INDITEX GROUP ANNUAL REPORT **2023**

INDITEX

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Statement made about the contents of the Financial Annual Report

We, the members of the Board of Directors, do hereby state and represent that, to the best of our knowledge and belief, the annual consolidated accounts for financial year 2023 (1 February 2023 – 31 January 2024), stated by the Board of Directors at the meeting held on 12 March 2024, drafted pursuant to the applicable accounting principles, give the true and fair view of the assets, the financial situation and the results of Industria de Diseño Textil, S.A. (Inditex, S.A.) and of the undertakings consolidated taken as a whole, and that the consolidated financial report includes a true review of the evolution and the corporate results, as well as of the position of Industria de Diseño Textil, S.A. (Inditex, S.A.) and of the undertakings consolidated taken as a whole, together with the description of the main risks and uncertainties they face up to.

In Arteixo (A Coruña), on 12 March 2024.

Ms Marta Ortega Pérez
Chair

Mr Amancio Ortega Gaona
Ordinary Member

Mr José Arnau Sierra
Deputy Chair

Mr. Óscar García Maceiras
CEO

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

Bns. Denise Patricia Kingsmill
Ordinary Member

Ms. Pilar López Álvarez
Ordinary Member

Ms Anne Lange
Ordinary Member

Mr José Luis Durán Schulz
Ordinary Member

Mr Rodrigo Echenique Gordillo
Ordinary Member

Audit Report on Consolidated Annual Accounts

Ernst & Young, S.L.
C/ Raimundo Fernández Villaverde, 65
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AUDIT REPORT ON CONSOLIDATED FINANCIAL STATEMENTS ISSUED BY AN INDEPENDENT AUDITOR

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

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

Audit report on the consolidated financial statements

Opinion

We have audited the consolidated financial statements of Industria de Diseño Textil, S.A. (the Parent) and its subsidiaries (the Group), which comprise the consolidated balance sheet at January 31, 2024, the consolidated income statement, the consolidated statement of comprehensive income, the consolidated statement of changes in equity, the consolidated statement of cash flows, and the notes thereto, for the year then ended (year 2023).

In our opinion, the accompanying consolidated financial statements give a true and fair view, in all material respects, of consolidated equity and the consolidated financial position of the Group at January 31, 2024, and of its financial performance and its consolidated cash flows, for the year then ended in accordance with International Financial Reporting Standards, as adopted by the European Union (IFRS-EU), and other provisions in the regulatory framework applicable in Spain.

Basis for opinion

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

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

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

Key audit matters

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

Valuation of leases

Description

As of January 31, 2024, the Group operates with a total of 4,589 company-managed stores, most of which are under lease agreements, as well as certain logistics centers and other assets operated by the Group.

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

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

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

Our response

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

- Understanding of the process established by Group Management to determine the value of the leases, evaluation of the design and implementation of the relevant controls established in the aforementioned process and verification of the operational effectiveness of said controls, all in collaboration with our specialists in information systems. For these purposes, we have carried out, among other procedures, operational effectiveness tests on (a) access controls and logical security to operating systems, databases and relevant applications, (b) application development, maintenance and operation controls and systems and (c) automation used for the valuation of leases.
- Assessment of the consistency of the accounting principles and criteria applied by the Group to estimate lease terms and applicable discount rates with the applicable financial reporting regulatory framework and with those applied in the previous year.
- Review, for a representative sample of lease contracts, of the consistency of the valuation of said leases with the terms and conditions of the corresponding contracts, as well as with the accounting principles and criteria applied by the Group.
- Review of the disclosures included in the consolidated financial statements and assessment of its adequacy with the applicable financial reporting regulatory framework.

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

Valuation of inventories

Description

The Group has registered in the current assets of the consolidated balance sheet as of January 31, 2024, inventories for a net book value of 2,966 million euros, which represent 9.1% of total assets.

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

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

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

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

Our response

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

- Understanding of the process established by Group Management for the management and valuation of inventories, evaluation of the design and implementation of the relevant controls established in the aforementioned process and verification of the operational effectiveness of said controls, all in collaboration with our specialists in information systems. For these purposes, we have carried out, among other procedures, operational effectiveness tests and extended control procedures on (a) access controls and logical security to operating systems, databases and relevant applications, (b) development controls, maintenance and operation of applications and systems and (c) automation used for the management and valuation of inventories.
- Evaluation of the consistency of the accounting principles and criteria applied by the Group's Management for the valuation of the inventories with the applicable financial information regulatory framework and with those applied in the previous year.
- Assessment of the reasonableness of the key assumptions considered by Group Management to determine the net realisable value of inventories and their consistency with Group policy and with other available information, such as historical sales from similar seasons and forecasts of future sale.
- Procedures for recalculation, in collaboration with our specialists in information systems, of the net realisable value of the Group's finished product inventories.

Building a better working world

- Review of the disclosures included in the consolidated financial statements and assessment of its adequacy with the applicable financial reporting regulatory framework.

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

Revenue recognition

Description

The Group has registered, under "Net Sales" heading of the consolidated income statement as of January 31, 2024, 32,851 million euros corresponding to the net sales made both in company-managed stores and on the online sales platform, which represent 91% of the Group's total sales.

The accounting recognition of sales is characterized by being highly automated and supported by the interaction of various information systems, which is why it is essential to maintain a control environment over them that guarantees their correct functioning.

Although the recognition of this revenue is not complex, we have considered this area as a key matter in our audit due to the relevance of the amounts involved, the high volume of transactions of not significant individually, and the complexity and high automation of the information systems that support the revenue recognition process, matters that involve a higher risk of material misstatement and require significant effort in our audit work.

The information related to the criteria applied and the corresponding disclosures is included in Notes 3.2.n) and 4 of the attached consolidated financial statements.

Our response

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

- Understanding of the process established by Group Management revenue recognition, evaluation of the design and implementation of the relevant controls established in the aforementioned process and verification of the operational effectiveness of said controls, all in collaboration with our specialists in information systems. For these purposes, we have carried out, among other procedures, operational effectiveness tests and extended control procedures on (a) access controls and logical security to operating systems, databases and relevant applications, (b) development controls, maintenance and operation of applications and systems and (c) automation used for the revenue recognition.
- Analysis, using data processing techniques, of the evolution of billing and collection cycles, and of the correlations between related accounts.
- Analytical procedures on sales and margins.
- Review, for a random representative sample, of the proper correlation of revenue with their respective cash inflows.
- Cut-off procedures for a sample of revenue transactions that occurred on dates close to the end of the fiscal year to verify proper accounting record.

- Identification and analysis of significant manual journal entries in the revenue accounting accounts.
- Review of the disclosures included in the consolidated financial statements and assessment of its adequacy with the applicable financial reporting regulatory framework.

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

Other information: consolidated directors report

Other information refers exclusively to the 2023 consolidated directors report, the preparation of which is the responsibility of the parent company's directors and is not an integral part of the consolidated financial statements.

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

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

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

Based on the work performed, as described above, we have verified that the information referred to in paragraph a) above is provided as stipulated by applicable regulations and that the remaining information contained in the consolidated directors report is consistent with that provided in the 2023 consolidated financial statements and its content and presentation are in conformity with applicable regulations.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Report on other legal and regulatory requirements

European single electronic format

We have examined the digital files of the European single electronic format (ESEF) of Industria de Diseño Textil, S.A. and subsidiaries for the 2023 financial year, which include the XHTML file containing the consolidated financial statements for the year, and the XBRL files as labeled by the entity, which will form part of the annual financial report.

The directors of Industria de Diseño Textil, S.A. are responsible for submitting the annual financial report for the 2023 financial year, in accordance with the formatting and mark-up requirements set out in Delegated Regulation EU 2019/815 of 17 December 2018 of the European Commission (hereinafter referred to as the ESEF Regulation).

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

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

Additional report to the audit and compliance committee

The opinion expressed in this audit report is consistent with the additional report we issued to the audit and compliance committee on March 13, 2024.

Term of engagement

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

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

(Signed on the original version In Spanish)

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

March 13, 2024

CONSOLIDATED ANNUAL ACCOUNTS INDITEX GROUP **2023**

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

INDITEX

Consolidated income statement

(Amounts in millions of euros)	(Notes)	2023	2022
Net sales	(4)	35,947	32,569
Cost of sales	(5)	(15,186)	(14,011)
GROSS PROFIT		**20,762**	**18,559**
		57.8 %	57.0 %
Operating expenses	(6)	(10,853)	(9,867)
Other losses and income, net	(7)	(59)	(43)
GROSS OPERATING PROFIT (EBITDA)		**9,850**	**8,649**
Other results	(33)	-	(231)
Amortisation and depreciation	(8)	(3,041)	(2,899)
NET OPERATING PROFIT (EBIT)		**6,809**	**5,520**
Financial results	(9)	(11)	(214)
Results of companies accounted for using the equity method	(18)	72	53
PROFIT BEFORE TAXES (PBT)		**6,870**	**5,358**
Income tax	(25)	(1,475)	(1,211)
NET PROFIT		**5,395**	**4,147**
NET PROFIT ATTRIBUTABLE TO NON-CONTROLLING INTERESTS		**14**	**17**
NET PROFIT ATTRIBUTABLE TO THE PARENT		**5,381**	**4,130**
EARNINGS PER SHARE, euros	**(10)**	**1.729**	**1.327**

Consolidated statement of comprehensive income

(Amounts in millions of euros)	(Notes)	2023	2022
Net profit		5,395	4,147
Items that will be reclassified to the income statement in future years			
Other comprehensive income recognised directly in equity:			
Translation differences related to financial statements of foreign operations		(40)	126
Cash flow hedges			
Profit	(26)	-	-
Loss	(26)	(1)	(14)
Tax effect		(1)	2
Total		**(42)**	**114**
Transfers to the income statement:			
Cash flow hedges			
Profit	(26)	14	(6)
Loss	(26)	-	-
Tax effect		(2)	2
Total		**12**	**(4)**
Total comprehensive income for the period		**5,365**	**4,257**
Total comprehensive income attributable to:			
Equity holders of the Parent		5,351	4,240
Non-controlling interests		14	17
Total comprehensive income for the year		**5,365**	**4,257**

Consolidated Balance Sheet

(Amounts in millions of euros)	(Notes)	31/01/2024	31/01/2023
ASSETS			
NON-CURRENT ASSETS		**16,719**	**15,344**
Rights of use	(16)	5,097	4,910
Other intangible assets	(15)	1,223	810
Goodwill	(17)	197	193
Property, plant and equipment	(14)	8,337	7,591
Investment property		24	24
Financial investments	(18)	398	334
Other non-current assets	(19)	269	278
Deferred tax assets	(25)	1,174	1,203
CURRENT ASSETS		**16,016**	**14,639**
Non-current assets held for sale	(33)	-	183
Inventories	(13)	2,966	3,191
Trade and other receivables	(12)	1,038	851
Income tax receivable	(25)	483	238
Other current assets		100	85
Other financial assets	(26)	7	8
Current financial investments	(21)	4,415	4,522
Cash and cash equivalents	(21)	7,007	5,561
TOTAL ASSETS		**32,735**	**29,983**
EQUITY AND LIABILITIES			
EQUITY		**18,672**	**17,033**
Equity attributable to the Parent		18,642	17,008
Equity attributable to non-controlling interests		30	25
NON-CURRENT LIABILITIES		**5,126**	**4,813**
Provisions	(22)	362	283
Other non-current liabilities	(23)	248	222
Financial debt	(21)	-	-
Non-current lease liability	(16)	4,123	3,924
Deferred tax liabilities	(25)	394	385
CURRENT LIABILITIES		**8,937**	**8,137**
Financial debt	(21)	16	13
Other financial liabilities	(26)	26	46
Current lease liability	(16)	1,428	1,517
Income tax payable	(25)	395	264
Trade and other payables	(20)	7,072	6,297
TOTAL EQUITY AND LIABILITIES		**32,735**	**29,983**

Consolidated statement of cash flows

(Amounts in millions of euros)	(Notes)	2023	2022
Profit before taxes and non-controlling interest		**6,870**	**5,358**
Adjustments to profit			
Amortisation and depreciation	(8)	3,041	2,899
Provisions for impairment		24	28
Results from companies consolidated by equity method	(18)	(72)	(53)
Lease financial expenses	(9)	196	116
Others		125	170
Income tax paid		(1,460)	(1,176)
Funds from operations		**8,723**	**7,343**
Variation in assets and liabilities			
Inventories		130	(193)
Receivables and other current assets		(341)	(58)
Current payables		154	(418)
Changes in working capital		**(56)**	**(669)**
Cash flows from operating activities		**8,667**	**6,674**
Payments relating to investments in intangible assets		(473)	(388)
Payments relating to investments in property, plant and equipment		(1,399)	(1,027)
Collections relating to investments in other financial investments		78	27
Payments relating to investments in other financial investments		(17)	(3)
Payments relating to investments in other assets	(19)	(17)	(18)
Collections relating to investments in other assets	(19)	11	54
Changes in current financial investments		107	(2,148)
Cash flows from investing activities		**(1,709)**	**(3,504)**
Payments relating to non-current financial debt		(1)	(1)
Payments relating to acquisition treasury shares		-	(61)
Changes in current financial debt		4	(17)
Lease payments fixed charge		(1,733)	(1,621)
Dividends		(3,744)	(2,914)
Cash flows used in financing activities		**(5,473)**	**(4,614)**
Net increase in cash and cash equivalents		1,484	(1,443)
Cash and cash equivalents at the beginning of the year	(21)	5,561	7,021
Effect of exchange rate fluctuations on cash and cash equivalents		(38)	(17)
Cash and cash equivalents at the end of the year	**(21)**	**7,007**	**5,561**

