

Governance

- 8.1. Corporate ethical culture and solid Compliance architecture
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8.1. Corporate ethical culture and solid Compliance architecture

Material topic: Good governance and integrity



8.1.1. Corporate ethical culture

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



The Inditex Group places importance not only on achieving its objectives, but also on the way in which they are achieved. This idea is the guiding thread of the Group’s **corporate ethical culture** and its reflected in ‘**The How Matters**’.

This vision is represented in the principles of action set out in our Codes of Conduct (the Code of Conduct and the Code of Conduct for Manufacturers and Suppliers), based on respect for human and labour rights in all our operations and relationships with our Stakeholders.

To encourage and reinforce the implementation of a corporate ethical culture, the Inditex Group has, among other tools, a Global Compliance Model, which we detail in section [8.1.2. Global Compliance Model and Criminal Risk Prevention Model](#).

Code of Conduct

The Inditex Group’s **Code of Conduct** is the document that establishes the Group’s ethical commitments and principles of action that should guide relations between people in the Group and the relations between them and the various stakeholders anywhere in the world, such as customers, suppliers, shareholders and the communities in which we operate.

The Code is **mandatory** for all employees, including Senior Management, and the members of the management bodies of the companies that make up the Group.

The Code of Conduct establishes the following **principles of action** as a guide to professional decision-making:

- / Respect:** for the rest of the workforce and for our customers, supplying companies and business partners, for the communities in which we operate and for the environment.
- / Honesty and Integrity:** in all decisions, actions and operations that we carry out in our day-to-day work.
- / Transparency:** ensuring that there is open communication and dialogue with Stakeholders.
- / Responsibility:** compliance with legislation, the Group’s internal regulations and respecting and promoting both human rights and the voluntary commitments undertaken by the Company.

During financial year 2023, we completed the review and update process of the former ‘Code of Conduct and Responsible Practices’ approved in 2012, which was initiated in the previous year.

One of the aims of this review process has been to ensure that the Code of Conduct reflects the corporate ethical culture and the commitments undertaken by Inditex in different spheres; responds to the new regulatory realities and challenges faced by the Company; and reflects the diversity, global nature and multiculturalism of Inditex Group.

The review process included an analysis of the legislation, the best practices and the sensitivity of the different markets. To this end, a group of employees of different profiles and nationalities, as well as a very representative number of departments and corporate areas have collaborated. The text has been reviewed with all markets in which the Inditex Group has subsidiaries, with external advisors from multiple jurisdictions and with the Inditex's Social Advisory Board, as the main liaison with the Group's various stakeholders. In addition, as part of this process, the European Works Council was informed.

During the year, work was also done on the design of the Code acceptance plan, as well as the communication and training campaign that will involve everyone on the Group, including Senior Management and the members of the Board of Directors.

The review process culminated on 6 February 2024, with the approval of the latest version of the Code of Conduct by the Board of Directors, following the presentation of a report by the relevant Board Committees. Subsequently, an ambitious communication and training campaign has been launched, which will run throughout the year 2024.

For the main purpose of compliance with the applicable anti-corruption regulations, as well as the best practices in France and Portugal, this markets have supplementary annexes to the Code of Conduct that address certain local implementation issues.

Code of Conduct for Manufacturers and Suppliers

This Code defines **minimum standards of ethical and responsible behaviour** that must be observed by all of the Group's **manufacturers and suppliers** across the supply chain, in accordance with Inditex Group's corporate ethical 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 of the products that the Group places on the market, and it promotes and is based on the overarching principles that define the ethical conduct of Inditex described above. Compliance with all the standards and principles of action provided in the Code of Conduct for Manufacturers and Suppliers is a prerequisite for a supplier or manufacturer to form part of Inditex's supply chain.

① More information in section 8.3. [Supplier relations](#) of this Report and in the 'Ethical Commitment' section of our corporate website.

8.1.2. Global Compliance Model and Criminal Risk Prevention Model

GRI 2-4; 2-9; 2-12; 2-15; 2-23; 2-24; 2-25; 2-26; 3-3; 205-2; 205-3; 206-1; 406-1; AF4; AF5

Global Compliance Model

The Global Compliance Model is the system integrating and implementing our corporate ethical culture ('the how matters') throughout all our operations. It is conveyed to all our stakeholders. Its main purpose is to comply with the applicable laws and the ethical commitments undertaken voluntarily by the Inditex Group, as well as to protect the Company and the interests of its stakeholders, limiting or avoiding any kind of legal liability.

It comprises a set of fundamental elements, regulated by internal regulations, and is governed at the highest internal level by our Codes of Conduct (the Code of Conduct and the Code of Conduct for Manufacturers and Suppliers), described in section above.

Strategy and governance

The **Compliance Function** comprises the **Ethics Committee** and the **General Counsel's Office – Compliance**. It is a corporate function that coordinates all the Inditex Group's areas and departments that are involved in compliance. Its independence from the Senior Management 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 Global Compliance Model efficiency relies exclusively on the Board of Directors.

The **Ethics Committee** is the internal body in charge of overseeing compliance with the Codes of Conduct, the Criminal Risk Prevention Model, and monitoring the effectiveness of its controls. At least every six months, it submits a **report to the Audit and Compliance Committee** on the activities carried out, the performance of the Ethics Line and the results of the supervision of the Criminal Risk Prevention Model.

The **General Counsel's Office – Compliance** is in charge of managing the Inditex Group's Global Compliance Model in general, and, in particular, the Criminal Risk Prevention Model and other models for the prevention of corruption and other offences. The Chief Compliance Officer reports to the Audit and Compliance Committee which, in turn, keeps the Board of Directors informed, on a quarterly basis and whenever the Board so requests, on the operation of the key elements of the Global Compliance Model and the management of Company's Compliance risks. The Audit and Compliance Committee may submit proposals for adopting measures to improve the functioning of the Global Compliance Model.

Thus, the governing, management and supervisory bodies of the Global Compliance Model and, in particular, the Criminal Risk Prevention Model, are as follows:

Governance structure of the Global Compliance Model

Board of Directors

Audit and Compliance Committee

- / Assessment of the effectiveness of internal financial and non-financial risk management and control systems
- / Identification of the most significant financial and non-financial risks
- / Monitoring 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
 - / Ethics Line management
- / Responsible for the Internal Reporting System

Comprised of:

- / **General Counsel and Secretary of the Board of Directors**
 - / Chief Compliance Officer
 - / General Chief People Officer
 - / Chief Audit Officer
 - / Chief Sustainability Officer
 - / Ethics Line Manager

General Counsel's Office – Compliance Operating management of the Global Compliance Model

- / Arrangement of internal regulations
- / Liaising with the areas and departments entrusted with Compliance duties
- / Periodic reporting: (i) departments entrusted with Compliance duties to General Counsel's Office - Compliance; and (ii) General Counsel's Office - Compliance to the Ethics Committee and the Audit and Compliance Committee

Comprised of:

- / **General Counsel and Secretary of the Board of Directors**
 - / Chief Compliance Officer
 - / Ethics Line Manager
 - / General Counsel's Office - Compliance Team

The **Global Compliance Model** comprises a series of fundamental elements, regulated by internal corporate standards, approved by the Board of Directors, and a series of Internal organisational documents.

The **core elements** of the Global Compliance Model described throughout this section are the following:

- / Governance structure
- / The Inditex Group's Codes of Conduct
- / Ethics Line
- / Compliance training plan
- / Due diligence
- / Compliance Policy and Compliance Management Procedure
- / Policy and Procedure on Representatives and Attorneys

Furthermore, the Inditex Group has its own **Internal Regulations**. Some of the most relevant internal rules in connection with the Model, the prevention of crime and, specifically, the prevention of corruption, fraud, money-laundering and illegal financing, are as follows:

/ Internal Regulations Policy.

/ Criminal Risk Prevention Policy and Criminal Risk Prevention Procedure.

/ Integrity Policies: which set out the principles and action guidelines to prevent corruption and bribery: Policy on Donations and Sponsorships, Policy on Gifts and Invitations, and Policy on Dealings with Public Officials.

/ The Conflicts of Interest Policy: it establishes the principles and action guidelines to handle conflicts of interest that may arise for employees in the course of their work at Inditex, and that may compromise the objectivity or professionalism required in the performance of their duties.

/ 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.



Key Internal Regulations

Core regulations

- / Code of Conduct (approved in 2012 and amended in 2024)
- / Code of Conduct for Manufacturers and Suppliers (2012)
- / Internal Regulations Policy (approved in 2016, as 'Zero Standard', and amended in 2024)
- / Compliance Policy (2016)

Integrity and transparency

- / Due Diligence Policy (2019)
- / Gifts and Invitations Policy (approved in 2017, as 'Policy on Gifts and Business Courtesies', and amended in 2024)
- / Policy on Dealings with Public Officials (2017)
- / Policy on Donations and Sponsorships (2017)
- / Anti-Money Laundering and Terrorist Financing Policy (2018)
- / Conflicts of Interest Policy (approved in 2019 and amended in 2024)
- / Criminal Risk Prevention Policy (approved in 2016 and amended in 2024)

Ethics Line

- / Policy on Internal Reporting Channels (2023)
- / Ethics Line Procedure (approved in 2012 and amended in 2023)
- / Regulations of the Ethics Committee (approved in 2012 and amended in 2023)

Criminal Risk Prevention Model

As part of the Global Compliance Model, Inditex relies on a **Criminal Risk Prevention Model**, aimed at preventing and managing the risks related to the potential commission of offences under Spain's Criminal Code, among them corruption, fraud and bribery.

