-audit services.

As a general rule, for the purposes of maintaining as much as possible the statutory auditor's independence, the Inditex Group is willing to limit as far as possible the provision of non-audit services by the former, outlining a list of services which they are prohibited to render. In addition, the Policy sets forth that non-audit services shall only be provided by the statutory auditor with the approval of the Audit and Compliance Committee.

According to the Policy, before entering into any contract, the external auditor shall send to the Audit and Compliance Committee a request for approval of non-audit services. Such request must be accompanied by a document appropriately detailing the services requested so that the Audit and Compliance Committee may proceed to a global and effective review of the threats and/or impacts that their engagement might entail to their independence, both individually and as a whole.

To ensure a certain flexibility, as an exception, the Audit and Compliance Committee may pre-approve on an annual basis certain types of services which are recurrent and uniform with regard to their purpose. To grant such pre-approval, the potential threats and safeguards that the services might entail to the independence of the statutory auditor must be reviewed and assessed. Following the engagement of such services, the detail thereof must be provided to the Audit and Compliance Committee. Should the terms and conditions of pre-approved services under this system be subject to substantial amendments, this shall be reported and they will be subject to new approval by the Audit and Compliance Committee.

- Additionally, for the purposes of reinforcing the duty to oversee and establish the independence of the statutory auditor, the engagement by Inditex's controlling shareholder (i.e.,Pontegadea Inversiones, S.L.) of non-audit services from such auditor shall be subject to prior approval by Inditex's Audit and Compliance Committee.
- Verify that the Company and the statutory auditor also respect the limits on the concentration of the auditor's business, the rules on professional fees and, generally, all other regulations established to ensure the independence of the auditors.

  In this regard, it shall ensure that the remuneration of the external auditors for their work does not compromise their quality and independence.
- Finally, issue on an annual basis and prior to the issue of the auditor's report, a report setting forth its opinion on whether the independence of the statutory auditor or of the audit firm has been jeopardised. In any case, this report must contain the assessment of the provision by external auditors of each and every additional non-audit service, considered both separately and as a whole, and its opinion regarding the independence system of the auditor pursuant to statutory audit regulations.

- Finally, in the event of resignation of the statutory auditor, the Audit and Compliance Committee shall examine the circumstances that may have given rise thereto.

As regards the mechanisms established to ensure the independence of the financial analysts, the Company releases information to the market following the principles of the Internal Regulations of Conduct in the Securities Markets, especially relating to the obligation that the information must be accurate, clear, quantified and complete, avoiding subjective assessments that lead or could lead to confusion or deceit.

The Company also relies on the Policy on Communication and Contact with Shareholders, Institutional Investors and Proxy Advisors, informed by a set of principles that it must observe upon disclosing information: transparency, accuracy, immediacy and symmetry. Under the policy, the Company is encouraged to keep communication channels that ensure that clear, full, streamlined and simultaneous information is made available to its current and potential shareholders, to assess the performance of the Company and its economic and financial results. This Policy is available on the corporate website.

Likewise, in accordance with Recommendation 4 GGC, the board of directors approved on 14 December 2020, following a report from the Audit and Compliance Committee, the Policy on Disclosure of Economic-Financial, Non-Financial and Corporate Information that seeks to establish a framework for action and define the overarching principles that will govern the disclosure by the Company of Economic-Financial, Non-Financial and Corporate Information via Regulated and non-Regulated Channels.

The Policy is aligned with the provisions of the Company's internal regulations, in particular with the Policy on Communication and Contacts with Shareholders, Institutional Investors and Proxy Advisors.

As the highest supervisory body responsible for overseeing economic-financial, non-financial and corporate information, the board of directors shall ensure the largest circulation and the highest quality of the information provided to the stakeholders and to the markets at large, in accordance with a set of principles, including transparency, objectivity, accuracy, immediacy and symmetry in disclosure of information.

C.1.31. Indicate whether the company changed its external auditor during the year. If so, identify the incoming and outgoing auditors:

Yes x No

Outgoing auditor	Incoming auditor
Deloitte, S.L.	Ernst & Young, S.L.

The appointment of Ernst & Young, S.L. as statutory auditor to audit the individual annual accounts and directors' report of the Company, and the consolidated annual accounts and directors' report of the Inditex Group for financial years 2022, 2023 and 2024, was approved at the Annual General Meeting held on 12 July 2022, on the proposal of the board of directors, after a favourable report from the Audit and Compliance Committee.

Such proposal was drawn up following an audit tender process conducted in FY2020 under the helm of the Audit and Compliance Committee in accordance with applicable statutory audit regulations, the then current Procedure (now a Policy) to Select the Statutory Auditor for the Group, and CNMV's

Technical Guide 3/2017. The process has been described in section C.1.30 above.

If there were any disagreements with the outgoing auditor, explain their content:

Yes No x

Explanation of disagreements
—

C.1.32. Indicate whether the audit firm performs any non-audit work for the company and/or its group and, if so, state the amount of fees it received for said work and express this amount as a percentage of the total fees invoiced to the company and/or its group for audit work:

Yes x No

	Company	Group companies	Total
Amount invoiced for non-audit services (thousand euros)	80	12	92
Amount invoiced for non-audit work/Amount for audit work (in %)	17,5% [1]	0.2 %	1.3 %

1. The count on which this percentage is calculated only includes the statutory audit of Inditex's individual accounts (and the verification of the relevant statement on non-financial information).

C.1.33. Indicate whether the auditors' report on the financial statements for the preceding year contains a qualified opinion. If so, indicate the reasons given to shareholders at the general meeting by the chairman of the audit committee to explain the content and extent of the qualified opinion.

Yes No x

Explanation of the reasons and direct link to the document made available to the shareholders at the time that the general meeting was called in relation to this matter
-

C.1.34. Indicate the number of consecutive years for which the current audit firm has been auditing the company's individual and/or consolidated financial statements. Also, indicate the number of years audited by the current audit firm as a percentage of the total number of years in which the financial statements have been audited:

	Individual	Consolidated
Number of consecutive years	1	1

	Individual	Consolidated
Number of years audited by the current audit firm/number of years in which the company has been audited (in %)	3 %	3 %

C.1.35. Indicate whether there is a procedure for directors to be sure of having the information necessary to prepare the meetings of the governing bodies with sufficient time; provide details where applicable:

Yes x No

Details of the procedure

Pursuant to section 19.2 of the Board of Directors' Regulation, the notice calling ordinary meetings shall be given at least 3 days in advance of the meeting, and the order shall always include the agenda of the meeting and shall be accompanied by the duly summarised and prepared relevant information.

In this regard, to help directors effectively prepare meetings, in addition to the documentation relating to agenda items, an executive summary of each of them is made available to them ahead of each meeting, outlining the main business to be transacted, the presentations and the minutes of the previous meeting.

The documentation deemed appropriate to prepare the meetings of the board and its committees, according to the agenda, including the relevant presentations is made available to directors in real time via a platform. Said tool gives directors permanent access to the documentation. Additionally, other relevant information for the appropriate performance of their duties is added through the tool (including, without limitation, internal conduct and corporate governance policies, updated membership of governing bodies, information about current resolutions on remuneration or analysts' reports which may be useful for directors), in a confidential and secure environment.

On the other hand, attendance at board and committees' meetings of officers and supervisors from the different departments and areas of the Company with a recurrent presence is encouraged, to give their insight on certain issues directly associated with the responsibilities of the board and its committees so that directors have a direct understanding of business concerns and are entitled to directly debrief them on the business transacted at each meeting.

Additionally, any employee or officer can be called to the meetings, even without the presence of any other officer.

Without prejudice to the foregoing, efforts are made to ensure that the presence at committee meetings of anyone other than its members is limited to the cases where it is necessary, and for addressing specific agenda items for which they were called to attend.

For the purposes of ensuring that Inditex's board members fully understand their duties and responsibilities as well as the proceedings of the Company's governing bodies, a "Directors Handbook" which is kept updated is available to new directors and generally, to directors upon request.

Additionally, section 27 of the Board of Directors' Regulations, recognises the widest powers for directors to garner information about any topic affecting the Company (and its subsidiaries); examine its books, registers, documents and other records of the company's operations and inspect all its facilities; likewise it provides that the exercise of the powers of information shall be channelled through the Chair, the Deputy Chair or (any of the Deputy Chairs, where appropriate), or through the Secretary of the board of directors, who shall attend to the requests made by any director, and directly provide them with the information, facilitate contacts with the appropriate spokespersons at the appropriate level in the organisation or establish such measures as to enable them to conduct the desired examinations on-site.

On the other hand, specific questions on the quality of the information made available to directors and on how early in advance it has been received, are included in the evaluation questionnaire of the board. Additionally, the areas subject to improvement identified in the previous year and the assessment of the directors in respect of the improvement thereof, is subject to annual follow-up. This entails that where directors point out quality of information and/or how in advance they receive it as potential areas subject to improvement, progress can be made regarding submission of information required to prepare the meetings of the board of directors and its committees.

Meanwhile, section 28 of the Board of Directors' Regulations addresses the possibility for directors to seek external advice.

C.1.36. Indicate whether the company has established rules obliging directors to inform the Board of any circumstances, whether or not related to their actions in the company itself, that might harm the company's standing and reputation, tendering their resignation where appropriate. If so, provide details:

Yes x No

Explain the rules

Pursuant to Recommendations 22 and 24 GGC and section 25.2(e) of the Board of Directors' Regulations, directors must submit their resignation from the position to the board of directors and formally tender their resignation, if this latter should consider it advisable, when they are involved in any circumstances affecting them, related or not to their actions within the Company, that may harm the name and reputation of the Company or otherwise jeopardise its interests. For this purpose, they shall report to the board of directors any criminal cases in which they are accused as well as how the legal proceedings subsequently unfold.

Meanwhile, pursuant to section 39.3 of the Board of Directors' Regulations, directors shall inform the Board of Directors of any circumstance which might compromise the credit and reputation of the Company or jeopardise its interest.

C.1.37. Indicate whether, apart from any special circumstances that may have arisen and been duly noted in the minutes, the Board of Directors has been notified or has otherwise become aware of any situation affecting a director, whether or not related to his or her actions in the company itself, that might harm the company's standing and reputation:

Yes x No

Remarks
The board of directors has not been notified in the year nor has it been made aware of any situation affecting a director, that might harm the company's standing and reputation.

C.1.38. Detail any material agreements entered into by the company that come into force, are modified or are terminated in the event of a change in control of the company following a public takeover bid, and their effects.

Not applicable.

C.1.39. Identify individually as regards directors, and in aggregate form in other cases, and provide details of any agreements between the company and its directors, executives or employees containing indemnity or golden parachute clauses in the event of resignation or dismissal without due cause or termination of employment as a result of a takeover bid or any other type of transaction.

Number of beneficiaries	23

Type of beneficiary	Description of agreement
CEO	The executive director will be entitled to severance pay in a gross amount equivalent to the remuneration of 2 years calculated based upon his annual fixed and variable remuneration for the current year, where his 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 purpose of the main activity of the Company takes place at the same time, if such request for termination is made within 6 months of the occurrence of such succession or change. For this 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).
Senior managers and officers	Golden parachute clauses are written in the contracts executed with 22 senior managers in the event that their contract, whether ordinary or for executive service, is terminated further to withdrawal by Inditex, wrongful or unreasonable dismissal, or resignation based upon certain grounds, pursuant to the terms and conditions of their contracts. In such cases, the senior manager shall be entitled to severance pay in a gross amount equivalent to the remuneration of 2 years, calculated based upon the fixed and variable remuneration determined for the current year.

On the occasion of the departure of the former Executive Chairman, Mr Isla, the Annual General Meeting held in 2022 approved in accordance with the substantiated proposal from the Remuneration Committee, for the purposes of better protecting the legitimate interests of the Company: (i) the extension of the scope of the post-contractual non-compete obligation and the resulting increase in his compensation, and (ii) the amendment to the Directors' Remuneration Policy for FY2021, FY2022 and FY2023, approved at the AGM held on 13 July 2021, for the purposes, inter alia, of covering the new terms of the contract with Mr García, as CEO with regard to the golden parachute clause and the post-contractual non-compete obligation (as indicated in the table above).

In any case, the maximum termination payment amounts for executive directors pursuant to the provisions of the above referred recommendations GGC, are respected in said non-compete clause.

Indicate whether, beyond the cases established by law, these agreements have to be communicated and/or authorised by the governing bodies of the company or its group. If so, specify the procedures, the cases concerned and the nature of the bodies responsible for their approval or communication:

	Board of Directors	General Meeting of Shareholders
Governing body authorizing the clauses	x	

	Yes	No
Are these clauses notified to the General Meeting of Shareholders?	x	

The internal system regarding approval of the terms and conditions of the contracts entered into by the Company or any Group company with senior managers and directors, set forth in the Articles of Association, the Board of Directors' Regulations and the specific sets of regulations of each board committee, is similar to the statutory system provided in the Companies Act.

The clauses included in contracts with senior managers are approved by the board of directors, following a favourable report of the Remuneration Committee.

Information about such terms, included in the contract entered into with the CEO, can be found in the Annual Report on Remuneration of Directors for 2022, which will be put to an advisory say-on-pay vote at the following Annual General Meeting as a separate agenda item.

C.2. Committees of the Board of Directors

C.2.1. Provide details of all committees of the Board of Directors, their members, and the proportion of executive, proprietary, independent and other external directors forming them:

EXECUTIVE COMMITTEE

In accordance with the provisions of article 27 of the Articles of Association, an Executive Committee was set up by the Board of Directors on 28 February 1997, which holds in delegation all the powers of the Board, except for those that cannot be delegated by statute or pursuant to the Articles of Association and those that are necessary for the responsible exercise of the general supervisory function that is incumbent on the board of directors.

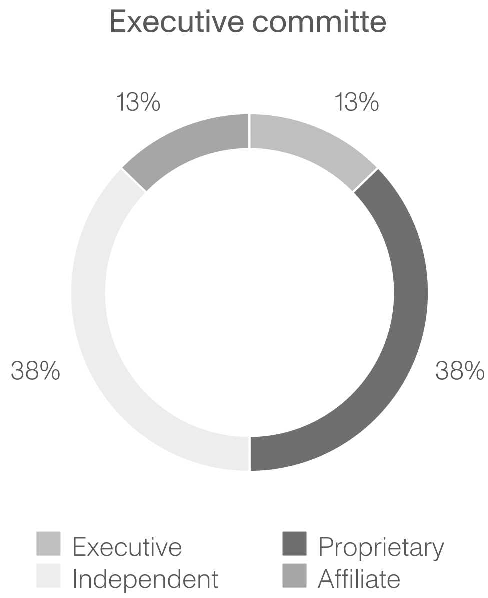
Composition of the Executive Committee as of 31 January 2023:

Name	Position	Directorship type
Mr Óscar García Maceiras	Chair	Executive
Mr José Arnau Sierra	Deputy chair	Proprietary
Mr Amancio Ortega Gaona	Ordinary member	Proprietary
Ms Marta Ortega Pérez	Ordinary member	Proprietary
Ms Pilar López Álvarez	Ordinary member	Independent
Mr José Luis Durán Schulz	Ordinary member	Independent
Mr Rodrigo Echenique Gordillo	Ordinary member	Independent
Mr Emilio Saracho Rodríguez de Torres	Ordinary member	Affiliate

% executive directors	13%
% proprietary directors	38%
% independent directors	38%
% affiliate directors	13%

Mr Javier Monteoliva Díaz, General Counsel and Secretary of the Board, acts as Secretary non-member of the Executive Committee.

The structure of the Executive Committee is represented in the image below:



Explain the duties delegated or assigned to this committee, other than those that have already been described in Section C.1.9. and describe the rules and procedures for its organisation and functioning. For each of these functions, briefly describe its most important actions during the year and how it has exercised in practice each of the functions assigned to it by law, in the articles of association or in other corporate resolutions.

a) Composition

The board of directors resolved on 14 December 2020, following a favourable report of the Audit and Compliance Committee to amend in part its terms of reference for the purposes, inter alia, of aligning the rules on the composition of the Executive Committee with the new language of Recommendation 37 GGC.

As stated in section A.1.15 above, the board of directors approved at its meeting held on 12 May 2022 following a favourable report from the Audit and Compliance Committee the partial amendment to its terms of reference for the purposes of aligning the Executive Committee's membership with the new corporate organisational structure. In particular, it was resolved that the Executive Committee would be hereinafter chaired by the CEO or the company's chief executive, should more than one director perform executive functions, instead of the Chair of the Board of Directors.

In line with the foregoing, the board of directors resolved on that same date, on the proposal of the Nomination Committee to appoint Mr Óscar García Maceiras as new Chair of the Executive Committee (pursuant to the new wording of section 14.3 of its terms of reference) and Ms Marta Ortega Pérez as new ordinary member thereof.

Mr García and Ms Ortega will serve on the Executive Committee for as long as they serve on the board, i.e. four years since the ratification of their election to the board as executive and proprietary directors, respectively, at the Annual General Meeting.

Pursuant to section 14.2 of the Board of Directors' Regulations, the Executive Committee, should it exist, shall be made up of a number of directors being no less than 3 and no greater than 8. At least 2 of the members of the Executive Committee must be non-executive directors and at least one of these latter must be an independent director. The CEO will chair the Executive Committee and the Secretary of the Board of Directors, who may be assisted by the Deputy-Secretary, will act as Secretary thereof.

b) Duties

The Executive Committee holds in delegation all the powers of the board, except for those that cannot be delegated by statute or pursuant to the Articles of Association and those that are necessary for the responsible exercise of the general supervisory function that is incumbent on the board of directors.

Pursuant to article 27 of the Articles of Association, for the permanent delegation of any power of the board of directors to the Executive Committee, it shall be necessary for two-thirds of those making up the board of directors to vote for the motion.

c) Proceedings

No meeting of the Executive Committee was held in 2022.

AUDIT COMMITTEE

Article 28 of the Articles of Association and section 15 of the Board of Directors' Regulations, as well as the Audit and Compliance Committee's Regulations set out the regulations governing the Audit and Compliance Committee.

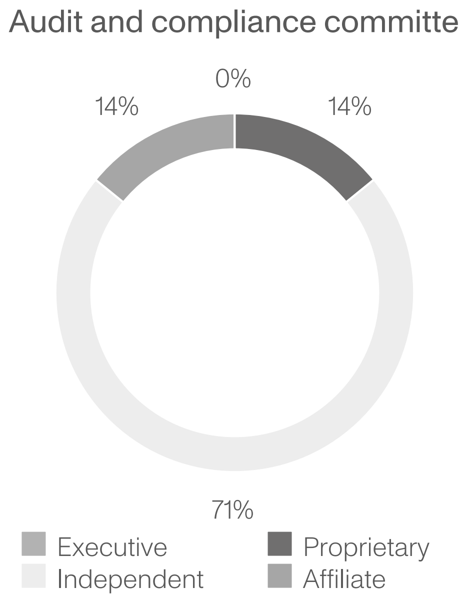
Composition of the Audit and Compliance Committee as of 31 January 2023:

Name	Position	Directorship type
Ms Pilar López Álvarez	Chair	Independent
Bns. Denise Patricia Kingsmill	Ordinary member	Independent
Ms Anne Lange	Ordinary member	Independent
Mr José Arnau Sierra	Ordinary member	Proprietary
Mr José Luis Durán Schulz	Ordinary member	Independent
Mr Rodrigo Echenique Gordillo	Ordinary member	Independent
Mr Emilio Saracho Rodríguez de Torres	Ordinary member	Affiliate

% executive directors	0 %
% proprietary directors	14.29 %
% independent directors	71.42 %
% affiliate directors	14.29 %

Mr Javier Monteoliva Díaz, General Counsel and Secretary of the Board, acts as Secretary non-member of the Audit and Compliance Committee.

The structure of the Audit and Compliance Committee is represented in the image below:



Explain the duties assigned to this committee and describe the rules and procedures for its organisation and functioning. For each of these duties, briefly describe its most important actions during the year and how it has exercised in practice each of the duties assigned to it by law, in the articles of association or in other corporate resolutions.

a) Composition:

Pursuant to section 14 of the Audit and Compliance Committee's Regulations and article 28 of the Articles of Association, the Audit and Compliance Committee shall be made up of a minimum of 3 and a maximum of 7 non-executive directors appointed by the board of directors, a majority of whom must necessarily be independent directors. All members of the committee and in particular its Chair shall be appointed taking into account their knowledge and experience on accounting, audit, internal control or risks management matters, both financial and non-financial, as well as industry-specific knowledge. Additionally, at least one of them shall be appointed taking into account their knowledge, skills and experience in the matter of information technology.

The Audit and Compliance Committee must be chaired by an independent director serving on it, who shall be elected by the board of directors for a maximum 4-year term, upon expiry of which they shall be replaced. They may be re-elected a year after the end of their term of office. The board of directors shall appoint a Secretary of the Audit and Compliance Committee, who needs not be a member of said body.

The board of directors shall encourage a diverse committee membership in terms of professional experience, competences, personal skills, sector-specific knowledge, international experience or geographic origin, age and gender, taking into account the restrictions that result from the smaller size of the committee.

b) Duties

The mission and powers of the Audit and Compliance Committee are addressed in article 28 of the Articles of Association, section 15 of the Board of Directors' Regulations and sections 5 to 13 of the Audit and Compliance Committee's Regulations.

In addition to the powers expressly assigned to it pursuant to statute and the Recommendations of the Good Governance Code, the Audit and Compliance Committee shall be expressly entrusted with the following duties:

- Powers relating to Corporate Governance: (i) to review and evaluate the appropriateness of the corporate governance system and to propose to the Board of Directors amendments and updates of the Company's corporate governance regulations; (ii) to oversee the degree of compliance by the Company with generally recognised recommendations on good governance and in particular, with the GGC; (iii) to oversee compliance with the Internal Regulations of Conduct in the Securities Markets, and, in general, with the corporate governance regulations of the Company; (iv) to be regularly apprised of issues relating to management of treasury stock; and (v) to prepare and table to the board of directors for approval, the Annual Corporate Governance Report.
- Powers relating to Compliance: (i) to issue reports on the policies and procedures of the Company on topics within its remit; (ii) to oversee compliance with applicable regulations and the effectiveness of the internal policies and procedures of the Company; (iii) to review recommendations and best practices on Compliance and corporate governance, both domestic and/or international, and to encourage compliance with the most demanding standard; (iv) to oversee compliance with the Annual Compliance Plan and with the Model of Criminal Risk Prevention of the Group; (v) to ensure that the Compliance Function relies on the necessary resources for the appropriate discharge of its duties; and (vi) to receive information, at least every 6 months, on the degree of compliance with the Codes of Conduct and the proceedings of the Ethics Line and the reports received through the relevant channel of any potential breach of the Group Codes of Conduct, of any other internal regulation of the Group and of any potentially relevant irregularities, including of a financial and/or accounting nature, or otherwise relating to the Company.
- Powers relating to tax issues: (i) to receive from the head of tax issues of the Company prior to the statement of the annual accounts and the filing of the Corporate Tax return, information on tax criteria followed by the Company during the financial year, and on the degree of compliance with the Code on Good Tax Practices; and (ii) to apprise the board of directors of the tax policies applied and, in the case of transactions or matters which must be referred to the board of directors for approval, of the tax consequences thereof, when they represent a relevant factor.
- Other powers entrusted to the Committee: (i) to oversee in coordination with the Sustainability Committee, where applicable and with regard to issues under its purview, the strategy of communication and relations with shareholders, including small and medium shareholders, investors, proxy advisors and other stakeholders as well as the effective application of the Policy on Disclosure of Economic-Financial, Non-Financial and Corporate Information, and encourage its enhancement; (ii) to oversee and evaluate the process of interaction with the different stakeholders of the company as regards issues under its purview; and (iii) to exercise when the Committee so decides all the duties inherent in audit committees from time to time provided in applicable laws, as regards such Group companies that are deemed to be public-interest entities (as defined by applicable regulations) provided that such companies are directly or indirectly wholly-owned by the Company and the administration thereof is not vested in a board of directors.

c) Organizational and operational rules

The Committee shall meet, at least on a quarterly basis, for the purposes of reviewing the periodic financial information to be submitted to the market authorities further to an obligation or of its own accord, as well as the information that the board of directors must approve and include within its annual public documentation. Likewise, it shall meet each time that its Chair calls it. The Chair must call the Audit and Control Committee whenever the board of directors or its Chair request a report or the submission of motions and, at any rate, whenever it is appropriate for the successful performance of its functions.