Consolidated statement of changes in equity

(Amounts in millions of euros)	Equity attributable to the Parent										
	Capital	Share premium	Retained earnings	Other reserves	Reserves of companies accounted for using the equity method	Treasury shares	Translation differences	Cash flows	Subtotal	Non-controlling interests	Total equity
Balance at 1 February 2022	**94**	**20**	**15,462**	**545**	**258**	**(122)**	**(529)**	**5**	**15,733**	**26**	**15,759**
Profit for the year	-	-	4,130	-	-	-	-	-	4,130	17	4,147
Profit distribution	-	-	(58)	-	58	-	-	-	-	-	-
Dividends distribution	-	-	35	-	(35)	-	-	-	-	-	-
Transfers	-	-	(66)	-	-	-	66	-	-	-	-
Hyperinflation and other movements	-	-	(150)	1	(2)	-	93	-	(58)	1	(57)
Other comprehensive income for the year	-	-	-	-	-	-	126	(16)	110	-	110
· Translation differences related to foreign operations	-	-	-	-	-	-	126	-	126	-	126
· Cash flow hedges	-	-	-	-	-	-	-	(16)	(16)	-	(16)
Operations with equity holders or owners	-	-	(2,893)	(6)	-	(8)	-	-	(2,907)	(19)	(2,926)
· Treasury shares	-	-	-	-	-	(61)	-	-	(61)	-	(61)
· Share-based payments recognition	-	-	-	64	-	-	-	-	64	-	64
· Share-based payments exercise	-	-	2	(70)	-	53	-	-	(15)	-	(15)
· Dividends	-	-	(2,895)	-	-	-	-	-	(2,895)	(19)	(2,914)
Balance at 31 January 2023	**94**	**20**	**16,460**	**540**	**279**	**(130)**	**(244)**	**(11)**	**17,008**	**25**	**17,033**
Balance at 1 February 2023	**94**	**20**	**16,460**	**540**	**279**	**(130)**	**(244)**	**(11)**	**17,008**	**25**	**17,033**
Profit for the year	-	-	5,381	-	-	-	-	-	5,381	14	5,395
Profit distribution	-	-	(53)	-	53	-	-	-	-	-	-
Dividends distribution	-	-	31	-	(31)	-	-	-	-	-	-
Transfers	-	-	(48)	-	-	-	48	-	-	-	-
Hyperinflation and other movements	-	-	(34)	-	(2)	-	5	-	(31)	-	(31)
Other comprehensive income for the year	-	-	-	-	-	-	(40)	10	(30)	-	(30)
· Translation differences related to foreign operations	-	-	-	-	-	-	(40)	-	(40)	-	(40)
· Cash flow hedges	-	-	-	-	-	-	-	10	10	-	10
Operations with equity holders or owners	-	-	(3,746)	22	-	38	-	-	(3,686)	(8)	(3,694)
· Share-based payments recognition	-	-	-	78	-	-	-	-	78	-	78
· Share-based payments exercise	-	-	(10)	(56)	-	38	-	-	(28)	-	(28)
· Dividends	-	-	(3,736)	-	-	-	-	-	(3,736)	(8)	(3,744)
Balance at 31 January 2024	**94**	**20**	**17,991**	**562**	**299**	**(92)**	**(231)**	**(1)**	**18,642**	**30**	**18,672**

NOTES TO THE CONSOLIDATED ANNUAL ACCOUNTS OF THE INDITEX GROUP 2023

At 31 January 2024

INDITEX

1. Activity and description of the Group

Industria de Diseño Textil, S.A. with registered office in Spain (Avenida de la Diputación s/n, Edificio Inditex, Arteixo, A Coruña), is the Parent of a fashion global group of companies present in 5 continents, the Inditex Group (hereinafter also 'the Group', 'the Inditex Group' or 'the Company'). Inditex is listed on all the four Spanish stock exchanges.

Our main activity consists of offering our customers an inspiring, high-quality and responsibly produced fashion proposal. This activity is carried out through various concepts: Zara, Pull&Bear, Massimo Dutti, Bershka, Stradivarius, Oysho and Zara Home. Each concept operates through an online and store model that is managed directly by companies over which Inditex exercises control through the ownership of all or the majority of the share capital and of the voting rights, except in certain markets where, for several reasons, the business is carried out through franchises.

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

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

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

Inditex has a unique business model that is clearly customer-oriented. This model helps face business environment challenges. The competitiveness in the sector, driven by new technologies and an increasingly awareness of environmental challenges, defines a context with a constantly evolving customer profile.

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

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

The operation of this business model would not be feasible without the integration and flexibility of every stage of our value chain: design, procurement and manufacturing, logistics and distribution, and lastly, sales in our physical stores and online platforms.

Our designers' creative talent and innate ability to interpret trends, together with the analysis of sales and the daily feedback from our stores and sales teams, consistently enable us to anticipate, and even pre-empt, what our customers want. In addition, their active promotion and search for more sustainable materials and production processes help to raise standards of quality and to reduce the social and environmental impact of our activity.

Manufacturing and procurement is based on environmentally and socially responsible management of the supply chain which ensures dignified working conditions for all the workers of suppliers and manufacturers. Our supply chain has a global presence, organised via 10 supplier clusters that concentrate 98% of total production (12 clusters and 98% of production in 2022), albeit with a very significant weighting of procurement in areas close to our headquarters in Spain. This, together with short production runs, gives us flexibility and control over the process, so we can adapt our commercial offering to changing trends as they arise.

The Group's various brands distribute their stock to stores and online warehouses around the world from centralised logistics hubs, efficiently integrating our store and online operations during the warehousing, shipping and distribution processes. By adopting and developing technologies such as Radio Frequency Identification (RFID) or the Integrated Stock Control System (SINT), we have merged the inventory management of all our brands. Thus, our staff can quickly locate any article, regardless of where it is located, and make it available to customers.

All our physical stores and online platforms are merged into a single sales environment. We take extreme care of all points of contact between our brands and customers: cutting-edge designs, sophisticated spaces and innovative technology to offer the best possible customer experience. We are always looking for ways to improve our stores—located in the world's most exclusive shopping hubs and equipped with cutting-edge technology—while launching innovative proposals with high-level fashion editorials for our e-commerce.

The people working in our Company is a key factor to make possible the sustained and sustainable development of this model, a diverse team with 174 nationalities (182 nationalities in 2022), marked by its creative talent, its passion for fashion, teamwork, an enterprising spirit, permanent innovation and responsible effort.

At 31 January 2024, the various Group concepts had stores in operation with the following geographical distribution:

Number of stores

	Company Managed	Franchises	Total
Spain	1,120	37	1,157
Rest of Europe	2,467	160	2,627
Americas	602	172	774
Rest of the world	400	734	1,134
Total	**4,589**	**1,103**	**5,692**

At 31 January 2023, the geographical distribution of stores was as follows:

Number of stores

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

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

2. Basis for preparation

The consolidated annual accounts of the Inditex Group, which Parent is Industria de Diseño Textil, S.A., for 2023 were prepared by the Board of Directors on 12 March 2024 and will be submitted for approval at the corresponding Annual General Meeting. It is considered that they will be approved without any changes. The consolidated annual accounts for 2022 were approved by the shareholders at the Annual General Meeting held on 11 July 2023.

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

The financial year of the Parent (Inditex) and that of most of its subsidiaries starts on 1 February of each year and ends on 31 January of the following year. The twelve-month period ended 31 January 2024 will hereinafter be referred to as '2023', the twelve-month period ended 31 January 2023 as '2022', and so on.

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

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

The separate annual accounts of Inditex for 2023 were prepared by the Board of Directors in a separate document to these consolidated annual accounts.

These consolidated annual accounts present fairly the equity and financial position of the Inditex Group at 31 January 2024, as well as the results of its operations, the changes in equity and the cash flows for the year then ended.

The consolidated annual accounts of the Inditex Group for 2023 were prepared on the basis of the accounting records of Inditex and of the other Group companies.

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

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

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

- Profit before taxes (PBT): calculated as EBIT less financial results and results from companies consolidated by equity method.

Other alternative measures of performance are as follows:

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

- Return on equity attributable to the Parent (ROE): defined as net profit attributable to the Parent divided by average equity attributable to the Parent for the year.

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

- Net financial position: defined as cash and cash equivalents and current financial investments less current and non-current financial debt, with explicit interest (without considering lease debt).

- Average net financial debt: defined as current and non-current financial debt with explicit interest (without considering lease debt), less cash and cash equivalents and current financial investments, considered zero if the result is negative.

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

- Quarterly results: calculated as the difference between the cumulative income statement at the end of each quarter less the cumulative income statement at the end of the immediately preceding quarter.

- Sales growth at constant exchange rates: year-on-year change in like-for-like sales growth, eliminating the exchange rate effect. This is defined as the calculation of sales in both periods, applying the exchange rate for the comparable period.

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

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

- The Group obtained positive results in 2023 overall and in all of its operating segments (Note 11).

- Performance forecasts for Spring/Summer 2024.

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

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

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

- The positive net financial position and the existence of sufficient undrawn financing facilities to fund the Group's activities (Note 21 Net financial position).

Conflict in Ukraine

As a result of the conflict in Ukraine, which began on 24 February 2022, the Group temporarily suspended operations in both Ukraine (from that very moment) and the Russian Federation (from 5 March 2022), as the normal operations throughout the region were prevented. Operations in the Russian Federation have been terminated (Note 33) and operations in Ukraine remain suspended to date, although the gradual reopening is planned from April 2024.

Macroeconomic environment

The uncertain and challenging macroeconomic and geopolitical environment were again hallmarks of this year. Many markets have continued to experience inflationary pressures, albeit more moderate than in previous years. As a result of tightening monetary policies, inflation has fallen, although still not reaching the central banks' objectives. Multiple markets have experienced pressure on operating costs, including labour costs as a result of employment misalignments.

Numerous economies have managed, so far, to adapt relatively seamlessly to the new interest rate context, although there have been episodes of instability, for example in the banking sector. Geopolitical instability worsened in the second half of the year. Global shipping chains were affected by disruption to the two main channels through which much of global trade moves. At the time of writing this report, most of the container vessels from Asia that ship our goods and that would normally pass through the Suez Canal are instead making their way around continental Africa. As a result, the average shipping times have increased by around a week, for now, however, there does not seem to be a risk of disruption to shipping chains or a shortage of either vessels and/or containers. There is a risk that shipping costs will increase as a result of higher fuel consumption and extraordinary extra costs. Our operations have not been significantly impacted to date.

In this very challenging context, once again the flexibility of our business model has come to the fore. Spending has been systematically and rigorously controlled.

Material estimates and measurement of uncertainty

In preparing the consolidated financial statements as at 31 January 2024 judgements and estimates were made in order to measure certain assets, liabilities, income, expenses and obligations reported herein. Below are the estimates and assumptions most exposed to uncertainty:

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

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

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

- The assessment of counterparty credit risk of financial institutions in which the Group holds cash and cash equivalents and current financial investments.

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

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

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

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

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

- The calculation of the provisions required for contingencies relating to litigation in progress and doubtful debts.

- The recovery of deferred tax assets on the basis of the existence of future taxable profits.

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

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

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

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

3. Selected accounting policies

3.1. Basis of consolidation

i) Subsidiaries

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

For business combinations any excess of the consideration transferred plus the value assigned to non-controlling interests over the net amounts of the assets acquired and the liabilities assumed is recognised as goodwill. Where appropriate, the deficiency, after assessing the amount of the consideration transferred, the value assigned to the non-controlling interests and the identification and valuation of the net assets acquired, is recognised in profit or loss.

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

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

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

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

ii) Jointly controlled entities

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

iii) Harmonisation of criteria

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

iv) Intra-Group eliminations

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

v) Translation of financial statements denominated in foreign currencies

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

- Assets and liabilities are translated to euros at the exchange rates prevailing at year-end.
- Items composing the equity of these companies are translated to euros at the historical exchange rates (or, for retained earnings, at the average exchange rates for the year in which they were generated).

- Income and expenses are translated to euros at the exchange rates prevailing at the dates on which they were recognised, while average exchange rates are used in those cases in which the application of this simplifying criterion does not generate significant differences.

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

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

vi) Financial statements in hyperinflationary economies

Since 1 August 2018 and 31 July 2022, Argentina and Türkiye respectively been considered hyperinflationary economies. Consequently, the Group's financial statements of Argentine subsidiaries, until its removal from the consolidation perimeter (Note 33) and Turkish subsidiaries (see Annex I) have been integrated into the consolidated financial statements by making the hyperinflation adjustments provided for in IAS 29 in order to reflect changes in the overall purchasing power of their currencies; that is, the financial statements that were at historical values have been restated to current values, by applying the corresponding general price index, and converted to the Group's presentation currency. Conversion was based on the closing exchange rate between the euro and the Turkish lira (32.9 Turkish lira per euro) and, in the case of the Argentine peso, the exchange rate on the date of the subsidiary’s removal from the consolidation perimeter (Note 33) which was 395.25 Argentine pesos per euro.

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

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

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

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

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

viii) Changes in the scope of consolidation

Annex I details all the companies in the consolidation perimeter. In 2023, the following changes occurred in the consolidation perimeter:

- Sale to the Daher Group of all the shares in the Russian company Joint Stock Company New Fashion, and to the Trade Alliance Holding Corp Group of all the shares in the companies Zara Argentina, S.A. and G. Zara Uruguay, S.A. (Note 33).

- The following companies were dissolved and, if applicable, liquidated: Bershka Cis Limited Liability Company, Massimo Dutti Korea, Ltd., Massimo Dutti Limited Liability Company, Massimo Dutti Uk, Ltd., Oysho Cis Limited Liability Company, Oysho Commercial (Shanghai) Co Ltd., Pull And Bear Cis Limited Liability Company, Pull & Bear Korea, Ltd., Stradivarius Korea, Ltd., Tempe México, S.A. de C.V., Uterqüe México, S.A. de C.V., Zara Home Cis Limited Liability Company, Zara Home Korea, Ltd., Zara Home Uk, Ltd.