Criminal Risk Prevention Model

This comprises:

Criminal Risk Prevention Policy

This Policy describes the Model of Criminal Risk Prevention, the potential criminal risks that the Group may be exposed to on account of its operations, in accordance with applicable laws in Spain and with such Internal Regulations that cover standards of conduct to prevent such risks.

Criminal Risk Prevention Procedure

It establishes the organisational measures of the Company; the roles and responsibilities in the field of control, verification and reporting of the Model, and the Ethics Committee's functions in criminal risk prevention.

Risk and Control Matrix (criminal risk map)

- / Outlines the criminal risks and details the risk events applicable to the Inditex Group's operations;
- / Establishes the controls defined to prevent, mitigate or detect risk events;
- / Designates the area responsible for executing each control and providing evidence of its operation and execution;
- / Allocates the frequency with which they must be executed.
- / It includes the criminal risk map, where the information gathered from risk evaluation and control monitoring is shown.

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

The Risk and Control Matrix (the 'Matrix') contains an inventory of criminal risks and risk events, including corruption risks, to which Inditex is inherently exposed, that is revised and updated periodically in accordance with applicable legislation and Inditex Group operations. These risk events are assessed in accordance with their impact and probability. The Matrix also has a catalogue of controls to mitigate these risks that are subject to monitoring. With the information obtained in the assessment and periodic monitoring, the criminal risk map is drawn up.

In 2023, the Matrix was reviewed and updated, a new management tool was implemented that facilitates the harnessing of synergies with other of the Group's control systems, and the controls of the Matrix were monitored considering the risk prioritisation determined in the criminal risk map.

The main corruption risks identified in the Criminal Risk Map to which the Group is inherently exposed in accordance to the applicable legislation and its operations are:

/ Prevention of corruption in business

/ Prevention of corruption in international transactions

/ Prevention of bribery

/ Prevention of influence peddling

Evolution of the Global Compliance Model and integration of the various models

During the year, the General Counsel's Office – Compliance has launched or implemented various projects for developing a range of key elements of the Global Compliance Model (such as the review of the Code of Conduct and the Ethics Line).

In 2023, (i) work was ongoing to integrate the Criminal Risk Prevention Model and the existing local Compliance models into the Global Compliance Model, with the aim of combining the existing risk and control matrices into a corporate Matrix, considering legal requirements, international best practices and local regulations; (ii) the update of the Model of Organization, Management and Control ('Model 231') at the Group's Italian subsidiary was completed, in accordance with Legislative Decree no. 231 of 8 June 2001; (iii) the corporate taxonomy of compliance risks was reviewed and the main processes exposed to compliance risks were identified; and (iv) a process to improve the assessment methodology with regard to Compliance risks was launched.

In 2023, the General Counsel's Office – Compliance undertook the coordination of two new corporate functions, enhancing the standardisation and unification of criteria for the entire Group: (i) control claims to validate and review commercial claims across the different sales channels, and (ii) control on new products to review and validate requirements to place new products on the market.

Due diligence

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 in its implementing internal regulations. This Policy includes the principles and action criteria that aim to align Inditex's relationships with its business partners, suppliers and large customers with:

/ international standards and good practices in the field of anti-corruption and anti-bribery;

/ anti-corruption regulations; and

/ applicable anti-money laundering regulations and terrorist financing prevention.

It also aims to guarantee compliance with the sanctions and commercial restrictions approved and implemented in, at least, the European Union, the United States, the United Kingdom and the United Nations, and compliance with the regulations on the prevention of forced labour and on due diligence concerning the value and supply chains currently in place in the various jurisdictions where the Group operates.

Inditex has a solid control system defined in its **Due Diligence Policy** and the implementing internal regulations thereof. Furthermore, this due diligence system is consistent with that of human rights, supervised by the Group's Sustainability Department, described in section [5.1.2. Human rights due diligence](#).

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 the Inditex Group does business, as well as, in certain cases, their main shareholders, directors and beneficial owners. This process allows to identify potential risks related to corruption, fraud, tax evasion, money laundering, international sanctions and/or any other reputational or similar risks that may be associated with these third parties. Risks identified as relevant will lead to the implementation of an action plan coordinated by the General Counsel's Office - Compliance, which may range from remedial measures to the termination of the business relationship with the third party in question. The Policy and its implementing internal regulations describe the responsibilities of the areas involved in the various procedural review flows, as well as in the design, execution and monitoring, where appropriate, of any action plans established.



The due diligence process, for which the General Counsel's Office - Compliance is responsible, is independent but aligned with any other analysis of a social, environmental, operational, financial, commercial or any other nature which the Inditex Group may be engaged in with suppliers or other third parties.

① More information in sections 5.1.2. *Human rights due diligence* and 8.3. *Supplier relations* of this Report..

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

- / **Obligation** to submit **all business partners, large customers, suppliers and third parties** with whom Inditex engages in business relations to this due diligence process.
- / **Necessary prerequisite** in order to commence business relations with third parties.
- / **It prohibits any business dealings** with third parties regarding which **Compliance risks have been detected**, when no action plan to mitigate or remedy such risks is under way.
- / Based 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 occasions:

- 1) At the outset of the commercial relationship:** 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:** 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**, 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 third parties which, having met the foregoing requirement, are made from a bank account opened in such markets.

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

Furthermore, all new non-product suppliers in Spain have to accept a Statement of Compliance with Minimum Requirements prior to being registered as Group suppliers.

Grievance mechanism: the Ethics Line

The **Ethics Line** is the preferred, strictly confidential, internal communication channel available to any employee, director and shareholder of any company of the Group, as well as anyone working under the supervision and management of manufacturers, suppliers, contractors and subcontractors of the Inditex Group may raise, including anonymously:

Questions and/or doubts

on **the interpretation or application** of the Group's Code of Conduct and the Code of Conduct for Manufacturers and Suppliers, as well as any **other internal rules of conduct** within the purview of the Ethics Committee.

Breaches and other non-compliances

relating to infringements of the applicable legal system or of the Codes of Conduct or of any other **internal rule of conduct** within the purview of the Ethics Committee, affecting Inditex and committed by employees, manufacturers, suppliers or third parties with whom the Group has a direct employment, commercial or professional relationship.

Therefore, any breaches or irregularities related to **corruption, fraud and bribery** can also be reported via this channel.

The **Ethics Committee** is the internal body responsible for the Group's Internal Reporting System and for managing the Ethics Line, and must promote the necessary investigations to adequately resolve cases handled, in accordance with the **Policy on Internal Reporting Channels and the Ethics Line Procedure** (approved and reviewed, respectively, by the Board of Directors in 2023).

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

This internal body operates in accordance with the provisions of the **Regulations of the Ethics Committee**, updated in 2023 for the purposes of, among others, regulating the functions of the Ethics Committee as the responsible of the Group's Internal Reporting System and the management of the Ethics Line, as well as aligning its content with the Policy on Internal Reporting Channels and the Ethics Line Procedure.

The Ethics Line is governed by the principles and guarantees established in the Policy on Internal Reporting Channels and by the Ethics Line Procedure, which regulates its operation.

The aforementioned Policy and Procedure incorporate international best practices in connection with human rights and adapt the Ethics Line to the requirements of the markets in which the Group operates. In particular, to the requirements derived from the transposition into Member States' law of Directive (EU) 2019/1937 on the protection of persons who report breaches of Union law (the Whistleblower Directive), which include, among others, personal data protection and the rights of persons using whistleblowing mechanisms.

The Policy on Internal Reporting Channels and the Ethics Line Procedure provide the following safeguards and protections for persons concerned:

- / **Utmost confidentiality**
- / **Presumption of innocence** and preservation of the **right to honour** of the persons affected by the report
- / **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 'Ethics Line' tab.



How the Ethics Line works

How the Ethics Line works

1. Concerns

The person concerned reports an incident through the channels provided for this purpose on the intranet and the corporate website (www.inditex.com).

2. Management

The Ethics Committee acknowledges receipt of the report and evaluates whether it falls within the scope of application of the Ethics Line.

3. Investigation

The Ethics Committee carries out the investigation process in collaboration, where applicable, with other areas.

4. Measures

Once **the investigation has concluded**, and after hearing the party concerned, **the Ethics Committee will decide** on:

- / The closing of proceedings, where no breach exists; or
- / The existence of a breach, its severity and whether it is appropriate to take disciplinary measures and/or complementary actions.

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

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

In keeping with best practices in this regard, in 2023 a tool provided by an external supplier was commissioned and placed into operation to receive and handle communications from the Ethics Line. This tool is accessible 24 hours a day, 7 days a week, and is available in 21 languages.