Likewise, the Chair may arrange other communication channels, working meetings to prepare committee meetings on specific topics apart from the formal meetings of the committee.

Ordinary meetings shall be called by letter, fax, telegram or email, and the meeting notice shall be signed by the Chair or the Secretary. A quorum for committee meetings shall be declared when at least half plus one of its members, present or represented, are in attendance. The committee may also pass resolutions in writing, without holding a meeting, pursuant to statutory provisions.

Committee meetings may be held via videoconference or conference call, or any other equivalent system allowing to recognise and identify attendees, for them to communicate, speak and cast vote, all in real time.

Likewise, for the purposes of making the appropriate arrangements that ensure the achievement of the objectives effectively sought, the committee shall prepare an annual working plan, which shall include, at least, the specific objectives for the financial year and an annual schedule of ordinary meetings. In addition, the committee may rely on external advisors to properly carry out its duties.

d) Main proceedings of the Audit and Compliance Committee carried out in 2022

The main proceedings of the Audit and Compliance Committee in the year in furtherance of the responsibilities it has been entrusted with pursuant to article 28 of the Articles of Association and implemented in sections 5 to 13 of the Audit and Compliance Committee's Regulations, are outlined below:

1. Proceedings relating to the supervision of the process to draw up and release the periodic financial information, annual accounts, auditor's report and Statement on Non-Financial Information.

- Preparation of financial and non-financial information

The Audit and Compliance Committee reviews Inditex's economic and financial information before it is approved by the board of directors.

To do so, prior to the stating of the quarterly, half-yearly or annual financial statements, the Audit and Compliance Committee also meets with the Company's Management to review, among other things, the enforcement of the accounting principles and the estimates made upon stating the financial statements.

Additionally, the committee, which is entirely made up of non-executive directors, meets with the external auditor for the purposes of reviewing the Company's annual accounts and certain periodic financial information, ensuring compliance with statutory requirements, the appropriate delimitation of the consolidation perimeter and the appropriate use of generally accepted accounting principles upon stating the annual accounts.

The Audit and Compliance Committee reviewed on 14 March 2022 the annual accounts and the directors' report, both consolidated and individual, as well as the auditor's report for FY2021. The Committee verified that an unqualified auditor's report was issued. In that same meeting, in the exercise of the oversight duties inherent in audit committees assumed in respect of Zara España, S.A. ("Zara España"), a wholly-owned subsidiary, the Committee reviewed the results and the Annual Financial Report, comprising the individual annual accounts and directors' reports for FY2021.

Likewise, the Committee reviewed the quarterly results for 2022 and the relevant Results Releases and Press Releases in the meetings held on 6 June (1Q), 12 September (1H) and 12 December 2022 (3Q). Said results–and the respective Results Releases and Press Releases–were submitted by the board of directors to the market and its supervisory bodies on a quarterly basis pursuant to the Periodic Public Information (PPI) format.

- Statement on Non-financial Information

The committee gave a favourable report to the consolidated Statement on Non-financial Information (SNFI) of the Inditex Group for 2021 in the meeting held on 14 March 2022.

The SNFI was prepared in accordance with the provisions of applicable commercial regulations, following the criteria set forth in Global Reporting Initiative (GRI) standards, in particular in GRI 101: Foundation 2016, selected pursuant to the table of required contents provided in Act 11/2018.

To avoid material omissions in the SNFI that might be subsequently included in the Annual Report and ensure full consistency between both documents, a single integrated report was issued in the year for the first time, which replaced the Annual Report that the company used to prepare every year in the month of June.

Likewise, following financial reporting best practices, an Integrated Directors' Report was also issued for the first time, which integrated both financial and non-financial information.

The Statement on Non-Financial Information for FY2021 was subject to an independent verification review by the auditors who issued an unqualified report.

- Report on the Internal Control over Financial Reporting System (ICFR)

The committee oversaw the effectiveness of the Internal Control over Financial Reporting System (ICFR). This is accounted for in section F of the 2021 Annual Corporate Governance Report approved on 15 March 2022. The Company's ICFR has been verified by the statutory auditor, who issued an unqualified report.

Likewise, in the meeting held on 6 June 2022, the committee acknowledged the presentation given by external auditors on the diagnosis of Internal Control over Financial Reporting System (ICFR) of the Group.

2. Proceedings relating to statutory audit

- Overseeing the process to select and appoint the external auditor

The audit tender process to select the new statutory auditor, overseen by the committee, was completed in 2020. In the meeting held on 11 December 2020, the Audit and Compliance Committee resolved to submit to the Board of Directors the proposal on the appointment of E&Y, S.L. to be the new statutory auditor of the Company and its Group for FY2022, 2023 and 2024.

Given the time elapsed since the proposal was issued and the fact that the AGM to which it would be submitted would be held shortly, the committee resolved at its meeting held on 6 June 2022 to ratify and execute the terms relating to the proposal on the appointment of E&Y. The proposal was approved at the AGM 2022.

Until the proposed auditors are effectively appointed at the AGM, at its meeting held on 14 March 2022, the committee acknowledged the presentation given by E&Y on the status of the external audit transition plan.

- Overseeing the effectiveness of the statutory audit and fulfilment of the audit engagement

The audit conducted in 2021 was reviewed by the Audit and Compliance Committee in the meeting held on 14 March 2022, which was attended by the external auditors duly called to that end.

The former external auditors audited the consolidated financial statements of the Group as at 31 January 2022 as well as the individual financial statements of certain Group companies, also as at 31 January 2022. Likewise, the information about Zara España's individual accounts was included separately in the audit scope. An unqualified report was issued.

In turn, the incoming external auditors have also carried out a limited review of the consolidated financial statements for 1Q2022 and 3Q2022, which was accounted for in the meetings held on 6 June and 12 December 2022, respectively.

External auditors (formally appointed at the AGM) were also in attendance at the meeting held by the Audit and Compliance Committee on 12 September 2022 to (i) account for the limited review of interim condensed consolidated financial statements of Industria de Diseño Textil, S.A. and subsidiaries, and (ii) present their audit plan for the current year.

- Verifying the independence of Statutory Auditor

Pursuant to the provisions of the Policy on statutory auditor contracting for the provision of non-audit services originally approved by the Committee on 18 July 2016 as a Procedure and amended in part on 15 March 2022, the Audit and Compliance Committee evaluated and approved in the meetings held on 14 March, 12 September, 3 November and 12 December 2022 the engagement by the Company, Group companies and Zara España, of non-audit services from external auditors.

The committee also approved on 14 March 2022 the reports on the independence of the former external auditors from the Company and from Zara España. Both reports also covered the provision of non-audit services by the former auditors in 2021.

Pursuant to Recommendation 6 GGC, the report on the independence of the external auditor from the Company was made available to the shareholders on the corporate website at the time the Annual General Meeting was called.

3. Proceedings relating to Internal Audit

The Chief Audit Officer attended five (5) meetings of the Audit and Compliance Committee held in 2022 and took an active part therein.

A number of issues that fall under the purview of the committee were addressed in such meetings. The committee oversaw the work plan of the Internal Audit Department (such as projects progress and review of follow-up on the most critical recommendations in the field of operations, financial, compliance and systems currently in progress), and approved its budget. In particular:

- At the meeting held on 14 March 2022: The committee: (i) acknowledged the Internal Audit Annual Activities Report for 2021; (ii) approved the 2022 Internal Audit Plan and budget, in accordance with Recommendations 41 and 42 GGC, and (iii) gave a favourable report to the external audit fees for 2021 and the budget for 2022.

- At its meetings held on 6 June, 12 September and 12 December 2022, the committee acknowledged the assignments carried out by Internal Audit in 1Q2022, 2Q2022 and 3Q2022, respectively.

- The committee resolved at its meeting held on 12 September to approve the 2022 Internal Audit Plan update as a result of follow-up on the progress of business, operations and new risks in relevant areas

- Last, at the meeting held on 14 March 2022, the committee gave a favourable report to the amendment to the Internal Audit Charter primarily made to reinforce the independence of the Internal Audit function, updating the CAO's dual reporting: (i) administrative reporting to the non-executive Chair of the Board, and (ii) functional reporting to the Audit and Compliance Committee.

4. Proceedings relating to Compliance

• Supervision of the Model of Criminal Risk Prevention: review of the reports issued by the Ethics Committee

The committee reviewed and approved at its meeting held on 14 March 2022 the Annual Report of the Ethics Committee covering the main proceedings of such committee regarding the Ethics Line in 2021, and the Half-yearly Report of the Ethics Committee at its meeting of 12 September 2022. Both reports review the enforcement of the Code of Conduct and Responsible Practices and the Code of Conduct for Manufacturers and Suppliers, outlining the cases handled by the Ethics Committee, the measures taken and the resolutions issued.

The committee also acknowledged the follow-up on the evolution of the cases handled and the concerns received via the Ethics Line at the meetings held on 6 June and 12 December 2022.

It acknowledged the Reports on the Model of Criminal Risk Prevention for 2021 and for 1H2022 at its meeting held on 14 March and 12 September 2022, respectively. Such reports cover the outcome of the supervision of Inditex's Model of Criminal Risk Prevention and the actions taken to roll out the Corporate Compliance system both at domestic and international level (dissemination and communication, proceedings relating to acceptance of the Code of Conduct and Responsible Practices and training on Corporate Compliance).

Last, at is meeting held on 14 March 2022, the committee: (i) acknowledged the reasonable assurance report on the evaluation of Inditex's Model of Criminal Risk Prevention, and (ii) gave a favourable report to the amendment to the Regulations of the Ethics Committee to align its structure and encompass certain organisational measures.

• Supervision of the Compliance Function

At its meeting held on 14 March 2022, the committee approved the 2022 Annual Compliance Work Plan and acknowledged the appointment of the new Chief Compliance Officer.

Likewise, at the meetings held on 14 March and 12 September 2022, the Audit and Compliance Committee acknowledged the 2021 Annual Compliance Report and the half-yearly Compliance Report for 2022 first half, respectively.

The committee further acknowledged the main proceedings of the Compliance Function at the meetings held on 6 June and 12 December 2022.

• Corporate policies.

At its meeting held on 14 March 2022, the committee gave a favourable report to the Global sexual harassment and sex or gender identity-based harassment at the workplace prevention Policy and to the Policy on statutory auditor contracting for the provision of non-audit services. Both were approved by the board of directors in the meeting held on 15 March 2022.

At its meeting held on 12 September 2022, the committee gave a favourable report to the new Indirect Procurement Policy which went on to be approved by the board of directors on the following day.

Last, on 12 December 2022 the committee gave a favourable report to the Health & Safety Policy which was subsequently approved at the board meeting held on the following day.

5. Proceedings in the field of oversight and evaluation of the Enterprise Risk Management Function

The Audit and Compliance Committee is responsible for verifying the level of risk tolerance and its limits, at least by means of an annual review and periodic reports on the degree of compliance with the Enterprise Risk Management Policy, to be raised to the board. Its main proceedings in the field in the year were:

• Risk Map

At the meeting held on 12 December 2022, the Head of the ERM Department apprised the committee of the main risks affecting business development and the control measures established to manage and monitor such risks. The committee gave a favourable report to the update of the 2022 Risk Map.

• Evaluation of other risks

Pursuant to sections 5.3 (i) of the Audit and Compliance Committee's Regulations, and the provisions of the Enterprise Risk Management Policy, the evaluation of any question regarding "*financial and non-financial risks (including operational, technological, legal, social, environmental, political and reputational risks or those related to corruption*)" is part of the Committee's duty to oversee the effectiveness of risk control systems.

Likewise, pursuant to section 9(h) of the above-mentioned set of rules, the Audit and Compliance Committee may "*Meet with the heads of business units at least once a year, and whenever the Committee deems it appropriate, for the purposes of reporting to the Committee on trends of business and risks associated with the respective areas under their purview.*"

Considering the foregoing, the Committee has encouraged attendance of company's officers, managers and heads of control areas at its meetings, to keep abreast of the operation of the risk management systems established and the findings reached. In particular, with regard to:

• Financial risks

At the meeting held on 12 December 2022, the Head of the ERM Department and the Head of Financial Risk Management reported to the Audit and Compliance Committee on the main financial risks of the Group.

• Report on Tax Policies

Pursuant to the Company's Tax Policy, the Audit and Compliance Committee acknowledged at the meeting held on 14 March 2022 the tax policies followed in 2021.

- Information Security

At the meeting held on 14 March 2022, with the former external auditors in attendance, the committee acknowledged the results of the assessment of the cybersecurity maturity level and the cyber incident response of the Group as well as of the review of technological risks associated to financial information.

At that same meeting, the committee acknowledged the presentation given by the CISO on: i) the main events of interest noted by the Information Security Committee in 2H2021, (ii) the most relevant projects and initiatives of the Information Security Department, and (iii) the 2022 Plan.

On the other hand, at the meeting held on 12 September 2022, the committee acknowledged the main events of interest noted by the Information Security Committee in 1H2022.

At that same meeting, the committee acknowledged the new CISO Charter that seeks to define the framework for action and identify the CISO's responsibilities, improve maturity terms and ensure alignments with applicable cybersecurity requirements, trends and regulations.

The Charter outlines: (i) the specialised knowledge and experience required to be appointed as Chief Information Security (CISO); (ii) the assurances of the CISO (including without limitation, autonomy and independence and resources and means); (iii) the CISO reports hierarchically to the CEO, which ensures their independence, autonomy of action and control; (iv) the reporting lines to the Audit and Compliance Committee and the Information Security Committee; and (v) responsibilities and functions, both internal and external.

- Report of the Data Protection Officer (DPO)

At the meeting held on 12 September 2022, the Audit and Compliance Committee acknowledged the report of the DPO, which identified, inter alia: (i) the most relevant initiatives carried out by the area, and (ii) the current strategy and main action lines.

- Report of the Import, Export and Transport Department

At its meeting held on 6 June 2022, the committee acknowledged the report of the Import, Export and Transport Department outlining its main challenges, action lines and current and scheduled projects of the area.

- IP

The committee acknowledged at its meeting held on 12 September 2022 the reports raised by the Head of the IP Department and the Head of the Intellectual Property Control (IPPC) area covering, inter alia: (i) the scope of the measures taken by the Group to avoid potential conflicts with third parties' rights/designs; (ii) the progress of the cases relating to IP assets management, including the scope of the IP risk control measures in force; and (iii) the evolution of the main IP litigation.

- Other risks

The Head of the ERM Department was in attendance at several meetings of the Audit and Compliance Committee to brief it on the progress, evolution and action lines regarding the management of risks which are most relevant to the Group according to the Risk Map. The committee acknowledged the report on climate change risk at its meeting on 6 June.

Likewise, the committee assessed on 12 September potential risks arising from the different innovation and investment initiatives undertaken by the Group in the field of sustainability.

6. Proceedings relating to Corporate Governance

The most relevant proceedings of the committee in 2022 regarding observance of statutory and good governance requirements have been:

- Annual Corporate Governance Report (ACGR)

On 14 March 2022, the Audit and Compliance Committee approved the 2021 Annual Corporate Governance Report filed in free format, in accordance with CNMV's Circular 5/2013, accompanied by the relevant Statistical Appendix set forth in said Circular. The committee submitted the ACGR to the board of directors, which approved it on 15 March 2022, and subsequently sent it to the CNMV as other relevant information. The ACGR is available on CNMV's website.

- Review of the reports of the Market Transparency Committee

The Audit and Compliance Committee reviewed at the meetings held on 14 March and 12 September 2022 the half-yearly reports issued by the General Counsel's Office and approved by the Market Transparency Committee on: (i) the enforcement of the Internal Regulations of Conduct in the Securities Markets (IRC); (ii) the measures taken to promote knowledge of the obligations arising out of the IRC and ensure compliance with its provisions; (iii) the updated list of persons subject to the IRC; and (iv) monitoring the incidents detected relating to transactions in Inditex shares.

- Amendment to internal regulations

In 2022 almost all amendments to Inditex's internal regulations on corporate governance were made to bring their language into line with the new organisational structure of the Company. In particular:

– At the meeting held on 12 May 2022, it gave a favourable report to the proposals on the amendment to the Board of Directors' Regulations and the Audit and Compliance Committee's Regulations, primarily to reflect the clear separation of duties assigned to the Chair and those assigned to the CEO, as chief executive of the Company, thus preventing any risk of confusion regarding the profile and role of the new non-executive Chair.

  A second group of proposed amendments answered the need to align the composition of the Executive Committee with the new organisational structure of the company

– At the meeting held on 3 November 2022, the proposed amendment to the Internal Regulations of Conduct in the Securities Markets, consisting of: (i) changing the name of the committee from "Compliance Supervisory Board" to "Market Transparency Committee"; (ii) specifying Senior Managers who are subject to the special IRC system; (iii) in line with market practice, directors and senior managers will be subject to the same blackout periods as the remaining officers and employees; and (iv) reviewing certain technical aspects of the IRC in view of actual practice.

The above referred proposals were subsequently approved by the board of directors.

- Evaluation of the appropriateness of the corporate governance system

At the meeting held on 13 February 2023, the Audit and Compliance Committee has appreciated that the Company's corporate governance system in 2022 is appropriate, as it considers that it is fully compliant with the regulatory requirements laid down in applicable regulations and with GGC recommendations.

- Related party transactions

At the meeting held on 14 March 2022, the Audit and Compliance Committee issued and approved the report on related party transactions carried out by the Inditex Group throughout 2021.

Pursuant to Recommendation 6 GGC, said report was made available to shareholders on the corporate website at the time the notice calling the Annual General Meeting was posted.

At its meetings held on 14 March, 6 June and 12 September, the committee gave a favourable report to the related party transactions outlined in the annual report on related party transactions carried out by the Group in 2022 (approved by the committee on 14 March 2023 and which will be posted on the corporate website in June 2023). Following their assessment on the basis of the reports issued by the committee, all such related party transactions were approved by the board of directors.

- Report on treasury stock

The Audit and Compliance Committee acknowledged at the meeting held on 14 March 2022 the report on the Group's treasury shares.

- Schedule of dates and business to be transacted

Pursuant to recommendations of CNMV's Technical Guide 3/2017, the Audit and Compliance Committee approved on 12 December 2022 the schedule of dates and agenda of business to be addressed by the Committee in 2023.

- Report on its proceedings and evaluation report

The committee issued the annual report on its proceedings at the meeting held on 6 June 2022 (available on the corporate website) and the report on the evaluation of its proceedings on 12 December 2022.

7. Other actions

- Assumption by Inditex's Audit and Compliance Committee of functions of audit committee at Zara España, S.A.

As described above in the relevant sections, the Audit and Compliance Committee carried out duties inherent in the audit committee of Zara España, S.A. in 2022.

Identify the directors who are members of the audit committee and have been appointed taking into account their knowledge and experience in accounting or audit matters, or both, and state the date on which the Chairperson of this committee was appointed.

Names of directors with experience	Ms Pilar López Álvarez, Bns Denise Patricia Kingsmill, Ms Anne Lange, Mr José Arnau Sierra, Mr José Luis Durán Schulz, Mr Rodrigo Echenique Gordillo and Mr Emilio Saracho Rodríguez de Torres
Date of appointment of the chairperson	14/07/2020

NOMINATION COMMITTEE

Article 29 of the Articles of Association, section 16 of the Board of Directors' Regulations and the Nomination Committee's Regulations set out the regulations governing the Nomination Committee.

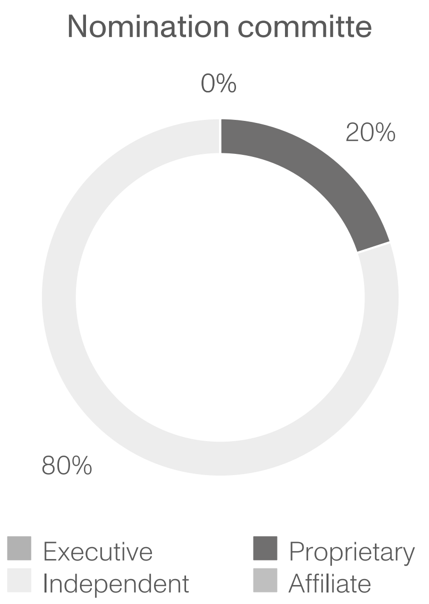
Composition of the Nomination Committee as of 31 January 2023:

Name	Position	Directorship type
Mr José Luis Durán Schulz	Chair	Independent
Ms Anne Lange	Ordinary member	Independent
Ms Pilar López Álvarez	Ordinary member	Independent
Mr José Arnau Sierra	Ordinary member	Proprietary
Mr Rodrigo Echenique Gordillo	Ordinary member	Independent

% executive directors	0 %
% proprietary directors	20 %
% independent directors	80 %
% affiliate directors	0 %

Mr Javier Monteoliva Díaz, General Counsel and Secretary of the Board, acts as Secretary-non-member of the Nomination Committee.

The structure of the Nomination Committee is represented in the image below:



Explain the duties assigned to this committee and describe the rules and procedures for its organisation and functioning. For each of these functions, briefly describe its most significant actions during the year and how it has exercised in practice each of the functions assigned to it by law, in the articles of association or in other corporate resolutions.

a) Composition

Pursuant to the provisions of article 29 of the Articles of Association and section 10 of its own terms of reference, the Nomination Committee shall be comprised of a minimum of 3 and a maximum of 7 non-executive directors appointed by the board of directors, a majority of whom must necessarily be independent. They shall be elected, in particular its Chair, considering the appropriate knowledge, qualifications and experience to discharge the duties they are called upon to perform, including on corporate governance issues, analysis and strategic assessment of human resources, selection of directors and senior executives and the assessment of the suitability requirements legally provided for the discharge of senior executive functions. The Chair of the Nomination Committee shall be appointed by the board of directors from amongst the independent members of the committee.

The board of directors shall encourage a diverse committee membership in terms of professional experience, competences, personal skills, sector-specific knowledge, international experience or geographic origin, age and gender, taking into account the restrictions that result from the smaller size of the committee.

b) Duties

The mission and powers of the Nomination Committee are provided in article 29.3 of the Articles of Association, section 16 of the Board of Directors' Regulations, and sections 5 to 9 of the Nomination Committee's Regulations.

In addition to the powers expressly assigned to it pursuant to statute and the Recommendations of the Code of Good Governance, the Nomination Committee is entrusted with the following duties:

- With regard to the selection of directors: (i) to issue a report on the Diversity of Board of Directors Membership and Director Selection Policy; (ii) to set up and review the criteria that must be adhered to regarding an appropriate and diverse board membership and selection of prospective candidates; (iii) to ensure that upon filling new vacancies or appointing new directors, selection procedures shall encourage diversity and ensure the absence of any manner of discrimination, and shall follow a merit-based approach; and (iv) to be regularly apprised of the succession and career plans of senior managers.
- With regard to the annual evaluation programme: (i) to establish and oversee an annual programme for evaluating performance; (ii) to report on an annual basis to the board of directors on its performance, the performance of the committee itself, the Chair and the CEO (following a report from the Lead Independent Director), the Lead Independent Director and the Secretary of the Board; (iii) to propose an action plan or recommendations to amend potential weaknesses detected or to improve the effectiveness of the board and its committees; and (iv) to assess the convenience of discussing with the directors the findings of their individual evaluations and, if appropriate, the measures to be adopted to improve their performance.

  Additionally, the Committee may gather information about the evaluation of senior managers.
- Other powers entrusted to the Committee: to design and periodically organise the induction and refresher programmes for directors.

c) Organisational and operational rules.

The Nomination Committee shall meet at least 3 times a year and each time that its Chair calls it. The Chair shall call a committee meeting each time the Board of Directors or its Chair requests the issuing of a report or the adoption of proposals and in any case whenever this is suitable for the successful performance of its functions.