3.2. Accounting policies

Standards effective for application in reporting periods beginning on or after 1 January 2023

The accounting policies used to prepare these consolidated annual accounts are the same as those applied to the consolidated annual accounts for the year ended 31 January 2023, since none of the standards, interpretations or amendments that are applicable for the first time this year have had an impact on the Group's accounting policies.

Standards and amendments issued and approved for application in the EU in reporting periods beginning on or after 1 January 2024

The Group is analysing the impact of the new standards and amendments to the existing ones entering into force in the European Union from 1 January 2024 onwards, although they are not expected to have a material effect on the consolidated annual accounts on the date on which their application becomes mandatory in the European Union.

Standards issued and pending approval for use in the European Union

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

a) Translation of foreign currency balances and transactions

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

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

b) Property, plant and equipment

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

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

The estimated average useful lives are as follows:

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

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

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

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

c) Other intangible assets

The main intangible assets of the Group are:

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

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

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

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

- Other intangible assets: contractual rights relating to the reopening and operation as a franchise of the assets transferred in the sale of the Russian business (Note 33). They are measured at the carrying amount of the asset delivered, and are amortised on a straight-line basis over a maximum period of 11 years.

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

d) Equity holdings or instruments

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

e) Investment property

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

f) Impairment of non-current assets

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

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

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

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

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

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

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

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

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

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

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

The discount rate used is based on the weighted average cost of capital (WACC), which reflects the financing cost of the company adjusted for its capital structure (it is considered the lease liability). For its calculation, among other variables, the country risk premium of each of the Group's regions is used, as well as a risk-free rate derived from the curves of the most liquid 10-year bonds on the market.

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

	2023 Average	2022 Average
Spain	9.68 %	8.41 %
Rest of Europe	12.48 %	8.95 %
Americas	10.90 %	12.29 %
Asia and rest of the world	9.52 %	7.47 %

The recoverable value of the assets calculated with pre-tax discount rates would not differ, since these are in the following averages:

	2023 Average	2022 Average
Spain	9.76 %	8.55 %
Rest of Europe	12.57 %	9.06 %
Americas	11.06 %	12.51 %
Asia and rest of the world	9.64 %	7.58 %

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

The results obtained from the 2023 impairment test performed on non-current assets (property, plant and equipment and intangible assets) are shown in the tables of changes included in these Notes 14, 15 and 16 to the consolidated annual accounts relating to property, plant and equipment, other intangible assets and leases.

The related charge for the period amounting to 80 million euros (64 million euros in 2022) (Notes 8, 14, 15 and 16) is due primarily to the impairment corresponding to the closures scheduled and the impairment calculated based on the methods described previously.

Impairment losses reversed in the period amounting to 32 million euros (11 million euros in 2022) (Notes 8, 14, 15 and 16) correspond to those CGUs for which impairment had been recognised in prior years and for which, due to their earnings performance, the calculation for the year shows that the estimated flows make it possible to recover the value of the assets associated with the CGUs and, consequently, the impairment losses recognised in prior years are fully or partially reversed.

In addition, considering the current macroeconomic context and the upward trend in interest rates, the Group has carried out a sensitivity analysis of the result of the impairment test given the following changes in assumptions:

- A 200 basis point increase in the discount rate.
- A 10% reduction on future flows.

The sensitivity analysis evidences the existence of an additional asset impairment amounting to 3 and 7 million euros for each of the assumptions, respectively.

Impairment of goodwill

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

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

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

Each year, or more often if there are indications of impairment, an impairment test is performed, using the methodology described in the preceding point, unless, if the CGU in question is an acquired company, the cash flow analysis is performed considering a period of five years, after which perpetual income is projected using a perpetuity growth rate of 2% with respect to the growth of the preceding period. The impairment tests for 2023 and 2022 did not give rise to the recognition of any impairment loss on goodwill.

In addition, the Group has performed a sensitivity analysis similar to the one described in the section on non-current fixed assets. This sensitivity analysis does not imply any additional impairment in 2023.

Reversals of impairment losses

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

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

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

g) Trade and other receivables

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

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

h) Inventories

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

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

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

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

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

Net realisable value is understood to be:

- Raw materials and other supplies: replacement cost. However, raw materials and other supplies are not written down below cost if the finished goods in which they will be incorporated are expected to be disposed of at or above production cost.
- Goods in progress: the estimated selling price for the corresponding finished goods, less estimated costs of completion.
- Finished goods for sale: estimated selling price in the normal course of business. In this regard, the Group's goods are sold in stores and online. Additionally, and to a very limited extent, goods not sold in stores or online are sold through third parties.

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

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

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

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

i) Cash and cash equivalents

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

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

j) Employee benefits

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

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

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

k) Provisions and contingent liabilities

Provisions are recognised in the balance sheet when:

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

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

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

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

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

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

l) Financial instruments

Financial assets

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

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

The amortised cost of a financial asset is the amount at which the financial asset is initially recognised, less the repaid principal amounts, plus interest recognised by the effective interest rate method, less any impairment loss. The interest income derived from the application of the effective interest rate method is recognised as a financial result in the consolidated income statement. However, given that most of the Group's financial assets valued at amortised cost correspond to accounts receivable from customers and temporary financial investments, with maturities in the short term, the impact on the consolidated income statement for the years 2023 and 2022 of the effective interest rate method is not relevant.

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

Impairment of financial assets

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

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

- The credit risk is low at the time of initial recognition of the financial asset.

- The credit risk has not increased significantly since recognition date.

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

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

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

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

Derecognition of financial assets

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

m) Derivatives and hedging operations

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

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

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

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

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

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

Level 1

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

Level 2

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

Level 3

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

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

Level 2 instruments

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

Level 3 instruments

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

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

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

Foreign currency forwards
Fair value measurement

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

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

Options purchased
Fair value measurement:

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

Options sold
Fair value measurement:

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

n) Revenue recognition

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

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

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

There are no significant contracts with financing components.

o) Leases

The Group actively manages a large number of lease contracts (more than 6,000 contracts).

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

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

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

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

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

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

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

The lease payments included in the liabilities comprise:

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

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

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

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

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

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

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

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

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

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

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

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

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

- The costs related to contract termination. There are generally no penalties for contract termination, other than the payment of fixed rents for non-cancellable periods, and there are no residual value guarantees.
- The importance of the leased asset for the Group's operations. The assets leased (individually) are not critical to the Group's operations, although there are certain key locations which contribute to the Group's image (flagship stores) or in which very significant investments have been made, where the degree of certainty regarding the execution of extension options or non-execution of cancellation options is higher.
- The conditions to be complied with in order to exercise or not exercise the options. Generally the required conditions are of an

administrative nature, such as the deadline by which the intention to exercise the option needs to be notified, etc.

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

As mentioned above, the Group has a wide variety of lease contracts and has performed a case-by-case analysis to determine the lease term of each contract. This analysis shows that the terms of leases vary widely, in a range of between 2 and 15 years. Stores earmarked for closure are not included in the above range and the term is adapted to the estimated date of closure.

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

	2023	2022
Spain	4.06 %	2.20 %
Rest of Europe	3.57 %	2.43 %
Americas	5.19 %	4.80 %
Asia and rest of the world	3.67 %	3.10 %

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

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

p) Finance income and costs

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

q) Income tax

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

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

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

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

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

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

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

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

r) Current and non-current assets and liabilities

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

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

s) Treasury shares

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

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

t) Grants

Grants when they are related to the expenses of the year are recognised as a lower expense for the year in the item that resulted in their recognition.

u) Non-current assets held for sale

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

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

4. Net sales

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

The detail of this line item in 2023 and 2022 is as follows:

	2023	**2022**
Net sales in company-managed stores and online	32,851	29,498
Net sales to franchises	2,619	2,674
Other sales and services rendered	477	397
Total	**35,947**	**32,569**

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

5. Cost of sales

The detail of this line item in 2023 and 2022 is as follows:

	2023	2022
Raw materials and consumables	14,962	14,159
Change in inventories	208	(171)
Changes in provisions	16	23
Total	**15,186**	**14,011**

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

6. Operating expenses

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

	2023	2022
Personnel costs	5,357	4,753
Operating leases (Note 16.3)	989	859
Other operating expenses	4,507	4,255
Total	**10,853**	**9,867**

The detail of 'Personnel costs' is as follows:

	2023	2022
Wages, salaries and similar	4,479	3,980
Social contributions	878	773
Total	**5,357**	**4,753**

The detail, by category, of the headcount of the Group and its jointly controlled entities at 31 January 2024 is as follows:

	Gender		
Categories	**W**	**M**	**Total**
Manufacturing and logistics	4,820	5,872	10,692
Central services	6,943	4,669	11,612
Stores	107,196	31,781	138,977
Total	**118,959**	**42,322**	**161,281**

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

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

The detail of 'Other operating expenses' is as follows:

	2023	2022
Indirect selling expenses	2,733	2,546
Administrative expenses	635	559
Maintenance, repairs and utilities	740	730
Others	399	420
Total	**4,507**	**4,255**

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

7. Other losses and income, net

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

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

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

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

8. Amortisation and depreciation

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

	2023	2022
Amortisation and depreciation charge (Note 14, 15 and 16)	2,897	2,776
Changes in provisions (Note 14, 15 and 16)	48	53
Profit/(loss) on assets	105	145
Others	(9)	(75)
Total	**3,041**	**2,899**

9. Financial results

The detail of 'Financial results' in the consolidated income statement for 2023 and 2022 is as follows:

	2023	2022
Finance income	380	85
Foreign exchange gains	17	47
Lease foreign exchange gains	9	-
Total income	**406**	**132**
Finance costs	(75)	(28)
Lease finance costs (Note 16)	(196)	(116)
Foreign exchange losses	(142)	(195)
Lease foreign exchange losses	(4)	(7)
Total expenses	**(417)**	**(346)**
Total	**(11)**	**(214)**

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

Net foreign exchange differences are due principally to fluctuations in the currencies with which the Group operates (Note 26) between the time when income, expenses and asset acquisitions or disposals are recognised and when the corresponding assets or liabilities are settled or measured in accordance with the applicable accounting principles, as well as the impacts of adjustment for hyperinflation in the amount of 77 million euros (90 million euros in 2022).

10. Earnings per share

Basic earnings per share were calculated by dividing net profit for the year attributable to the Parent by the weighted average number of outstanding shares during the year, excluding the average number of treasury shares held by the Parent (Note 24), which totalled 3,112,836,551 in 2023 and 3,112,455,405 in 2022.

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

As of 31 January 2024, taking into consideration treasury shares that are subject to the long-term incentive plans (Note 24), the calculation of diluted earnings per share would result in an amount of 1.726 euros per share (1.326 as of 31 January 2023).

11. Segment reporting

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

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

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

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

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

The Inditex Group segment information is as follows:

2023

	Zara / Zara Home	Bershka	Other	Inter-segment	Total
Sales to third parties	26,208	2,634	7,303	(198)	35,947
Profit before taxes	4,968	460	1,407	35	6,870
Amortisation and depreciation	2,162	246	633	-	3,041
Segment total assets	27,041	1,579	4,115		32,735
ROCE	36 %	42 %	52 %		39 %
Number of stores	2,221	856	2,615		5,692

2022

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

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

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

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

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

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

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

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

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

Geographical reporting

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

	Net sales		Non-current assets	
	2023	**2022**	**31/01/2024**	**31/01/2023**
Spain	5,666	5,021	5,606	5,058
Rest of Europe	18,381	16,306	6,500	5,690
Americas	7,104	6,556	2,258	2,073
Asia and rest of the world	4,796	4,686	912	1,042
Total	**35,947**	**32,569**	**15,276**	**13,863**

12. Trade and other receivables

The detail of this line item at 31 January 2024 and 2023 is as follows:

	31/01/2024	**31/01/2023**
Trade receivables (Note 26)	298	267
Receivables due to sales to franchises (Note 26)	324	323
Public authorities	284	147
Other current receivables (Note 26)	132	114
Total	**1,038**	**851**

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

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

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

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

13. Inventories

The detail of this line item at 31 January 2024 and 2023 is as follows:

	31/01/2024	31/01/2023
Raw materials and consumables	187	228
Goods in process	64	65
Finished goods for sale	2,715	2,898
Total	**2,966**	**3,191**

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

14. Property, plant and equipment

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

	Land and buildings	Fixtures, furniture and machinery	Other property, plant and equipment	Work in progress	Total
Cost					
Balance at 01/02/2022	2,303	11,456	909	185	14,854
Acquisitions	3	932	207	199	1,341
Hyperinflation adjustments	3	152	15	-	170
Disposals (Note 8)	(14)	(716)	(182)	(10)	(922)
Transfers	(3)	(123)	(12)	(106)	(244)
Foreign exchange translation differences	16	(25)	(4)	1	(12)
Balance at 31/01/2023	**2,308**	**11,676**	**933**	**270**	**15,187**
Balance at 01/02/2023	2,308	11,676	933	270	15,187
Acquisitions	5	1,278	285	408	1,976
Hyperinflation adjustments	-	14	4	-	18
Disposals (Note 8)	(17)	(811)	(230)	(5)	(1,063)
Transfers	44	120	10	(181)	(7)
Foreign exchange translation differences	-	(5)	(2)	1	(6)
Balance at 31/01/2024	**2,340**	**12,272**	**1,000**	**493**	**16,105**
Depreciation					
Balance at 01/02/2022	512	6,234	548	-	7,294
Depreciation charge for the year (Note 8)	39	727	204	-	970
Hyperinflation adjustments	1	106	12	-	119
Disposals (Note 8)	(7)	(585)	(169)	-	(761)
Transfers	(8)	(71)	(9)	-	(88)
Foreign exchange translation differences	1	(23)	(3)	-	(25)
Balance at 31/01/2023	**538**	**6,388**	**583**	**-**	**7,509**
Balance at 01/02/2023	538	6,388	583	-	7,509
Depreciation charge for the year (Note 8)	37	778	213	-	1,028
Hyperinflation adjustments	-	8	3	-	11
Disposals (Note 8)	(8)	(661)	(194)	-	(863)
Transfers	-	(1)	(1)	-	(2)
Foreign exchange translation differences	-	(8)	(2)	-	(10)
Balance at 31/01/2024	**567**	**6,504**	**602**	**-**	**7,673**