Local Ethics Lines

In addition to the Global Ethics Line, Inditex has Local Ethics Lines in the United States and Puerto Rico, Canada, Croatia and Sweden, in order to comply with the requirements and/or best practices applicable in those markets.

Breakdown of cases by topic⁶⁷

	2023	2022
Issues regarding labour and Human Resources, diversity, and respect in the workplace:	321	361
related to discrimination, workplace/sexual harassment or other potential breaches of fundamental rights; and	152	115
related to disputes over working conditions, grounds for dismissal or the implementation of personnel selection processes.	169	246
Business integrity ⁽¹⁾	105	75
Environment, health and safety	10	11
Inappropriate use of Company assets	1	0
Financial, accounting or audit and/or control fraud	0	0
Others	78	94
Total number of cases	515	541

(1) Includes cases related to potential conducts of taking advantage of the position in Inditex to obtain own business opportunities or other benefits, consultations on potential conflicts of interest and/or fraud or non-compliance with procedures.

In 2023, the Ethics Line (including both the Global Ethics Line and the various Local Ethics Lines) recorded a total of 515 cases (541 cases in 2022). The total number of cases processed by the Ethics Committee does not reflect those that were rejected because they do not fall within its competence.

	2023	2022
Open cases	515	541
Processed cases	294	333
Cases classified as beyond the authority of the Ethics Line	221	208
Confirmed reports of corruption	5	3
(i) Disciplinary measures or termination of employment due to confirmed reports of corruption	5	3
(ii) Total number of confirmed reports where contracts with business partners have been terminated or not renewed due to corruption-related offences	2	0
Confirmed reports of discrimination	3	3
Disciplinary measures or termination of employment due to confirmed reports of discrimination	3	1
Confirmed reports of harassment	3	3
Disciplinary measures or termination of employment due to confirmed reports of harassment	3	1

Of the total of 515 cases opened by the Ethics Committee in 2023, 413 are closed. Of these, 221 were classified as being beyond the authority of the Ethics Committee or as not requiring any further action or monitoring by the Ethics Committee. Of the remaining closed cases falling within the purview of the Ethics Committee: (i) 42 were queries, (ii) 110 were cases which, after investigation, were found not to be non-compliances, and (iii) the remaining 40 were cases of non-compliance requiring appropriate action. Of the latter, 10 cases were related to the prevention of corruption and bribery, 28 were linked to diversity and respect in the workplace and the remaining 2 were related to other violations of the Inditex Group's Codes of Conduct. In 9 cases, the non-compliances detected affected employees of suppliers of goods and services, and the necessary measures to remedy the situation were taken.

With regard to the confirmed cases of corruption, no relevant aspects affecting the Company have been observed in any of them.

During 2023 and 2022, the Group has not been aware, either through its Ethics Committee or through other means, of the processing of legal proceedings concerning corruption or bribery that affect the Company.

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 during 2023 and 2022.

⁶⁷ Compared to previous years, in this financial year the data for the Global Ethics Line and the various Local Ethics Lines are shown in aggregate (until financial year 2022, only the data for the Global Ethics Line were broken down). Data for financial year 2022 have been restated, including communications from Local Ethics Lines, to make the year-on-year evolution comparable.

Training, awareness-raising, and communication

Internal and external communication and circulation

At Inditex we promote the **communication and circulation of internal regulations** linked to the Inditex Group's Global Compliance Model and we facilitate the knowledge and disclosure of the rules of conduct adopted to all the parties bound by them.

In order to ensure our **formal commitment** to ethical and responsible behaviour, the **Compliance function**, which is managed by the **General Counsel's Office – Compliance**, is responsible for:

/ **Adequately informing** and updating the members of **Inditex's Board of Directors** on a quarterly basis, on: (i) the work carried out by the Compliance function and projects underway, (ii) the activities and results of the supervision of Inditex's Criminal Risk Prevention Model, (iii) the status of the cases processed by the Ethics Committee, and (iv) internal regulations approved or amended. Prior to the meetings of the Board of Directors, the General Counsel's Office provides the directors with those policies and internal regulations subject to approval or amendment by the Board.

/ Promptly **communicating** the **internal Compliance regulations** to **officers and other supervisors of the Group's areas and departments**, reminding them of their duty to disclose their content to all staff under their respective areas of responsibility.

In 2023, the Board of Directors approved the Inditex Group's Policy on Internal Reporting Channels and the Regulations of the Cybersecurity Advisory Committee, and it amended the Global Anti-Harassment Policy (to extend the scope of the previous Global Sexual Harassment and Sex or Gender Identity-Based Harassment at the Workplace Prevention Policy, approved in 2022, to include the prevention of all types of harassment), the Community Investment Policy, the Ethics Line Procedure and the Regulations of the Ethics Committee.

In 2023, a total of 3 policies, 4 procedures, 5 regulations, one charter and other internal corporate regulations of a lower rank or local scope were approved and/or amended.

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

- (a) **Policy on Internal Reporting Channels and the Ethics Line Procedure:** communication of the new Policy on Internal Reporting Channels and the updated Ethics Line Procedure.
- (b) **Policy on Gifts and Invitations (annual reminder):** an annual communication regarding the highlights of the Policy and submission of a letter to suppliers to remind them of what is not allowed in connection with gifts and business courtesies.

The policies, procedures and instructions that make up the Global Compliance Model of the Inditex Group are available to all employees on the corporate intranet (INET) and can be accessed from any device.

Furthermore, the 'Ethical Commitment' tab on the Inditex corporate website (www.inditex.com) contains the main internal Compliance regulations, publicly available to all our stakeholders.

Listed below are the groups of persons to whom anti-corruption Policies and Procedures were communicated in 2023, by professional category and region:

Policy on Internal Reporting Channels and Ethics Line Procedure	
Professional category	No. of people
Management	5,497
Supervisor	5,273
Specialist	11,006
Total	21,776
Region	No. of people
Americas	1,262
Asia and rest of the world	1,538
Spain	12,760
Europe (ex-Spain)	6,216
Total	21,776
Gifts & Invitations Policy (annual reminder)	
Professional category	No. of people
Management	5,635
Supervisor	5,968
Specialist	11,933
Total	23,536
Region	No. of people
Americas	1,968
Asia and rest of the world	1,630
Spain	13,354
Europe (ex-Spain)	6,584
Total	23,536

Lastly, as previously stated, all of the Group's product suppliers have access to the supplier extranet to consult the IMRs applicable to them. Notable among all these internal regulations are the Code of Conduct and the Code of Conduct for Manufacturers and Suppliers, which set out the corruption prevention obligations binding upon all suppliers, among others.

Training action

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

The promotion of the corporate ethical culture and the Global Compliance Model of the Group is underpinned by the implementation of training action adapted to the risk profile of the different groups of employees that form part of Inditex. In this regard, in 2023, the implementation of the holistic Compliance Training Plan (the **Training Plan**) has continued. Such Plan includes training, awareness and sensitisation measures 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 subjects:

/ Code of Conduct

/ Code of Conduct for Manufacturers and Suppliers

/ Ethics Line

/ Anti-corruption and integrity (Integrity Policies and Conflicts of Interest Policy)

/ Criminal risk prevention

/ Due diligence

/ Market abuse prevention and protection of inside and/or confidential information

Furthermore, the Training Plan also covers the role of the General Counsel's Office – Compliance to coordinate and manage the Compliance Training Framework Plan (hereinafter, the 'Framework Plan'). This Framework Plan organises the 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.

Against this backdrop, in 2023 the Compliance function continued to collaborate with and support certain corporate areas in creating or adapting compulsory training content, as well as in reviewing the target audiences for such training, so as to address the courses to employees most exposed to Compliance risks.

Furthermore, the creation of a compulsory training carousel on the corporate e-learning platform, TraIn, was a major milestone in the implementation of the Framework Plan. It is a dedicated space that hosts compulsory training courses for these corporate areas. In this regard, it is worth noting that each employee will have different courses, as this training has been specifically tailored to their risk profile, position and responsibility. When this new carousel was launched a specific global communication plan was rolled out to familiarise all employees with the space, along with a monitoring plan to track completed training,

consisting of periodic reminders to employees with training courses pending about the need to complete them before the end of the financial year.

Compliance training

Within the framework of the Compliance Training Plan, specific training (either in person or online) was provided during 2023 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 offences relating to corruption in business**.

Furthermore, in early 2023, a training session was held in the form of a Compliance Talk between the General Counsel's Office - Compliance and the heads of some corporate and commercial areas. The goal was to raise awareness of internal regulations and the corporate ethical culture, how to properly manage conflicts of interest and the use of the Ethics Line, as well as the protection of Company information, through concrete examples of potential real-life scenarios that may arise in employees' day-to-day work.