Likewise, the Chair may arrange working sessions to prepare committee meetings on specific topics apart from the formal meetings of the committee.

Ordinary meetings shall be called by letter, fax, telegram or email, and the meeting notice shall be signed by the Chair or the Secretary. A quorum for committee meetings shall be declared when at least half plus one of its members, present or represented, are in attendance. The committee may also pass resolutions in writing, without holding a meeting, pursuant to statutory provisions.

Committee meetings may be held via videoconference or conference call, or any other equivalent system enabling the recognition and identification of attendees, allowing them to communicate, speak and cast votes, all in real time.

Likewise, for the purposes of making the appropriate arrangements to ensure that the objectives pursued are effectively achieved, the committee shall prepare an annual working plan, which shall include at least the specific objectives for the financial year and an annual schedule of ordinary meetings. The committee may rely on external advisors to properly perform the duties it has been entrusted with.

d) Main proceedings of the Nomination Committee in 2022:

In 2022, the primary activities of the Nomination Committee have revolved around the following areas:

1. Proceedings relating to appointment and removal of directors and senior managers

At the meeting held on 14 March 2022, it gave a favourable report to the proposal on the appointment of the new Deputy Secretary of the board of directors. At that same meeting, the Committee acknowledged the appointment of the new Chief Compliance Officer. The board of directors approved the appointment of its new Deputy Secretary on 15 March 2022.

At the meeting held on 12 May 2022, the committee issued the proposals on the appointment of Ms Ortega and Mr García as ordinary member and Chair, respectively, of the Executive Committee. Such proposals were approved by the board at its meeting held on 12 July 2022 following approval at the AGM of the resolutions on the ratification of the co-option to the board and subsequent appointment of both directors.

At its May meeting the Nomination Committee compiled a new skills matrix identifying the competences of the members of the board at that time in terms of education, professional experience and others such as origin, age, tenure, etc. Such matrix was approved by the board at its meeting held on 12 May 2022.

At its meeting held on 6 June 2022, the committee gave a favourable report to the proposals on the ratification of the co-option of Ms Ortega and Mr García to the board as proprietary and executive directors, respectively, and issued the proposals on the re-election of Ms López and Mr Echenique to the board, both of them as independent directors.

Such report addressed the convenience for Mr Echenique to continue holding the position of Lead Independent Director even though this is no longer a statutory requirement following the effective separation of the roles of Chair and CEO, as according to best international practices this is a good corporate governance practice to reinforce independence.

The Committee had previously approved an explanatory report on the analysis of prior needs of the Board for the purposes of the above referred proposals.

Proposals on the ratification, appointment and re-election of directors above referred were approved at the AGM held on 12 July 2022. The report on the needs of the board of directors, including the skills matrix, the different proposals issued and the explanatory report drafted by the board of directors were made available to shareholders on the corporate website at the time the notice calling the Annual General Meeting was posted.

In addition, the committee resolved at the meeting held on 6 June 2022 to raise to the board the following proposals: (i) recommending that Mr Emilio Saracho Rodríguez de Torres should continue serving on the board until the end of his term of office (in 2023); (ii) the end of his term as Chair of the Nomination Committee (having ceased to qualify as an independent director he is no longer entitled to chair it); and (iii) the resulting reorganisation of the Nomination and Sustainability Committees' membership by appointing Mr Durán as new member and Chair of the Nomination Committee and Mr Saracho as new member of the Sustainability Committee (following the end of Mr Durán's and Mr Saracho's offices on the Sustainability and Nomination Committees, respectively).

The above proposals were approved at the board meeting held on 7 June 2022. However, those referred to under sub-sections (ii) and (iii) above became effective on 13 July 2022, date on which Mr Saracho ceased to be independent.

Last, at its meeting held on 12 December 2022, the Nomination Committee approved the formal confirmation of the changes to Senior Management and to the Management Committee, in particular after Mr Crespo's resignation.

2. Proceedings relating to the process to evaluate the performance of the board of directors, its members and committees, the Executive Chairman, the CEO, the Lead Independent Director and the Secretary of the board.

Pursuant to the provisions of the Board of Directors' Regulations and the Nomination Committee's Regulations and, in line with GGC Recommendations and Recommendation 7 of Technical Guide 1/2019, the Nomination Committee is tasked with overseeing the *"Annual Programme for the Evaluation of the Board of Directors, the Directors, the Committees, the Chair, the CEO, the Secretary and the Lead Independent Director"* before the commencement of the evaluation process and determining, if appropriate, that an external consultant should review and oversee such evaluation.

At its meeting held on 12 September, the committee approved the amendment to the Programme as follows: (i) the roles of Chair and CEO are separate; (ii) the Sustainability Committee is considered under the programme; (iii) the duties of the Lead Independent Director are aligned with those that they are effectively performing in practice regarding the evaluation process; (iv) the scope of the evaluation programme is aligned with the provisions of CNMV's Technical Guide 1/2019; and (v) the possibility of using different methodologies, including questionnaires and/or interviews, is considered. For more detailed information, see section C.1.17 above.

Likewise, pursuant to Inditex's internal regulations and best practices in the field of corporate governance, the Nomination Committee approved on 12 December 2022 the report on the annual evaluation of the performance of the Board of Directors, the Chair and the CEO (following a report from the Lead Independent Director in the case of these latter two), the Lead Independent Director, the Secretary and of the committee itself. Such reports were subsequently approved at the board meeting held on 13 December 2022.

The findings of the evaluation carried out in 2022 show that in general, directors are satisfied with regard to the areas evaluated.

3. Ascertaining compliance with the Diversity of Board of Directors Membership and Director Selection Policy

In the meeting held on 13 February 2023, the Nomination Committee has assessed compliance with the Diversity of Board of Directors Membership and Director Selection Policy in the process to re-elect and appoint directors via the co-option system carried out in 2022 (the findings of the report to ascertain compliance with the Policy are outlined in section C.1.7 above).

4. Internal regulations

On 12 May 2022, the Nomination Committee gave a favourable report to the proposal to amend its terms of reference and resolved to raise it to the board of directors, primarily to reflect the clear separation of duties assigned to the Chair and those assigned to the CEO, as chief executive of the Company, thus preventing any risk of confusion regarding the profile and role of the new non-executive Chair.

The above referred proposal was approved at the board meeting held on that same day.

5. Schedule of dates and agenda of business to be transacted:

Pursuant to recommendations of CNMV's Technical Guide 1/2019, the Nomination Committee approved, in the meeting held on 12 December 2022, the schedule of dates and order of business to be conducted by the committee in 2023.

6. Report on its proceedings

The Nomination Committee issued the annual report on its proceedings on 6 June 2022. It was published in the 2020 Annual Report and is available on the corporate website.

REMUNERATION COMMITTEE

Article 30 of the Articles of Association, section 17 of the Board of Directors' Regulations and the Remuneration Committee's Regulations set out the regulations governing the Remuneration Committee.

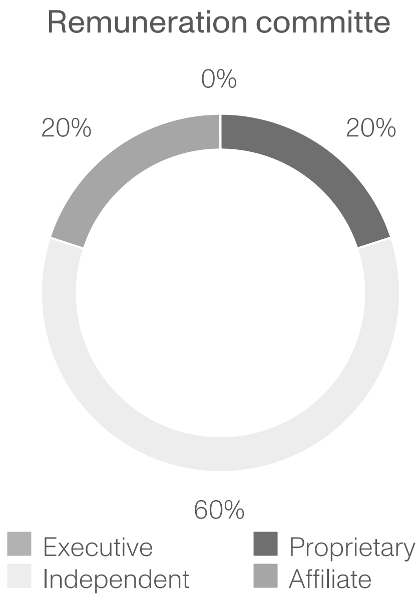
Composition of the Remuneration Committee as of 31 January 2022:

Name	Position	Directorship type
Mr Rodrigo Echenique Gordillo	Chair	Independent
Bns Denise Patricia Kingsmill	Ordinary member	Independent
Mr José Arnau Sierra	Ordinary member	Proprietary
Mr José Luis Durán Schulz	Ordinary member	Independent
Mr Emilio Saracho Rodríguez de Torres	Ordinary member	Affiliate

% executive directors	0 %
% proprietary directors	20 %
% independent directors	60 %
% affiliate directors	20 %

Mr Javier Monteoliva Díaz, General Counsel and Secretary of the Board, acts as Secretary-non-member of the Remuneration Committee.

The structure of the Remuneration Committee is addressed in the sections below.



Explain the duties assigned to this committee and describe the rules and procedures for its organisation and functioning. For each of these functions, briefly describe its most significant actions during the year and how it has exercised in practice each of the functions assigned to it by law, in the articles of association or in other corporate resolutions.

a) Composition

Pursuant to article 30 of the Articles of Association and section 7 of its own terms of reference, the Remuneration Committee shall be made up of a minimum of 3 and a maximum of 7 non-executive directors appointed by the board of directors, a majority of whom shall be independent. Members of this committee and in particular its Chair shall be appointed considering the appropriate knowledge, qualifications and expertise based upon the duties they must discharge, including among others, the analysis and strategic assessment of human resources and the design of remuneration policies and schemes for directors and senior managers. The Chair of the Remuneration Committee shall be appointed by the board of directors out of the independent members of the committee.

Likewise, the board of directors shall encourage a diverse committee membership in terms of professional experience, competences, personal skills, sector-specific knowledge, international experience or geographic origin, age and gender, taking into account the restrictions that are a result of the smaller size of the Committee.

b) Duties

The mission and powers of the Remuneration Committee are addressed 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 has not been assigned any powers other than those expressly entrusted by statute, and the Recommendations set forth in the Good Governance Code.

c) Organizational and operational rules

The Remuneration Committee shall meet at least 3 times a year and whenever called by the Chair. The Chair must call the Remuneration Committee whenever the board of directors or its Chairman may request the issue of a report or the approval of motions within the scope of its powers and, in any case, whenever it is useful for the successful performance of its functions.

Likewise, the Chair may arrange working sessions to prepare committee meetings on specific topics apart from the formal meetings of the committee.

Ordinary meetings shall be called by letter, fax, telegram or email, and the meeting notice shall be signed by the Chair or the Secretary. A quorum for committee meetings shall be declared when at least half plus one of its members, present or represented, are in attendance. The committee may also pass resolutions in writing, without holding a meeting, pursuant to statutory provisions.

Committee meetings may be held via videoconference or conference call, or any other equivalent system enabling the recognition and identification of attendees, allowing them to communicate, speak and cast votes, all in real time.

Likewise, for the purposes of making the appropriate arrangements to ensure that the objectives pursued are effectively achieved, the committee shall prepare an annual working plan, which shall include at least the specific objectives for the financial year and an annual schedule of ordinary meetings. The committee may rely on external advisors to properly perform the duties it has been entrusted with.

d) Main proceedings of the Remuneration Committee in 2021:

In 2022 the most relevant proceedings of the Remuneration Committee have revolved around the following areas:

1. Remuneration of executive directors and Senior Managers

With regard to the outgoing Executive Chairman and CEO:

The Remuneration Committee resolved at the meeting held on 14 March 2022 to submit to the board of directors:

- The assessment on the level of achievement of the targets set for variable remuneration in FY2021 for the former Executive Chairman and CEO, Messrs. Isla and Crespo, respectively and the proposal on the aggregate remuneration earned by each of them. The board of directors approved the level of target achievement and of relevant incentive payment at its meeting held on 15 March 2022.
- With regard to the departure of the former Executive Chairman, Mr Isla, the proposal on the early settlement of: (i) current long-term incentives, i.e. the second cycle (2020-2023) of the 2019-2023 Plan and the first cycle (2021-2024) of the 2021-2025 Plan; (ii) annual variable remuneration for 2022 for the period running between 1 February and 31 March 2022 (after assessing the target it was tied to); and (iii) the portion of the fixed remuneration for FY2022 earned as extra wage payments (July and December).

Proposals on early settlement of incentives and other remuneration items were approved at the board meeting held on 15 March 2022.

With regard to the new CEO:

Likewise, the Remuneration Committee also resolved at the meeting held on 14 March 2022 to submit to the board of directors:

- Assessment of the level of achievement of the targets set for variable remuneration in FY2021 (approved in 2020) and the proposal on the aggregate remuneration earned by the CEO for that year.
- The proposal on the new full compensation package for the CEO for the performance of his duties and responsibilities as the company's chief executive in the new organisational structure, including the terms of his contract, for FY2022.
- The board of directors approved the proposals on Mr García's remuneration and the terms of his new contract at its meeting held on 15 March 2022.

The committee resolved at the meeting held on 12 September 2022 to submit to the board of directors the proposal on the basic terms of Mr García's new executive services contract, aligned with the Directors' Remuneration Policy as amended, approved at the Annual General Meeting on 12 July 2022. Such Policy included the new compensation package for the CEO for the performance of his functions and responsibilities as the only executive director in the new organisational structure.

The contract was approved at the board meeting held on 13 September 2022.

With regard to the remuneration of the other directors and the new non-executive Chair:

At its meeting held on 14 March 2022, the committee further resolved to submit to the board the proposal on the fixed remuneration specific to Ms Ortega for the performance of her duties as non-executive Chair of the board, considering her new functions and responsibilities.

The committee also raised to the board the proposal for increasing the maximum limit for directors' remuneration covered in the Directors' Remuneration Policy.

With regard to Senior Managers:

At the year-end meeting held in March 2022, the committee gave a favourable report to and submitted to the board the proposal on the remuneration earned by Senior Managers for FY2021 and the yardsticks to determine remuneration for FY2022.

Last, at its meeting held on 12 December 2022, the Remuneration Committee resolved to give a favourable report and submit to the board of directors the economic terms arising from Mr Crespo's termination with the Company. Such terms were approved at the board meeting held on 13 December 2022.

2. Duties relating to the remuneration and the remuneration policy for directors and senior managers

The committee resolved at the meeting held on 14 March 2022 to give a favourable report to the draft Directors' Remuneration Policy for FY2021, FY2022 and FY2023, to be assessed and approved by the board of directors and subsequently put to an advisory say-on-pay vote at the 2022 Annual General Meeting.

The Policy, as amended, was approved at the Annual General Meeting held on 12 July 2022.

3. 2019-2023 Long-Term Incentive Plan

The committee approved at the meeting held on 14 March 2022 the assessment of the level of target achievement for the first cycle (2019-2022) of the 2019-2023 Plan to which the CEO's remuneration for FY2022 was tied. The board of directors assessed the achievement of such targets at the meeting held on 14 March 2022.

The committee assessed the impact of the conflict between Russia and Ukraine on the terms of the Plan. Subsequently, at the meeting held on 12 December 2022, the Remuneration Committee reviewed the follow-up and evaluation of the level of achievement of targets associated with certain metrics of the second cycle (2020-2023) of the 2019-2023 Plan.

4. 2021-2025 Long-Term Incentive Plan

The committee approved at the meeting held on 12 December 2022 the proposals on a new peer group and the new methodology to calculate Relative TSR and the performance scales for each metric for the second cycle (2022-2025) of the 2021-2025 Plan. The committee gave a favourable report to the proposed wording of Appendix III to the Plan Regulations. The above proposals and the wording of Appendix III to the Plan Regulations, above referred, were approved at the board meeting held on 13 December 2022. In that same meeting, the committee acknowledged the list of beneficiaries of this first cycle.

5. Annual Report on Remuneration of Directors for 2021

The Remuneration Committee resolved in the meeting held on 13 March 2022 to raise the 2021 Annual Report on Remuneration of Directors to the board of directors for approval. Such Report was approved by the board of directors in the meeting held on the following day.

Said report was submitted to CNMV as a relevant fact and is available on CNMV's website. Additionally, pursuant to section 541 LSC, the 2021 Annual Report on Remuneration of Directors was approved at the Annual General Meeting held on 12 July 2022, having been put to an advisory say-on-pay vote.

6. Internal regulations

On 12 May 2022, the Committee gave a favourable report to the proposal to amend in part its terms of reference and resolved to raise it to the board of directors, primarily to reflect the clear separation of duties assigned to the Chair and those assigned to the CEO, as chief executive of the Company, thus preventing any risk of confusion regarding the profile and role of the new non-executive Chair.

Such amendment was approved at the board meeting held on that same day.

7. Schedule of dates and business to be conducted

Pursuant to recommendations of CNMV's Technical Guide 1/2019, the Remuneration Committee approved on 12 December 2022 the schedule of dates and agenda of business to be conducted by the Committee in 2023.

8. Report on its proceedings and evaluation report

The committee issued the annual report on its proceedings in the meeting held on 6 June 2022 (available on the corporate website) and the report on the evaluation of its proceedings on 12 December 2022.

SUSTAINABILITY COMMITTEE

Article 30bis of the Articles of Association, section 17bis of the Board of Directors' Regulations, and the Sustainability Committee's Regulations set out the regulations governing the Sustainability Committee.

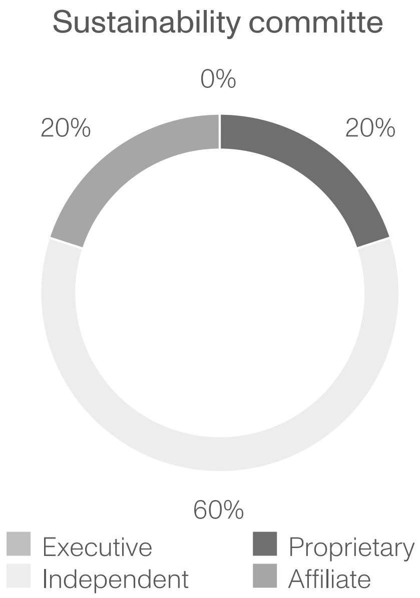
Composition of the Sustainability Committee as of 31 January 2023

Name	Position	Directorship type
Bns Denise Patricia Kingsmill	Chair	Independent
Ms Anne Lange	Ordinary member	Independent
Ms Pilar López Álvarez	Ordinary member	Independent
Mr José Arnau Sierra	Ordinary member	Proprietary
Mr Emilio Saracho Rodríguez de Torres	Ordinary member	Affiliate

% executive directors	0%
% proprietary directors	20%
% independent directors	60%
% affiliate directors	20%

Mr Javier Monteoliva Díaz, General Counsel and Secretary of the Board, acts as Secretary-non-member of the Sustainability Committee.

The structure of the Sustainability Committee is addressed in the sections below.



Explain the duties assigned to this committee and describe the rules and procedures for its organisation and functioning. For each of these functions, briefly describe its most significant actions during the year and how it has exercised in practice each of the functions assigned to it by law, in the articles of association or in other corporate resolutions.

a) Composition:

Pursuant to article 30bis of the Articles of Association and section 9 of its own terms of reference, the Sustainability Committee shall be made up of a minimum of 3 and a maximum of 7 non-executive directors appointed by the board of directors, a majority of whom shall be independent. Members of this Committee and in particular its Chair, shall be appointed considering the appropriate knowledge, qualifications and experience based upon the duties they must discharge, in particular in the field of sustainability, social action initiatives, sustainable management of resources and design of communication policies with stakeholders. The Chair of the Sustainability Committee shall be appointed by the board of directors out of the independent members of the committee.

The board of directors shall encourage a diverse committee membership in terms of professional experience, competences, personal skills, sector-specific knowledge, international experience or geographic origin, age and gender, taking into account the restrictions that result from the smaller size of the committee.

b) Duties:

Pursuant to article *30bis*(3) of the Articles of Association, section 17bis of the Board of Directors' Regulations and sections 5 to 8 of the Sustainability Committee's Regulations, the Sustainability Committee shall have the following basic responsibilities:

- Powers relating to sustainability: (i) to oversee that environmental and social practices of the Company are aligned with the strategy and the policy set by the Company; (ii) to oversee monitoring of compliance with Inditex's Code of Conduct for Manufacturers and Suppliers across the supply chain of products sold by the Group; (iii) to establish that the products that the Company sells comply with product health and safety standards; (iv) to establish and promote compliance by the Company and Group entities with the most exacting policies, regulations and standards in the field of human, labour and environmental rights in any matter that affects workers across the entire supply chain, production processes, product and the store.
- Powers relating to the relations with the different stakeholders: (i) to oversee and evaluate –in coordination with the Audit and Compliance Committee, with regard to issues that fall under its purview– the strategy on communication and relations with shareholders –including small and medium shareholders– investors, proxy advisors and other stakeholders, and enforcement of the Policy on Disclosure of Economic-Financial, non-Financial and Corporate information; and (ii) to oversee –in coordination with the Audit and Compliance Committee– the process for preparing and releasing regulated and non-regulated non-financial information, as well as the integrity and clarity thereof, with regard to the issues that fall under its purview.
- Other powers entrusted to the Sustainability Committee: (i) to report on the appointment and removal of the members of the Social Advisory Board of the Company, before the report issued by the Nomination Committee, assessing the suitability, competences, knowledge, experience and other occupations of the prospective candidates; (ii) to assess the draft bills and the amendments of national as well as foreign or international regulations on sustainable development, corporate social responsibility and related issues, and their potential impact on the Group's activity, and; (iii) to issue reports on the internal regulations of the Company on matters that fall within its purview.

c) Organizational and operational rules.

The Sustainability Committee shall meet at least 3 times a year and each time that its Chair calls it. The Chair must call the Sustainability Committee whenever the board of or its Chairman request the issue of a report or the approval of motions within the scope of its powers and, at any rate, whenever it is useful for the successful performance of its functions.

Ordinary meetings shall be called by fax, telegram or e-mail and the meeting notice shall be signed by the Chair or the Secretary.

A quorum for committee meetings shall be declared when at least half plus one of its members, present or represented, are in attendance. The committee may also pass resolutions in writing, without holding a meeting, pursuant to statutory provisions.

The Chair may call extraordinary meetings when in their view circumstances warrant it. Likewise, the Chair may arrange working meetings to prepare committee meetings on specific topics aside from formal ones.

Committee meetings may be held via videoconference or conference call, or any other equivalent system enabling the recognition and identification of attendees, allowing them to communicate, speak and cast votes, all in real time.

For the purposes of making the appropriate arrangements that ensure the achievement of the objectives effectively sought, the committee shall prepare and report to the board of directors, an annual working plan which shall include, at least, the specific objectives for the financial year and an annual schedule of ordinary meetings.

As provided in the Board of Directors' Regulations, the committee may rely on external advisors to carry out its duties in an effective manner.

d) Proceedings of the Sustainability Committee in 2022:

The most relevant proceedings of the Sustainability Committee in 2022 have revolved around the following areas:

1. With regard to overseeing the process to prepare and release regulated and non-regulated non-financial information

As part of its oversight duties regarding the process to prepare and release regulated non-financial information, the Sustainability Committee gave a favourable report in the meeting held on 14 March 2022 to the Statement on Non-Financial Information (SNFI) as regards the issues that fall under its purview. The SNFI was approved by the board of directors in the meeting held on the following day.

On the other hand, the committee acknowledged at its meeting held on 12 December 2022 the presentation given by the Sustainability Department on (i) the current environment in terms of sustainability reporting standards and (ii) the new methodology used and the outcome of the materiality analysis from a dual perspective carried out in 2022 which will serve to determine the contents to be included in the Statement on Non-financial Information for 2022.

2. With regard to monitoring the social and environmental sustainability strategy and practices

The Sustainability Department reported to the committee the most relevant sustainability milestones for each quarter (in the meetings held on 14 March, 6 June, 12 September and 12 December 2022). At those same meetings, the committee acknowledged the follow-up on the progress of the objectives of the Strategic Sustainability Plan.

Meanwhile, in its meeting dated 14 March 2022, the Sustainability Committee: (i) acknowledged the 2021 Annual Report on the Activities of the Sustainability Department and (ii) approved the annual work plan and the budget of the department for 2022. On 12 September, the committee acknowledged a number of updates in the structure of the Department.

The committee acknowledged in the meetings held on 6 June, 12 September and 12 December the strategy, main action lines and goals in terms of traceability, community investment and social management of the supply chain, respectively.

The committee also acknowledged in the meetings held on 6 June and 12 September a number of initiatives implemented by the Sustainability Department within the scope of its authority, in particular those relating to innovation and investment in the field.