	Land and buildings	Fixtures, furniture and machinery	Other property, plant and equipment	Work in progress	Total
Impairment losses (Note 3.2.f)					
Balance at 01/02/2022	-	76	2	-	79
Charge for the year (Note 8)	-	41	5	-	46
Hyperinflation adjustments	-	1	-	-	1
Amounts charged to profit or loss (Note 8)	-	(8)	1	-	(7)
Disposals (Note 8)	-	(23)	(4)	-	(27)
Transfers	-	(4)	-	-	(4)
Foreign exchange translation differences	-	(1)	-	-	(1)
Balance at 31/01/2023	**-**	**83**	**4**	**-**	**87**
Balance at 01/02/2023	-	83	4	-	87
Charge for the year (Note 8)	2	58	3	-	63
Amounts charged to profit or loss (Note 8)	-	(18)	-	-	(18)
Disposals (Note 8)	-	(34)	(1)	-	(35)
Transfers	-	(1)	-	-	(1)
Foreign exchange translation differences	-	(1)	-	-	(1)
Balance at 31/01/2024	**2**	**87**	**6**	**-**	**95**
Carrying amount					
Balance at 31/01/2023	**1,770**	**5,205**	**346**	**270**	**7,591**
Balance at 31/01/2024	**1,771**	**5,681**	**392**	**493**	**8,337**

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

‘Additions’ mainly correspond to assets related to new stores or refurbishments of existing ones.‘Disposals’ comprise mainly assets related to the commercial premises at which the Group carries out its commercial activities. In 2022, ‘Transfers’ corresponded mainly to assets transferred to ‘Non-current assets held for sale’ of the consolidated balance sheet (Note 33).

The cost of fully depreciated items of property, plant and equipment amounts to 1,926 million euros at 31 January 2024 (1,885 million euros at 31 January 2023), and includes mainly machinery, fixtures and furniture.

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

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

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

15. Other intangible assets

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

The detail of the items comprised under this paragraph in the consolidated balance sheet and of the changes therein in 2023 and 2022 is as follows:

	Industrial property	Computer software	Other intangible assets	Total
Cost				
Balance at 01/02/2022	38	783	234	1,055
Acquisitions	2	295	248	545
Disposals (Note 8)	-	(1)	(218)	(219)
Balance at 31/01/2023	**40**	**1,077**	**264**	**1,381**
Balance at 01/02/2023	40	1,077	264	1,381
Acquisitions	3	358	467	828
Disposals (Note 8)	(15)	(75)	(237)	(327)
Transfers	1	-	-	1
Balance at 31/01/2024	**29**	**1,360**	**494**	**1,883**
Amortisation				
Balance at 01/02/2022	26	337	103	466
Amortisation charge for the year (Note 8)	2	86	236	324
Disposals (Note 8)	-	-	(220)	(220)
Transfers	-	-	1	1
Balance at 31/01/2023	**28**	**423**	**120**	**571**
Balance at 01/02/2023	28	423	120	571
Amortisation charge for the year (Note 8)	2	122	262	386
Disposals (Note 8)	(15)	(46)	(237)	(298)
Transfers	1	-	-	1
Balance at 31/01/2024	**16**	**499**	**145**	**660**
Carrying amount				
Balance at 31/01/2023	**12**	**654**	**144**	**810**
Balance at 31/01/2024	**13**	**861**	**349**	**1,223**

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

The Group capitalised 358 million euros in 2023 (295 million euros in 2022) corresponding to software development activities that meet the requirements for capitalisation under IAS 38. Likewise, 467 million euros were activated (248 million euros in 2022) corresponding to the development of industrial designs and intellectual property, as well as other intangibles related to the Group's activity,which meet the requirements established in IAS 38, which includes, in 2023, 213 million euros corresponding to the amount of contractual rights generated resulting from the sale of the shares of JSC New Fashion (Note 3.2.c and Note 33).

16. Leases

16.1. Right of use assets

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

The detail of the items comprised under this paragraph in the consolidated balance sheet and of the changes therein in 2023 and 2022 is as follows:

Cost	
Balance at 01/02/2022	9,414
Acquisitions	1,392
Disposals (Note 8)	(551)
Foreign exchange translation differences	(16)
Balance at 31/01/2023	**10,239**
Balance at 01/02/2023	10,239
Acquisitions	1,858
Hyperinflation adjustments	15
Disposals (Note 8)	(724)
Foreign exchange translation differences	(21)
Balance at 31/01/2024	**11,367**

The Group leases commercial premises in which it carries out its business activity. New items for the year relate to additions amounting to 403 million euros (342 million euros in 2022) and sums associated with revaluations and renegotiations of contracts modifying the term and/or future rents amounting to 1,455 million euros (1,050 million euros in 2022).'Disposals' comprises mainly store closures and terminations of or amendments to contracts.

Amortisation	
Balance at 01/02/2022	4,171
Amortisation charge for the year (Note 8)	1,482
Disposals (Note 8)	(333)
Foreign exchange translation differences	(23)
Balance at 31/01/2023	**5,297**
Balance at 01/02/2023	5,297
Amortisation charge for the year (Note 8)	1,483
Hyperinflation adjustments	7
Disposals (Note 8)	(530)
Foreign exchange translation differences	(12)
Balance at 31/01/2024	**6,245**

Impairment losses	
Balance at 01/02/2022	19
Charge for the year (Note 8)	18
Amounts charged to profit or loss (Note 8)	(4)
Foreign exchange translation differences	(1)
Balance at 31/01/2023	**32**
Balance at 01/02/2023	32
Charge for the year (Note 8)	17
Amounts charged to profit or loss (Note 8)	(14)
Disposals (Note 8)	(10)
Balance at 31/01/2024	**25**
Carrying amount	
Balance at 31/01/2023	**4,910**
Balance at 31/01/2024	**5,097**

16.2. Lease liabilities

The breakdown of lease liabilities is as follows:

	31/01/2024	31/01/2023
Non-current	4,123	3,924
Current	1,428	1,517
Total	**5,551**	**5,441**

The maturity breakdown of undiscounted lease liabilities is as follows:

	2023	2022
Less than 1 year	1,619	1,635
1 - 5 years old	3,782	3,887
> 5 years old	689	286

16.3. Other information

Amounts recognised in the consolidated income statement:

	2023	2022
Amortisation charge on right of use (Note 8)	1,483	1,482
Lease liabilities interest expenses (Note 9)	196	116
Variable rent payments (Note 6)	622	546
Others * (Note 6)	367	313

* Mainly includes Common expenses and other lease services.

Some of the Group's commercial premises leases contain conditions for the payment of variable rent that are linked to the sales generated in such stores, such that the payment for the lease is linked to the development of the store. Variable rent in these stores amounted to 562 million euros (388 million euros in 2022). The expense for leases to which the low value exemption has been applied is not significant.

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

17. Goodwill

The detail of this line item in the consolidated balance sheet and of the changes therein in 2023 and 2022 is as follows:

	2023	2022
Opening balance	193	202
Transfers (Note 33)	-	(10)
Foreign exchange translation differences	4	1
Closing balance	**197**	**193**
Investee	**2023**	**2022**
Stradivarius España, S.A.	53	53
Itx Portugal - Confecções, S.A.	51	51
Zara Polska, S.p. Zo.o.	33	33
Massimo Dutti Benelux, N.V.	20	20
Itx Retail Mexico, S.A. de C.V.	12	12
Other	28	24
Closing balance	**197**	**193**

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

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

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

18. Financial investments

The detail of this line item in the consolidated balance sheet and of the changes therein in 2023 and 2022 is as follows:

	Loans and other credit facilities	Investments accounted for using the equity method	Others	Total
Balance at 01/02/2022	9	295	2	307
Acquisitions	-	53	3	56
Disposals (Note 28)	-	(27)	-	(27)
Transfers	3	-	(1)	2
Foreign exchange translation differences	(1)	(3)	-	(4)
Balance at 31/01/2023	**12**	**317**	**5**	**334**
Balance at 01/02/2023	12	317	5	334
Acquisitions	16	72	17	105
Disposals (Note 28)	-	(49)	-	(49)
Transfers	9	-	-	9
Foreign exchange translation differences	-	(1)	-	(1)
Balance at 31/01/2024	**37**	**339**	**22**	**398**

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

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

19. Other non-current assets

The detail of this line item in the consolidated balance sheet and of the changes therein in 2023 and 2022 is as follows:

	Guarantees	Others	Total
Balance at 01/02/2022	290	50	340
Acquisitions	12	6	18
Disposals	(54)	-	(54)
Transfers	(6)	(17)	(23)
Foreign exchange translation differences	(3)	-	(3)
Balance at 31/01/2023	**239**	**39**	**278**
Balance at 01/02/2023	239	39	278
Acquisitions	9	8	17
Disposals	(11)	-	(11)
Transfers	(8)	(1)	(9)
Foreign exchange translation differences	(4)	(2)	(6)
Balance at 31/01/2024	**225**	**44**	**269**

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

20. Trade and other payables

The detail of this line item in the consolidated balance sheets at 31 January 2024 and 2023 is as follows:

	31/01/2024	31/01/2023
Trade payables	5,090	4,544
Personnel	723	683
Public authorities	605	553
Other current payables	654	517
Total	**7,072**	**6,297**

The following table shows the information on the average period of payment to suppliers required by Law 15/2010, of 5 July, in 2023 and 2022:

	2023	2022
	Days	
Average period of payment to suppliers	39.24	39.91
Ratio of transactions settled	39.69	40.22
Ratio of transactions not yet settled	34.95	36.42
	Amount	
Total payments made	5,136	4,672
Total payments outstanding	544	413

	2023	2022
No. of invoices paid within the legal term (in thousands)	326	318
% of total subject invoices (number)	98 %	98 %
Amount of invoices paid within the legal term	5,002	4,589
% of total subject invoices (amount)	97 %	98 %

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

21. Net financial position

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

	31/01/2024	31/01/2023
Cash in hand and at banks	2,386	2,530
Short-term deposits	4,208	2,830
Fixed-income securities	413	201
Total cash and cash equivalents	**7,007**	**5,561**
Current financial investments	4,415	4,522
Current financial debt	(16)	(13)
Non-current financial debt	-	-
Net financial position	**11,406**	**10,070**

Cash on hand and at banks includes cash on hand and in demand deposits at banks. Short-term deposit and Fixed-income securities include term deposits and units in money market investment funds that use unitholders' contributions to acquire fixed-income securities with maturities of less than 3 months that have a high credit rating, are highly liquid and convertible to known amounts of cash, and are subject to an insignificant risk of changes in value. All the balances under this line item are unrestricted as to their use and there are no guarantees or pledges attached to them.

'Current financial investments' on the asset side of the consolidated balance sheet relates mainly to investments in fixed-income securities, with maturities ranging from 3 to 12 months, all of which have high credit ratings and are highly liquid.

The detail of the Group's bank borrowings and obligations under other financial operations is as follows:

	Loans	Other financial operations	Total
Current	15	1	16
Non-current	-	-	-
Total 31/01/2024	**15**	**1**	**16**

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

The total limit of financing facilities available at 31 January 2024 for the Group amounts to 8,155 million euros (8,083 million euros at 31 January 2023). Committed financing facilities amount to 3,569 million euros at 31 January 2024 and 2023 , undrawn at year-end. As at 31 January 2024 the subsidiaries had very short-term financing of 15 million euros (12 million euros in 2022). The financing is remunerated at interest rates negotiated by the Group, which usually comprise a money market rate plus a spread according to the creditworthiness of the company holding the debt.

Financial debt is denominated in the following currencies:

	31/01/2024	31/01/2023
Euro	1	2
Hryvnia	15	11
Total	**16**	**13**

The maturity schedule of the Group's bank borrowings at 31 January 2024 and 2023 was as follows:

	31/01/2024	31/01/2023
Less than one year	16	13
One to five years	-	-
Total	**16**	**13**

In addition, through its main banks, the Group made 2,320 million euros (2,420 million euros at 31 January 2023) in supply chain financing programmes available to its suppliers in order to give them access to liquidity. This allows suppliers to choose, on a voluntary basis, to bring forward the collection of their invoices. The initially agreed payment terms remain unchanged, and the debt is therefore recognised under trade payables and shown as operating cash flow. At 31 January 2024 usage of these programmes amounted to 1,063 million euros (1,025 million euros at 31 January 2023).

22. Provisions

The detail of this line item in the consolidated balance sheet and of the changes therein in 2023 and 2022 is as follows:

	Pensions and similar obligations with personnel	Liability	Other provisions	Total
Balance at 01/02/2022	74	137	76	287
Provisions recorded during the year	45	13	-	58
Disposals	(1)	(23)	-	(24)
Transfers	(28)	(3)	(1)	(32)
Foreign exchange translation differences	(1)	(2)	(3)	(6)
Balance at 31/01/2023	**89**	**122**	**72**	**283**
Balance at 01/02/2023	89	122	72	283
Provisions recorded during the year	68	70	-	138
Disposals	-	(10)	-	(10)
Transfers	(41)	(5)	5	(41)
Foreign exchange translation differences	(3)	-	(5)	(8)
Balance at 31/01/2024	**113**	**177**	**72**	**362**

Provision for pensions and similar obligations to personnel

Certain Group companies have undertaken to settle specific obligations to personnel. The Group has recorded a provision to cover the liability corresponding to the estimated vested portion of these obligations at 31 January 2024.