The groups of people who received anti-corruption training in 2023 are listed below, by professional category and region. The number of trained people increased by 9% from 2022:

Priority group (employees) ⁽¹⁾

Job classification	2023		2022	
	No. of unique people trained ⁽²⁾	% of the priority group	No. of unique people trained ⁽²⁾	% of the priority group
Management	5,147	79%	4,373	71%
Supervisors	3,265	78%	2,882	72%
Specialist	14,742	80%	12,317	69%
Total	23,154	79%	19,525	70%
Region				
America	1,194	98%	1,044	87%
Asia and rest of the world	1,415	90%	1,253	74%
Spain	8,785	84%	7,513	75%
Europe (ex-Spain)	11,760	73%	9,717	64%
Total	23,154	79%	19,525	70%

(1) Employees that are exposed to Compliance risks due to its position, responsibilities or duties.

(2) When a person has attended several training sessions during the year, they are counted only once.

Likewise, below is a list of the product suppliers who received training on Compliance matters through a specific e-learning course to apprise our main product suppliers across 50 markets (representing 54% of the Group's product procurement) of the principles and behaviour that we expect from them in the framework of our commercial or professional relationship.

Priority group (product suppliers) ⁽¹⁾

Region	No. of unique people trained	% of the priority group
Americas	4	10%
Asia and rest of the world	497	19%
Spain	81	14%
Europe (ex-Spain)	201	16%
Total	783	17%

(1) Trained suppliers with an active user. Active users are defined as those who have accessed the Group's supplier Extranet in the last 6 months.



8.2. Information security and privacy

Material topic: Information security and privacy



8.2.1. Information security

GRI 3-3

The digital transformation has resulted in a highly competitive environment in which it is necessary to adapt to the changing demands of consumers, who expect a modern experience that matches their expectations. As a result of this transformation and the growth of online commerce, cyber threats are increasing and becoming more sophisticated, requiring companies to constantly adapt and take proactive security measures.

In this context, information security is a crucial aspect of Inditex's cybersecurity strategy. For this reason, managers are engaged in cybersecurity issues with the aim of driving the necessary investment in cybersecurity and protecting our stakeholders (customers, shareholders, employees, investors, suppliers, partners, etc.).

Strategy

Mindful of the risks associated with our business and of the importance of continuously improving our Information Security Management model, in 2023 we ramped up our investment in security by 10% with respect to the previous year, giving a cumulative increase of 62% in the last three years. Our decision to automate various processes, as well as to hire people with different profiles, has allowed us to increase our capacity to address the challenges associated with cybersecurity.

These investments, backed by the support and leadership of the Company's Senior Management, allow us to continue developing initiatives that enable us to attain our global strategic objectives and comply with the guidelines and principles established both generally and in the Information Security Policy, published on the Company's website, as well as their implementing regulations and procedures.

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 in charge of achieving this and the Information Security Committee, comprising members of Senior Management, is the supervisory body that ensures that best practices in security management, applicable regulations and ethical values are effectively and consistently followed throughout the Company, as provided in the Regulations of the Information Security Committees, which were updated in 2023 in keeping with the changes in the organisational structure.

To realise this commitment, our Chief Information Security Officer Charter has been in place since 2022. This document was also updated in 2023 to adapt it to our new organisation. It defines 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 the following reporting lines:

- Audit and Compliance Committee: the Information Security Director will report, at least semi-annually, to the Audit and Compliance Committee of the Board of Directors of Inditex and, where appropriate, to the corresponding governing bodies of Inditex.
- Information Security Committee: the Information Security director will report quarterly to the members of said Committee on the main risks and aspects related to the Information Security of the Inditex Group.

Cybersecurity Advisory Committee

In 2023 we have launched the creation of a Cybersecurity Advisory Committee. This permanent, advisory and consultative body is made up of independent experts in information security and aims to strengthen the decision-making process related to cybersecurity and promote the Company's strategy in this area. Below is the list of members of the Advisory Committee in financial year 2023:

/ Alberto Yopez: co-founder and CEO of Forgepoint Capital, the largest and most active venture capital firm specialised in cybersecurity, valued at over A\$1 billion and with 47 portfolio companies. He has a long track record of building and growing successful global cybersecurity companies.

/ Christopher C. Krebs: was the first director of the US Department of Homeland Security's Cybersecurity and Infrastructure Agency (CISA). He co-founded Krebs Stamos Group, a geopolitical and technology risk management consulting firm.

/ Maria Markstedter: is the CEO of Azeria Labs, Author, and Forbes Cybersecurity Person of the Year. She serves on the technical review board for the Black Hat security conference and as part of the technical advisory council for CISA Cybersecurity Advisory Committee. She is an expert in reverse engineering and ARM architecture exploitation, recognized for her book 'Blue Fox: Arm Assembly internals & externals & reverse engineering'. Her commitment to cybersecurity education is reflected in the high quality of the training services she offers to public and private sector professionals.

/ Hazel Diez Castaño: Banco Santander's global CISO, leading a team of more than 2,000 people in cybersecurity and fraud across the Group. She has more than 20 years of experience working in multicultural environments and leading global security departments in several organisations.

/ Hugh Thompson: Managing Partner of Crosspoint Capital Partners, LP, focused on cybersecurity, privacy and software infrastructure. He has testified before the US Congress as a cybersecurity expert and is recognised as one of the "Top 5 Most Influential Thinkers in IT Security" by SC Magazine.

/ Marene Allison: held senior corporate risk and security positions for more than 30 years at Johnson & Johnson. Prior to joining the private sector, she was a Special Agent with the FBI. She is a former member of the Board of Directors of Health ISAC and a founding member of West Point Women, of which she is the current President.

In addition, on February 6, 2024, a new member joined the Advisory Committee:

/ Jose Manuel Gonzalez-Páramo Martínez-Murillo: economist who has held prominent positions on several corporate boards, including the European Central Bank (ECB) and the Bank of Spain. He currently serves as Chairman of the Supervisory Board at European DataWarehouse GmbH&Ltd, and as an independent member of the Board and Risk Committee at Abanca Corporación Bancaria S.A. González-Páramo has developed a broad experience in economics, regulation and banking, contributing significantly to the academic and corporate environment.

Governance and compliance

With regard to governance, we continue to closely monitor digital cybersecurity regulations to ensure we are compliant with legislation in force. In 2023 we launched a legal advisory initiative in connection with cybersecurity. In this regard, prior to its transposition by EU Member States, we completed a proactive review of the alignment and conformity with the new Directive (EU) 2022/2555, known as Network and Information Security (NIS2) Directive, which aims to improve the security of networks and information systems in European territory. We also continue to develop and implement security policies and measures in compliance with the legal obligations pursuant to the General Data Protection Regulation (GDPR).

On the heels of publication of the Good Governance Code on Cybersecurity, drawn up by the National Cybersecurity Forum in collaboration with Spanish Securities Market Commission (CNMV), the Department of National Security and various associations and companies, including Inditex through the involvement of its Chief

Information Security Officer, we have reviewed our initial position concerning the content of the Code.

During the year, we conducted various external assessments, both mandatory and voluntary, to analyse our security model from both a compliance perspective, covered in this section, and a technical standpoint, discussed in the following section on Intrusion Prevention. These evaluations show that Inditex's Information Security Management 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. Following the publication of a new version of this standard, we have begun our process of adaptation to it.

/ ISO/IEC 27001, which evaluates our Information Security Management System, assuring the confidentiality, integrity and availability of the Company's information and of the systems, as well as of the applications that support the sales channels. In this sphere, we have begun our process of adjustment and compliance with the latest version of the standard.

/ 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.

Likewise, in 2023 we set up a working group to continue strengthening and developing the existing control programmes. The aim is to gain visibility concerning the security standards of our relevant partners, including prior to contracting, as well as to reduce the risk of cybersecurity threats they might be exposed to. In addition, we continue paying attention to security in the supply chain, having a team dedicated to carrying out reviews and implementing controls to verify the level of security and guarantees in the service provided by third parties.

We have also carried out numerous internal audits and reviews, both by third parties and by the Oversight Area within the Information Security Department, which ensures compliance and proper application of the policies and procedures defined. In 2023 we also carried out a re-evaluation of the OT (Operational Technology) processes at logistics centres. We continue to periodically evaluate our level of cybersecurity maturity in collaboration with an external expert so as to gauge the Company's standard of information security and compare it with companies in other sectors that are subject to exacting standards, such as firms in the banking or technology industries.

Detection and response

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 conflicts between countries, monitoring tasks have been maintained, as has the management of the risks associated with this context. Over the course of 2023, we have strengthened our defence capabilities through specific initiatives focused on improving our ability to detect and respond to

the most prevalent threats in the external cyber environment such as Distributed Denial of Service (DDoS) attacks, Credential Stuffing, Ransomware and vulnerabilities in third-party products.

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.

Moreover, our global incident response team continues to be a registered member of CSIRT.es (Platform of Spanish Cybersecurity and Incident Management Teams) and TF-CSIRT (Working Group of Security Incident Response Teams), which aim to exchange information on major cybersecurity incidents and improve collaboration and coordination in order to respond quickly in any situation that may affect large companies in Europe and neighbouring areas. Membership of these groups also allows us to nurture relationships with global organisations and partners in other regions to address cybersecurity challenges on a broader scale.

Our Security Operations Centre (SOC) is available 24 hours a day, 7 days a week, for the detection, analysis, reporting and correction of potential security incidents that may affect the Organisation. During 2023, a total of 123 events of interest were recorded (98 in 2022), of which we have reported the most relevant ones to the Information Security Committee. None of these events had a material impact on our operations or financial statements.