3. With regard to Human Rights

In the meeting held on 6 June 2022, the committee resolved to give a favourable report to the Inditex Group Modern Slavery, Human Trafficking and Transparency in Supply Chain Statement for FY2021 and submit it to the board of directors, pursuant to the provisions of section 2021 of the UK Modern Slavery Act, the California Transparency in Supply Chain Act and section 14 of the Australian Modern Slavery Act.

4. With regard to monitoring of applicable regulations

In the meeting held on 6 June 2022, the committee acknowledged the presentation given by the Sustainability Department on the current EU regulatory environment in the field of Sustainability.

5. With regard to the monitoring of the supply chain

In the meeting held on 12 May 2022, the committee gave a favourable report to the proposal for the amendment to its terms of reference and raise it to the board of directors, to reflect the clear separation between the duties assigned to the Chair and those assigned to the CEO.

Likewise, in the meetings held on 3 November and 12 December 2022, it gave a favourable report to the following before raising them to the board: (i) the proposal on the update of the Sustainability Policy and (ii) the approval of a new Community Investment Policy, respectively. Said Policies were approved by the Board of Directors on 13 December 2022.

Last, the committee gave a favourable report to the following, before raising it to the Remuneration Committee: (i) in the meeting held on 14 March 2022, the level of global achievement of the targets of the sustainability metric tied to the first cycle (2019-2022) of the 2019-2023 LTIP and; (ii) in the meeting held on 12 December 2022, the proposal on the new metrics of the sustainability indicator tied to the second cycle (2022-2025) of the 2021-2025 LTIP. The Remuneration Committee had given a favourable report to the proposal on the new metrics at the meeting held on that same day. The board of directors approved such proposal which was included as Appendix III to the 2021-2025 Plan Regulations.

6. Schedule of dates and business to be transacted

The Sustainability Committee approved in the meeting held on 12 December 2022 the schedule of dates and agenda of business to be conducted by the Committee in 2023.

7. Report on its proceedings and evaluation report

The committee issued the annual report on its proceedings in the meeting held on 6 June 2022 (available on the corporate website) and the report on the evaluation of its proceedings on 12 December 2022.

C.2.2. Complete the following table with information regarding the number of female directors who were members of Board committees at the close of the past four years:

	Number of female directors				
	2022	2021	2020	2019	2018
	Number %		Number %	Number %	Number %
Executive Committee	25 %	13 %	13 %	13 %	14 %
Audit and Compliance Committee	43 %	43 %	43 %	43 %	33 %
Nomination Committee	40 %	40 %	40 %	40 %	33 %
Remuneration Committee	20 %	20 %	20 %	20 %	33 %
Sustainability Committee	60 %	60 %	60 %	60 %	— %

C.2.3. Indicate, where applicable, the existence of any regulations governing Board committees, where these regulations are to be found, and any amendments made to them during the year. Also indicate whether any annual reports on the activities of each committee have been voluntarily prepared.

The terms of reference of the Audit and Compliance, Nomination, Remuneration and Sustainability Committees can be found on Inditex's corporate website (Section"*Investors*", sub section " *Corporate Governance*" - "*Reports & Regulation*s").

Additionally, information on board committees is also included in the Board of Directors' Regulations and in the Articles of Association. The full text of the Board of Directors' Regulations is available on both the corporate website (Section "*Investors*", subsection"*Corporate Governance*" - "*Reports & Regulations*"), and on CNMV's website (www.cnmv.es).

Each of the Audit and Compliance, Nomination, Remuneration and Sustainability Committees draw up every year a report on their proceedings. Such reports are available on the corporate website (Section"*Investors*", sub section " *Corporate Governance*" - "*Reports & Regulations*"). .

The latest amendment to the terms of reference of board committees was approved by the board of directors in the meeting held on 12 May 2022, as hereunder set forth.

D. Related party and intra-group transaction

Related party transactions carried out in 2022 are addressed below in accordance with the definitions, criteria and groupings provided in section 540 LSC, as amended by Act 31/2014, and chapter VI LSC, as amended by Act 5/2021.

D.1. Explain, where appropriate, the procedure and competent bodies relating to the approval of transactions with related and intra-group parties, indicating the criteria and general internal rules of the entity that regulate the abstention obligations of the affected director or shareholders. Detail the internal information and periodic control procedures established by the company in relation to those related-party transactions whose approval has been delegated by the board of directors..

Pursuant to the provisions of section 5.3(b)(vii) of the Board of Directors' Regulations, the Audit and Compliance Committee shall report on the transactions of the Company or any company of its Group with directors, significant shareholders (i.e. shareholders owning at least 10% of the voting rights or any shareholder represented on the Board of Directors or who has proposed the election of any board member), or with any other person qualifying as related party in accordance with the definition provided in IAS 24 of Commission Regulation (EC) 1126/2008 of 3 November adopting certain international accounting standards, and with their respective Related Persons, as mentioned in Section 40 of the Board of Directors' Regulations.

Said related party transactions shall be approved by the board of directors, following a favourable report of the Audit and Compliance Committee, except for those that shall be approved at the Annual General Meeting, on account of their value or special nature.

Any transaction with a director for a value in excess of ten (10%) of the corporate assets shall be approved by the General Meeting of Shareholders.

The board of directors shall not approve related party transactions without a prior report from the Audit and Compliance Committee assessing whether it is fair and reasonable.

In this regard, section 13 (c) of the Audit and Compliance Committee's Regulations provides that it is incumbent on this Committee to advice the board of directors on any transaction that the Company or the companies comprising its corporate Group intend to carry out with directors, significant shareholders or shareholders who hold a significant stake or who have proposed the appointment of any director of the Company, or with their respective related persons, from an arm's length perspective.

In the event of transactions with significant shareholders, the Audit and Compliance Committee shall also examine them from the standpoint of an equal treatment of all shareholders.

The Company shall report on any transactions carried out with its directors, significant shareholders and Related Persons in the half-yearly public periodic information and in the Annual Corporate Governance Report, within the scope provided by statute in each case.

Likewise, the Company shall include in the notes to the annual accounts information on the transactions carried out by the Company or any companies within the Inditex Group with directors or with those acting on their behalf, whenever they do not fall within the scope of the ordinary course of business of the Company or are not carried out on an arm's length basis.

Pursuant to section 40.5 of the Board of Directors' Regulations, which has also been amended to be brought into line with the terms of the new section 529duovicies(4) LSC introduced by Act 5/2021, the board of directors has delegated to the Market Transparency Committee the approval of the following transactions.:

(a) Transactions between companies of the Inditex Group made in the ordinary course of business of the companies and on an arm's-length basis; and

(b) Transactions that cumulatively meet the following 3 requirements:

- they are carried out pursuant to standard agreements and applied en masse to a large number of client
- they are carried out at prices or rates generally set by the provider of the good or service in question; and
- their value does not exceed of 0.5% of the company's net turnover.

Such transactions are subject to the Internal Procedure for Periodic Reporting and Control on Related Party Transactions, which is part of the internal regulations of the company in the field of corporate governance and seeks to govern the procedure for periodic control and reporting applicable to related party transactions whose approval has been delegated to the Market Transparency Committee. It ultimately seeks to ensure that these transactions are equitable and transparent and that applicable statutory requirements are met.

The board's approval shall not be required for any transactions that must be carried out on grounds of urgency provided that this is duly supported. However, these transactions shall be subsequently confirmed by the board of directors.

D.2. Give individual details of operations that are significant due to their amount or of importance due to their subject matter carried out between the company or its subsidiaries and shareholders holding 10% or more of the voting rights or who are represented on the board of directors of the company, indicating which one has been the competent body for its approval and if any affected shareholder or director has abstained. In the event that the board of directors has responsibility, indicate whether the proposed resolution has been approved by the board without a vote against by the majority of the independents:

No significant transactions have been carried out in 2022 between the Company or any company within the Inditex Group and its controlling shareholder Pontegadea Inversiones, S.L., or with Partler Participaciones, S.L.U. (or Partler 2006, S.L.) and with any persons and companies related thereto, the details of which must be separately reported.

For Inditex, significant transactions due to their amount are those in the amount determined by auditors with regard to the financial information materiality, and transactions relevant due to their subject matter are those outside the ordinary course of business considering the Group's main business activities.

D.3. Give individual details of the operations that are significant due to their amount or relevant due to their subject matter carried out by the company or its subsidiaries with the administrators or managers of the company, including those operations carried out with entities that the administrator or manager controls or controls jointly, indicating the competent body for its approval and if any affected shareholder or director has abstained. In the event that the board of directors has responsibility, indicate whether the proposed resolution has been approved by the board without a vote against by the majority of the independents:

No new relevant transactions have been carried out in 2022 between the Company or entities of its group and the directors and officers of the Company.

The definition of significant or relevant transactions is provided in section D.2 above..

Name (person or company) of directors or officers	Name (person or company) of the related party	Relationship	Type of transaction	Amount (thousand euros)
		-		

With regard to the remuneration received by directors and officers, reference is made to the provisions of sections C.1.13 and C.1.14 above.

D.4. Report individually on intra-group transactions that are significant due to their amount or relevant due to their subject matter that have been undertaken by the company with its parent company or with other entities belonging to the parent's group, including subsidiaries of the listed company, except where no other related party of the listed company has interests in these subsidiaries or that they are fully owned, directly or indirectly, by the listed company.

No transactions as described in this section have been carried out in 2022.

Transactions undertaken by Inditex with its subsidiaries are part of their ordinary course of business as regards their purpose and terms. They have been fully eliminated on consolidation and therefore, they are not broken down in this section.

In any case, report any intragroup transaction conducted with entities established in countries or territories considered as tax havens

Company name of the entity within the group	Brief description of the transaction	Amount (thousand euros)
Joint Control Companies (1)	Purchase of goods	-1,024,810
100% Subsidiaries (2)	Sale of goods and provision of services to stores	12,635

(1) Transactions between Inditex or any company of the Inditex Group with Tempe and/or its subsidiaries are made in their ordinary course of business as regards their purpose and terms. Being jointly controlled entities, they are consolidated using the equity method.

(2) The above mentioned transactions are exclusively within the ordinary course of business of the Group through its stores, not being due to tax reasons, and are made on arm's length basis. As at 31 January 2022, transaction of the Group with Group companies residing in countries or territories considered tax havens under Spanish laws, correspond to sales through three stores of the Group located in Macau and in Monaco.

D.5. Give individual details of the operations that are significant due to their amount or relevant due to their subject matter carried out by the company or its subsidiaries with other related parties pursuant to the international accounting standards adopted by the EU, which have not been reported in previous sections

Company name of the related party	Brief description of the transaction and other information necessary for its evaluation	Amount (thousand euros)
		—

No other significant transactions have been carried out in 2022 with other related parties..

D.6. Give details of the mechanisms in place to detect, determine and resolve potential conflicts of interest between the company and/or its group and its directors, senior management, significant shareholders or other associated parties..

Section 34 of the Board of Directors' Regulations addresses potential situations of conflict of interest for board members:

"1. It shall be understood that a conflict-of-interest situation exists where there is a direct or indirect conflict between the interest of the Company and the personal interest of a director. It is considered that directors have a personal interest when the matter affects them or any of their Related Persons.

For the purposes of these Regulations, Related Persons are understood as being the following:

(a) *The spouse of the director or any other person deemed to be equivalent to a spouse;*

(b) *the ancestors, descendants and siblings of the director or of the spouse (or any other person deemed to be equivalent to a spouse) of the director;;*

(c) *the spouse (or any other person deemed to be equivalent to a spouse) of the ancestors, descendants and siblings of a director;*

(d) *Those companies or entities where directors would hold, directly or indirectly, even via a nominee a significant shareholding giving them a significant influence or, if they hold in them or in their parent companies an office in their governing body or act a senior manager thereof. For this purpose, any shareholding equal to or in excess of 10% of the share capital of the company or of its voting rights or based upon which a representation on the governing body of the company has been secured de facto or de jure, shall be deemed to give significant influence..*

(e) *Shareholders represented by a director on the Board of Directors.*

With regard to directors who are legal entities, Related Persons are understood as being the following:

(a) *Those partners who are included with regard to the Director legal entity, in any of the situations provided in Section 42 of the Code of Commerce;*

(b) *The representative, who is a natural person, the director de jure or de facto, the liquidators and the attorneys-in fact with general powers of the director, who is a legal entity;*

(c) *Those companies that are part of the same corporate group, as defined in Section 42 of the Code of Commerce, and their shareholders; and*

(d) *Those persons who are understood, with regard to the director who is a legal entity, as being related persons in accordance with the provisions of the paragraph above regarding directors who are natural persons.*

The following rules shall apply to the conflict-of-interest situations:

(a) *Prevention: directors must take all necessary measures to prevent, as far as possible, becoming involved in any situations in which their interests may, either on their behalf, or on behalf of third parties, be in conflict with the interest of the company and with their duties towards the company.*

(b) *Information: without prejudice to their obligation of active prevention, directors must inform the Board of Directors, through the Chairman or the Secretary thereof, of any conflict-of-interest situation in which they are involved.*

(c) *Abstention: directors must abstain from attending and taking part in the discussions and voting of those matters regarding which they are in a conflict-of-interest situation, with the exceptions provided in the applicable laws. Likewise, with regard to proprietary directors, they shall abstain from taking in the voting of those matters that might entail a conflict of interest between those shareholders that had proposed their appointment and the Company, with the exceptions provided for in the applicable regulations.*

(d) *Transparency: the Company must disclose in the notes to the annual accounts any conflict-of-interest situation in which a director is, that the Company is aware of by virtue of the information of same by the affected person, or by any other means."*

In addition, sections 33 and 35 to 37 of the Board of Directors' Regulations address the following situations that can give rise to conflicts of interest: (i) the rendering of professional services in competing companies (section 33); (ii) the use of corporate assets (section 35); (iii) the use of non-public Company information for private ends (section 36), and (iv) taking advantage of business opportunities of the Company (section 37).

Moreover, section 39 of the Board of Directors' Regulations provides that directors must inform: (i) the Company of the shares of its share capital that he/she directly or indirectly holds. Likewise, they must inform about those other shares that are held, directly or indirectly, by their closest relatives, all in accordance with the provisions of the Internal Regulations of Conduct in the Securities Markets; (ii) the Company of any conflict-of-interest situation, either direct or indirect, in which either themselves or their Related Parties may be involved with respect to the interest of the Company; and (iii) the Nomination Committee of all the positions they hold and the activities they carry out in other companies or entities and, in general, about any fact or situation that may be relevant to the performance of their duties as director of the Company (in this regard, without prejudice to the obligation of tendering their resignation to the board of directors, provided in Section 25 of the Board of Directors' Regulations–which addresses the resignation, removal and dismissal of directors–, directors shall inform the board of any other change to their professional situation and of any circumstance that might damage the name and reputation of the Company or jeopardise its interests); and (iv) of any legal, administrative proceedings or other proceedings whatsoever brought against them that might, given their relevance or description, seriously affect the reputation of the Company. Namely, directors shall inform the Company via the Chairman of the board of directors, of any criminal charges brought against them as well as how the legal proceedings subsequently unfold. The Board of Directors shall examine the case, as soon as possible, and shall take, subsequent to a report from the Nomination Committee, based upon the interests of the company, any measures it may deem appropriate, such as the opening of an internal investigation, calling on a director to resign or proposing his/her dismissal.

In this case, the Company shall report the measures taken in the Annual Corporate Governance Report, unless there are special circumstances that justify otherwise, which must be recorded in the minutes.

Additionally, section 1 of the Board of Directors' Regulations provides that the rules of conduct therein established for directors shall apply, to the extent that they are compatible with their specific nature, to the senior managers of the company who are not directors. More particularly and with the due nuances, the following sections shall apply to senior managers: section 32 (duty of confidentiality), 34 (conflicts of interest), in connection with the duty of informing the Company, 35 (use of corporate assets), 36 (non-public information), 37 (business opportunities), and 38 (prohibition to make undue influence of the office).

With regard to significant shareholders, section 40 of the Board of Directors' Regulations provides that:

"1. The Board of Directors reserves the right to be apprised of any transaction between the Company or any of its subsidiaries with directors, with shareholders owning 10% or more of the voting rights or represented on the Board of Directors, or with any other person qualifying as related party in accordance with the definition provided in International Accounting Standards.

2. The approval of a related party transaction must be subject to the preliminary report of the Audit and Compliance Committee. In its report, the committee shall consider whether the transaction is fair and reasonable from the standpoint of the Company and, if appropriate, of any shareholder other than the related party, in accordance with the requirements set forth for each case in the applicable regulations. Affected directors will not take part in the preparation of the report.

3. Where duly supported reasons for urgency exist, related party transactions may be approved, if appropriate, by delegated bodies or individuals. In this case, they must be ratified at the first board meeting held following their conduct.

4. The Company shall inform of the transactions conducted with directors, significant shareholders and Related Persons in the half-yearly public periodic information and in the Annual Corporate Governance Report, within the scope of applicable regulations. Likewise, the Company shall include on the notes to the annual accounts information on the transactions carried out by the company or any companies within the Inditex Group with directors and with those acting on their behalf, whenever they are alien to the ordinary course of business of the Company or are not carried out on an arm's length basis.

Related parties' transactions whose value is in excess of 5% of the equity value or 2.5% of the annual turnover must be published on the Company's website no later than the date they are carried out, together with the report issued by the Audit and Compliance Committee. Likewise, they should be disclosed to the National Securities Market Commission to be publicly released.

5. The Board of Directors may delegate the approval of the following related-party transactions in the following cases:

(i) Transactions that cumulatively meet the following 3 requirements:

(a) they are carried out pursuant to standard agreements and applied en masse to a large number of clients;

(b) they are carried out at prices or rates generally set by the provider of the good or service in question; and

(c) their value does not exceed of 0.5% of the company's net turnover.

(ii) Transactions among companies of the same group carried out within the ordinary course of company business and on an arm's length basis. Said transactions will be subject to the internal information and monitoring procedure overseen by the Audit and Compliance Committee.

6. The authorisation shall be granted by the General Meeting of Shareholders when it refers to any transaction with a director for a value that is in excess of 10% of the corporate asset."

As stated in section D.1 above, the Audit and Compliance Committee is responsible for reporting on the transactions that involve–or are likely to involve–any conflict of interest, and the Nomination Committee is responsible for reporting on the authorisation or release by the Board of Directors of the obligations stemming from the duty of loyalty of directors, where said responsibility is not incumbent upon the General Meeting of Shareholders.

Although the system above described exclusively applies to directors and other individuals within the Company considered as senior managers, the Company has in place a number of mechanisms to detect, determine and solve potential conflicts of interest that may arise regarding officers and other Group employees.

Thus, section 4.8 of the Code of Conduct and Responsible Practices provides that: *"INDITEX's employees shall avoid any situation that might entail any conflict between their personal interests and those of the company. They shall also refrain from representing the company and from taking part or having a say in any decision making wherein they may have, either directly or indirectly, either themselves or through any related party thereto, any personal interest. They may not avail themselves of their position in the company to obtain any economic or personal benefit, or any business opportunity for them.*

No INDITEX employee may render services as a consultant, director, officer, employee or advisor to any of INDITEX's competitors, except for services that may be rendered at the request of INDITEX or with the authorisation of the Ethics Committee.

INDITEX respects the private life of its employees and therefore the private sphere of their decisions. Within the framework of this policy of respect, employees are urged to report to the Ethics Committee any personal conflicts of interest or any conflicts of interest involving their relatives, that might jeopardise the necessary objectivity or professionalism of their duties within Inditex, so that, in the respect of the confidentiality and privacy of individuals, the relevant measures might be taken for the mutual benefit of the company and of the affected individuals.

Namely, the cases below shall be considered as potential situations of conflict of interest and, they shall be reported to the Ethics Committee:

- *The conduct by any employee or by any person related to him/her, either directly or indirectly, by themselves or through any company or institution, of any business that is the same, similar or supplementary to the business conducted by INDITEX.*
- *The conduct by any employee or by any person related to him/her, either directly or indirectly, by themselves or through any company or institution, of any business that involves an exchange of goods and/or services, regardless of the remuneration system agreed."*

On the other hand, the Board of Directors approved on 16 July 2019 the Conflicts of Interest Policy, following a favourable report of the Audit and Compliance Committee.

Said Policy seeks to supplement and implement the provisions of the Code of Conduct on conflicts of interest, defining the appropriate measures aimed at preventing, detecting, disclosing and managing any conflicts of interest that may affect employees in the performance of their job.

In this regard, section 4 of the Policy defines conflict of interest as "*any situation where an employee's personal interest (direct conflict of interest) or the interest of any related party thereto (indirect conflict of interest) contradicts (actual conflict of interest) or may contradict (potential conflict of interest) the Company's interest, jeopardising the requisite objectivity or professionalism of said employee in the workplace.*"

Likewise, section 5 provides the obligation for employees to avoid where possible, being in any situations that may entail a direct or indirect, actual or potential conflict of interest.

Moreover, employees are bound to forthwith disclose to the Ethics Committee any apparent or real conflict-of-interest situation that may arise, as well as any concerns they may have about whether a specific situation qualifies as conflict of interest. The Ethics Committee shall be responsible for addressing the conflicts of interest situations that may arise between the Company and its employees.

D.7. Indicate whether the company is controlled by another entity within the meaning of section 42 of the Commercial Code, whether listed or not, and whether it has, directly or through any of its subsidiaries, business relationships with said entity or any of its subsidiaries (other than the listed company) or carries out activities related to those of any of them.

Yes x No

Pontegadea Inversiones, S.L. owns 1,558,637,990 shares of the Company, which represents a 50.1% stake in its share capital. Transactions that are significant, either on account of the amount involved or of their nature, entered into between the company and the different entities within the Inditex Group and Pontegadea Inversiones, S.L. and its related entities, are covered in section D.2 above. However, no new significant transaction has been entered into in financial year 2022.

Mandatory full information on related party transactions pursuant to the yardsticks and the disaggregation level envisaged in applicable regulations is provided in the Notes to the annual accounts for FY2022. Included therein is the information about the related party transactions carried out between the Company or any entity of the Inditex Group and its controlling shareholder, Pontegadea Inversiones, S.L. and/or any company of its Group, as well as with Partler Participaciones, S.L.U. and/or any company of its Group (since Mr Amancio Ortega Gaona is the indirect owner of a 59.294% stake in Inditex's share capital and therefore its controlling shareholder via Pontegadea Inversiones, S.L. and Partler Participaciones, S.L.U.).

The object of Pontegadea Inversiones, S.L. is that of holding stakes in trading companies and the purchase and disposal of stock, transferable securities and real estate.

Indicate whether the respective areas of activity and any business relationship between the listed company or its subsidiaries, and the parent company or its subsidiaries have been defined publicly and precisely:

Yes x No

Report the respective areas of activity and any business relationships between the listed company or its subsidiaries and the parent company or its subsidiaries and identify where these aspects have been publicly reported.

Transactions that are significant, either on account of the amount involved or of their nature, entered into between the company and the different entities within the Inditex Group and Pontegadea Inversiones, S.L. and its related entities, are covered in section D.2 above.

Pursuant to section 40.4 of the Board of Directors' Regulations, the Company reports on the transactions carried out with its significant shareholders and their related parties in the periodic half-yearly information.

Additionally, pursuant to Recommendation 6 GGC, the report on related party transactions issued by the Audit and Compliance Committee is made available to the shareholders on the corporate website well in advance of the Annual General Meeting.

Identify the mechanisms in place to resolve potential conflicts of interest between the parent of the listed company and the other group companies:

Mechanisms for resolving possible conflicts of interest

Section 40 of the Board of Directors' Regulations governs the procedure to approve transactions between the Company and its shareholders as well as the rules on the reporting thereof. It is fully transcribed in section D.6 above. In short: this type of transactions must be approved by the board of directors, following a report of the Audit and Compliance Committee, except for (i) transactions within the ordinary course of company business and of a habitual or recurrent nature. In this case, a general approval of the line of transactions will suffice; (ii) transactions that do not require the approval of the board of directors for meeting simultaneously a number of conditions; and (iii) any transaction with a director for a value that is in excess of 10% of the corporate assets.