Provision for liabilities

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

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

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

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

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

23. Other non-current liabilities

The detail of this line item in the consolidated balance sheet and of the changes therein in 2023 and 2022 is as follows:

	Lease incentives	Others	Total
Balance at 01/02/2022	154	94	248
Acquisitions	59	-	59
Changes through profit or loss	(1)	7	6
Hyperinflation adjustments	15	-	15
Transfers	(83)	(21)	(104)
Foreign exchange translation differences	(2)	-	(2)
Balance at 31/01/2023	**142**	**80**	**222**
Balance at 01/02/2023	142	80	222
Acquisitions	119	-	119
Changes through profit or loss	-	18	18
Hyperinflation adjustments	3	-	3
Transfers	(85)	(22)	(107)
Foreign exchange translation differences	(7)	-	(7)
Balance at 31/01/2024	**172**	**76**	**248**

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

24. Equity

Share capital

At 31 January 2024 and 31 January 2023, the Company's share capital amounted to 94 million euros, and was divided into 3,116,652,000 fully subscribed and paid shares of 0.03 euros par value each. All the shares are of a single class and series, carry the same voting and dividend rights.

The Parent's share premium at 31 January 2024 and 31 January 2023 amounted to 20 million euros, while retained earnings amounted to 18,750 million euros and 20,028 million euros, respectively. The Parent's legal reserve, amounting to 19 million euros, was recognised in compliance with Article 274 of the Spanish Companies Act, which establishes that 10% of profit for each year must be transferred to the legal reserve until the balance of this reserve reaches at least 20% of the share capital. The legal reserve is not distributable to shareholders and if it is used to offset losses, in the event that sufficient other reserves are not available for this purpose, the reserve must be replenished with future profits. At 31 January 2024 and 31 January 2023, the Parent had appropriated to this reserve the minimum amount required by the Spanish Companies Act.

The total consolidated reserves at 31 January 2024 include restricted reserves amounting to 1,079 million euros (1,144 million euros at 31 January 2023) whose distribution is limited due to domestic legal requirements (basically bylaw reserves).

Inditex shares are listed on the four Spanish stock exchanges. The shares are represented by book entries. Moreover, pursuant to Article 497 of the Spanish Companies Act, Inditex has contracted Sociedad de Gestión de Sistemas de Registro, Compensación y Liquidación de Valores, S.A. (Iberclear) to provide the daily share ownership notification service. As per the Parent's Shareholder Registry Book, the members of the Board of Directors directly or indirectly owned, at 31 January 2024 and 31 January 2023, 59.299% and 59.298%, respectively, of the Parent's share capital (Note 30). At 31 January 2024 and 31 January 2023, Pontegadea Inversiones, S.L. held 50.010% of the shares of Inditex.

Dividends

The dividends paid by the Parent in 2023 and 2022 amounted to 3,736 million euros and 2,895 million euros, respectively. These amounts correspond to payments of 1.20 euros per share and 0.93 euros per share, respectively.

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

Treasury shares

The Annual General Meeting held on 13 July 2021 approved the 2021-2025 Long-Term Incentive Plan (Note 26 to the consolidated annual accounts for 2021), and the Annual General Meeting held on 11 July 2023 approved a new Long-Term Incentive Plan for the 2023-2027 period.

Said Annual General Meeting of 11 July 2023, authorised the Board of Directors to derivatively acquire treasury shares, aimed at covering these plans. This authorisation annulled the previous authorisation approved by the General Shareholders' Meeting held on 16 July 2019.

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

During the first half of 2023,the second cycle (2020-2023) of the 2019-2023 Long-Term Incentive Plan (which expired on 31 January 2023) was settled and shares were awarded to its beneficiaries, charged to treasury shares. The total of treasury shares delivered was 1,350,095 shares, representing 0.043% of the share capital.

Aside from these share deliveries, there were no other operations involving treasury shares in 2023.

Consequently, at 31 January 2024, the Parent owned a total of 3,582,419 treasury shares, representing 0.115% of the share capital.

Translation differences

Details and variations in translation differences are as follows:

Currency	Balance at 31/01/2024	Reclassification	Variation	Balance at 01/02/2023
Brazilian real	101	9	(3)	95
Turkish lira	71	(10)	22	59
Mexican peso	55	26	(21)	50
Japanese yen	22	-	15	7
Australian dollar	9	(3)	5	7
Ukrainian hryvnia	8	-	2	6
US Dollar	(46)	(24)	12	(34)
Other	11	(46)	3	54
Total	**231**	**(48)**	**35**	**244**

25. Income tax

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

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

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

The balance of the ‘Current Liability for Income Tax’ heading in the consolidated balance sheet corresponds to the provision for Income Tax relating to the profits for the year 2023, net of withholdings and prepayments made in the period. The heading ‘Trade and other payables’ includes the liability corresponding to other applicable taxes.

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

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

The income tax expense comprises the following:

	2023	2022
Current taxes	1,443	1,225
Deferred taxes	32	(14)

The reconciliation of the income tax expense that would result from applying the standard tax rate in force in Spain to the profit before tax and the income tax expense recognised in the consolidated income statement for 2023 and 2022 is as follows:

	2023	2022
Consolidated accounting profit for the year before taxes	6,870	5,358
Tax expense at tax rate in force in the country of the Parent	1,717	1,339
Net permanent differences	(112)	(83)
Effect of application of different tax rates	(111)	(88)
Adjustments to prior years' taxes	(25)	(17)
Tax withholdings and other adjustments	100	88
Adjustments to deferred tax assets and liabilities	(4)	5
Tax withholdings and tax benefits	(90)	(33)
Income tax expense	**1,475**	**1,211**

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

The companies that make up the consolidated Group have benefited from the tax benefits provided for in the tax regulations in force in each country amounting to 90 million euros at 31 January 2024 (33 million euros at 31 January 2023). These deductions and bonuses derive, fundamentally, from investments and, to a lesser extent bonuses.

Temporary differences correspond mainly to differences between the carrying amount of an asset or liability in the balance sheet and its tax base, the main difference relating to right-of-use as a result of application of IFRS 16. The consolidated balance sheet closed as of 31 January 2024 includes the assets and liabilities for deferred taxes existing at that date.

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

Deferred tax assets arising from:	2023	2022
Provisions	167	155
Non-current assets	183	174
IFRS 16	201	207
Valuation adjustments	54	64
Tax losses	33	36
Intra-Group transactions	224	210
Other	312	357
Total	**1,174**	**1,203**

Deferred tax liabilities arising from:	2023	2022
Intra-Group transactions	140	163
IFRS16	65	73
Non-current assets	96	72
Valuation adjustments	11	6
Other	82	71
Total	**394**	**385**

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

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

The changes in deferred tax assets and liabilities in 2023 and 2022 were as follows:

Deferred tax assets arising from:	2023	2022
Opening balance	1,203	1,179
Charge/Credit to income statement	21	45
Charge/Credit to equity	(8)	1
Transfers	(42)	(22)
Closing balance	**1,174**	**1,203**

Deferred tax liabilities arising from:	2023	2022
Opening balance	385	359
Charge/Credit to income statement	53	31
Charge/Credit to equity	(7)	5
Transfers	(37)	(10)
Closing balance	**394**	**385**

As at 31 January 2024, the Group had tax losses that can be offset with future profits amounting to 232 million euros (296 million euros as at 31 January 2023) of which 173 million euros are capitalised and shown in the breakdown of deferred tax assets indicated above, with a balance of 33 million euros as at 31 January 2024 (36 million euros as at 31 January 2023). Tax losses that can be offset are mostly not subject to an effective compensation period.

The Group, based on the methodology established to verify the existence of signs of impairment in its non-current assets (Note 3.2.f), constructs the hypotheses to analyse the existence of sufficient fiscal gains in the future that allow to offset such tax losses before they prescribe. Additionally, the reversal in the same entity of deferred tax liabilities related to the same tax authority that may give rise to taxable amounts in sufficient quantity to apply the unused tax losses against them is taken into account.

In addition, some companies that make up the consolidated group have reserves that could be subject to taxation should they be distributed. These consolidated financial statements include the tax effect associated with such distribution insofar as it is likely to occur in the foreseeable future. Temporary differences, associated with investments in subsidiaries, associates and permanent establishments, which have not been registered for the exception provided for in IAS 12, amount to 357 million euros (358 million euros in 2022).

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

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

In December 2022, the Council of the European Union approved Directive 2022/2523 on ensuring a global minimum level of taxation for multinational enterprise groups and large-scale domestic groups in the Union. This Directive implements in the European Union the rules of Pillar Two of the OECD Inclusive Framework on base erosion and profit shifting. These rules apply to multinational groups with a turnover of over 750 million euros and require a minimum taxation of 15% in each of the jurisdictions in which these groups operate. Regarding Spain, on 19 December 2023, the Council of Ministers approved the Draft Bill on transposing Directive 2022/2523, with its entry into force scheduled for 1 January 2024.

The Inditex Group has assessed the possible impact of Pillar Two, taking into account the aforementioned Draft Bill, the Community Directive and the administrative application guides published by the OECD. From the analysis carried out, it has been concluded that the effective tax rates in the vast majority of jurisdictions in which the group operates exceed 15%. Therefore, no material impact on the Group's financial statements is expected from the application of the new standard. Finally, it should be pointed out that the Inditex Group has made use of the exception to the recognition of deferred tax assets and liabilities arising from the application of the Pillar Two rule, in accordance with the amendment to IAS 12 made in May 2023.

26. Financial instruments and risk management policy

Financial risk management policy

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

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

Foreign currency risk

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

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

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

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

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

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

The Group applies the hedge accounting rules established in the applicable reporting standards. As a result, certain financial instruments were formally designated as hedging instruments and the Group verified that the hedges are highly effective. The maturity dates of the hedging instruments were negotiated so that they coincide with those of the hedged items. In 2023, using hedge accounting, no significant amounts were recognised in the consolidated income statement either as a result of transactions that ultimately did not occur or as a result of the ineffectiveness of the hedges. Approximately 69% of the cash flows associated with hedges in US dollars are expected to occur in the six months subsequent to year-end, while the remaining 31% are expected to fall due between six months and one year. Also, the impact on the consolidated income statement will foreseeably occur in those periods. The derivatives hedging the cash flows from intra-Group transactions to supply finished goods for sale to end customers have short-term time horizons aligned with the expected cash flows.

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

Raw material risk

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

Economic risk measurement methodology

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

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

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

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

It is estimated that the resulting negative impact on the 12-month expected cash flows, attributable to an adverse change in the exchange rate and raw material prices resulting from the CFaR calculation, could be 514 million euros at 31 January 2024 (599 million euros at 31 January 2023).

Credit risk

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

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

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

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

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

Credit risk experienced episodes of volatility during the year on the back of geoeconomic instability and the implications of the monetary policy normalisation process. These episodes were actively managed as part of the Group's normal financial risk management framework.

It is estimated that the residual risk resulting from the Group's twelve-month cash investments could be up to 13 million euros at 31 January 2024 (42 million euros at 31 January 2023).

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

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

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

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

Liquidity risk

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

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

Interest rate risk

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

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

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

Country risk

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

The Group terminated its operations in the Russian Federation after the sale of the business in the country to the Daher Group, and operations in Ukraine remain suspended to date, although the gradual reopening is planned from April 2024. The Group has franchised its operations in Argentina and Uruguay by means of an agreement with Trade Alliance Holding Corp Group. These two markets are now operated as franchises, following the management model chosen in most of Latin America (Note 33).

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

At 31 January 2024, there was no significant risk in relation to the repatriation of funds or any material cash surpluses not available for use by the Group or its subsidiaries. Similarly, there are no significant restrictions on the Group's ability to access the assets and settle the liabilities of its subsidiaries.

At 31 January 2024, the Group was not operating in markets in which there was more than one exchange rate.

Capital management

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

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

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

Financial instruments

At 31 January 2024 and 2023, the Group had arranged hedging derivatives consisting basically of forwards on its future purchases in US dollars, forwards to hedge intra-Group financing, and options. The fair value of these derivatives is recognised under ‘Other financial assets’ and ‘Other financial liabilities’ depending on the related balance.

On 16 January and 24 August 2023, the Group entered into two VPPA (Virtual Power Purchase Agreement) for the supply of 100%-renewable electricity over a period of 10 and 12 years, respectively, with a total nominal capacity of 398 GWh/year, based on an installed capacity of 136 MW. The related projects are in the development phase, in some cases pending final approval, and will come on stream in 2025. This contract has been booked as a Level 3 financial instrument for which changes in the fair value of the option sold are recognised in the income statement.

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

Other financial assets	**2023**	**2022**
Fair value of the hedging instruments	7	8
Total	**7**	**8**

Other financial liabilities	**2023**	**2022**
Fair value of the hedging instruments	7	29
Reciprocal call and put options (Note 7)	19	17
Total	**26**	**46**

The detail of the fair value (measured as indicated in Note 3.2.m) of the financial instruments for 2023 and 2022 is as follows:

Other financial assets measured at fair value and classification on a fair value hierarchy

	2023		
	OTC derivatives:		
	Foreign currency forwards	**Energy options**	**Total OTC derivatives**
Level	**2**	**3**	
Fair value at 31 January 2024	4	3	7
Transfer to income	(4)	3	(1)
Transfer to income from equity	-	-	-
Income recognised directly in equity	-	-	-
Fair value at 31 January 2023	8	-	8

	2022		
	OTC derivatives:		
	Foreign currency forwards	**Energy options**	**Total OTC derivatives**
Level	**2**	**3**	
Fair value at 31 January 2023	8	-	8
Transfer to income	(8)	-	(8)
Transfer to income from equity	(6)	-	(6)
Income recognised directly in equity	-	-	-
Fair value at 31 January 2022	22	-	22

Other financial liabilities measured at fair value and classification on a fair value hierarchy

	2023		
	OTC derivatives:		
	Foreign currency forwards	**Energy options**	**Total OTC derivatives**
Level	**2**	**3**	
Fair value at 31 January 2024	7	-	7
Transfer to income	(10)	-	(10)
Transfer to income from equity	(13)	-	(13)
Income recognised directly in equity	1	-	1
Fair value at 31 January 2023	29	-	29

	2022		
	OTC derivatives:		
	Foreign currency forwards	**Energy options**	**Total OTC derivatives**
Level	**2**	**3**	
Fair value at 31 January 2023	29	-	29
Transfer to income	8	-	8
Transfer to income from equity	-	-	-
Income recognised directly in equity	14	-	14
Fair value at 31 January 2022	7	-	7

There were no transfers among the various levels of the fair value hierarchy (Note 3.2.m).