This year, we have updated our Procedure on Information Security Incident Response, focusing on the notification of important incidents to third parties (organisations, entities, institutions, etc.) including individuals who must be informed of such events, and on the requirements associated with these notifications. Additionally, we have strengthened our security incident detection and response system with a service that adds an extra layer of security by allowing the early detection of threats and/or suspicious activity through continuous monitoring of our technology infrastructure.

Intrusion prevention

The deployment of prevention measures is one of the most important tasks of our activity, and we have therefore reinforced vulnerability scanning at the Company's perimeter and increased the number of external researchers participating in our private vulnerability detection programme to a total of more than 700 professionals. Furthermore, in 2023, to supplement the private programme, we created a new public rewards programme for the online retail environment, in collaboration with a community of more than one million active researchers. In addition to this, we have conducted crowdsourced pentesting (or penetration testing), which affords us a greater diversity of skills and a broader and more varied perspective on potential weaknesses in our systems, thanks to having a broader group of security professionals.

Also in this field, we have had independent external staff carry out new Red Team activities, focusing on simulating attacks targeting the Company. We thus aim to try to identify our weaknesses in order to improve the Organisation's security status. Adopting a continuous improvement approach, as part of this exercise we conducted a review of the 31 Red Team exercises executed in the 2019-2023 period.

We continue to strive to maintain, improve and evolve the maturity of the Information Security programme. Accordingly, in coordination with the 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. In this context, our main priorities are the prevention of leaks and theft of sensitive information, the availability of critical services (sales and distribution) and their associated threats, and the control of information integrity, with an emphasis on financial information. 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.

In the area of corporate identity and access management, we have launched a project related to improving oversight and internal processes with respect to management and granting of permissions, as well as privileged identity governance.

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 infrastructure.

Automation plays a pivotal role in cybersecurity by enhancing the speed, scalability, accuracy and efficiency of detection and response to cyber threats. We therefore continue to pursue the integration of this concept into security strategies and operations, strengthening our cybersecurity position and increasing our preparedness for the challenges of the current digital environment.

We also continue to explore the opportunities offered by artificial intelligence to improve cybersecurity management, identifying patterns and anomalies so as to anticipate potential cyber threats. Artificial intelligence also poses significant cybersecurity challenges, so transparency in the development of systems and collaboration with cybersecurity experts are now key pillars to ensure the integrity and reliability of these systems in the Company.



Training and awareness-raising

We continue to conduct 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. This programme 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. For example, we have provided cybersecurity training to the Company's international managers. We also offer cybersecurity training programmes specifically tailored for the Board of Directors and software development professionals, as well as specialised training on compliance with credit card data security requirements.

As in previous years, we have continued to expand the scope of the awareness campaigns and we have conducted various targeted social engineering exercises using phishing tactics (which involves sending fake emails) and smishing (which involves text or SMS messages) in order to verify and reinforce our employees' awareness regarding this type of attacks which are becoming increasingly common in the cyber world. In this context, we emphasised improving our teams' preparedness, ensuring that they effectively understand how to use the communication channels to report potential anomalies.

Similarly, considering the importance of preparing for cybersecurity incidents, in 2023 we held several crisis simulation exercises that served as training for this type of situation. These activities involved different areas linked to the management of this type of event, for the purpose of testing the defined procedures and providing training on escalation and decision making.

We also promote security by partnering with public and private organisations:

- / Working with the NGO CyberPeace Institute, which helps vulnerable communities protect themselves and recover from cyberattacks.
- / Belonging to specialised cybersecurity forums such as the Centre for Industrial Cybersecurity (CCI) and the Spanish Association for the Advancement of Information Security (ISMS Forum).
- / Taking part in events hosted by the Retail & Hospitality Information Sharing and Analysis Center (RH-ISAC) for cybersecurity information sharing.
- / Attending renowned international cybersecurity events, such as the Black Hat conferences or the Security 50 summits.
- / Supported by professional research, guidance and advisory services from expert analysts who provide real-time support on long-term strategic needs and our short-term tactical requisites.

These collaborations enable us to keep up with the latest innovations and trends in cybersecurity, giving us an advanced perspective on developments in this area.

In summary, we continue to devote resources to strengthening cybersecurity, as it is vital to protecting the Company's critical assets, complying with regulations, maintaining business continuity, not to mention preserving the reputation and maintaining the trust of our customers. All this fuels our ambition to stay competitive in an increasingly digital business environment.

8.2.2. Personal Data Protection and Privacy

GRI 3-3

In 2023, we have worked in accordance 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 the interested parties.

Throughout the year we have continued to work on a number of cross-cutting projects that have enabled us to advance in the implementation of our privacy programme. Among others, the following:

- / We have reinforced the role of Privacy Delegates, who are the liaisons that help coordinate and manage data protection and privacy issues in each of the subsidiaries through training aimed at being better covered in each of the markets.

/ Project to improve the retention and deletion of personal data of the main groups (customers, employees and candidates) stored in the Company's main systems.

/ We have made substantial headway in defining the system for identifying privacy risks and implementing controls.

/ Development of the cookies compliance model.

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. We have taken part in the analysis and review of numerous projects aimed at improving the shopping experience (such as the single login in Italy or various projects aimed at getting to know customers in physical stores), and promoting sustainability (such as the expansion of Zara Pre-Owned into new markets), among others. This is important to ensure that privacy is woven into them from the design stage, in accordance with the corporate procedure.

Projects were also carried out to adapt the systems and operations to the requirements derived from certain privacy regulations affecting the Asian and American markets, especially with regard to international transfers and the exercise of rights, respectively.

As for our employees, we have worked on fostering a culture of privacy in the Company by updating our data protection and privacy course, which is available on the corporate eLearning tool (TraIn). This training is compulsory for employees working in departments whose functions entail processing the personal data of different stakeholders. Since its launch in June 2023, 97% of employees targeted by this course have completed it.

Lastly, we have maintained the structure of our compliance model in connection with data protection and privacy, based on:

/ Accompanying the business areas.

/ Continuous improvement of the privacy programme and implementation of tools that strengthen the accountability system, accrediting compliance with the model.

/ Monitoring by the Group's global Data Protection Officer (DPO) through our privacy control system.

/ 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.



8.3. Supplier relations

Material topic: Responsible management of the supply chain and traceability; Value creation in the community



8.3.1. Our principles and strategy

GRI 2-6; GRI 2-23; GRI 2-24; GRI 2-28; GRI 3-3; GRI 305-6; GRI 403-7; GRI 413-2; AF1; AF6; AF19; AF24

Our business model is based on an agile and flexible supply chain.

This enables us to meet demand and adapt to new social and environmental standards quickly and efficiently.

Proximity is one of the key criteria of our supply chain, allowing us to respond nimbly to the market. A significant part of the cutting, sewing, dyeing, washing, printing or finishing factories that manufactured our garments in 2023 are located in Spain or neighbouring countries like Portugal, Morocco and Türkiye.

Overall, as of 2023 we had 1,733 direct suppliers⁶⁸ in 45 markets, who created our products at 8,123 factories⁶⁹ and generated more than three million jobs (1,729 suppliers, 50 markets and 8,271 factories in 2022).



⁶⁸ Figures include suppliers with more than 20,000 production units in the 2023 summer and winter campaigns, based on the primary data extracted from the Company's systems (suppliers with production of less than 20,000 units represent 0.19%). Throughout this chapter, the indicators regarding the number of suppliers have been calculated based on this premise, except for those cases concerning training, audits or corrective action plans, for which all suppliers available in our systems are included without discrimination by purchase volume.

⁶⁹ Figures include factories declared by the suppliers with more than 20,000 production units in the 2023 summer and winter campaigns in the manufacturer's management system for 2023 orders. Throughout this chapter, the indicators regarding the number of factories have been calculated based on this premise, except for those cases concerning training, audits or corrective action plans, for which all suppliers available in our systems are included without discrimination by purchase volume.