These latter must be approved by the General Meeting of Shareholders. Likewise, as stated in section D.1 above, the Audit and Compliance Committee is tasked with reporting on transactions that entail or that might entail conflicts of interest situations.

E. Enterprise Risk Management system

The information on the Enterprise Risk Management System is provided in section.5.10 – “Responsible risk management” of the Statement on Non-Financial Information (SNFI), which is part of the Integrated Directors’ Report of the Inditex Group..

F. Describe the mechanisms forming your company's Internal Control over Financial Reporting System (ICFR)

F.1. The entity's control environment

Give information on the key features of at least:

F.1.1 The bodies and/or functions that are responsible for: (i) the existence and maintenance of an adequate and effective ICFR; (ii) its implementation; and (iii) its supervision.

Board of Directors

Except for any matters exclusively within the purview of the shareholders at the General Meeting of Shareholders, the board of directors is the supreme decision-making, supervisory and monitoring body of the Group, being ultimately responsible for the existence and update of an appropriate and effective ICFR, as provided in the Policy on Internal Control System over Financial Reporting (the "ICFR Policy"), approved by the board of directors.

The board of directors is entrusted with the duties of leadership, management and representation of the Group, delegating as a general rule the management of the day-to-day business of the Company to the executive bodies and the management team and focusing on the general supervisory function, which includes guiding the policy of the Group, monitoring management activity, evaluating officers' performance, making the most relevant decisions for the Group and liaising with the shareholders.

Audit and Compliance Committee

Pursuant to the provisions of the Articles of Association, the Board of Director's Regulations and the Audit and Compliance Committee's Regulations, and as part of its financial and monitoring duties, the committee shall oversee the process for preparing and releasing the regulated financial information, as well as the effectiveness of the Internal Control over Financial Reporting System, as provided in the ICFR Policy.

In this regard, the Committee carries out the following duties, without limitation:

- To oversee the effectiveness of the internal control system of the Group, the internal audit, and the risk management systems, including tax risks, as well as reviewing with the statutory auditor the significant weaknesses of the internal control system revealed, as the case may be, during the audit..
- With regard to the powers relating to the process of preparing the regulated financial information
    - To oversee and evaluate on an ongoing basis the process of preparation and presentation as well as the clarity and integrity of the financial information and the directors' report relating to the Company and its Group, ensuring that the half-yearly financial reports and the quarterly management statements are drafted in accordance with the same accounting standards as the annual financial reports and to oversee the review of the interim financial statements requested from the statutory auditor, with the scope and frequency that may be defined, as the case may be.
    - To review compliance with statutory requirements, the appropriate delimitation of the consolidation perimeter and the correct application of the generally accepted accounting principles and international financial reporting standards as may be applicable.
    - To keep a fluent communication with the Company's Management to understand its decisions regarding the application of the most significant criteria; with the Internal Audit Function to be apprised of the findings of the reviews carried out; and with the external auditor or verifier, to obtain their opinion regarding financial information.
    - To be familiar with, understand, oversee and evaluate the effectiveness of the internal control over financial and non-financial reporting system and receive information on a regular basis from the supervisor thereof.
    - To submit recommendations or proposals to the board of directors for the purposes of safeguarding the integrity of the financial information;
    - To assess and advice the board of directors on any significant changes in accounting standards and on the significant risks on the balance sheet and off-balance sheet;
- With regard to enterprise risk management:
    - To oversee the enterprise risk management function and establish that it operates pursuant to the provisions of the policy approved by the Board.
    - To receive, on a regular basis, reports from the Management or from the supervising areas, on the proceedings of risk management systems established, as well as on the results of the tests carried out by internal auditors relating to the same, and on any significant internal control weakness detected by the external auditors..

- To evaluate the effectiveness of internal control and management systems relating to financial risks, as well as of the measures established to mitigate the impact of identified risks.
- To promote a corporate culture within the Company wherein risk assessment is a factor upon decision-making, at all levels of the Company and its Group.
- To identify and re-assess, at least on an annual basis, the most significant financial risks and the level of risk tolerance.
- To identify and understand emerging risks as well as their alert mechanisms, and regularly evaluate their effectiveness.
- To ensure that risks are kept and managed within the levels of risk tolerance set by the board of directors.
- To ensure that the internal control policies and systems established by the company are effectively applied in practice.
- To meet with the heads of business units at least once a year, and whenever the committee deems it appropriate, for the purposes of briefing the committee on business trends and risks associated with the respective areas under their remit.
- To submit recommendations or motions to the board of directors and the relevant deadline for follow-up..

Most members of the Audit and Compliance Committee are non-executive independent directors. The committee meets on a quarterly basis and whenever it is called by its Chair. In 2022, the Audit and Compliance Committee has met 7 times.

Financial Department

The Financial Department is responsible for the design, roll-out and implementation of the ICFR system, keeping the system updated, monitoring its design and proceedings to ensure that it is effective and appropriate, communicating and training the parties involved and keeping a periodic report.

The Financial Department drafts and circulates the policies, guidelines and procedures, associated with financial reporting and ensures the appropriate enforcement thereof within the Group.

Internal Audit

The Internal Audit function supports the board of directors, through the Audit and Compliance Committee, with regard to the oversight duty relating to risk exposure, ensuring that appropriate and effective controls are set as an answer to risks in the field of governance, operations and information systems, regarding, inter alia, reliability and integrity of financial information and in particular, the Internal Control over Financial Reporting System (ICFR). To achieve this, Internal Audit carries out specific periodic ICFR audits, requests action plans to correct or reduce any weaknesses revealed and follows up on the implementation of the proposed recommendations.

The Internal Audit Charter, approved by the board of directors, covers the mission, authority and responsibilities of the Internal Audit function pursuant to both domestic and international regulations and standards for the professional practice of internal auditing.

Likewise, Internal Audit has been awarded the certificate of compliance with the *"International Standards for the Professional Practice of Internal Auditing*" by the Instituto de Auditores Internos, a member of the IIA (Institute of Internal Auditors).

F.1.2. Indicate whether the following exist, especially in relation to the drawing up of financial information:

Departments and/or mechanisms in charge of: (i) the design and review of the organisational structure; (ii) clear definition of lines of responsibility and authority with an appropriate distribution of tasks and functions; and (iii) ensuring that adequate procedures exist for their proper dissemination within the entity.

The board of directors is responsible for the design and review of the organisational structure and the lines of responsibility within the Group. The departments charged with drawing up the financial information are found within said structure.

Senior Managers and the Human Resources Department (HR Department) define the duties and responsibilities of each area.

The Group has clearly defined lines of authority and responsibility regarding the process to draw up financial information. The main responsibility regarding financial reporting lies with the Financial Department.

The structure, size and definition of duties and tasks of each position within the financial area are defined by the Financial Department and disclosed by the Human Resources Department.

With regard to ICFR, a specific management area was set up within the Financial Department, to which it reports, (the "ICFR Area").

The Group relies on financial organisational structures that meet local requirements in each country where it operates, with a Chief Financial Officer at the helm who is charged, inter alia, with complying with the procedures set out within the ICFR System.

- **Code of conduct, the body approving this, degree of dissemination and instruction, principles and values covered (stating whether there is specific mention of record keeping and preparation of financial information), body charged with analysing breaches and proposing corrective actions and sanctions.**

The board of directors approved in the meeting held on 17 July 2012, following a favourable report of the Audit and Compliance Committee, the Code of Conduct and Responsible Practices and the Code of Conduct for Manufacturers and Suppliers of the Inditex Group.

Likewise, on 19 September 2017, following a favourable report of the Audit and Compliance Committee the Board of Directors approved the Inditex Group's ·Integrity Policies".

The main internal conduct regulations of the Group are provided in::

- The Code of Conduct and Responsible Practices
- The Code of Conduct for Manufacturers and Suppliers
- The Compliance Policy.
- The Integrity Policies, which are: (i) the Policy on Gifts and Business Courtesies; (ii) the Policy on Donations and Sponsorships, and; (iii) the Policy on Dealings with Public Officials.
- The Conflicts of Interest Policy
- The Internal Regulations of Conduct in the Securities Markets (IRC)

Code of Conduct and Responsible Practices

The Code of Conduct and Responsible Practices provides the lines of action that must be followed by Group employees when doing their jobs. 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

Its goal consists of exacting an ethical and responsible professional conduct from Inditex and its entire workforce in the conduct of business anywhere in the world, as a gist of its corporate culture built up on training and personal and professional career development for its employees. For these purposes, the principles and values that shall govern relations between the Group and its stakeholders (employees, customers, shareholders, business partners, suppliers and the societies where its business model is implemented) are defined therein.

The Code of Conduct and Responsible Practices is based upon a number of overarching principles. (i) the Inditex Group shall carry out all its transactions under an ethical and responsible perspective; (ii) all persons, whether natural or legal, who maintain, directly or indirectly, any kind of professional, economic, social or industrial relationships with the Inditex Group shall be treated in a fair and honourable manner and; (iii) all the activities of Inditex shall be carried out in the manner that most respects the environment, promoting biodiversity preservation and sustainable management of natural resources.

One of the standards of conduct covered in the Code of Conduct and Responsible Practices is the "Obligation to Record Transactions", addressed in section 4.13 thereof, according to which:

"Any and all transactions carried out by the Company that may have an economic impact shall be clearly and accurately shown on the appropriate records of accounts, as a true representation of the transactions carried out, and they shall be made available to the internal and external auditors.

Inditex's employees shall enter the financial information on the company's systems in a full, clear and accurate manner, so that they would show, as at the relevant date, their rights and obligations in accordance with the applicable regulations. Additionally, the accuracy and integrity of the financial information that, under the prevailing regulations in force shall be disclosed to the market shall be ensured.

Inditex undertakes to implement and maintain an appropriate internal control system on financial reporting, ensuring the regular supervision of the effectiveness of this system.

Accounting records shall be at all times made available to the internal and external auditors. For this purpose, Inditex undertakes to provide its employees with the necessary training for them to understand and comply with the commitments undertaken by the company regarding the internal control on financial information."

Policy on Criminal Risk Prevention.

The Policy on Criminal Risk Prevention relates engagements of ethical behaviour undertaken pursuant to the Code of Conduct and Responsible Practices with the offences that it intends to prevent.

Similarly to the provisions of the Code of Conduct and Responsible Practices, section 2.9 of the Policy reads as follows: *"(...) any transaction of economic weight carried out by the Company shall be clearly and accurately recorded in appropriate accounting records that show the true and fair image of the transactions carried out. Said records must be made available to internal and external auditors.*

Inditex's employees shall enter the full financial information into the Company's systems clearly and accurately so that they show, as of the relevant date, its rights and obligations in accordance with the applicable regulations. Likewise, they shall ensure that the financial information that must be disclosed to the market under the prevailing regulations in force, is accurate and full.

Inditex is committed to implementing and keeping an appropriate internal control system in respect of financial reporting, ensuring that the effectiveness of this information is regularly monitored. For this purpose, required training will be offered so that employees may be apprised of and understand the company's commitments in the field of internal control on financial information."

The Policy, together with the Criminal Risk Prevention Procedure and the Criminal Risk and Control Matrix, comprise the Model of Criminal Risk Prevention of the Inditex Group. The Ethics Committee is the governing body responsible for overseeing compliance with said Model and the effective and appropriate implementation of the controls therein set.

IRC

Compliance with the IRC is mandatory for all the persons included in its scope of application and any noncompliance may be reported in a confidential manner to the Ethics Committee, pursuant to the provisions of the Ethics Line Procedure.

In this regard, noncompliance with the IRC may give rise to the relevant disciplinary sanctions, as the case may be, to civil, criminal and/or administrative liability, and to the obligation to compensate any damages incurred, where appropriate.

Last, there is a Market Transparency Committee (formerly, the "Compliance Supervisory Board") which reports directly to the Audit and Compliance Committee, composed of:

- The CEO
- The General Counsel and Secretary of the Board
- The Chief Financial Office
- The Capital Markets Director, and
- The Chief People Officer.

The Committee is mainly responsible for developing procedures and implementing regulations to enforce the IRC. The General Counsel's Office, led by the General Counsel and the Board of Directors is accountable to the Market Transparency Committee. The General Counsel's Office is tasked, inter alia, with enforcing the conduct regulations of securities markets and the rules and procedures of the IRC on directors, officers, employees and any other person to which the IRC applies.

The IRC sets outs the principles and criteria to ensure (i) that the information released to the market and to CNMV is reliable, clear, quantified and complete, avoiding subjective evaluations that lead or may lead to confusion or deception, as well as (ii) the appropriate use and dissemination of inside information and other relevant information of the Company.

The proceedings of the companies that are part of the Group and of all the individuals with access to information that may be deemed to be inside information and/or other relevant information, and namely financial information, shall comply with the following principles, without limitation: regulatory compliance, transparency, collaboration, information, confidentiality and neutrality. Both the Market Transparency Committee and the General Counsel's Office ensure that the above referred principles are observed.

With regard to the IRC, the General Counsel's Office keeps a General Documentary Register of Affected Persons. The General Counsel's Office informs Affected Persons that they have been included in such Register and that they are subject to the provisions of the IRC and reports any breaches and penalties which may result, as the case may be, from an inappropriate use of inside information.

Compliance with the Codes of Conduct of the Inditex Group and, in general, with its internal regulations of conduct is ensured through the Ethics Committee, composed of:

- The General Counsel and Secretary of the Board, who chairs it.
- The Chief Compliance Officer, in her capacity of Deputy Chair.
- The Chief Sustainability Officer
- The Chief People Officer
- The Chief Audit Officer, in an advisory capacity

The Committee of Ethics may act of its own motion or at the behest of any employee, manufacturer or supplier of Inditex, or any third party involved in a direct relation and with a lawful business or professional interest, further to a report made in good faith.

The Committee of Ethics reports to the board of directors through the Audit and Compliance Committee and has the following basic responsibilities:

- To oversee compliance with the Code and the internal circulation thereof to the Group's s personnel.
- To receive any manner of written instruments with regard to the enforcement of the Code and to send them, where appropriate, to the relevant body or department which may be responsible for processing and issuing a resolution regarding such instrument.
- To oversee the Ethics Line and compliance with the Ethics Line Procedure..
- To monitor and oversee proceedings and their settlement.
- To resolve any questions that may arise regarding the enforcement of the Code..
- To propose to the board of directors, following a report of the Audit and Compliance Committee, any explanation or implementation rule that the enforcement of the Code may require, and at least, an annual report to review its enforcement.
- To promote training plans for employees on internal conduct regulations and the proceedings of the ethics line.

In the performance of its duties, the Ethics Committee shall ensure:

- The confidentiality of all information and background details and of the action taken unless the disclosure of information is required by law or by a court order.

To ensure that the Ethics Line is effective, and that the privacy of the parties concerned is protected, the Ethics Committee may handle ex-officio anonymous concerns..

- The thorough review of any information or document that triggered its action.
- The commencement of proceedings that adjust to the circumstances of the case, where it shall always act with independence, fully respecting the right of the parties to be heard, to honour and to the presumption of innocence
- Prohibition of retaliation and indemnity of anyone who reports through the Ethics Line in good faith.

After the due investigation of the case, the Ethics Committee resolves to either close it or that an actual breach exists. In the event of a breach, the Committee will decide on its severity and the advisability of taking action, but the specific preventive, corrective and/or disciplinary measures will be determined by the competent department or area which will report them to the Ethics Committee.

Decisions of the Ethics Committee are binding for the Inditex Group and its employees.

The Ethics Committee submits a report to the Audit and Compliance Committee at least every six months, reviewing its proceedings and the enforcement of the Code of Conduct and Responsible Practices.

Additionally, the Audit and Compliance Committee apprises the board of directors, on an annual basis as well as whenever this latter so requires, of the enforcement of the Code of Conduct and Responsible Practices and the additional documents which comprise the Model of Compliance with internal regulations, from time to time in force.

With regard to the dissemination of the above-mentioned conduct regulations, the Group Human Resources Department is responsible for distributing a copy of the Code of Conduct and Responsible Practices to all new employees when they join the organisation.

Likewise, conduct regulations, as amended, are available on the corporate website under the Compliance tab, and on INET. They are subject to the appropriate measures regarding disclosure, distribution, training and awareness-raising, so that they may be understood and implemented within the whole organisation.

- **Whistleblowing channel allowing notifications to the audit committee of irregularities of a financial and accounting nature, in addition to potential breaches of the code of conduct and unlawful activities undertaken in the organisation, indicating whether this channel is confidential and whether anonymous notifications can be made, protecting the rights of the whistleblower and the person reported.**

An Ethics Line is available to all employees of the Group, manufacturers, suppliers or third parties with a direct relation and a lawful business or professional interest, regardless of their tier or geographic or functional location, so that they may report, even anonymously and within the remit of the Ethics Committee, any breach of the Group's internal conduct regulations by employees, manufacturers, suppliers or third parties engaged in an employment, business or direct professional relations with the Group, which affect Inditex or its Group.

Therefore, any breach and/or any manner of malpractice, including those of a financial and accounting nature, may be reported.

The Ethics Committee is responsible for overseeing the Ethics Line and compliance with the Ethics Line Procedure.

The proceedings of the Ethics Line are described in the Ethics Line Procedure approved by the board of directors on 17 July 2012 and amended on 10 December 2019. The Ethics Line Procedure clarifies and reinforces guarantees and protective measures for all parties in the process: (i) maximum confidentiality; (ii) non-retaliation; (iii) presumption of innocence and respect for the right to honour of reported parties; (iv) the right of the parties to be heard, and; (v) appropriate use of personal data processed.

Full information on the Ethics Committee and the Ethics Line is available on the intranet and on the corporate website where a direct link to such Line is available.

Reports of noncompliance and/or queries regarding the construction or enforcement of internal conduct regulations may be sent to the Company either (i) by post - to the attention of the Ethics Committee to the following postal address: Avenida de la Diputación, Edificio INDITEX, 15143 Arteixo, A Coruña (Spain) – or (ii) by email - (ethicsline@inditex.com).

- **Training and periodic refresher programmes for personnel involved in the preparation and revision of financial information, as well as in the assessment of the ICFR system, covering at least accounting standards, auditing, internal control and risk management.**

The Group's Training and Career Development Area, reporting to the HR Department, is charged with preparing, together with each of the areas reporting to the Financial Department, training and refresher courses addressed to staff responsible for drawing up and overseeing the financial information of each company within the Group. Said schemes include, both general courses, focusing on business expertise and knowledge of the different interrelated departments that make up the company, and specific schemes aimed at training and refreshing employees in respect of regulatory developments on financial reporting and oversight of financial information.

General Induction

Aimed at gaining internal knowledge of each business unit, as well as of each department and the respective activities, functions and duties within the business. Under this scheme, employees begin by working at the stores, getting directly acquainted with the whole process of running a store and they continue at different headquarters

Specific training

Group employees responsible for the processes associated with the preparation of financial information regularly take training and refresher courses that seek to acquaint them with local and international regulations on financial reporting, as well as with existing regulations and best practices in the area of internal control. An e-learning platform (Tra!n) is available to employees, to train them on issues regarding financial reporting or information security, among others.

Within the financial environment, training and refresher schemes are arranged by the Human Resources Department liaising with each of the areas of the Financial Department.

Training courses are provided on an annual basis for all new heads of financial areas in each country, in order to get them acquainted with the Inditex Group's management model, as well as with the internal control system over financial reporting implemented by the Group. Specific training on the system is run to every employee who starts to play a role associated with ICFR (control owner, process owner, etc.).

Additionally, courses are taught by internal staff on the operation of financial software tools used to draw up financial information.

Among the specialised training run to employees of the different units and areas of the Financial Department, training is imparted every year on risk management, the update on international accounting standards (IFRS), local accounting standards and tax regulations. In addition, specific training is imparted on ICFR and on financial hedging.

F.2. Assessment of risks in financial reporting

Report on at least the following:

F.2.1. The main characteristics of the risk identification process, including risks of error and fraud, as regards:

- **Whether the process exists and is documented.**

The risk identification process has been documented in the Procedure for Enterprise Risk Management regarding Financial Reporting. This Procedure seeks to describe the mechanisms for identifying and assessing, on an annual basis, the risks that might lead to material errors in financial reporting

- **Whether the process covers all the objectives of financial reporting, (existence and occurrence; completeness; valuation; presentation; disclosure and comparability; and rights and obligations), whether it is updated and if so how often.**

The above-mentioned risks management process consists of five stages:

– Gathering financial information.

– Identifying the operating processes with an impact on financial information.

– Assessment of risks by the reporting unit of financial statements.

– Prioritising the accounts' criticality.

– Checking risks versus operating processes.

As a result of this process, a scoping matrix of risks regarding financial information (ICFR Scoping Matrix) is updated on an annual basis. This Scoping Matrix is used to identify the material headings of the financial statements, assertions or goals of financial information with respect to which any risks may exist, and the prioritisation of operational processes that have an impact on financial information.

Assessment covers all the goals of financial information: (i) existence and occurrence; (ii) integrity; (iii) assessment; (iv) release and breakdown; and (v) rights and obligations.

Following the identification of potential risks, they are assessed on an annual basis based upon the management's information and understanding of the business and upon materiality criteria.

Assessment criteria are established (i) from a quantitative perspective in accordance with parameters such as turnover, size of assets and pre-tax profit; and, (ii) from a qualitative perspective in accordance with different issues such as transactions standardising and processes automation, composition of accounting headings, changes versus the previous year, complexity of accounting, likelihood of fraud or error or degree of use of estimates in book recording.

- **The existence of a process for identifying the scope of consolidation, taking into account, among other factors, the possible existence of complex corporate structures or special purpose vehicles.**

The Group relies on a Corporate Master of Companies wherein all the companies that are part of the Inditex Group are included. Said Master is at the basis of the consolidation perimeter and is managed and updated in accordance with the Procedure for Incorporating and Financing of Companies.

The Master covers, on the one hand, general corporate information, such as company name, accounting closing date and currency, and on the other, legal details such as the date of incorporation, share capital, list of shareholders, equity interest, and other relevant information. The Legal Department is responsible for updating the Master as regards legal information.

The External Reporting area, which reports to the Planning and Management Control Department, reviews and updates, on a monthly basis, the number of companies that make up the Consolidation Perimeter, as well as the consolidation methods that apply to each of the companies included in the above-mentioned perimeter.

- **Whether the process takes into account the effects of other types of risk (financial, geopolitical, technological, environmental, social and governance) to the extent that they affect the financial statements.**

In addition to the above-mentioned quantitative and qualitative factors, the main risks identified through the Risks Map of the Inditex Group are considered in the process for the assessment of financial information risks.

Potential risks identified through the ICFR Scoping Matrix are taken into account upon preparing the Risks Map of the Group, which is updated on an annual basis by the Enterprise Risks Management Department (reporting to the Financial Department) with the assistance of all areas of the Organisation involved in the process. The Group may thus consider the impact that the remaining risks classified in the following groups: financial, geopolitical, technological, environmental, social and governance risks, may have on financial statements.

- **The governing body within the company that oversees the process..**

The whole process is overseen and approved on an annual basis by the Audit and Compliance Committee.

F.3. Control activities

Report on whether the company has at least the following, describing their main characteristics:

F.3.1. Review and authorisation procedures for financial information and a description of the ICFR, to be disclosed to the securities markets, indicating those responsible, as well as documentation describing the flow of activity and controls (including those relating to the risk of fraud) of the various types of transactions that may materially affect the financial statements, including accounting closing procedures and the specific review of significant judgements, estimates, valuations and projections.

Pursuant to the Board of Directors' Regulations, the Audit and Compliance Committee is responsible, inter alia, for reviewing the annual accounts and the periodic information that the board of directors must submit to the markets and their supervisory bodies, verifying at all times compliance with statutory requirements and the appropriate use of generally accepted accounting principles upon drawing up such information.

Likewise, pursuant to the above-mentioned Regulations the Audit and Compliance Committee shall meet on a quarterly basis to review the periodic financial information to be submitted to the Stock Exchanges authorities and the information that the board of directors must approve and release as its annual public documentation.