Financial instruments: other information

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

	2023	2022
Cash and cash equivalents (Note 21)	7,007	5,561
Current financial investments (Note 21)	4,415	4,522
Trade receivables (Note 12)	298	267
Receivable due to sales to franchises (Note 12)	324	323
Other current receivables (Note 12)	132	114
Guarantees (Note 19)	225	239
Total	**12,401**	**11,026**

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

In 2023 and 2022 no significant impairment losses were recognised on financial assets.

27. Employee benefits

Obligations for benefit plans or defined contributions

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

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

Long-term incentive plans

2021-2025 Long-term incentive plan

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

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

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

The Plan is linked to critical business, sustainability and shareholder value creation targets. The share of sustainability- and environment-linked goals has increased to 25% of the overall Plan, with respect to previous plans.

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

2023-2027 Long-term incentive plan

The Annual General Meeting held on 11 July 2023 approved a new 2023-2027 Long-Term Incentive Plan for members of the management team and other employees of Inditex and its Group of Companies (hereinafter referred to as the '2023-2027 Plan'). Under this Plan, each of the beneficiaries will be entitled, provided the terms and conditions established therein are fulfilled, to receive up to a maximum amount of the incentive allocated.

The 2023-2027 Plan is consistent with the previous one and combines a multi-year cash bonus and a promise to deliver shares which, after a specified period of time and verified compliance with the specific objectives, will be paid to the Plan beneficiaries, either in full or at the percentage applicable in each case.

The Plan has a total duration of four years and is structured into two mutually independent time cycles. The first cycle (2023-2026) of the Plan runs from 1 February 2023 to 31 January 2026. The second cycle (2024-2027) spans the period from 1 February 2024 to 31 January 2027.

The Plan is linked to critical business, sustainability and shareholder value creation targets. The share of sustainability- and environment-linked goals represents 25% of the overall Plan.

The 2023-2027 Plan does not expose the Group to any material risks.

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

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

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

28. Jointly controlled entities

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

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

	2023	**2022**
Property, plant and equipment	252	254
Others	39	36
Non-current assets	**291**	**290**
Inventories	274	330
Trade and other receivables	479	436
Cash and cash equivalents	14	24
Current assets	**767**	**790**
Non-current liabilities	**(26)**	**(27)**
Trade and other payables	(337)	(393)
Others	(2)	(9)
Current liabilities	**(339)**	**(402)**
Net assets	**693**	**651**

	2023	2022
Net sales	1,508	1,408
Gross profit	**418**	**396**
Operating expenses	(232)	(246)
Amortisation and depreciation	(27)	(25)
Net operating profit (EBIT)	**159**	**125**
Net profit	**142**	**105**

In 2023 the Group received dividends totalling 49 million euros (27 million euros in 2022) from Tempe (Note 18).

29. Proposed distribution of the profit of the Parent

The proposed appropriation of the Parent's profit in 2023 in the amount of 2,446 million euros made by the Board of Directors consists of distributing dividends in a maximum amount of 2,400 million euros as interim dividend and allocate at least 46 million euros to voluntary reserves[1].

The Board of Directors will propose to shareholders at the Annual General Meeting to pay shares with a right to dividend, a dividend of 1.54 (gross) euros per share, being comprised of a 1.04 euros per share ordinary dividend and a 0.50 euros per share bonus dividend.

Out of the total amount of 1.54 euros per share, 0.77 euros per share will be paid on 2 May 2024 as ordinary dividend against 2023 results, and 0.77 euros per share will be distributed against the Parent's unrestricted reserves, payable on 4 November 2024 as ordinary and bonus dividend.

The proposal covers a dividend distribution in the maximum amount of 4,800 million euros, corresponding to 1.54 (gross) euros per share for the entire stake of the Parent (3,116,652,000 shares). The final amount to be distributed will be contingent on the number of outstanding shares with a right to dividend at the payment date. Since the Parent net income in 2023 has reached 2,446 million euros, the difference between the interim dividend and the full dividend will be charged against the Parent's unrestricted reserves.

[1] This is the minimum amount applicable to voluntary reserves, contingent on the final amount to be paid as dividend pursuant to the terms of this proposal

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

Remuneration of the Board of Directors

The remuneration earned by the Directors of the Parent and by Senior Management of the Group in 2023 is shown in the section on related party transactions.

Other information concerning the Board of Directors

At 31 January 2024, as per the Parent's Shareholders Register, the members of the Board of Directors directly or indirectly held the following ownership interests in the share capital of Inditex:

Name or company name of director	**% Voting rights attached to shares**		**% Voting rights through financial instruments**		**% Total voting rights**	**From the total number of voting rights attached to shares, indicate, where appropriate, the additional votes attached to shares with a loyalty vote**	
	Direct	**Indirect**	**Direct**	**Indirect**		**Direct**	**Indirect**
Ms Marta Ortega Pérez	0.0014%	-	-	-	0.0014%	-	-
Mr Amancio Ortega Gaona [1]	-	59.2940 %	-	-	59.2940%	-	-
Mr Óscar García Maceiras	0.0013%	-	-	-	0.0013%	-	-
Mr José Arnau Sierra	0.0010%	-	-	-	0.0010%	-	-
Pontegadea Inversiones, S.L. [2]	50.0100%	-	-	-	50.0100%	-	-
Bns Denise Patricia Kingsmill	-	-	-	-	-	-	-
Ms Anne Lange	-	-	-	-	-	-	-
Ms Pilar López Álvarez	0.0002%	-	-	-	0.0002%	-	-
Mr José Luis Durán Schulz	0.0001%	-	-	-	0.0001%	-	-
Mr Rodrigo Echenique Gordillo	0.0006%	-	-	-	0.0006%	-	-
Total					**59.299%**		

[1] Through Pontegadea Inversiones, S.L. and Partler Participaciones, S.L.U. (Partler 2006, S.L. holds a 100% stake in the latter's share capital and the former is controlled by Mr Ortega Gaona)

[2] Represented by Ms Flora Pérez Marcote

Pursuant to the provisions of section 229 of the Spanish Companies Act, as amended by Act 31/2014, of 3 December, no director of Inditex has communicated during 2023 any situation that, directly and/or indirectly, through persons related to them, could place them in a potential conflict of interest with the Parent.

Notwithstanding the foregoing, Mr Rodrigo Echenique Gordillo and Ms Pilar López Álvarez hold positions on the boards of directors of Grupo Santander and Microsoft, respectively, and perform their duties as directors of the Parent as independent parties, without prejudice to the commercial relationships that Inditex has maintained with these companies for years. In relation to these situations, the Board of Directors of Inditex has considered that neither of the business relationships maintained with the aforementioned companies affect the independence of its directors, since neither of them intervenes in the negotiation and execution of the corresponding contracts, as currently neither of them significantly influences the branch of activity of Microsoft or Banco Santander, as applicable, with which the Parent Company maintains commercial relationships.

In any case, the Board of Directors ensures, through the Audit and Compliance Committee that the transactions with directors, significant shareholders and/or senior managers, or with their respective related persons, are carried out under market conditions and respecting the principle of equal treatment of shareholders.

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

Related party transactions

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

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

Inditex Group companies

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

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

Transactions:

Company	2023	2022
Jointly controlled entities	(1,163)	(1,025)

Corresponding mainly to finished goods procurements.

Balances:

	31/01/2024	31/01/2023
Trade and other receivables	33	37
Non-current financial investments	339	317
Trade and other payables	448	389
Current financial debt	-	2

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

Significant shareholders

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

Company name of significant shareholder	Nature of relationship	Type of operation	2023	2022
Pontegadea Inversiones, S.L., Partler Participaciones, S.L.U., Partler 2006, S.L. or related entities or persons	Contractual	Lease of assets	(39)	(40)
	Contractual	Services (construction work)	40	21
	Contractual	Other income	-	2
	Contractual	Purchase of assets	(46)	-
Rosp Corunna Participaciones Empresariales, S.L. or related entities or persons	Contractual	Lease of assets	(1)	(1)

A significant part of the related-party transactions that are recognised every year in this section corresponds to the payment of rents associated with the commercial premises that several Group companies have leased to conduct their activity and whose ownership corresponds to companies related to the controlling shareholder or to significant shareholders.

Members of the Board of Directors and Senior Management

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

The following tables show the remuneration and termination benefits of the members of the Board of Directors in 2023:

Name or company name of the Director	Type	Remuneration of Board members	Remuneration of the Deputy Chair of the Board of Directors	Remuneration for serving on Committees and other Board of Directors	Remuneration for chairing Committees	Fixed remuneration	Variable remuneration 2023	Mult-year variable remuneration (cash and shares) 2023	Compensation	Total 2023
Ms Marta Ortega Pérez	Propietary	100	900	-	-	-	-	-	-	1,000
Mr Óscar García Maceiras	Executive	100	-	-	-	2,500	3,750	3,971	-	10,321
Mr Amancio Ortega Gaona	Propietary	100	-	-	-	-	-	-	-	100
Mr José Arnau Sierra	Propietary	100	80	200	-	-	-	-	-	380
PONTEGADEA INVERSIONES S.L. (1)	Propietary	100	-	-	-	-	-	-	-	100
Bns Denise Patricia Kingsmill	Independent	100	-	150	50	-	-	-	-	300
Ms Anne Lange	Independent	100	-	150	-	-	-	-	-	250
Ms Pilar López Álvarez	Independent	100	-	150	50	-	-	-	-	300
Mr Jose Luis Durán Schulz	Independent	100	-	150	50	-	-	-	-	300
Mr Rodrigo Echenique Gordillo	Independent	100	-	150	50	-	-	-	-	300
Mr Emilio Saracho Rodríguez de Torres (2)	Affiliate	45	-	66	-	-	-	-	-	111
TOTAL		**1,045**	**980**	**1,016**	**200**	**2,500**	**3,750**	**3,971**	**-**	**13,462**

Notes:

(1) Represented by Ms Flora Pérez Marcote.
(2) The effective date of his resignation was 11 July 2023.

The total remuneration and termination benefits earned by Senior Management of the Inditex Group in 2023 were as follows:

2023

	SENIOR MANAGEMENT
Remuneration	113,583
Termination benefits	2,888
Total	**116,471**

The aforementioned remuneration for 2023 includes fixed remuneration and both the short-term and long-term variable remuneration accrued by Senior Managers of the Group in office at 31 January 2024, as well as by those who have performed duties as senior managers at any time during the reporting period, including the corresponding compensation.

The directors' remuneration for the 2023 financial year includes the fixed terms of the remuneration paid to directors in their status as such and the fixed remuneration and the short-term and long-term variable remuneration earned by the CEO, Mr Óscar García Maceiras from 1 February 2023 through 31 January 2024, for the performance of his executive functions.

With regard to the long-term variable remuneration, included therein is the amount accrued for the first cycle (2021-2024) of the 2021-2025 LTIP. The incentive accrued in 2023 in this regard has amounted to 3,971 thousand euros for the CEO and 52,076 thousand euros for Senior Managers, which has materialized as follows:

- CEO: (i) an incentive in cash in the aggregate amount of 1,183 thousand euros and (ii) an incentive in shares equivalent to a total number of 68,562 shares corresponding to the amount of 2,788 thousand euros.
- Senior Managers: (i) an incentive in cash in the aggregate amount of 17,866 thousand euros and (ii) an incentive in shares equivalent to a total number of 841,162 shares corresponding to the amount of 34,210 thousand euros.

The incentive in cash and in shares will be delivered within the month following the publication of the consolidated annual accounts for 2023.

The increase in the total remuneration of the CEO and Senior Managers compared to the previous year is primarily due to the strong increase in the long-term variable remuneration as a result of the excellent operating performance of the Company in the performance period of the objectives and accrual of the first cycle (2021-2024) of the 2021-2025 Long-Term Incentive Plan that is being settled and the subsequent appreciation of Inditex's stock price by approximately 50%, from €25.88 price/share at the beginning of the cycle (1 February 2021) to €38.76 at the end of the cycle (31 January 2024).

In this same sense, in accordance with the criteria adopted by the Company, the share price taken into account for the quantification of the part of the incentive that is delivered in shares corresponds to the share price at the close of trading on the last trading day of the week before the meeting of the Board of Directors at which the level of achievement of the cycle in question is assessed and approved. Thus, the listed value of the Inditex shares on 10 March 2023 that was taken into account for the settlement of the second cycle (2020-2023) of the 2019-2023 Long-Term Incentive Plan (and which was reported in the Annual Report on Remuneration of Directors for financial year 2022), was €29.27, compared to the €40.67 reached on 8 March 2024, taken as a reference for the settlement of the first cycle (2021-2024) of the 2021-2025 Long-Term Incentive Plan.