The supply chain at Inditex in 2023

Suppliers with purchase in 2023

European Union

312 suppliers
1,407 factories

Europe outside the EU

209 suppliers
1,616 factories

Americas

10 suppliers
42 factories

Asia

964 suppliers
4,600 factories

Africa

238 suppliers
458 factories

Factories declared by suppliers in 2023⁷⁰

3,197

Spinning, weaving, and other raw material processes

96

Cutting

3,849

Sewing

124

Dyeing and washing

211

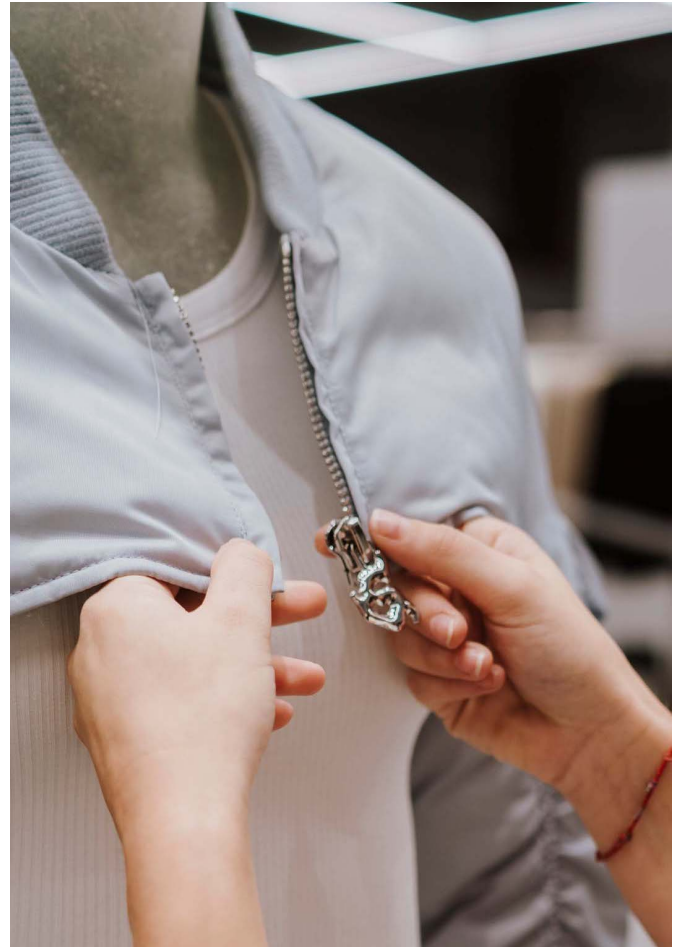
Printing

289

Finishing

357

Non-textile products



The supply chain at Inditex in 2023

	Suppliers with purchase in 2023	New suppliers in 2023	Unused suppliers in 2023	Suppliers with purchase in 2022
Africa	238	62	25	201
Americas	10	1	2	11
Asia	964	160	151	955
Europe outside the EU	209	33	54	230
European Union	312	42	62	332
Total	1,733	298	294	1,729

⁷⁰ For those factories carrying out more than one process, their main process has been considered.

Dialogue and transparency concerning the supply chain

We endeavour to build strong relationships with our suppliers, based on continuous accompaniment and support. For this purpose, we have set up supplier clusters, spaces to foster dialogue and cooperation with industry actors such as trade unions, employers, administrations and NGOs. In 2023 we worked with ten clusters in Spain, Portugal, Morocco, Türkiye, India, Pakistan, Bangladesh, China, Cambodia and Vietnam, through which 98% of our garments were produced.

Through these dialogue spaces, we also deploy 'Improvement Plans' in collaboration with manufacturers and suppliers part of our supply chain and a network of internal and external specialists. These Plans are part of our Supply Chain Transformation Plan to advance in our sustainability objectives.

① More information in sections 6.1.4. *Lower-impact consumption and efficiency and optimisation* y 6.2.3. *Water management activities throughout the supply chain* of this Report.

To promote transparency with our stakeholders, we share information about our supply chain with various actors. These include:

/ The international trade union federation IndustriALL Global Union.

As part of our Global Framework Agreement, we provide them with a comprehensive and updated list of our manufacturers and their level of compliance with our policies. We also give IndustriALL Global Union and its local affiliates access to the production centres.

/ A number of international organisations, NGOs, investors and indices.

These include the International Labour Organization (ILO)—in the countries where we take part in the Better Work programme—Zero Discharge of Hazardous Chemicals (ZDHC) and the Institute of Public & Environmental Affairs (IPE) in China, with whom we share environmental information.

① For further information, refer to the document *Partnerships* on Inditex's corporate website.

/ Our customers.

In 2023 we responded to 1,309 requests for information related to the manufacture of our products, our sustainability policies or the raw materials used.

8.3.1.1. Main policies, standards and principles on which our supply chain management is based

Our **Code of Conduct for Manufacturers and Suppliers (CCMS)** is the foundation for our supplier relations. Published in 2001 for the first time and updated in 2012, in it we set out the standards they are expected to meet with regard to labour rights, product health and safety and environmental issues.

This Code of Conduct is based on the 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.

In addition, our CCMS is an evolving tool, as it is subject to periodic review to keep it in line with industry best practices.

① More information in the *Code of Conduct for Manufacturers and Suppliers* is available on Inditex's corporate website.

In addition to our CCMS, at Inditex we implement **our own Green to Wear standard**, aimed at reducing the environmental impact of our supply chain, as well as improving the health and safety of our articles and fostering best practices.

This standard, which applies mainly to the factories that carry out wet processes, **covers the sustainable and efficient management of raw materials, water, technology and processes, chemical products, waste and wastewater.**

Another important tool for supply chain management are our **Traceability Requirements for Manufacturers and Suppliers**, increasing the level of detail on the minimum requirements for our suppliers reflected in the Code of Conduct for Manufacturers and Suppliers.

Any manufacturer or supplier wishing to form part of our supply chain must comply with the Code of Conduct for Manufacturers and Suppliers, with the Green to Wear standard, if applicable, and with our Traceability Requirements.

To verify this compliance, we conduct regular and periodic audits to ensure that our standards are upheld. The breach of any of them may entail the termination of the business relationship.

Lastly, internally we promote **responsible purchasing practices**, guiding the decisions of our buyers and product teams with the aim of improving working conditions in the supply chain and fostering sustainable development in the textile sector.



These practices consider all phases of the purchasing process: strategic planning, procurement, development, purchasing and the underlying values and principles that affect workers. In this regard, our participation in the ACT (Action, Collaboration, Transformation) initiative is crucial.

① More information in section [7.2.1. Workers at the Centre](#) of this Report.

In the financial year 2023, thanks to the combined efforts of our suppliers, we have increased our knowledge of the source of raw materials. Especially in the phase from fibre growing to yarn creation, whose traceability is one of the challenges facing our industry.

① More information in the document *Supply Chain: management to transform the sector* available on Inditex's corporate website.

8.3.2. Traceability of the supply chain

GRI 2-24; 3-3; AF5; AF6

We see traceability as **our ability to identify and trace the history, application, location and distribution of products, parts and materials.**

This definition is consistent with Recommendation No. 46 of the **United Nations Economic Commission for Europe**, which advocates enhancing traceability and transparency of sustainable value chains in the garment and footwear sector.

⁷¹ In accordance with the definition of industry benchmark organisations, such as Textile Exchange. This 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.

Traceability strategy

Our traceability ecosystem allows us to compile and evaluate information concerning the traceability of our products. Specifically, it helps us to ascertain in which production facilities our articles were created and to certify the use of more responsible materials.

Our Traceability Requirements, developed in 2022, are among the foremost tools in this regard. In 2023 we worked on adapting our monitoring and assessment systems in connection with these requirements, which reflect our suppliers' traceability obligations.

For a start, our suppliers must know their supply chain and work only with manufacturers and intermediaries that comply with our sustainability standards and that have been previously assessed and approved by Inditex.

They must also report which facilities and intermediaries are involved in each production process, from fibre or yarn to the final garment for each order. This information should include both their own facilities and those contracted by them or by third parties.

Management

To facilitate the implementation of these requirements and to help our suppliers improve their traceability processes, we use our In.Trust management system to ease the process whereby our suppliers provide information on their supply chain.

Our traceability requirements not only require to declare our suppliers' supply chain, but also to provide evidence of the use of preferred raw materials⁷¹, such as organic or recycled cotton, viscose from preferred sources or European linen. Suppliers must provide proof of their use by means of documentation certifying their origin, including facility certification if applicable.

We also provide training to help our suppliers solve specific challenges regarding the use and understanding of traceability procedures. In 2023, we provided training to more than 300 suppliers in 20 markets.

Assessment

At Inditex we use various control mechanisms operating in parallel to verify compliance with our traceability requirements:

/ **Designation control check:** we check that our suppliers have provided information about their supply chain before deadline.

/ **Review of certificates:** we check raw material certificates before approving them.

/ **Traceability audits:** we verify the information provided by our suppliers on site, through unannounced visits to the production facilities. This allows us to check the production processes, the production in progress and the ones completed. The findings are then compared with the information entered by the supplier.

Audits are carried out through the In.Trace application, which gives auditors easy access to all the information linked to production.

In 2023, **12,100** traceability audits were conducted, revealing 808 non-compliances (10,796 audits and 629 non-compliances in 2022).

Traceability audits		
	2023	2022
Africa	4,206	5,400
Americas	105	154
Asia	5,512	2,872
Europe outside the EU	1,500	1,283
European Union	777	1,087
Total	12,100	10,796



8.3.3. Monitoring, assessment and continuous improvement

GRI 2-24; 3-3; 303-2; 308-1; 308-2; 407-1; 408-1; 409-1; 414-1; 414-2; AF2; AF3; AF6; AF8; AF9; AF10; AF11; AF12; AF13; AF14; AF15; AF16; AF17; AF19

Our aim is to build strong, long-standing relationships with our suppliers. This is why we pay special attention to the process of supplier accompaniment, assessment and improvement that begins even before they start to work with us.