Furthermore, the ICFR Area monitors that the ICFR is effective and apprises the Financial Department and, where appropriate, the Audit and Compliance Committee, of the findings of this monitoring.

The Group relies on mechanisms to review financial information. Each of the organisational structures is responsible for reviewing the financial information reported. Analytical reviews of the financial information reported by said structures are carried out at corporate level. Prior to stating the annual accounts and approving the half-yearly financial statements, the Financial Department and the external auditor meet, for the purposes of reviewing and assessing the financial information.

The Audit and Compliance Committee submits this information to the board of directors, which is ultimately responsible for approving it before releasing it to the market.

The Group keeps its main business processes with ICRF scope duly documented. Each process is structured into a number of sub-processes, with their relevant flowcharts, including the proceedings that play a direct or indirect role on financial reporting.

These processes describe the controls that make it possible to respond appropriately to risks associated with the achieving the objectives related to the reliability and integrity of the financial information, identifying any risks that may result in accounting fraud, so as to prevent, detect, reduce and correct the risk of any potential error way in advance. Each ICFR process has its scoping matrix of risks and controls associated, and they are separated between processes carried out at local level and at corporate level for the entire Group. Design of flowcharts, description of the different processes and sub-processes and identification of risks and controls is carried out with a process modelling software application.

This software application allows keeping the entire documentation relating to the Group's ICFR processes within a single environment, which results in streamlined processes, as flowcharts, narratives and scoping matrices of risk and control are integrated.

The ICFR monitoring model is implemented based upon a tool to manage and oversee internal control systems. In such tool, each control is assigned to an owner who carries them out with the defined frequency.

Each process is assigned to a process owner who assesses on a quarterly basis the effectiveness of controls and defines and updates the ICFR processes for which they are responsible.

The ICFR Area monitors on a quarterly basis the assessments made by processes owners about the effectiveness of controls. It also coordinates and encourages the periodic review of processes and controls design.

In addition, the ICFR Area is subject every year to an internal certification process whereby financial officers of the markets within the scope of ICFR monitoring, process owners and corporate directors of areas who take part in the process of preparation and monitoring of financial information certify that they have implemented the controls for which they are responsible.

With regard to closing, consolidation and reporting processes, the Financial Department issues the instructions together with the calendar and contents of the financial information to be reported by each of the local financial structures to draw up the consolidated financial statements.

Risks are identified in the ICFR's risk and controls matrix of the closing process, which includes controls relating to relevant opinions, estimates, assessments and projections.

F.3.2. Internal IT control policies and procedures (access security, control of changes, system operation, operational continuity and segregation of duties, among others) that support significant processes within the company relating to the preparation and publication of financial information.

The internal control framework of the Group's information systems seeks to set up controls over the main business processes, which are closely related to Information Technologies ("IT").

Based upon the link between business processes and associated systems, basic risks are reviewed, enabling the company to prioritise and focus on the IT environments that are deemed to be especially relevant.

Within the ICFR IT controls defined by the Group, a number of general controls on applications are identified, including the following domains:

- Secure access to both applications and data.
- The application of logic and physical security measures
- Control and monitoring on changes in applications and their data.
- Environment segregation.
- Appropriate operation of applications.
- Availability of data and continuity of applications.

It bears mention that design of such controls is reviewed on an annual basis for the purposes of implementing such changes, if necessary, which ensure that associated risks are appropriately mitigated. Following such review, new controls have been included in 2022 aimed at shoring up controls on privileged access to platforms within the scope.

The implementation of ITGCs on the applications identified within the ICFR scope is monitored on an annual basis. As a general rule, the yardstick to identify applications within such scope is that they play a significant role in the preparation and monitoring of financial information.

The findings of such monitoring are reported to the Financial Department through the annual report assessing ICFR controls.

It bears mention that, in the process to design and implement applications and products, the Group has defined a methodological framework with different requirements aimed at ensuring that the solution implemented actually meets both the functions demanded by users and the security standards set out.

Likewise, the Group relies on contingency mechanisms and procedures, which have been defined to ensure recovery of information systems in case of lack of availability.

In 2022, the Information Security Committee met on a quarterly basis. Said Committee is charged with ensuring the effective and consistent enforcement of best practices regarding information security management across the organisation, reducing risks affecting security to the minimum, taking into account the company's business.

The members of such Committee as at 31 January 2023 are:

- The COO & Head of Digital and Sustainable Transformation
- The General Counsel and Secretary of the Board
- The Chief Digital Officer.
- The Chief Information Security Officer (CISO).
- The Chief Financial Officer
- The Chief Audit Officer (CAO).
- The Chief Compliance Officer.

The CEO, Mr Óscar García Maceiras, attended the last committee meeting held on 5 December 2022. The CEO will chair the Information Security Committee as of 1 February 2023.

The Information Security Policy sets forth the principles and guidelines whereby Inditex will protect its information, pursuant to applicable regulations and its ethical values defined in the Code of Conduct and Responsible Practices as well as the provisions of the Regulations of the Information Security Committee and of any other applicable internal regulations.

The overarching principles that inform the Policy are:

(i) classification of information, in accordance with its value, relevance and criticality for the business;

(ii) limited use of information systems to lawful and exclusively professional purposes;

(iii) segregation of duties to avoid risks;

(iv) setting retention periods by information category, where necessary or convenient;

(v) setting monitoring procedures to control how information is made available to third parties;

(vi) security in Information Systems;

(vii) setting a process for continuity management to ensure recovery of critical Information for the Group in the event of disaster; and

(viii) alignment of Information Systems and communications of the Group with the requirements of applicable laws and regulations..

The Information Security Department performs its monitoring duties in an independent manner and is responsible for implementing the Policy and monitoring compliance therewith, and with all requirements arising from applicable laws, regulations and best practices in the field of Information Security. In the framework of the Information Security Policy, the CISO's Charter has been approved in the year, which seeks to define the framework for action, the competences and the internal and external responsibilities of the Information Security function.

F.3.3. Internal control policies and procedures for overseeing the management of activities subcontracted to third parties, as well as of those aspects of assessment, calculation or valuation entrusted to independent experts, which may materially affect financial statements.

Included in the ICFR processes are controls on calculations made by third parties and on the criteria used for the purposes of mitigating the risks that might impact financial information.

Outsourced services are commissioned by the supervisors of the relevant areas, ensuring the technical and legal qualifications, capacity and independence of the experts hired.

F.4. Information and communication

Report on whether the company has at least the following, describing their main characteristics::

F.4.1. A specifically assigned function for defining and updating accounting policies (accounting policy area or department) and addressing concerns or conflicts arising from their interpretation, maintaining a free flow of information to those responsible for operations in the organisation, as well as an up-to-date accounting policy manual distributed to the business units through which the company operates..

Within the Planning and Management Control Department, the External Reporting area is responsible for drawing up, disclosing, implementing and updating the Group's Manual on Accounting Policies. With regard to the Group's accounting policies, this area is responsible for, inter alia:

- Defining the accounting treatment of the transactions that make up the business of the Group.
- Defining and updating the accounting practices of the Group.
- Addressing concerns and conflicts arising from the construction of accounting standards.
- Standardising the accounting practices of the Group.

The Manual covers the different transactions inherent in the Groups' business and their accounting treatment in accordance with the benchmark accounting framework of the Inditex Group.

The Manual is regularly updated. As part of these updating procedure, the External Reporting area includes all accounting changes identified that were advanced to those in charge of drawing up the financial statements.

The Manual is available on the Company's INET.

F.4.2. Mechanisms for capturing and preparing financial information in standardised formats for application and use by all units of the entity or group, and support its main financial statements and notes, as well as disclosures concerning ICFR.

The process of consolidating and preparing financial statements is centralised and is incumbent on the External Reporting area, which reports to the Planning and Management Control Department.

Drawing up the consolidated financial information begins with the addition of individual financial statements of each company included in the consolidation perimeter, to be subsequently consolidated based upon the accounting regulations of the Group.

Financial information reported to CNMV is prepared based upon consolidated financial statements gathered through the above-mentioned tool, and upon certain supplementary information reported by the markets, required to prepare the annual/half-yearly report. Contemporaneously, certain specific controls are exerted to confirm integrity of said information.

The board of directors approved on 14 December 2020 the Policy on Disclosure of Economic-Financial, Non-Financial and Corporate Information that seeks to establish a framework for action and define the overarching principles that will govern disclosure by the Company of economic-financial, non-financial and corporate information via regulated and non-regulated channels.

Under said Policy, the board of directors, as the highest supervisory body responsible for overseeing economic-financial, non-financial and corporate information, shall ensure the broadest circulation and the highest quality of the information provided to the stakeholders, in accordance with a set of principles that include transparency, objectivity, accuracy, immediacy and symmetry in disclosure of information.

F.5. Supervision of the system's operation

Give information on the key features of at least:

F.5.1. The activities of the audit committee in overseeing ICFR as well as whether there is an internal audit function one of the responsibilities of which is to provide support to the committee in its task of supervising the internal control system, including ICFR. Additionally, describe the scope of ICFR assessment made during the year and the procedure through which the person responsible for performing the assessment communicates its results, whether the company has an action plan detailing possible corrective measures, and whether their impact on financial reporting has been considered.

With regard to the evaluation of ICFR and the procedure set to disclose its results, the ICFR area monitors on a quarterly basis, via the owners of processes with an impact on financial information, the implementation of controls, requesting and reviewing a sample of evidence from the owners of each control.

As a result of such monitoring, improvement areas are identified and they are assigned an action plan to remedy them. Follow up ensues to ensure they have been complied with.

Likewise, the ICFR area issues on a quarterly basis a report with the findings of each control, the main action lines followed in the quarter and the incidences identified. Such reports are submitted to the Financial Department, the heads of financial departments and the Internal Audit Department.

In 2022 and specifically regarding ICFR oversight activities, the Audit and Compliance Committee has carried out the following proceedings, without limitation:

- It has reviewed the consolidated annual accounts of the Group and the periodic quarterly and half-yearly financial information that the Board of Directors has to provide to the markets and its supervisory bodies, overseeing compliance with statutory requirements and the appropriate application of the generally accepted accounting principles upon drafting this information.
- As part of its supervision duties regarding the Internal Audit function, it has approved its annual activities report, as well as its budget and the annual internal audit plan that includes specific audits on ICFR processes, pursuant to a pluri-annual plan set.
- It has reviewed the annual audit plan of external auditors that includes the audit objectives based upon the evaluation of risks of financial information and the main areas of interest or significant transactions subject to review in the year.
- It has reviewed with the external auditor and with Internal Audit the internal control weaknesses revealed, where appropriate, in the course of the different audit and review assignments. Meanwhile, both external auditors and Internal Audit have regularly advised the Audit and Compliance Committee on the degree of enforcement of recommendations resulting from these assignments.
- It has met regularly with other corporate departments of the Inditex Group for the purposes of overseeing the effectiveness of internal control systems of the Group, including ICFR, verifying their suitability and integrity and the degree of implementation of action plans to meet audit recommendations.

Internal Audit is a corporate function directly linked to the board of directors, which ensures full independence in the performance of its activities. Internal Audit functionally reports to the Audit and Compliance Committee.

The area is centrally managed from headquarters and has representatives in the geographic areas where the presence of the Inditex Group so requires. Additionally, it is divided into specialised areas, which allows for gaining a deep understanding of risks and processes.

Internal Audit's budget is approved on an annual basis by the Audit and Compliance Committee, which provides for the human and material assets, both internal and external of the Internal Audit Department.

The mission of the Internal Audit function consists, inter alia, of assessing risk exposure and the suitability and effectiveness of controls in respect of risks identified and namely, those related to reliability and integrity of financial and operational information.

Based upon the ICFR Scoping Matrix, Internal Audit drafts a pluri-annual plan for the regular review of ICFR of the Group, which is submitted to the Audit and Compliance Committee for approval every year.

This pluri-annual plan entails conducting ICFR reviews of the significant processes and elements of the Group's financial statements. Review priorities are set based upon the risks identified. This plan is implemented through annual planning that determines the scope of the annual ICFR reviews. The suitability of this plan is reviewed every year, further to the update of the process to identify and assess financial information risks. Additionally, annual planning include compliance with the provisions of current internal corporate policies, including the ICFR Policy.

Namely, the following issues are subject to review: the design and effective operation of key transactional controls and general controls on the main software tools involved in financial reporting, as well as the review of the general control environment.

To carry out its activities, Internal Audit uses different audit techniques, mainly interviews, analytical reviews, specific control tests, reviewing both the appropriateness of design and the effective operation thereof, review of the effectiveness of software tools and material tests.

Results of the assignments, together with the corrective measures recommended, where appropriate, are reported to the Financial Department and the Audit and Compliance Committee. Internal Audit follows up on the implementation of these measures, which is then reported to the Audit and Compliance Committee.

F.5.2. Whether there is a discussion procedure whereby the auditor (as defined in the Spanish Technical Audit Standards), the internal auditor and other experts can report to senior management and the audit committee or directors of the company any significant weaknesses in internal control identified during the review of the annual financial statements or any others they have been assigned. Additionally, state whether an action plan is available for correcting or mitigating any weaknesses detected.

Internal Audit regularly discloses to the Financial Department and the Audit and Compliance Committee the internal control weaknesses identified in the reviews carried out, as well as the follow-up on the action plans set out to settle or reduce them.

In turn, external auditors meet regularly with the Financial Department and Internal Audit, both to gather information and to disclose any potential control weaknesses that may have been revealed, where appropriate, in the course of their work.

In its meetings, the Audit and Compliance Committee considers the potential weaknesses in control that might have an impact on financial statements, requesting, where appropriate, from the affected areas, the necessary information to assess any effects on the financial statements.

Section 45.5 of the Board of Directors' Regulations provides that: *"The Board of Directors shall ensure that the annual accounts are drawn up in accordance with accounting standards, endeavouring to draft them in such a manner that they do not give rise to qualifications on the part of the auditor. However, in the exceptional circumstances where the auditor expresses a qualified opinion and the Board of Directors considers that it must stick to its position, it shall publicly explain the contents and scope of the discrepancy. The foregoing without prejudice to the information that the Chair of the Audit and Compliance Committee would make available to the shareholders at the General Meeting of Shareholder"*

To meet the provisions of section 45.5 above-mentioned, any discussions or differing views that may exist are advanced in the meetings of the Audit and Compliance Committee with external auditors. In turn, external auditors report, where appropriate, on the main internal control issues that need to be improved that have been identified as a result of their work. Additionally, Management reports on the degree of implementation of the relevant action plans set in train to correct or reduce the issues identified.

Meanwhile, the Audit and Compliance Committee meets with the statutory auditors of the individual and consolidated annual accounts for the purposes of reviewing on the one hand the Group's annual account, and on the other, certain periodic financial information that the board of directors must provide to the market and its supervisory bodies, overseeing compliance with statutory requirements and the appropriate enforcement of generally accepted accounting principles upon preparing such information.

Moreover, the Committee regularly receives from the statutory auditor information on the audit plan and the results of its implementation, follows up on the recommendations proposed by the statutory auditor and may request its collaboration whenever this is deemed necessary.

In 2022 members of the Internal Audit function were in attendance at 5 of the 6 meetings held by the Audit and Compliance Committee and external auditors were in attendance at 4 of them.

F.6. Other relevant information

—

F.7. External auditor's report

Report:

F.7.1. Whether the ICFR information sent to the markets has been subjected to review by the external auditor, in which case the entity should include the corresponding report as an attachment. If not, reasons why should be given.

The information on ICFR included in this section F of the Annual Corporate Governance Report for 2022 and prepared by the Group's Management is reviewed by the external auditors.

G. Degree of compliance with corporate governance recommendations

Specify the company's degree of compliance with recommendations of the Good Governance Code for listed companies.

In the event that a recommendation is not followed or only partially followed, a detailed explanation of the reasons must be included so that shareholders, investors and the market in general have enough information to assess the company´s conduct. General explanations are not acceptable.e.

1. **That the articles of association of listed companies should not limit the maximum number of votes that may be cast by one shareholder or contain other restrictions that hinder the takeover of control of the company through the acquisition of its shares on the market..**

   Complies x   Explain

2. **That when the listed company is controlled by another entity within the meaning of section 42 of the Commercial Code, whether listed or not, and has, directly or through its subsidiaries, business relations with said entity or any of its subsidiaries (other than the listed company) or carries out activities related to those of any of them it should make accurate public disclosures on:**

   - **The respective areas of activity and possible business relationships between the listed company or its subsidiaries and the parent company or its subsidiaries..**
   - **The mechanisms in place to resolve any conflicts of interest that may arise.**

   Complies x   Complies partially   Explain

3. **That, during the Annual General Meeting, as a complement to the distribution of the written annual corporate governance report, the chairman of the Board of Directors should inform shareholders orally, in sufficient detail, of the most significant aspects of the company's corporate governance, and in particular:**

   - **Changes that have occurred since the last Annual General Meeting.**
   - **Specific reasons why the company has not followed one or more of the recommendations of the Code of Corporate Governance and the alternative rules applied, if any**

   Complies x   Complies partially   Explain

4. **That the company should define and promote a policy on communication and contact with shareholders and institutional investors, within the framework of their involvement in the company, and with proxy advisors that complies in all aspects with rules against market abuse and gives equal treatment to shareholders who are in the same position. And that the company should publish this policy on its website, including information on how it has been put into practice and identifying the contact persons or those responsible for implementing it. And that, without prejudice to the legal obligations regarding dissemination of inside information and other types of regulated information, the company should also have a general policy regarding the communication of economic-financial, non-financial and corporate information through any channels that as it may consider appropriate (media, social media or other channels) that helps maximise the dissemination and quality of information available to the market, investors and other stakeholders..**

   Complies x   Complies partially   Explain

5. **That the Board of Directors should not submit to the General Meeting of Shareholders any proposal for delegation of powers allowing the issue of shares or convertible securities with the exclusion of pre-emptive rights in an amount exceeding 20% of the capital at the time of delegation.**

   And that whenever the Board of Directors approves any issue of shares or convertible securities with the exclusion of pre-emptive rights, the company should immediately publish the reports mentioned by company law on its website.

   Complies x   Complies partially   Explain

6. **That listed companies that prepare the reports listed below, whether under a legal obligation or voluntarily, should publish them on their website well in advance of the Annual General Meeting, even if their publication is not mandatory:**

   - **Report on auditor independence..**
   - **Reports on the proceedings of the audit and nomination and remuneration committees**
   - **Report by the audit committee on related party transactions.**

   Complies x   Complies partially   Explain

7. **That the company should broadcast its Annual General Meeting live on its website**

   And that the company should have mechanisms in place allowing to grant proxy and to cast votes by means of data transmission and even, in the case of large-caps and to the extent that it is proportionate, attendance and active participation in the General Meeting to be conducted by said remote means

   Complies x Explain

8. **That the audit committee should ensure that the financial statements submitted to the General Meeting of Shareholders are prepared in accordance with accounting regulations. And that in cases in which the auditor has included a qualification or reservation in its audit report, the chairman of the audit committee should clearly explain to the general meeting the opinion of the audit committee on its content and scope, making a summary of this opinion available to shareholders at the time when the meeting is called, alongside the other Board proposals and reports.**

   Complies x Complies partially Explain

9. **That the company should permanently publish on its website the requirements and procedures for certification of share ownership, the right of attendance at the General Meeting of Shareholders, and the exercise of the right to vote or to issue a proxy.**

   And that these requirements and procedures promote attendance and the exercise of shareholder rights in a non-discriminatory manner..

   Complies x Complies partially Explain

10. **That when a duly authenticated shareholder has exercised his or her right to supplement the agenda or submit new proposals for resolutions in advance of the General Meeting of Shareholders, the company should:**

    - **immediately distribute the supplementary items and new proposals for resolutions.**
    - **publish the standard form of attendance card or the form to vote by proxy or cast absentee voting with the necessary changes so that the new agenda items and alternative proposals may be voted on in the same terms as those proposed by the Board of Directors.**
    - **put all these items or alternative proposals to the vote applying the same voting rules as for those submitted by the board of directors, with particular regard to presumptions or deductions about the direction of votes.**
    - **after the General Meeting of Shareholders, disclose the breakdown of votes on said supplementary items or alternative proposals.**

    Complies x Complies partially Explain Not applicable

11. **That if the company intends to pay premiums for attending the General Meeting of Shareholders, it should establish in advance a general policy on said premiums and this policy should be stable..**

    Complies Complies partially Explain Not applicable x

12. **That the board of directors should perform its functions with a unity of purpose and independence of criterion, treating all similarly situated shareholders equally and being guided by the best interests of the company, which is understood to mean the pursuit of a profitable and sustainable business in the long term, promoting its continuity and maximising the economic value of the business..**

    And that in pursuit of the company's interest, in addition to complying with applicable law and rules and conducting itself on the basis of good faith, ethics and a respect for commonly accepted best practices, it should seek to reconcile its own company interests, when appropriate, with the interests of its employees, suppliers, customers and other stakeholders that may be affected, as well as the impact of its corporate activities on the communities in which it operates and on the environment..

    Complies x Complies partially Explain

13. **That the Board of Directors should be of an appropriate size to perform its duties effectively and in a collegial manner, which makes it advisable for it to have between five and fifteen members..**

    Complies x Explain

14. **That the Board of Directors should approve a policy aimed at encouraging an appropriate composition of the Board and that::**

    - **Is specific and ascertainable;**
    - **Ensures that motions for appointment or re-election are based upon a prior analysis of the needs of the board of directors; and**
    - **Favours diversity of knowledge, experience, age and gender. For these purposes, it is considered that the measures that encourage the company to have a significant number of female senior executives favour gender diversity.**

    That the result of the prior analysis of the competences required by the board of directors are written up in the explanatory report from the nomination committee published upon calling the Annual General Meeting to which the ratification, appointment or re-election of each director is submitted.

    The nomination committee shall verify annually compliance with this policy and explain its findings in the annual corporate governance report.

    Complies x Complies partially Explain

15. That proprietary and independent directors should constitute a substantial majority of the board of directors and that the number of executive directors be kept to a minimum, taking into account the complexity of the corporate group and the ownership interest of executive directors.

And that the number of female directors should represent at least 40% of the members of the Board of Directors before the end of 2022 and thereafter, and not less than 30% prior to that date.

Complies x Complies partially Explain

16. That the number of proprietary directors out of all non-executive directors should not be greater than the proportion of the company's share capital represented by those directors and the rest of the capital.

This yardstick may be relaxed:

- **In large-cap companies where very few shareholdings are legally considered significant.**
- **In the case of companies where a plurality of shareholders is represented on the board of directors without ties among them.**

Complies x Explain

17. That the number of independent directors should represent at least half of the total number of directors.

That, however, when the company does not have a high level of market capitalisation or in the event that it is a large-cap company with one shareholder or a group of shareholders acting in concert who together control more than 30% of the company's share capital, the number of independent directors should represent at least one third of the total number of directors.

Complies x Explain

18. That companies should publish the following information on its directors on their website, and keep it regularly updated:

- **Professional experience and biography.**
- **Any other boards to which the directors belong, regardless of whether or not the companies are listed, as well as any other remunerated activities engaged in, regardless of type.**
- **Directorship type, indicating, in the case of individuals who represent significant shareholders, the shareholder that they represent or to which they are connected.**
- **Date of their first appointment as a director of the company's board of directors, and any subsequent re-elections.**
- **Company shares and share options that they own.**

Complies x Complies partially Explain

19. That the annual corporate governance report, following verification by the nomination committee, should explain the reasons for the appointment of any proprietary directors on the proposal of shareholders whose holding is less than 3%. It should also explain, where applicable, any rejection of a formal request for a board position from shareholders whose equity stake is equal to or greater than that of others applying successfully for a proprietary directorship.

Complies Complies partially Explain Not applicable x

20. That proprietary directors representing significant shareholders should resign from the board when the shareholder they represent disposes of its entire shareholding. They should also resign, in a proportional fashion, in the event that said shareholder reduces its stake to a level that requires a decrease in the number of proprietary directors.