An itemized breakdown of the remuneration of the members of the Board of Directors in 2022 is as follows:

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

Notes:

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

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

2022

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

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

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

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

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

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

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

- Of the incentive for the second cycle (2020-2023) of the 2019-2023 Plan: the incentive - determined by the board of directors to be for a level of achievement on target -, prorated for the time between the cycle commencement and the date of his departure, amounted to 980 thousand euros and 46,859 shares.
- Of the incentive for the first cycle (2021-2024) of the 2021-2025 Plan: the incentive - determined by the board of directors to be for a level of achievement on target -, prorated for the time between the cycle commencement and the date of his departure, amounted to 421 thousand euros and 24,418 shares.
- Of the annual variable remuneration for 2022: the incentive prorated for the time between the beginning of the year and the date of his departure - estimated by the Board of Directors at maximum level of achievement -, amounted to 788 thousand euros.
- Of the portion of the fixed remuneration for FY2022 (February and March 2022) he had earned as extra wage payments (July and December) the amount of 132 thousand euros.

(ii) As severance pay:

- Severance pay for termination amounted to 3,250 thousand euros, and
- The consideration for his post-contractual non-compete obligation amounted to 19,740 thousand euros.

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

- CEO: (i) an incentive in cash in the aggregate amount of 1,035 thousand euros and (ii) an incentive in shares equivalent to a total number of 49,477 shares corresponding to the amount of 1,448 thousand euros.
- Senior Managers: (i) an incentive in cash in the aggregate amount of 17,089 thousand euros and (ii) an incentive in shares equivalent to a total number of 633,369 shares corresponding to the amount of 18,539 thousand euros.

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

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

31. External auditors

In 2023 and 2022 the fees for financial audit and other services provided by the auditor of the Group's annual accounts, Ernst & Young, or by any firms related to this auditor as a result of a relationship of control, common ownership or common management, were as follows:

	2023	2022
Audit services	7.2	6.7
Other assurance services	0.6	0.1
Total audit and similar services	**7.8**	**6.8**
Tax services	0.1	0.1
Other services	-	-
Total professional services	**7.9**	**6.9**

Furthermore, audit fees for services provided by auditors other than the main auditor, Ernst & Young in 2023 amounted to 0.1 million euros (0.3 million euros in 2022).

32. Environment

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

Inditex has diverse sustainability objectives such as the use of 100% renewable electricity at its own facilities, the use of preferred fibres in its products (100% cotton and cellulosic fibres in 2023 and 100% polyester and linen in 2025) and a more than 50% reduction in our emissions (including our own operations and value chain) by 2030, among others.

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

The Non-Financial Information Statement of the Group includes information on Inditex's Commitment to Sustainability.

33. Other information

Russian Federation and Ukraine

In October 2022, a preliminary agreement was reached with 'Fashion and More Management DMCC', a Daher Group company, to divest the Inditex Group's business in Russia through the transfer of all the shares of 'JSC New Fashion' (formerly JSC Zara CIS). The net assets associated with this business were adjusted to realisable value at 31 January 2023 and classified as Non-current assets held for sale in the amount of 183 million euros. In the consolidated income statement for 2022, with an amount of 231 million euros, the estimated cost corresponding to the termination of operations and the impact of the agreement to sell the business in this market was recorded under the heading Other results.

The transaction was completed in April 2023 after obtaining the relevant administrative permits from the Russian authorities, resulting in the transfer to the Daher Group of the assets and employees associated with 243 stores owned by the Group in Russia. Furthermore, should new circumstances arise which, in Inditex's opinion, allow the return of the Group's brands to this market, the agreement provides that the Inditex Group is entitled, and the Daher Group obliged, to arrange a franchise agreement and immediately use the transferred assets. These rights have been recognised as an intangible asset with a finite useful life in the consolidated balance sheet at 31 January 2024, in the amount of 213 million euros (Note 15).

In the consolidated income statement for 2023, the aforementioned agreement did not have any material impact other than that already recognised at 2022 year-end.

The brands opened in these premises, which are unconnected to the Inditex Group, are managed independently by the Daher Group.

No future commitments or contingencies are expected to arise as a result of the agreement reached that could materially affect the Inditex Group's financial statements.

Operations in Ukraine remain suspended at the date of preparation of these consolidated financial statements, although the gradual reopening is planned from April 2024.

Argentina and Uruguay

In December 2023, a share purchase agreement was reached with the Group companies Trade Alliance Holding Corp, Asparel, S.A. and Viridia Company, S.A. for these companies to acquire 100% of the shares of Zara Argentina, S.A. and G. Zara Uruguay, S.A., respectively. The Group operated in the aforementioned markets, in addition to online sales, a total of 15 stores (11 in Argentina and 4 in Uruguay). This transaction resulted in these companies' removal from the Group's consolidation perimeter.

The sale agreement also provided for the formal franchise arrangement, whereby the Group's entire business in both markets is now operated by the Trade Alliance Holding Corp Group as a franchise.

Neither the value of the Group's net assets in the aforementioned markets, nor the result of said transaction, are material from the perspective of the consolidated financial statements for 2023.

34. Events after the reporting period

No significant events have occurred after the reporting date.

35. Explanation added for translation to English

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

Annex 1:
Composition of the Inditex Group

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

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

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

Company	Effective % of ownership	Location	Consolidation method	Reporting date	Concept	Line of business
Pro Retail Kazakhstan, Llp	100.00%	Almaty - Kazakhstan	Full Consol.	31-dec	Pull & Bear	Retail sales
Pull & Bear Belgique, S.A.	100.00%	Brussels - Belgium	Full Consol.	31-jan	Pull & Bear	Retail sales
Pull & Bear Commercial (Beijing) Co. Ltd.	100.00%	Beijing - Mainland China	Full Consol.	31-dec	Pull & Bear	Retail sales
Pull & Bear Deutschland, B.V. & Co. Kg	100.00%	Hamburg - Germany	Full Consol.	31-jan	Pull & Bear	Retail sales
Pull & Bear Diseño, S.L.	100.00%	A Coruña - Spain	Full Consol.	31-jan	Pull & Bear	Design
Pull & Bear España, S.A.	100.00%	A Coruña - Spain	Full Consol.	31-jan	Pull & Bear	Retail sales
Pull & Bear France, S.A.R.L.	100.00%	Paris - France	Full Consol.	31-jan	Pull & Bear	Retail sales
Pull & Bear Logística, S.A.	100.00%	A Coruña - Spain	Full Consol.	31-jan	Pull & Bear	Logistics
Pull & Bear Polska, Sp. Z O.O.	100.00%	Warsaw - Poland	Full Consol.	31-jan	Pull & Bear	Retail sales
Pull And Bear Hong Kong, Ltd.	100.00%	Hong Kong SAR	Full Consol.	31-jan	Pull & Bear	Retail sales
Limited Liability Company "Stradivarius Blr"	100.00%	Minsk - Belarus	Full Consol.	31-dec	Stradivarius	Retail sales
Spanish Retail Kazakhstan, Llp	100.00%	Almaty - Kazakhstan	Full Consol.	31-dec	Stradivarius	Retail sales
Stradivarius Belgique, S.A.	100.00%	Brussels - Belgium	Full Consol.	31-jan	Stradivarius	Retail sales
Stradivarius Cis Limited Liability Company	100.00%	Moscow - Russia	Full Consol.	31-dec	Stradivarius	Retail sales
Stradivarius Commercial (Shanghai) Co. Ltd	100.00%	Shanghai - Mainland China	Full Consol.	31-dec	Stradivarius	Retail sales
Stradivarius Diseño, S.L.	100.00%	Barcelona - Spain	Full Consol.	31-jan	Stradivarius	Design
Stradivarius España, S.A.	100.00%	Barcelona - Spain	Full Consol.	31-jan	Stradivarius	Retail sales
Stradivarius France, S.A.R.L.	100.00%	Paris - France	Full Consol.	31-jan	Stradivarius	Retail sales
Stradivarius Hong Kong, Ltd.	100.00%	Hong Kong SAR	Full Consol.	31-jan	Stradivarius	Retail sales
Stradivarius Logística, S.A.	100.00%	Barcelona - Spain	Full Consol.	31-jan	Stradivarius	Logistics
Stradivarius Polska, Sp. Z O.O.	100.00%	Warsaw - Poland	Full Consol.	31-jan	Stradivarius	Retail sales
Uterqüe Giyim Ithalat Ihracat Ve Ticaret Limited Sirketi	100.00%	Istanbul - Türkiye	Full Consol.	31-jan	Uterqüe	Dormant
Uterqüe Kazakhstan Llp	100.00%	Almaty - Kazakhstan	Full Consol.	31-dec	Uterqüe	Dormant
Uterqüe Polska Sp. Z O.O.	100.00%	Warsaw - Poland	Full Consol.	31-jan	Uterqüe	Dormant
Choolet, S.A.	100.00%	A Coruña - Spain	Full Consol.	31-jan	Zara	Textile Manufacturing
Comditel, S.A.	100.00%	Barcelona - Spain	Full Consol.	31-jan	Zara	Buyer
Confecciones Fios, S.A.	100.00%	A Coruña - Spain	Full Consol.	31-jan	Zara	Textile Manufacturing
Confecciones Goa, S.A.	100.00%	A Coruña - Spain	Full Consol.	31-jan	Zara	Textile Manufacturing
Denllo, S.A.	100.00%	A Coruña - Spain	Full Consol.	31-jan	Zara	Textile Manufacturing
Fsf New York, Llc.	100.00%	New York - USA	Full Consol.	31-jan	Zara	Real estate
Fsf Soho, Llc	100.00%	New York - USA	Full Consol.	31-jan	Zara	Real estate
Glencare, S.A.	100.00%	A Coruña - Spain	Full Consol.	31-jan	Zara	Textile Manufacturing
Inditex Australia Pty Ltd	100.00%	Sydney - Australia	Full Consol.	31-jan	Zara	Retail sales
Inditex Logistica, S.A.	100.00%	A Coruña - Spain	Full Consol.	31-jan	Zara	Logistics
Inditex Trent Retail India Private, Ltd.	51.00%	Gurgaon - India	Full Consol.	31-mar.	Zara	Retail sales
Inditex Vastgoed Korea, Ltd.	100.00%	Seoul - South Korea	Full Consol.	31-jan	Zara	Real estate

Company	Effective % of ownership	Location	Consolidation method	Reporting date	Concept	Line of business
Inditex, S.A.	100.00%	A Coruña - Spain	Full Consol.	31-jan	Zara	Dormant
Itx Hong Kong Limited	100.00%	Hong Kong SAR	Full Consol.	31-jan	Zara	Retail sales
Itx Taiwan, B.V.	100.00%	Amsterdam - Netherlands	Full Consol.	31-jan	Zara	Holding company
Kg Zara Deutschland B.V. & Co.	100.00%	Hamburg - Germany	Full Consol.	31-jan	Zara	Retail sales
Lefties España, S.A.	100.00%	A Coruña - Spain	Full Consol.	31-jan	Zara	Real estate
Limited Liability Company "Zara Blr"	100.00%	Minsk - Belarus	Full Consol.	31-dec	Zara	Retail sales
Nikole Diseño, S.L.	100.00%	A Coruña - Spain	Full Consol.	31-jan	Zara	Design
Nikole, S.A.	100.00%	A Coruña - Spain	Full Consol.	31-jan	Zara	Buyer
Plataforma Europa, S.A.	100.00%	Zaragoza - Spain	Full Consol.	31-jan	Zara	Logistics
Plataforma Logística León, S.A.	100.00%	León - Spain	Full Consol.	31-jan	Zara	Logistics
Retail Group Kazakhstan, Llp	100.00%	Almaty - Kazakhstan	Full Consol.	31-dec	Zara	Retail sales
Sci Vastgoed Ferreol P03302	100.00%	Paris - France	Full Consol.	31-dec	Zara	Real estate
Sci Vastgoed France P03301	100.00%	Paris - France	Full Consol.	31-dec	Zara	Real estate
Sci Vastgoed General Leclerc P03303	100.00%	Paris - France	Full Consol.	31-dec	Zara	Real estate
Sci Vastgoed Nancy P03304	100.00%	Paris - France	Full Consol.	31-dec	Zara	Real estate
Snc Zara France Immobilière	100.00%	Paris - France	Full Consol.	31-dec	Zara	Real estate
Stear, S.A.	100.00%	A Coruña - Spain	Full Consol.	31-jan	Zara	Textile Manufacturing
Trisko, S.A.	100.00%	A Coruña - Spain	Full Consol.	31-jan	Zara	Textile Manufacturing
Zara Brasil, Ltda.	100.00%	Sao Paulo - Brazil	Full Consol.	31-dec	Zara	Retail sales
Zara Commercial (Beijing) Co., Ltd	100.00%	Beijing - Mainland China	Full Consol.	31-dec	Zara	Retail sales
Zara Deutschland, Gmbh	100.00%	Hamburg - Germany	Full Consol.	31-jan	Zara	Holding company
Zara Diseño, S.L.	100.00%	A Coruña - Spain	Full Consol.	31-jan	Zara	Design
Zara España, S.A.	100.00%	A Coruña - Spain	Full Consol.	31-jan	Zara	Retail sales
Zara Fashion (Shanghai) Co., Ltd.	100.00%	Shanghai - Mainland China	Full Consol.	31-dec	Zara	Retail sales
Zara France, S.A.R.L.	100.00%	Paris - France	Full Consol.	31-jan	Zara	Retail sales
Zara Logística, S.A.	100.00%	A Coruña - Spain	Full Consol.	31-jan	Zara	Logistics
Zara Macau Limitada	100.00%	Macao SAR	Full Consol.	31-dec	Zara	Retail sales
Zara Management, B.V.	100.00%	Amsterdam - Netherlands	Full Consol.	31-jan	Zara	Holding company
Zara Mexico, B.V.	100.00%	Amsterdam - Netherlands	Full Consol.	31-jan	Zara	Holding company
Zara Mexico, S.A. De C.V.	100.00%	Mexico City - Mexico	Full Consol.	31-dec	Zara	Retail sales
Zara Monaco, Sam.	100.00%	Monte Carlo - Monaco	Full Consol.	31-jan	Zara	Retail sales
Zara Polska, Sp. Z O.O.	100.00%	Warsaw - Poland	Full Consol.	31-jan	Zara	Retail sales
Zara Puerto Rico, Inc.	100.00%	San Juan - Puerto Rico	Full Consol.	31-jan	Zara	Retail sales
Zara Retail Korea, Co. Ltd.	80.00%	Seoul - South Korea	Full Consol.	31-jan	Zara	Retail sales
Zara Retail Nz Limited	100.00%	Auckland - New Zealand	Full Consol.	31-jan	Zara	Retail sales
Zara Retail South Africa (Proprietary), Ltd.	90.00%	Johannesburg - South Africa	Full Consol.	31-jan	Zara	Retail sales
Zara Usa, Inc.	100.00%	New York - USA	Full Consol.	31-jan	Zara	Retail sales
Zara Vastgoed, B.V.	100.00%	Amsterdam - Netherlands	Full Consol.	31-jan	Zara	Real estate