In 2023, 12,761 audits were carried out at our suppliers and manufacturers, by our teams and by 1,128 external auditors⁷², specialised by sphere of auditing. They carried out pre-assessments, preliminary environmental assessments, social and environmental assessments. In total, 837 external auditors were trained for this purpose over the course of the year.

Where non-compliances were detected, we supported the improvement process of our suppliers and manufacturers through Corrective Action Plans.

Pre-assessment

Before we embark on a business relationship, we ensure that suppliers comply with our social and environmental standards by means of pre-assessment audits.

These audits check that they comply with our Code of Conduct for Manufacturers and Suppliers (CCMS) and the IMR (Inditex Minimum Requirements) applicable to them. Without this first step, no supplier can join our supply chain.

The IMR are made up of several key documents, such as the Human Rights Policy and the Traceability Requirements for Suppliers and Manufacturers, which establish the social, environmental or product health and safety standards our suppliers and manufacturers must meet to become eligible to receive orders.

In 2023, 2,111 **pre-assessment audits were carried out** (2,075 in 2022). Of these, 2,095 were performed by external auditors.

Number of pre-assessment audits carried out

	2023		2022	
	Pre-assessment audits	Approved %	Pre-assessment audits	Approved %
Africa	64	83%	97	86%
Americas	25	72%	16	88%
Asia	1,590	70%	1,438	73%
Europe outside the EU	173	45%	245	66%
European Union	259	69%	279	82%
Total	2,111	68%	2,075	74%

Environmental preliminary assessment

Once the new supplier passes the pre-assessment audit, a preliminary environmental assessment is conducted remotely by external auditors. This ensures that facilities subject to our Green to Wear standard comply with our most demanding environmental requirements. Facilities classified as not approved at this stage cannot receive orders from Inditex.

In 2023, 301 environmental pre-assessments were executed.

Social audits

After the pre-assessment audit, **we conduct** unannounced social audits **on a regular basis** at all suppliers and factories in our supply chain.

These audits allow us to verify compliance with our CCMS and consist of an unannounced site visit to verify wage rates, working hours, health and safety conditions, among other requirements set forth in our Code of Conduct of Manufacturers and Suppliers.

Social audits may be carried out by internal or external auditors in accordance with the Inditex methodology. To guarantee their quality, in 2023 we verify the application of the Inditex audit methodology through 71 control audits⁷³ (81 audits in 2022).

In 2023, 6,892 social audits were carried out⁷⁴ at the factories in our supply chain.

⁷² The calculation methodology includes primary data declared by the service provider.

⁷³ Previously reported as 'special audits'. In order to enhance transparency, this year we detail the topics and volume of the 'special audits' in the various sections of this Report.

⁷⁴ A company may receive more than one social audit during a financial year. Each audit carried out is considered when accounting for audits.

Number of social audits carried out⁷⁵

	2023	2022
Africa	324	390
Americas	48	35
Asia	4,209	3,798
Europe outside the EU	1,259	1,319
European Union	1,052	1,295
Total	6,892	6,837

These audits include the social audits carried out using Inditex's proprietary methodology and the audits carried out following the method of the Social & Labour Convergence Program (SLCP) initiative, of which we have been a member since its inception (1,241 SLCP audits in 2023, 882 en 2022).

SLCP's aim is to improve labour conditions for workers while eliminating audit fatigue in global supply chains. Accordingly, the factory itself carries out a self-assessment, which is then verified by a third party authorised by SLCP and shared with stakeholders.

In addition, social audits using our own methodology have also been carried out in more than 90 external logistics centres this year.

As a result of the social audits, our suppliers and manufacturers are classified in a social ranking based on their degree of compliance with

the Code of Conduct for Manufacturers and Suppliers (CCMS). In 2023, the active suppliers social ranking was as follows:

Classification of active suppliers by their social score

Classification	2023		2022	
	Number of suppliers	%	Number of suppliers	%
A	761	44%	650	38%
B	928	54%	1,018	59%
C	9	1%	10	1%
Subject to CAP	26	2%	30	2%
PR	9	1%	21	1%
Total	1,733	100%	1,729	100%

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
Subject to PAC	Breaches of the CCMS triggering the immediate implementation of a corrective action plan
PR	Undergoing an auditing process



⁷⁵ It includes social audits carried out with the Inditex's proprietary methodology and those carried out with SLCP methodology which have been integrated into our systems.

In terms of compliance with the Code of Conduct for Manufacturers and Suppliers, the performance in active factories of suppliers with purchases is shown in the following table:

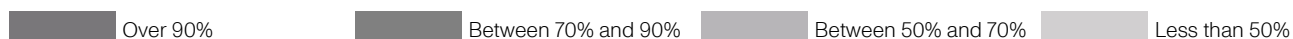
Compliance with the Code of Conduct for Manufacturers and Suppliers in 2023

Percentages according to geographical zones and social compliance areas

	Africa	Americas	Asia	Europe outside the EU	European Union
No forced labour					
No work by youths or child labour ⁽¹⁾					
No discrimination					
Respect for freedom of association and collective bargaining					
No harsh or inhumane treatment					
Hygiene at work					
Wage compliance					
Working hours					
Environmental awareness					
Regular work					
Implementation of the Code ⁽²⁾					

(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.



Environmental audits

Compliance with our Green to Wear standard, targeting facilities that mainly carry out wet processes, is regularly verified through environmental audits.

These audits are carried out by external auditors in announced visits during which documentation is reviewed and, if applicable, wastewater samples are analysed unannounced.

This information is shared with the rest of the sector within the framework of our collaboration with Zero Discharge of Hazardous Chemicals (ZDHC).

In 2023, 1,868 environmental audits⁷⁶ were carried out.

Number of environmental audits carried out

	2023	2022
Africa	70	75
Americas	8	6
Asia	1,208	1,225
Europe outside the EU	295	442
European Union	287	317
Total	1,868	2,065

As a result, 86% of the suppliers required to comply with the Green to Wear standard are rated as A or B, the highest environmental performance ratings as per our methodology.

Continuous improvement

We know that continuous improvement is key to sustainable supply chain management.

Accordingly, we use **Corrective Action Plans (CAPs)**, which are roadmaps to support suppliers in their improvement processes and help them to correct and prevent non-compliances.

These plans may be devised by Inditex teams or carried out in collaboration with other organisations, such as relevant NGOs. In the most sensitive non-compliance cases—classified as being 'subject to CAP' according to social or environmental standards—the plan lasts approximately six months.

In 2023, the following CAPs were carried out:

/ Social CAP: we carried out 490 CAPs, of which 285 at factories with a 'Subject to CAP' rating and 205 at production centres with other ratings (487 CAPs in 2022: 292 of these plans were carried out in factories with a 'Subject to CAP' rating, and 195 in sites with other ratings).

/ Environmental CAPs: we launched 327 CAPs. 99 of these plans were carried out in factories with a 'Subject to CAP' rating, and 228 in sites with other ratings (547 CAPs in 2022: 122 in factories with a 'Subject to CAP' rating, and 425 in sites with other ratings).

At Inditex we are constantly exploring different ways to advance in the shared challenge of transforming our supply chain and our industry. For this reason, we also carry out certain verifications in specific areas such as those conducted to assess the progress of the corrective action plans or those related to various aspects of the CCMS. In this sense, in 2023 we carried out 697 verifications⁷⁷ (424 verifications in 2022).

Despite the importance for Inditex of accompanying our suppliers in improving their social and environmental performance, our commitment to compliance with our standards entails a zero tolerance policy with those who do not show a willingness to improve.

Consequently, if the verification audit still reveals serious non-compliance once the CAP has been completed, the factory or supplier will not be able to continue working with our Company.

Total suppliers, rejected and active in 2023

	Suppliers with purchase in 2023	Rejected due to a breach of the Code of Conduct	Rejected for commercial reasons	Active suppliers at 31/01/2024
Africa	238	2	0	236
Americas	10	1	0	9
Asia	964	39	1	924
Europe outside the EU	209	14	1	194
European Union	312	5	2	305
Total	1,733	61	4	1,668

⁷⁶ A company may receive more than one social audit during a financial year. Each audit carried out is considered when accounting for audits.

⁷⁷ Previously reported as 'special audits'. In order to enhance transparency, this year we detail the topics and volume of the 'special audits' in the various sections of this Report.



Other continuous improvement tools

In addition to the CAPs, our Company implements various improvement and support projects for suppliers and manufacturers, such as those developed as part of the Workers at the Centre strategy, some of which include accompaniment visits to ensure their proper implementation.

In 2023, we also continued with our Environmental Improvement Plan for supply chain transformation, with a particular emphasis on water, discharges, management of chemical products and energy.

① More information in sections 6.1.4. *Lower-impact consumption and efficiency and optimisation* y 6.2.3. *Water management initiatives throughout the supply chain* of this Report.

① More information in the document *Supply chain: management to transform the sector* available on Inditex's corporate website.

Innovation in production processes

As well as guaranteeing compliance with our standards, at Inditex we aim to improve production processes in the textile industry so as to have a lower impact and achieve more efficient water and energy consumption.

For this purpose, we work closely with organisations and companies that help us develop innovative solutions to improve our impact.