Complies x Complies partially Explain Not applicable

21. That the board of directors should not propose the removal of any independent director before the completion of the director's term provided for in the articles of association unless the Board of Directors finds just cause and a prior report has been prepared by the nomination committee. Specifically, just cause is considered to exist if the director takes on new duties or commits to new obligations that would interfere with his or her ability to dedicate the time necessary for attention to the duties inherent to his or her position as a director, are in breach of their fiduciary duty, or is affected by any of the circumstances that would cause the loss of independent status in accordance with applicable law.

The removal of independent directors may also be proposed as a result of a public takeover bid, merger or other similar corporate transaction entailing a change in the shareholder structure of the company, provided that these changes in the structure of the Board are the result of application of the proportionate representation criterion provided in Recommendation 16.

Complies x Explain

22. That companies should establish rules requiring that directors inform the Board of Directors and, where appropriate, resign from their posts, when circumstances arise that affect them, whether or not related to their actions in the company itself, and that may harm the company's standing and reputation, and in particular requiring them to inform the board of any criminal charges brought against them as well as of how the legal proceedings subsequently unfold..

And that, if the board is informed or becomes aware in any other manner of any of the circumstances mentioned above, it must examine the case as quickly as possible and, depending on the specific circumstances, decide, based on a report from the nomination and remuneration committee, whether or not any measure must be adopted, such as the opening of an internal investigation, asking the director to resign or proposing that he or she be dismissed. And that these events must be reported in the annual corporate governance report, unless there are any special reasons not to do so, which must also be noted in the minutes. This without prejudice to the information that the company must disclose, if appropriate, at the time when the corresponding measures are implemented..

Complies x Complies partially Explain

23. That all directors clearly express their opposition when they consider any proposal submitted to the board of directors to be against the company's interests. This particularly applies to independent directors and directors who are unaffected by a potential conflict of interest if the decision could be detrimental to any shareholders not represented on the board of directors.

Furthermore, when the board of directors makes significant or repeated decisions about which the director has serious reservations, the director should draw the appropriate conclusions and, in the event the director decides to resign, explain the reasons for this decision in the letter mentioned in the next recommendation..

This recommendation also applies to the secretary of the Board of Directors, even if he or she is not a director

Complies x Complies partially Explain

24. That whenever, due to resignation or resolution of the General Meeting of Shareholders, a director leaves before the completion of his or her term of office, the director should explain the reasons for this decision, or in the case of non-executive directors, their opinion of the reasons for the general meeting resolution, in a letter addressed to all members of the board of directors.

And that, without prejudice to all this being reported in the annual corporate governance report, as far as it is relevant to investors, the company should publish an announcement of the departure as rapidly as possible, with sufficient reference to the reasons or circumstances provided by the direct.

Complies x Complies partially Explain

25. That the nomination committee should make sure that non-executive directors have sufficient time available in order to properly perform their duties.

And that the Board regulations establish the maximum number of company boards on which directors may sit.

Complies x Complies partially Explain

26. That the board of directors meet frequently enough to be able to effectively perform its duties, and at least eight times per year, following a schedule of dates and agendas established at the beginning of the year and allowing each director individually to propose other items that do not originally appear on the agenda.

Complies x Complies partially Explain

27. That director absences occur only when absolutely necessary and be quantified in the annual corporate governance report. And when absences do occur, that the director appoint a proxy with instructions.

Complies x Complies partially Explain

28. That when directors or the secretary express concern regarding a proposal or, in the case of directors, regarding the direction in which the company is headed and said concerns are not resolved by the board of directors, these concerns should be included in the minutes at the request of the director expressing them.

Complies x Complies partially Explain Not applicable

29. That the company should establishes adequate means for directors to obtain appropriate advice in order to properly fulfil their duties including, should circumstances warrant, external advice at the company's expense.

Complies x Complies partially Explain

30. That, without regard to the knowledge necessary for directors to complete their duties, companies make refresher courses available to them when circumstances make this advisable

Complies x Complies partially Explain

31. That the agenda for meetings should clearly indicate those matters on which the board of directors is to make a decision or adopt a resolution so that the directors may study or gather all relevant information ahead of time.

When, under exceptional circumstances, the chairman wishes to bring urgent matters for decision or resolution before the board of directors that do not appear on the agenda, the prior express agreement of a majority of the directors shall be required, and said consent shall be duly recorded in the minutes.

Complies x Complies partially Explain

32. That directors be periodically informed of changes in shareholding and of the opinions of significant shareholders, investors and rating agencies of the company and its group.

Complies x Complies partially Explain

33. That the chairman, as the person responsible for the efficient workings of the board of directors, in addition to carrying out the duties assigned by law and the articles of association, should prepare and submit to the board of directors a schedule of dates and matters to be considered; organise and coordinate the periodic evaluation of the board as well as, where applicable, the chief executive of the company, should be responsible for leading the board and the effectiveness of its work; ensuring that sufficient time is devoted to considering strategic issues, and approve and supervise refresher courses for each director when circumstances make this advisable.

Complies x Complies partially Explain

34. That when there is a lead independent director, the articles of association or Board regulations should confer upon him or her the following powers in addition to those conferred by law: to chair the board of directors in the absence of the chairman and deputy chairmen, should there be any; to reflect the concerns of non-executive directors; to liaise with investors and shareholders in order to understand their points of view and respond to their concerns, in particular as those concerns relate to corporate governance of the company; and to coordinate a succession plan for the chairman.

Complies x Complies partially Explain Not applicable

35. That the secretary of the board of directors should pay special attention to ensure that the activities and decisions of the board of directors take into account the recommendations regarding good governance contained in the Good Governance Code as may be applicable to the company.

Complies x Explain

36. That the board of directors meets in plenary session once a year and adopt, where appropriate, an action plan to correct any deficiencies detected in the following:

- **Quality and efficiency of the proceedings of the board.**
- **Proceedings and composition of its committees.**
- **Diversity of board membership and competences.**
- **Performance of the chairman of the board of directors and of the chief executive officer of the company.**
- **Performance and input of each director, paying special attention to those in charge of the various board committees.**

In order to perform its evaluation of the various committees, the Board of Directors shall take a report from the committees themselves as a starting point and for the evaluation of the Board, a report from the nomination committee..

Every three years, the Board of Directors will turn for its evaluation to an external advisor, whose independence shall be verified by the nomination committee.

Business relationships between the external adviser or any member of the adviser's group and the company or any company within its group must be specified in the annual corporate governance report.

The process and the areas evaluated must be described in the annual corporate governance report.

Complies x Complies partially Explain

37. That if there is an executive committee, it must contain at least two non-executive directors, at least one of whom must be independent, and its secretary must be the secretary of the Board

Complies x Complies partially Explain Not applicable

38. That the board of directors must always be aware of the matters discussed and decisions taken by the executive committee and that all members of the board of directors receive a copy of the minutes of meetings of the executive committee..

Complies x Complies partially Explain Not applicable

39. That all members of the audit committee, in particular its chairman, be appointed in consideration of their knowledge and experience in accountancy, audit and risk management issues, both financial and non-financial..

Complies x Complies partially Explain Not applicable

40. That under the supervision of the audit committee, there should be a unit in charge of the internal audit function, which ensures that information and internal control systems operate correctly, and which reports to the non-executive chairman of the board or of the audit committee.

Complies x Complies partially Explain Not applicable

41. That the person in charge of the unit performing the internal audit function should present an annual work plan to the audit committee, for approval by that committee or by the board, reporting directly on its execution, including any incidents or limitations of scope, the results and monitoring of its recommendations, and present an activity report at the end of each year.

Complies x Complies partially Explain Not applicable

42. That in addition to the provisions of applicable law, the audit committee should be responsible for the following:

1) With regard to information systems and internal control:

a) Overseeing and evaluating the process of preparation and the completeness of financial and non-financial information, as well as the control and management systems for financial and non-financial risk relating to the company and, where applicable, the group - including operational , technological, legal, social, environmental, political and reputational risk, or risk related to corruption- reviewing compliance with regulatory requirements, the appropriate delimitation of the scope of consolidation and the correct

application of accounting criteria.

b) Ensuring the independence of the unit charged with the internal audit function; proposing the selection, appointment and dismissal of the head of internal audit; proposing the budget for this service; approving or proposing its orientation and annual work plans for approval by the Board, making sure that its activity is focused primarily on material risks (including reputational risk); receiving periodic information on its activities; and verifying that senior management takes into account the conclusions and recommendations of its reports

c) Establishing and overseeing a mechanism that allows employees and other persons related to the company, such as directors, shareholders, suppliers, contractors or subcontractors, to report any potentially serious irregularities, especially those of a financial or accounting nature, that they observe in the company or its group. This mechanism must guarantee confidentiality and in any case provide for cases in which the communications can be made anonymously, respecting the rights of the whistleblower and the person reported.

d) Generally ensuring that internal control policies and systems are effectively applied in practice

2) With regard to the external auditor:

a) In the event that the external auditor resigns, examining the circumstances leading to their resignation.

b) Ensuring that the remuneration paid to the external auditor for its work does not compromise the quality of the work or the auditor's independence..

c) Making sure that the company informs the CNMV of the change of auditor, along with a statement on any differences that arose with the outgoing auditor and, where applicable, the contents thereof.

d) Ensuring that the external auditor holds an annual meeting with the Board of Directors in plenary session in order to make a report regarding the tasks performed and the development of the company's accounting situation and risks..

e) Ensuring that the company and the external auditor comply with applicable rules regarding the provision of services other than auditing, limits on the concentration of the auditor's business, and, in general, all other rules regarding auditors' independence.

Complies x Complies partially Explain

43. That the audit committee be able to require the presence of any employee or manager of the company, even stipulating that he or she appear without the presence of any other member of management..

Complies x Complies partially Explain

44. That the audit committee be kept abreast of any corporate and structural changes planned by the company in order to perform an analysis and draw up a prior report to the Board of Directors on the economic conditions and accounting implications and, in particular, any exchange ratio involved.

Complies x Complies partially Explain Not applicable

45. That the risk management and control policy identify or determine, as a minimum:

a) The various types of financial and non-financial risks (including operational, technological, legal, social, environmental, political and reputational risks and risks relating to corruption) that the company faces, including among the financial or economic risks contingent liabilities and other off-balance sheet risks.

b) An enterprise risk management model based on different levels, which will include a specialised risk committee when sector regulations so require, or the company considers it to be appropriate..

c) The level of risk that the company considers to be acceptable.

d) Measures in place to mitigate the impact of the risks identified in the event that they should materialise.

e) Internal control and information systems to be used in order to control and manage the aforementioned risks, including contingent liabilities or off-balance sheet risks.

Complies x Complies partially Explain

46. That under the direct supervision of the audit committee or, where applicable, of a specialised committee of the Board of Directors, an internal risk control and management function should exist, performed by an internal unit or department of the company that is expressly charged with the following responsibilities:

a) Ensuring the proper functioning of the enterprise risk management systems and, in particular, that they adequately identify, manage and quantify all material risks affecting the company.

b) Actively participating in drawing up the risk strategy and in important decisions regarding risk management.

c) Ensuring that the enterprise risk management systems adequately mitigate risks as defined by the policy set forth by the Board of Directors.

Complies x Complies partially Explain

47. That in designating the members of the nomination and remuneration committee–or of the nomination committee and the remuneration committee if they are separate–efforts are made to ensure that they have the knowledge, skills and experience appropriate to the functions that they are called upon to perform and that the majority of said members are independent directors.

Complies x Complies partially Explain

48. That large-cap companies have separate nomination and remuneration committees.

Complies x Complies partially Explain

49. That the nomination committee consult with the chairman of the Board of Directors and the chief executive of the company, especially in relation to matters concerning executive directors.

And that any director be able to ask the nomination committee to consider potential candidates that he or she considers suitable to fill a vacancy on the board of directors

Complies x Complies partially Explain

50. That the remuneration committee operates independently and that, in addition to the functions it has been assigned by statute, it should be responsible for the following:

a) Proposing to the board of directors the basic terms and conditions of employment for senior management.

b) Verifying compliance with the company's remuneration policy.

c) Periodically reviewing the remuneration policy applied to directors and senior managers, including share-based remuneration systems and their application, as well as ensuring that their individual remuneration is proportional to that received by the company's other directors and senior managers.

d) Making sure that potential conflicts of interest do not undermine the independence of external advice given to the committee.

e) Verifying the information on remuneration of directors and senior managers contained in the various corporate documents, including the annual report on director remuneration.

Complies x Complies partially Explain

51. That the remuneration committee should consult with the chairman and the chief executive of the company, especially on matters relating to executive directors and senior management.

Complies x Complies partially Explain

52. That the rules on membership and proceedings of the supervision and control committees should appear in the regulations of the Board of Directors and that they should be consistent with those applying to legally mandatory committees in accordance with the foregoing recommendations, including:

a) That they be composed exclusively of non-executive directors, with a majority of independent directors

b) That their chairpersons be independent directors.

c) That the board of directors appoints members of these committees taking into account their knowledge, skills and experience and the duties of each committee; discuss their proposals and reports; and require them to render account of their activities and of the work performed in the first plenary session of the Board of Directors held after each committee meeting.

d) That the committees be allowed to avail themselves of outside advice when they consider it necessary to perform their duties.

e) That their meetings be recorded and their minutes be made available to all directors.

Complies x Complies partially Explain Not applicable

53. That verification of compliance with the company's policies and rules on environmental, social and corporate governance matters, and with the internal codes of conduct be assigned to one or divided among more than one committee of the Board of Directors, which may be the audit committee, the nomination committee, a specialised committee on sustainability or corporate social responsibility or any other specialised committee that the Board of Directors, in the exercise of its powers of self-organisation, may have decided to create. And that this committee be composed exclusively of non-executive directors, with a majority of these being independent directors, and that the minimum functions indicated in the next recommendation be specifically assigned to it.

Complies x Complies partially Explain

54. The minimum functions mentioned in the foregoing recommendation are the following:

a) Monitoring compliance with the company's internal codes of conduct and corporate governance rules, also ensuring that the corporate culture is aligned with its purpose and values.

b) Monitoring the application of the general policy on disclosure of economic and financial information, non-financial and corporate information and communication with shareholders and investors, proxy advisors and other stakeholders. The manner in which the entity communicates and handles relations with small and medium-sized shareholders must also be monitored.

c) The periodic evaluation and review of the company's corporate governance system, and environmental and social policy, with a view to ensuring that they fulfil their purposes of promoting the interests of society and take account, as appropriate, of the legitimate interests of other stakeholders

d) Oversee the company's environmental and social practices to ensure that they are in alignment with the established strategy and policy.

e) Oversee and evaluate the company's interaction with its different stakeholders..

Complies x Complies partially Explain

55. That environmental and social sustainability policies identify and include at least the following:

a) The principles, commitments, objectives and strategy relating to shareholders, employees, customers, suppliers, social issues, the environment, diversity, tax responsibility, respect for human rights, and the prevention of corruption and other unlawful conduct.

b) Means or systems for monitoring compliance with these policies, their associated risks, and management.

c) Mechanisms for supervising non-financial risk, including that relating to ethical aspects and aspects of business conduct.

d) Channels of communication, participation and dialogue with stakeholders..

e) Responsible communication practices that impede the manipulation of data and protect integrity and honour.

Complies x Complies partially Explain

56. That director remuneration be sufficient in order to attract and retain directors who meet the desired professional profile and to adequately compensate them for the dedication, qualifications and responsibility demanded of their posts, while not being so excessive as to compromise the independent judgement of non-executive directors

Complies x Explain

57. That only executive directors should receive variable remuneration linked to corporate results and personal performance, as well as remuneration in the form of shares, options or rights to shares or instruments referenced to the share price and long-term savings plans, such as pension plans, retirement schemes or other provident schemes.

Consideration may be given to delivering shares to non-executive directors as remuneration providing this is conditional upon their holding them until they cease to be directors. The foregoing shall not apply to shares that the director may need to sell in order to meet the costs related to their acquisition.

Complies x Complies partially Explain

58. That as regards variable remuneration, remuneration policies should incorporate the necessary limits and technical safeguards to ensure that this remuneration is in line with the professional performance of its beneficiaries and not based solely on general developments in the markets or in the sector in which the company operates, or other similar circumstances.

And, in particular, that variable remuneration components:

a) Are linked to pre-determined and measurable performance criteria and that said criteria take into account the risk incurred to achieve a given result.

b) Promote the sustainability of the company and include non-financial criteria that are geared towards creating long term value, such as compliance with the company's rules and internal operating procedures and with its risk management and control policies.

c) Are based on balancing the attainment of short-, medium- and long-term objectives, so as to allow remuneration of continuous performance over a period long enough to be able to assess its contribution to the sustainable creation of value, in such a way that the elements used to measure performance are not associated only with one-off, occasional or extraordinary events.

Complies x Complies partially Explain Not applicable

59. That the payment of variable remuneration components be subject to sufficient verification that previously established performance or other conditions have effectively been met. Entities must include in their annual report on director remuneration the criteria for the time required and methods used for this verification depending on the nature and characteristics of each variable component.

That, additionally, companies consider the inclusion of a reduction ('malus') clause for the deferral of the payment of a portion of variable remuneration components that would imply their total or partial loss if an event were to occur prior to the payment date that would make this advisable.

Complies x Complies partially Explain Not applicable

60. That remuneration related to company results should take into account any reservations that might appear in the external auditor's report and that would diminish said results.

Complies x Complies partially Explain Not applicable

61. That a material portion of executive directors' variable remuneration be linked to the delivery of shares or financial instruments referenced to the share price.

Complies x Complies partially Explain Not applicable

62. That once shares or options or financial instruments have been allocated under remuneration schemes, executive directors be prohibited from transferring ownership or exercising options or rights until a term of at least three years has elapsed.

An exception is made in cases where the director has, at the time of the transfer or exercise of options or rights, a net economic exposure to changes in the share price for a market value equivalent to at least twice the amount of his or her fixed annual remuneration through the ownership of shares, options or other financial instruments.

The forgoing shall not apply to shares that the director may need to sell in order to meet the costs related to their acquisition or, following a favourable assessment by the nomination and remuneration committee, to deal with any extraordinary situations that may arise and so require.

Complies x Complies partially Explain Not applicable

63. That contractual arrangements should include a clause allowing the company to demand reimbursement of the variable remuneration components in the event that payment was not in accordance with the performance conditions or when payment was made based on data subsequently shown to have been inaccurate.

Complies x Complies partially Explain Not applicable

64. That payments for contract termination should not exceed an amount equivalent to two years of total annual remuneration and should not be paid until the company has been able to verify that the director has fulfilled all previously established criteria or conditions for payment.

For the purposes of this recommendation, payments for contractual termination will be considered to include any payments the accrual of which or the obligation to pay that arises as a consequence of or on the occasion of the termination of the contractual relationship between the director and the company, including amounts not previously vested of long-term savings schemes and amounts paid by virtue of post-contractual non-competition agreements

Complies x Complies partially Explain Not applicable

Further information of interest

1. If there is any significant aspect regarding corporate governance in the company or other companies in the group that has not been included in other sections of this report, but that must be included in order to provide a more comprehensive and reasoned picture of the structure and governance practices in the company or its group, describe them briefly below.

2. This section may also be used to provide any other information, explanation or clarification relating to previous sections of the report, so long as it is relevant and not repetitive.

Specifically, indicate whether the company is subject to any corporate governance legislation other than that of Spain and, if so, include any information required under this legislation that differs from the data required in this report.

3. The company may also indicate whether it has voluntarily subscribed to other ethical or best practice codes, whether international, sector-based, or other. In this case, name the code in question and the date on which the company subscribed to it. Specific mention must be made as to whether the compan

The codes and global commitments undertaken voluntarily by INDITEX include:

– *UNI GLOBAL UNION* (www.uniglobalunion.org). It encourages respect and promotion of fundamental rights and decent work within the retail and distribution network. Date of endorsement: 2 October 2009.

– *The United Nations Global Compact* (www.globalcompact.org). A United Nations initiative that encourages social dialogue between companies and the civil society. Date of endorsement: 31 October 2001.

– *Ethical Trading Initiative* (ETI) (www.ethicaltrade.org). A dialogue platform to improve working conditions of workers across the supply chains. It is an alliance of companies, international trade unions, and non-governmental organisations. Date of endorsement: 17 October 2005.

– Global Framework Agreement with IndustriALL Global Union (formerly, ITGLWF) (www.industriall-union.org). To promote fundamental human and social rights within Inditex's supply chain, including the definition of mechanisms of joint action within the supply chain to implement the Code of Conduct for Manufacturers and Suppliers. Date of endorsement: 4 October 2007. Inditex and IndustriALL executed on 4 May 2012 the "Protocol to define the involvement of trade unions in the reinforcement of the International Framework Agreement within Inditex's supply chain." On 8 July 2014, the Framework Agreement was renewed by both parties at ILO headquarters in Geneva, Switzerland. A new Agreement was executed on 25 April 2016 between Inditex and IndustriALL, that introduces the concept of "union experts" to enforce the Global Framework Agreement. The Global Framework Agreement was renewed on 13 November 2019. At this new stage, both parties have agreed to set up a Global Union Committee on which worker representatives from each of the Inditex Group's key areas of production will sit.

– *Zero Discharge of Hazardous Chemicals* (ZDHC): Multi-stakeholder organisation comprising brands and representatives of the supply chains of the textile and footwear industry committed to the elimination of certain chemicals in the textile and footwear product manufacturing process. Date of execution: 27 November 2012.

– The ILO's *Better Work Programme* (www.betterwork.org). Platform to improve compliance with labour regulations and competitiveness of global supply chains. Date of endorsement: October 2007. In the course of this partnership, Inditex and Better Work executed on 9 October 2013 a specific partnership agreement whereby Inditex became a direct buyer partner of the Better Work programme.

– *CEO Water Mandate* (www.ceowatermandate.org). A United Nations initiative to support companies in the development, implementation and disclosure of their water-related strategies and policies. Date of endorsement: 30 June 2011

– *Sustainable Apparel Coalition* (www.apparelcoalition.org). An initiative of the textile sector to set in train a joint sustainable index to assess the environmental performance of retail brands, suppliers and products. Date of endorsement: 20 October 2011..

– *Textile Exchange* (www.textileexchange.org): we are members of Textile Exchange, a global non-profit organisation with the mission of inspiring and equipping people to accelerate the adoption of preferred materials through clear and actionable guidance.

– *Better Cotton Initiative* (www.bettercotton.org). An initiative that develops and promotes best practices in the traditional growing of cotton to benefit the farmers and the environment, and to ensure the future of the sector. Date of endorsement: 1 July 2011

– Code of Good Tax Practices. It encourages a mutually cooperative relationship between the Tax Administration Authority of Spain and the companies. Date of endorsement: 21 September 201

– Cooperation Agreement between the Ministry of Health and Consumption and the fashion sector in Spain. It promotes the defence and encouragement of the rights of Spanish customers in the world of fashion, namely as regards creating and encouraging a healthy-looking appearance.

– *Cotton Campaign:* this is an initiative led by companies and organisations of the third sector to improve working conditions and defend Human Rights in the production and supply of cotton. Date of endorsement: 26 October 2012.

- International Accord (https://internationalaccord.org/). Agreement signed in 2021 by brands and international trade unions, witnessed by non-governmental organisations to honour the commitment to continue and expand the efforts towards a safe and healthy textile industry, based on the principles first upheld in Bangladesh in 2013. Inditex is a founding member and serves on its Steering Committee. The International Accord recognises the RMG Sustainability Council (RSC) as an independent organisation that continues the efforts in Bangladesh. Date of execution: 1 September 2021

- *Fur Free Alliance* (www.infurmation.com). Inditex is a member of the Fur Free Retailer Program of the Fur Free Alliance. The Fur Free Alliance is an international coalition of animal protection organisations working to bring an end to the exploitation and killing of animals for their fur. Date of endorsement: 1 January 2014.

- *ACT (Action Collaboration Transformation*): an initiative of international brands & retailers, manufacturers, and trade unions to address the issue of living wages in the textile and garment supply chain. In development thereof, a Memorandum of Understanding was subscribed by ACT's brands and IndustriALL Global Union to establish within the supply chains the principles of freedom of association, collective bargaining and living wages. Date of execution: 13 March 2015.

- *Canopy:* As founders of the Canopy Style initiative we collaborate with the Canopy organisation to protect primary high conservation-value (HCV) forests, and are particularly committed to ensuring that no cellulose originating in such forests will be used in man-made fibres (viscose, modal, Lyocell).

- CEOE (Spain's Employers' Association): We cooperate actively with CEOE, the main spokesperson between companies in Spain and the Government and international institutions. Inditex is part of a number of work groups linked to different sustainability and circularity related issues.

- Red Cross: We have been collaborating with the Red Cross since 2004 in a number of emergency relief programmes linked to natural disasters and similar crises. Over the course of the last 18 years we have cooperated to tackle emergency situations in countries such as India, China, Japan, Mexico, Australia, Italy and Spain, among others. We also have a stable arrangement with the Red Cross through programmes such as Salta or our used garments collection programme.

- Organic Cotton Accelerator (OCA Foundation). One of the founding partners of OCA Foundation in 2016 and member of the Investment Committee, being actively committed to contributing to develop a responsible and healthy market of organic cotton for all parties involved.

- International Labour Organization (ILO): Execution of a global Public-Private Partnership aimed at promoting respect for the fundamental principles and rights at work in the cotton sector. Date of execution: 11 May 2017. Inditex has also joined ILO's Global Business and Disability Network that aims at creating an inclusive work culture respectful of disability worldwide. They encourage employment policies and practices inclusive of disabled people across every environment and help raise awareness among businesses for disability inclusion to be a pillar of their social commitment. Date of execution: 25 January 2023

- *Open for Business:* Coalition of leading global companies dedicated to LGBT+ inclusion and the rights of the LGBT+ community (lesbian, gay, bisexual and transgender) to prove that inclusive societies are better for business and that companies that promote LGBT+ inclusion are more dynamic, productive and innovative. Inditex joined this coalition in 2016.

- *Open to All*: Inditex is a supporter of Open to All and one of the brands that signed in 2022 the "Mitigate Racial Bias in Retail Charter", a campaign led by retailers in the US to combat racial discrimination and make everyone visiting our stores feel welcome irrespective of their race, ethnicity, origin, gender, sexual orientation, gender identity and expression, religion or disability.

- *Fashion Industry Charter for Climate Change.* The Fashion Industry Charter was subscribed with the UN Climate Change Office. Aligned with the goals of the Paris Agreement, the Charter has set an initial target of 30% GHG emission reduction by 2030. Date of execution: 28 November 2018.

- *Better Than Cash Alliance*. Based in the UN, this is an alliance of governments, companies and large international organisations that seek to globally promote the transition to a digital economy. Inditex is focused on achieving digitalisation and financial education across its supply chain. Inditex became a member in November 2018.

- *Sustainable Fibre Alliance* (SFA): Non-profit international organisation that works with the extended cashmere supply chain, from herders to retailers. Its goal is to promote a global sustainability standard for cashmere production in order to preserve and restore grasslands, ensure animal welfare and secure livelihoods. Year of endorsement: 2019.

- *Tent Partnership for Refugees:* Founded by Tent Foundation, a non-profit organisation, this is a global network of more than 200 companies that seeks to mobilise the private sector to create partnerships to improve the lives of refugees.

- *The Fashion Pact* (https://thefashionpact.org/): Global coalition of companies in the fashion industry committed to key specific common goals to meet the challenges that the industry faces to stop climate change, preserve the oceans and restore biodiversity. Date of endorsement: 23 August 2019.

- *Global Fashion Agenda* (GFA) (https://globalfashionagenda.com/): The Company continues to strive to improve and sustain the circularity commitments made to the GFA and achieved in 2020, known as GFA 2020 Commitments. Our stores continue offering the used garments collection programme, we continue training our design teams in circularity and we have stepped up our activity to scale up textile to textile recycling. Inditex has been a signatory since 11 May 2017. 11 May 2017.

- *Accelerating Circularity*: A collaborative project of the garment industry that brings together the efforts of various operators from areas ranging from waste collection, recycling, fibre production or textile distribution, to promote circularity. With the support of Textile Exchange, Euratex, Wrap, Circle Economy, Fashion for Good, ReFashion or Apparel Impact Institute among others, Inditex is a founding partner and member of the Steering Committee of the initiative in Europe. We also belong to the initiative's Brand & Retailer Working Group in the US

- ASA. *Action for Social Advancement*: Since 2022, we have been collaborating with Action for Social Advancement (ASA), along with Laudes Foundation, IDH The Sustainable Trade Initiative and WWF India, to promote regenerative agriculture, ecosystem restoration and community well-being in a 300,000 hectares area in the Indian states of Madhya Pradesh and Odisha. The initiative seeks to improve soil quality and biodiversity, optimise water management and reduce greenhouse gas emissions.

- United Nations High Commissioner for Refugees (UNHCR): Inditex and UNHCR have been working together since 2020 with the common goal of protecting the rights and well-being of refugees and internally displaced people. Through this strategic partnership, Inditex, in collaboration with its suppliers, supports UNHCR in its task of sheltering refugees who have been forced to abandon their homes and helping to restore their dignity.

- Arborus: Inditex collaborates since 2018 with the Arborus Endowment Fund, created by the Arborus association and large international corporations, with the support of the European Economic and Social Council. Its goal is to promote equality between women and men in the world, in particular through the dissemination of a European and global standard: the European and international label GEEIS (Gender Equality European and International Standard), which is a tool that fosters diversity and inclusion in enterprises and with which Inditex has certified several of its subsidiaries.

- *Artic Corporate Shipping Pledge*: An Ocean Conservancy initiative that seeks that consumer goods companies and shipping logistics operators avoid the Arctic Trans-Shipment Routes to protect the region’s communities, marine life and ecosystems. Inditex joined this organisation in 2021.

- *Istanbul Textile and Apparel Exporter Association* (ITKIB): In Türkiye, we have established a long and fruitful collaboration with ITKIB (Istanbul Textile and Apparel Exporter Associations) and EKOTEKS (the customs surveillance laboratory), to develop new techniques for the analysis of cosmetics and sustainable fibres.

- *Asociación Española para la Calidad* (AEC) (Spanish Association for Quality): We are a member of the *Asociación Española para la Calidad* as we sit on the Fashion Industries committee. A large number of Spanish companies from the fashion industry sit on this committee that aims at driving competitiveness within the industry through quality and sustainability.

- *Asociación Nacional de Perfumería y Cosmética* (Stanpa) (National Perfumery and Cosmetics Association): We are a member of the *Asociación Nacional de Perfumería y Cosmética*, that represents and promotes a competitive, dynamic, innovating and sustainable industry, committed to ensuring people’s care and well-being. Date of endorsement: 10 November 2021

- AFIRM GROUP: working forum of leading brands in the fashion, footwear and sport goods sector who share the common goal of reducing the use and impact of harmful substances across the textile and leather supply chain.

- Partnership for Sustainable Economic Recovery: initiative promoted in 2020 by Ecodes and the Spanish Green Growth Group, among others, to advocate for economically and socially effective stimulus policies and in turn to ensure they are aligned with sustainability and biodiversity policies.

- *Business for Social Responsibility* (BSR): Global non-profit organisation that works with a network of more than 200 members to build a fair and sustainable world. Inditex has been a member of BSR since 2019 and takes part in several of BSR’s initiatives, such as the HER Project to promote women’s empowerment or projects on the social impact of the transition into a circular economy.

- *UN Business Ambition for 1.5°C*: Inditex joined in 2020 this urgent call for action from UN Global Compact, for a global coalition of business and industry leaders to commit their companies to set science-based emission reduction targets.

- *Race to Zero*: a campaign under the umbrella of the United Nations Framework Convention on Climate Change (UNFCCC) aimed at driving the change to a decarbonised economy. Inditex has been involved in the Race to Zero initiative since it was launched on 05/06/2020.

- *Business for Nature*: Business for Nature is a global coalition that brings together forward-thinking companies and conservation organisations aimed at demonstrating and amplifying a credible business voice on nature calling for governments to adopt policies to reverse nature loss in this decade. Inditex has signed up its Call to Action. Date: 27 September 2021

- *Business for Societal Impact* (B4SI): Global standard, formerly known as LBG, to measure corporate social impact. Inditex belongs to the global B4SI network which currently comprises more than 150 companies.

- The Fashion Industry Charter for Climate Action (UNFCCC): Inditex is a signatory of the Charter with the UN Climate Change Office, aligned with the goals set in the Paris Agreement, to be climate-neutral by 2050 (net-zero GHG emissions). The Fashion Industry Charter was launched in December 2018 at the COP24 summit in Katowice, Poland.

- *Covid-19*: Action in the global garment industry: this initiative aims to catalyse action from across the global garment industry to support manufacturers to survive the economic disruption caused by the COVID-19 pandemic and to protect garment workers' income, health and employment. This call to action has been coordinated in 2020 by the International Organisation of Employers (IOE), the International Trade Union Confederation (ITUC) and IndustriALL Global Union together with international brands, with the technical support of the International Labour Organization (ILO). Inditex is a member of the international working group convened by ILO to implement it.

- *CIQ Shanghai*: We participate in the Pre-Testing Programme with CIQ Shanghai which belongs to the China Customs Inspection and Quarantine Department reserved for companies with a very high level of compliance with health regulations on imported goods.

- *Disability:In*: With a network of over 400 corporations Disability:IN is a non-profit organisation that works to expand opportunities for people with disabilities across enterprises and for people with disabilities to participate fully and meaningfully in an inclusive global economy. Based in the US, Disability:IN also promotes accessible innovation for all and the creation of inclusive work environments. Inditex has been a corporate partner of the organisation since 2022.

- REDI (Business Network for LGTB+ Diversity and Inclusion): Inditex is a member of REDI, Spain's first inter-company and expert network for diversity and inclusion of LGBTI employees and allies, since 2018. REDI aims to nurture an inclusive and respectful environment in organisations that appreciate talent, regardless of sexual identity, gender expression and sexual orientation.

- Foro Social de la Moda [Fashion Industry Social Forum]: This forum was founded in 2018 as a joint initiative involving organisations in the third sector, local unions affiliated with IndustriALL Global Union (CCOO and UGT) and various Spanish textile brands including Inditex. It provides a forum for dialogue on global supply chains between various stakeholders.

- Euratex Rehubs: As a founding partner, in 2021 Inditex joined the Business Council of the ReHubs initiative developed by Euratex to set up five recycling centres in Europe with the aim of collecting, processing and recovering textile waste.

- *Fashion for Good*: global initiative for accelerating innovation specialising in the textile sector. Through this platform, brands, producers, suppliers, non-profit organisations and innovators work together to scale sustainable solutions. At Inditex we participated in a study on the actual typology of post-consumer textile waste according to its characteristics and composition. The goal is to gauge textile waste sorting capacities in Europe. Inditex began collaborating with this organisation in 2021.

- *Four Paws:* We have had a public positioning against mulesing since 2022, in an initiative led by global animal welfare organisation Four Paws that seeks to stop this practice from the wool industry. This initiative is currently supported by over 50 brands worldwide.

- *Massachusetts Institute of Technology* (MIT): Inditex has partnered with the Massachusetts Institute of Technology (MIT) in the MIT-MISTI (International Science and Technology Initiatives) initiative to research the development of recycling processes and the creation of textile fibre processes through new clean methods, or from waste, or any other sustainable initiative related to the circular economy in the textile industry. We have endowed the Inditex Materials Science and Engineering Fellowship Fund Chair at MIT's Department of Materials Science and Engineering. This lifelong chair focuses on promoting research into sustainability.

- *MIT Climate and Sustainability Consortium* (MCSC): Inditex is part of the group of founding companies of the MIT Climate and Sustainability Consortium (MCS), created in 2021 with the aim of accelerating the development of large-scale solutions to combat climate change. The initiative brings together leading multinationals from various industries to work with the Massachusetts Institute of Technology (MIT) to share processes and strategies for environmental innovation.

- *Medicus Mundi*: Since 2015, we have been working with this international NGO founded in 1963 towards the common goal of promoting the right to health. Through this partnership, we contribute to improving the social and health situation for workers in the garment industry in Morocco.

- *Médecins Sans Frontières (MSF*): Since 2008 we have been cooperating with the medical-humanitarian endeavours of Médecins Sans Frontières/Doctors Without Borders (MSF) to help people threatened by armed conflict, epidemics, natural disasters or exclusion from medical care. As a result of this strategic partnership in community investment, we have rolled out projects in 52 countries that have benefited more than six million people.

- NAACP *Legal Defense and Educational Fund*: NAACP Legal Defense and Educational Fund is the foremost US legal organisation advocating for racial justice. Inditex collaborates with this organisation to finance projects primarily in the area of education that seek to improve access for African-American students, bringing about structural changes in society to eliminate disparities and achieve racial equality. NAACP LDF works for civil rights and to improve the quality of education.

- *Shift*: non-profit organisation specialising in Human Rights led by Professor John Ruggie, the author of the UN Guiding Principles on Business and Human Rights. Inditex has been a participant of Shift's Business Learning Program since 2018. This leading program in Human Rights involves companies of all sectors willing to work towards implementing the Guiding Principles.

– *RMG Sustainability Council* (RSC): The RMG Sustainability Council (RSC) is the Bangladeshi organisation that continues the inspection and remediation efforts in production facilities to ensure building security, taking over from Accord in 2020. The same number of representatives from each of its three constituents: textile industry brands, trade union federations and employers' associations in the country sit on its board of directors. Inditex works actively with its suppliers and manufactures in the programmes above and is a member of its board of directors.

– *Plena Inclusión* (Full Inclusion): association that works in Spain advocating for the rights of people with intellectual or development disabilities and their families. Supporting and actively searching for job opportunities, they help people with disabilities develop a life quality project and feel that they are fully included in the society and at the workplace. Inditex began collaborating with this organisation in 2019.

– *Smart Freight Centre*: Inditex has joined in 2020 this global non-profit organisation dedicated to sustainable freight. Its vision is achieving an efficient and zero-emissions global logistics sector, contributing to the Paris Agreement targets and the Sustainable Development Goals. To achieve this, it brings together the global logistics community through its Global Logistics Emissions Council (GLEC). The Clean Cargo initiative joined the Smart Freight Centre family in 2022. Inditex adhered to Clean Cargo Group in 2020. Its CO2 emission calculation methodology is the shipping standard used by other initiatives, such as the US Environmental Protection Agency (EPA) SmartWay programme and the Global Logistics Emissions Council (GLEC).

– *Social & Labor Convergence Program* (SLCP): this initiative provides tools to gather accurate data on working conditions across global supply chains facilitating data exchanges and minimising the need for individual social audits. Inditex has been a member of SLCP since its inception and has played an active role in reinforcing the programme in terms of management and contents. Inditex sits on the SLCP Council representing the interests of the adhering brands and providing a strategic oversight of the programme.

– *Policy Hub-Circularity for Apparel and Footwear*: Inditex actively collaborates with *Policy Hub-Circularity for Apparel and Footwear*, an organisation that brings the textile industry and its stakeholders together to speed up the sector's transformation to a circular model. Inditex has been collaborating with the Policy Hub since its inception in 2018 as member of the SAC organisation work group.

– UN *Uniting Business and Governments to Recover Better*: Inditex signed in 2020, together with some other 150 companies in the Science Based Targets initiative, this joint statement urging governments across the world to align their COVID-19 economic aid and recovery efforts with the latest climate science.

– *Alianza país por la pobreza infantil cero* [Country Alliance for Zero Child Poverty]. This initiative was launched by the High Commissioner against Child Poverty of the Government of Spain. It seeks to encourage participation and joint alliances from social players to work together towards a common goal: a country where all kids and teens have the same opportunities irrespective of their birth conditions. Inditex has been a member of the Alliance since January 2021.

– *Cargo Owners for Zero Emissions Vessels* (COZEV) (https://www.cozev.org/): This initiative is led by Aspen Institute as part of its Shipping Decarbonization Initiative (SDI) programme to accelerate the transition towards zero emissions vessels and to set a commitment to use only zero—carbon ocean shipping by 2040. Date of endorsement: 19 October 2021.

– *Cáritas*: We have been working with this non-profit organisation since 2007 to help improve well-being in the community. Within the frame of our strategic partnership with Cáritas, we are currently developing a number of projects such as the circular economy project Moda Re- or the programme to boost employment in Spain.

– *Ellen MacArthur Foundation*: Within the framework of our collaboration with the Ellen MacArthur Foundation, we have signed a 2025 commitment to the *New Plastics Economy* launched by the Ellen MacArthur Foundation and the UN Environment Programme that targets a circular economy for plastic. Under such commitment, every plastic that we use in our activity should be reused or recycled so that they can be reintroduced into the circuit, at the same time that unnecessary plastic in packaging is reduced and the percentage of recycled plastic in such packaging is increased. We are also endorsing its Jeans Redesign project undertaking to put on sale garments designed focusing on recycling and durability. Date of endorsement: 12 September 2021.

– *Entreculturas*: We have been collaborating with the Jesuit-sponsored NGO since 2001 with the goal of generating social change through education. Thanks to this partnership, over the last 20 years we have developed a number of educational programmes that have directly benefited more than 1.3 million vulnerable people in Africa, America and Asia.

– *EuroCommerce*: Since 16 March 2005, we are actively involved with EuroCommerce, the largest representative body of the retail industry in Europe, with over 6 million retail and wholesale companies from various sectors. We are also members of its environmental committee and founding members of its representative body, TEFRIG, made up of companies from the textile industry.

– *European Network Against Racism* (ENAR): Like the ENAR Foundation ("European Network Against Racism", which advocates racial equality), Inditex envisions a society where there is full equality, solidarity and well-being for all and where discrimination against people based on their skin colour, religion, culture, nationality or origin is not tolerated. In 2021, the ENAR Foundation granted the Holistic Diversity Management Certificate to the Inditex network of Champions of Diversity in Europe, developed in conjunction with experts in D&I management.

– *Every Mother Counts*: A charitable organisation dedicated to helping women receive quality healthcare to prevent infant and maternal mortality. Our partnership with Every Mother Counts, which commenced in 2015, has developed (among others) a number of maternal health projects in countries such as Bangladesh and the United States.

– *Global Reporting Initiative* (GRI): GRI is an international non-profit organisation that provides companies and organisations with universal sustainability reporting standards. Inditex has been following the criteria and guidelines of this international reporting framework since 2007. Inditex is also a member of the GRI Community, a community of companies from different sectors that collaborate, demonstrate leadership in reporting and share knowledge and best practices.

– *IFRS Sustainability Alliance*: Inditex is a member of the IFRS Sustainability Alliance that combines the SASB Alliance and <IR> Business Network. This alliance seeks to provide a global framework of reference for sustainability reporting standards to achieve a consistent and comprehensive corporate reporting system. Inditex has been a member of the organisation from inception, and as a member of the <IR> Business Network, has been guided by its principles since the initiative was launched. It took part in the first pilot carried out by IIRC in 2011.

– Chinese Institute of Public and Environmental Affairs (IPE): We work with the Chinese Institute of Public and Environmental Affairs (IPE) to improve the environmental management of our supply chain in China and to disseminate the results of wastewater analyses. We continue working together to prepare a map to monitor the performance of textile companies in China.

– *LEAF Coalition* (https://leafcoalition.org/). Voluntary global coalition that brings together the private sector and governments to focus on the protection of tropical forests to halt deforestation and support sustainable development in the countries where they are found. Inditex became a participant in November 2021.

– *Leather Working Group* (LWG): Inditex is a member of the *Leather Working Group* (LWG), an international non-profit organisation from the leather industry. LWG's mission is to guarantee the responsible supply of leather to the industry and consumers and is committed to driving best practices and a positive social and environmental change to ensure a responsible leather production. The LWG standard includes environmental best practices for the industry and it promotes continuous improvement.

– *London Benchmarking* Group Spain (LBG): A methodology that measures business social impact. Inditex is a member of LBG Spain, currently composed of 20 companies.

– *The Ali Forney Center*: The Ali Forney Center (AFC), based in New York City, is the largest LGBT community centre helping LGBTQ+ homeless youth in the United States. It provides them with stable housing as well as support and integrated services linked to healthcare, education and safety. Its mission is to empower them with the tools needed to live independently. Inditex has been a corporate partner of the organisation since 2022.

– *Tsinghua University*: Through our partnership with Tsinghua University, since 2016 we have been involved in a number of academic programmes related to our community investment model. Notable are the Sustainable Development Fund, the Oversea Student Scholarship and Teaching Fund or the collaboration programme with this university's School of Economics and Management, among others.

– *Universidade da Coruña* (UDC): As part of our strategic alliance with Universidade da Coruña (UDC), we have launched a number of programmes such as Intalent, the Inditex-UDC Sustainability Chair, the Inditex Chair of Spanish Language and Culture in Bangladesh or the Inditex-UDC Predoctoral Residency Grant Programme, among others.

– *Universidade de Santiago de Compostela* (USC): In the framework of our community investment, we have been working together with the University of Santiago de Compostela since 2010 to develop the Inditex Chair of Spanish Language and Culture in Bangladesh.

– *Universidad Miguel Hernández* (UMH): We collaborate with UMH to develop the TEMPE-APSA Disability and Employability Chair as part of our community investment initiatives.

– *Universidad Pontificia de Comilla*s: We collaborate with this University to run the Inditex Chair of Refugees and Forced Migrants within the scope of our community investment.

– *Universitat de Lleida*. A3 Leather Innovation Center in Igualada: Our collaboration with A3 Center revolves around the development of the best leather tanning and finishing technologies, as well as sensitive and versatile methods to analyse key substances such as formaldehyde and chromium (IV).

– *Universidad Politécnica de Catalunya* (UPC): Inditex has joined forces with the Universitat Politècnica de Catalunya to research microplastics present in marine ecosystems as a result of laundry wastewater. The project aims at minimising detachment of such particles (< 5 mm) from garments, to prevent their ending up into the sea.

– *University of Cambridge*: We have joined forces with the Centre for Risk Studies at the University of Cambridge to enhance our climate risk assessment model and explore the resilience of our value chain under different scenarios and greenhouse gas emissions pathways. Date of execution: 2 March 2020.

– *University of Dhaka*: We have been working together with the University of Dhaka since 2010 to develop the Inditex Chair of Spanish Language and Culture. This Chair located at the University of Dhaka's Institute of Modern Languages promotes Spanish language and culture in Bangladesh through various academic and cultural dissemination initiatives notably including annual courses in Spanish language and culture, student mobility grants programme and the hosting of especially significant artistic events.

– *University of Oxford*: Inditex has worked since 2019 with researchers from the University of Oxford to support innovation in improving well-being and empowerment of workers across the fashion supply chain. This collaboration has materialised in a project that seeks to understand the needs and preferences of workers in Morocco.

– *Water.org*: We have been working with global non-profit organisation Water.org since 2015 to improve access to drinking water and sanitation for vulnerable families in Bangladesh, Cambodia and India. Through our strategic alliance with Water.org, over three million people have improved their access to drinking water and sanitation through microloans. . Additionally, in 2022 we have launched a new programme named Water and Climate Fund to carry out projects to improve water and sanitation infrastructure in Bangladesh, India, Indonesia and the Philippines. The goal is to boost efficiency and savings, in addition to helping local communities gain access to such resource.

– *World Wildlife Fund* (WWF): In 2022, we entered a global partnership with WWF to carry out projects aimed at nature restoration and ecosystem conservation. In addition to funding projects, the agreement also includes the joint work of both organisations in transformation projects in the textile industry aimed at conservation and creating a positive impact on large ecosystems.

This Annual Corporate Governance Report was approved by the Board of Directors of the company in the meeting held on 14 March 2023.

Indicate whether any director voted against or abstained from approving this report.

Yes No x

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

INDITEX

ANNUAL REPORT ON REMUNERATION (ARR) 2022

Issuer Identification

Year-end date:

31/01/2023

Tax Identification Number (CIF):

A-15075062

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

INDITEX

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

		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	
Name	Name of Plan	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.

.

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