Among the most outstanding examples is the launch of new dyeing and finishing processes such as PIGMENTURA (launched on an industrial scale this year) and *Sustineri*, developed jointly with CHT and Pulcra, respectively. This is based on a pigment dye that does not require washing or drying, thus reducing the time and complexity of the process. This can save up to 96% of water and 60% of energy compared to other continuous dyeing technologies.

As a further benefit, this solution can be implemented in existing dyeing facilities without additional investment. It can also be applied to complex fibre blends, including recycled fabrics, which tend to involve more complex dyeing processes.

Another of the solutions we have developed is *SOKALAN HP 56 A*, partnering with BASF to implement and optimise the first industrial cold washing system. This system significantly reduces water and energy consumption in exhaust dyeing systems.

By supporting innovative solutions, at Inditex we continue to move forward in the transformation of the textile sector and industry.

8.4. Tax responsibility and transparency

Material topic: Value creation in the community



GRI 3-3; 201-2; 201-4; 207-1; 207-2; 207-3; 207-4

For Inditex, **strict compliance with tax obligations in all the markets in which it operates** is a core principle of its 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 2023 (in million euros)⁷⁸:

Markets	2023	2022
Americas	1,286	1,141
Brazil	167	122
Canada	80	91
United States	393	424
Mexico	541	376
Other	105	128
Asia & Rest of the world	552	376
Australia	27	33
China	241	105
South Korea	60	50
Japan	25	11
Kazakhstan	61	48
Other	138	129
Spain	1,618	1,422
Spain	1,618	1,422
Europe (ex-Spain)	2,860	1,919
Germany	130	64
Belgium	43	34
France	188	145
Greece	50	27
Italy	177	127
The Netherlands	824	586
Poland	68	9
Portugal	73	47
United Kingdom	167	154
Romania	92	75
Switzerland	525	493
Türkiye	374	137
Other	149	21
Profit/(loss) before taxes	6,316	4,858
Consolidation	554	500
Consolidated profit/(loss) before taxes	6,870	5,358

In 2023, the effective overall income tax rate was 21.5%, and the accrued income tax expense (in million euros) was as follows:

Markets	2023	2022
Americas	396	326
Brazil	76	51
Canada	21	22
United States	91	99
Mexico	164	113
Other	44	41
Asia & Rest of the world	76	58
Australia	9	11
China	11	(6)
South Korea	13	15
Japan	10	4
Kazakhstan	13	10
Other	20	24
Spain	334	267
Spain	334	267
Europe (ex-Spain)	722	479
Germany	35	18
Belgium	11	5
France	52	42
Greece	10	5
Italy	47	20
The Netherlands	247	190
Poland	15	3
Portugal	22	12
United Kingdom	29	22
Romania	13	10
Switzerland	107	92
Türkiye	97	43
Other	37	17
	1,528	1,130
Consolidation	(85)	95
Income tax⁽¹⁾	1,443	1,225

(1) 2023 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 the current or previous financial years.

⁷⁸ Profit before tax results from the application of the International Financial Reporting Standards (IFRS), including the application of the accounting standard for leases IFRS16 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.

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	4,968	2
Mónaco	7,094	1
Total	12,062	3

This financial year, taking into account all the markets in which it operates, the Group has received 4 million euros (10 million euros in the previous year) in public subsidies, mainly from China.

Likewise, section 8.1.2. *Global Compliance Model and Criminal Risk Prevention Model* 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 2023, and in compliance with our tax obligations, Inditex's total tax contribution amounted to 8,680 million euros, of which 3,660 million euros were direct taxes paid and 5,020 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.

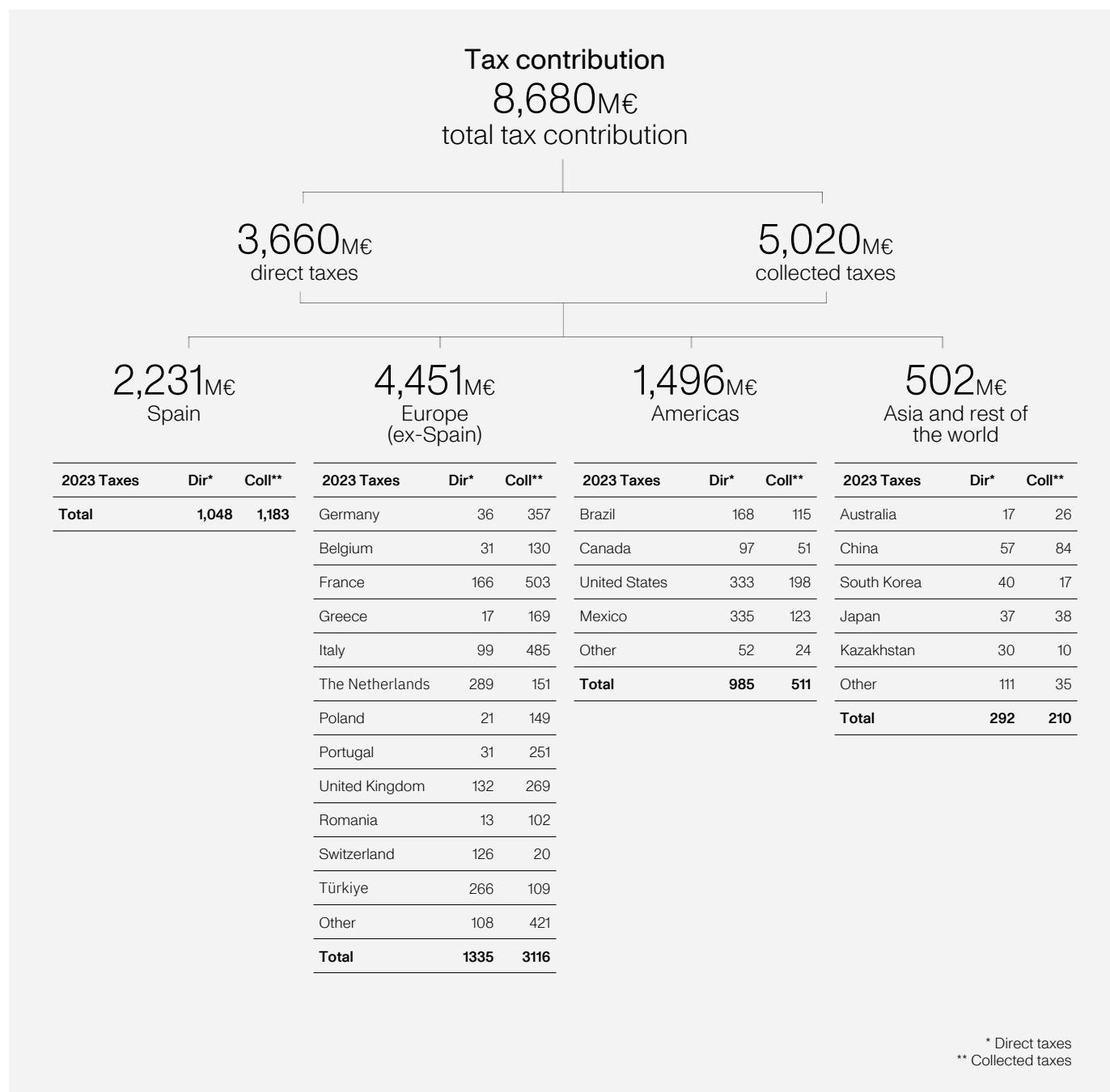
/ Personal tax. Tax related to employment, paid and collected. This includes employees' personal income tax withholdings or social security contributions payable by the employee or the Company.

/ 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.

Category	Direct tax (in million euros)	Taxes collected (in million euros)
Income tax	1,498	198
Property tax	98	12
Personal tax	891	959
Tax on products and services	1,152	3,850
Environmental tax	21	1
Total	3,660	5,020
Total tax contribution (in million euros)		8,680

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 14.8% of global sales, it is the Group's largest direct tax contribution market. In 2023, 2,231 million euros in tax were paid in Spain, i.e., 26% of the overall total.



Markets	Direct taxes paid (in million euros)		Taxes collected (million euros)	
	2023	2022	2023	2022
Americas	985	852	511	400
Brazil	168	146	115	82
Canada	97	54	51	52
United States	333	304	198	163
Mexico	335	268	123	79
Other	52	80	24	24
Asia & Rest of the world	292	268	210	188
Australia	17	11	26	26
China	57	42	84	64
South Korea	40	36	17	15
Japan	37	40	38	41
Kazakhstan	30	32	10	7
Other	111	107	35	35
Spain	1,048	949	1,183	860
Spain	1,048	949	1,183	860
Europe (ex-Spain)	1,335	1,131	3,116	2,831
Germany	36	50	357	296
Belgium	31	14	130	120
France	166	152	503	465
Greece	17	22	169	140
Italy	99	67	485	450
The Netherlands	289	205	151	131
Poland	21	13	149	116
Portugal	31	52	251	225
United Kingdom	132	144	269	255
Romania	13	12	102	89
Switzerland	126	110	20	21
Türkiye	266	179	109	80
Other	108	111	421	443
Own taxes	3,660	3,200	5,020	4,279