Company	Effective % of ownership	Location	Consolidation method	Reporting date	Concept	Line of business
Zara, S.A.	100.00%	A Coruña - Spain	Full Consol.	31-jan	Zara	Dormant
Zara, S.A.	100.00%	Buenos Aires - Argentina	Full Consol.	31-jan	Zara	Dormant
Zintura, S.A.	100.00%	A Coruña - Spain	Full Consol.	31-jan	Zara	Textile Manufacturing
Itx Finance Asia Limited	100.00%	Hong Kong SAR	Full Consol.	31-jan	Zara	Financial services
Zara Home Retail South Africa (Pty) Ltd.	100.00%	Johannesburg - South Africa	Full Consol.	31-jan	Zara Home	Retail sales
Limited Liability Company "Zara Home Blr"	100.00%	Minsk - Belarus	Full Consol.	31-dec	Zara Home	Retail sales
Zara Home Australia Pty Limited	100.00%	Sydney - Australia	Full Consol.	31-jan	Zara Home	Retail sales
Zara Home Belgique, S.A.	100.00%	Brussels - Belgium	Full Consol.	31-jan	Zara Home	Retail sales
Zara Home Brasil Produtos Para O Lar, Ltda.	100.00%	Sao Paulo - Brazil	Full Consol.	31-dec	Zara Home	Retail sales
Zara Home Commercial & Trading (Shanghai), Co. Ltd	100.00%	Shanghai - Mainland China	Full Consol.	31-dec	Zara Home	Retail sales
Zara Home Deutschland, B.V. & Co. Kg	100.00%	Hamburg - Germany	Full Consol.	31-jan	Zara Home	Retail sales
Zara Home Diseño, S.L.	100.00%	A Coruña - Spain	Full Consol.	31-jan	Zara Home	Design
Zara Home España, S.A.	100.00%	A Coruña - Spain	Full Consol.	31-jan	Zara Home	Retail sales
Zara Home France, S.A.R.L.	100.00%	Paris - France	Full Consol.	31-jan	Zara Home	Retail sales
Zara Home Hong Kong Limited	100.00%	Hong Kong SAR	Full Consol.	31-jan	Zara Home	Dormant
Zara Home Kazakhstan, Llp	100.00%	Almaty - Kazakhstan	Full Consol.	31-dec	Zara Home	Retail sales
Zara Home Logística, S.A.	100.00%	A Coruña - Spain	Full Consol.	31-jan	Zara Home	Logistics
Zara Home Macau Sociedade Unipessoal Limitada	100.00%	Macao SAR	Full Consol.	31-dec	Zara Home	Retail sales
Zara Home Mexico, S.A. De C.V.	100.00%	Mexico City - Mexico	Full Consol.	31-dec	Zara Home	Retail sales
Zara Home Polska, Sp. Z.O.O.	100.00%	Warsaw - Poland	Full Consol.	31-jan	Zara Home	Retail sales
Zhe, Gmbh	100.00%	Hamburg - Germany	Full Consol.	31-jan	Zara Home	Holding company
Jointly contolled entities:						
Tempe, S.A.	50.00%	Alicante - Spain	Equity method	31-jan	Multi-concept	Sale of footwear
Tempe Logística, S.A.	50.00%	Alicante - Spain	Equity method	31-jan	Multi-concept	Logistics
Tempe Diseño, S.L.U.	50.00%	Alicante - Spain	Equity method	31-jan	Multi-concept	Design
Tempe Trading Asia Limited	50.00%	Hong Kong SAR	Equity method	31-jan	Multi-concept	Sale of footwear
TMP Trading (Shanghai) Co. Ltd	50.00%	Shanghai - Mainland China	Equity method	31-dec	Multi-concept	Sale of footwear
Tempe Giyim, Ltd.	50.00%	Istanbul - Türkiye	Equity method	31-jan	Multi-concept	Dormant

INTEGRATED DIRECTORS' REPORT **2023**

INDITEX

CONSOLIDATED DIRECTORS' REPORT **2023**

At 31 January 2024
(Amounts expressed in millions of euros)

INDITEX

Situation of the entity

The information relating to the "Situation of the entity" is detailed in section 5.About Inditex in the Inditex Group's Statement on Non-Financial Information.

Organisational structure

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

/ Annual General Meeting

/ Board of Directors

/ Executive Committee

/ Management Committee

/ Audit and Compliance Committee

/ Nomination Committee

/ Remuneration Committee

/ Sustainability Committee

/ Market Transparency Committee

/ Ethics Committee

On the other hand, Inditex relies on two permanent advisory internal bodies made up of external members:

/ Social Advisory Board

/ Cybersecurity Advisory Committee

Business performance and results

Key financial and non-financial indicators

Inditex continues to focus on four key areas: a unique product proposition, enhancing the customer experience, sustainability, and the talent and commitment of our people.

In 2023, Inditex's fully integrated model had a very strong operating performance. Sales, EBITDA and net income reached historic highs.

In 2023, the collections have been very well received by our customers. Sales grew +10.4% to reach €35.9 billion, showing very satisfactory development both in stores and online. Sales were positive in all geographical areas and in all concepts. Sales in constant currency grew 14.1%.

In 2023, store sales grew 7.9% reflecting incremental footfall and increasing store productivity. Our ongoing store optimisation and digitalisation programme continues to be key. The higher level of store sales has been achieved with 2% more commercial space and 2% less stores than in 2022. In 2023 gross new space increased 4.5%.

Total Selling Space (m2)	2023	2022	23/22
Zara (Zara and Zara Home)	3,078,590	3,027,915	2 %
Pull&Bear	377,969	368,418	3 %
Massimo Dutti	220,633	218,263	1 %
Bershka	470,134	458,374	3 %
Stradivarius	311,436	304,075	2 %
Oysho	98,409	96,314	2 %
Total	**4,557,170**	**4,473,358**	**2%**

In 2023, Inditex opened stores in 41 markets. During the year, Zara opened its first store in Cambodia. The group remained very active in store optimisation activities (192 openings, 231 refurbishments which include 84 enlargements and 315 absorptions). At the end of 2023 Inditex operated 5,692 stores.

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

Concept	31/01/2024	31/01/2023
Zara	1,811	1,885
Zara Home	410	427
Pull&Bear	791	789
Massimo Dutti	544	548
Bershka	856	860
Stradivarius	841	849
Oysho	439	457
Total	**5,692**	**5,815**

Company-managed stores and franchised stores at the end 2023:

Concept	Company Managed	Franchised	Total
Zara	1,525	286	1,811
Zara Home	321	89	410
Pull&Bear	628	163	791
Massimo Dutti	430	114	544
Bershka	692	164	856
Stradivarius	644	197	841
Oysho	349	90	439
Total	**4,589**	**1,103**	**5,692**

Sales in company-managed and franchised stores:

Concept	Company Managed	Franchised
Zara (Zara and Zara Home)	87%	13%
Pull&Bear	81%	19%
Massimo Dutti	80%	20%
Bershka	83%	17%
Stradivarius	80%	20%
Oysho	81%	19%
Total	**85%**	**15%**

A list of the stores' locations by concepts and by market at 31 January 2024 is included in Annex III.

Online sales also grew satisfactorily at 16% to reach €9.1 billion.

Customer engagement remains very high. Active App's reached 152 million. Online visits in FY2023 have grown 10% to 6.5 billion visits. The Group has 251 million followers on social media.

Net sales by concept are shown in the table below:

Concept	2023	23/22
Zara (Zara and Zara Home)	26,050	10 %
Pull&Bear	2,359	10 %
Massimo Dutti	1,839	15 %
Bershka	2,621	10 %
Stradivarius	2,334	13 %
Oysho	744	19 %
Total	**35,947**	**10 %**

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

Area	2023
Europe ex-Spain	48.7 %
Americas	19.6 %
Asia & RoW	16.9 %
Spain	14.8 %
Total	**100 %**

In 2023, the execution of the business model was very strong. Gross profit increased 11.9% to €20.8 billion. The gross margin reached 57.8% (+77 bps).

The tight control of operations and the implementation of efficiencies has resulted in operating expenses growth of 10.0%, below sales growth. Including all lease charges, operating expenses grew 1.25 percentage points below sales growth.

	2023	2022	23/22
Personnel expenses	5,357	4,753	13%
Rental expenses	989	859	15%
Other operating expenses	4,507	4,255	6%
Total	**10,853**	**9,867**	**10%**

Including all lease charges, rental expenses grew 8%.

EBITDA reached €9.9 billion (+13.9%), EBIT came to €6.8 billion (+23.4%). As a reminder, in FY2022, Inditex reported a provision for expected expenses for FY2022 in the Russian Federation and Ukraine of €231 million under Other results.

The following chart shows the breakdown of financial results:

	2023	2022
Net financial income (losses)	305	56
Lease finance costs	(196)	(116)
Foreign exchange gains (losses)	(120)	(155)
Total	**(11)**	**(214)**

Results from companies consolidated by the equity method came to €72 million.

PBT increased 28.2% to €6.9 billion. The breakdown of profit before tax by concept is shown below:

PBT by concept		
Concept	**2023**	**2022**
Zara (Zara and Zara Home)	5,004	4,002
Pull&Bear	438	355
Massimo Dutti	339	226
Bershka	460	326
Stradivarius	493	371
Oysho	136	78
Total PBT	**6,870**	**5,358**

Net income increased 30.3% versus 2022 to €5.4 billion.

Return on Equity attributable to the Parent (ROE), defined as net profit attributable to the Parent on average equity attributable to the Parent:

	2023	2022
Net profit attributable to the Parent	5,381	4,130
Equity attributable to the Parent - previous year	17,008	15,733
Equity attributable to the Parent - current year	18,642	17,008
Average Equity attributable to the Parent	17,825	16,371
Return on Equity attributable to the Parent	**30%**	**25%**

Return on Capital Employed (ROCE), defined as profit before taxes on average capital employed (average equity attributable to the Parent plus average net financial debt):

	2023	2022
Profit before taxes	6,870	5,358
Average capital employed:		
Average Equity attributable to the Parent	17,825	16,371
Average net financial debt (*)	-	-
Total average capital employed	17,825	16,371
Return on Capital employed	**39 %**	**33 %**

(*) Zero when net cash

Return on Capital Employed by concept:

Concept	**2023**	**2022**
Zara (Zara and Zara Home)	36%	31%
Pull&Bear	52%	46%
Massimo Dutti	43%	27%
Bershka	42%	32%
Stradivarius	62%	51%
Oysho	52%	31%
Total	**39%**	**33%**

To complement the financial statements included in the consolidated annual accounts of the Inditex Group, attached there is Annex II showing the 2023 results by quarter.

Issues relating to sustainability and employees

This document includes the Group's Statement on Non-Financial Information, which includes information about issues relating to sustainability and employees throughout the document, and in particular in sections: 5.2. Strategy; 6. Environment; 7.1. Our people; 7.3. Communities; and 8.3. Supplier relations.

Liquidity and capital resources

Given the strong execution of the business model, lease adjusted funds from operations grew 22.2% and cash from operations grew 37.2%.

	2023	2022
Funds from operations(*)	**6,991**	**5,722**
Change in working capital	(56)	(669)
Cash from operations	**6,934**	**5,053**
Capital expenditure	(1,872)	(1,415)
Free Cash Flow	**5,062**	**3,638**

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

The net cash position grew 13.3% to €11.4 billion.

	31/01/2024	31/01/2023
Cash & cash equivalents	7,007	5,561
Short term investments	4,415	4,522
Current financial debt	(16)	(13)
Non current financial debt	-	-
Net financial cash (debt)	**11,406**	**10,070**

Due to the robust operating performance and the normalisation in supply chain conditions, inventory was 7% lower as of 31 January 2024 versus the same date in 2023. Initial Spring/Summer collections are considered to be of high quality.

	31/01/2024	31/01/2023
Inventories	2,966	3,191
Receivables	1,038	851
Payables	(7,467)	(6,561)
Operating working capital	**(3,463)**	**(2,520)**

Capital expenditure for FY2023 came to €1.87 billion, of which €240 million relates to extraordinary capex linked to multiyear projects.

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

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

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

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

Analysis of contractual obligations and off balance sheet transactions

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

Main risks and uncertainties

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

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

Financial risks

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

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

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

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

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

Geopolitical risks

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

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

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

The Group terminated its operations in the Russian Federation and operations in Ukraine remain suspended to date, although the gradual reopening is planned from April 2024. Furthermore, operations in Argentina and Uruguay have been franchised (Note 33 to the Consolidated Annual Accounts).

Technological risks

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

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

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

The ability to adapt to technological innovations and evolutions in a broad sense, and digitalisation, both in customer interaction through the development of a satisfactory omni-channel experience, as well as in the improvement of operational processes, is essential to ensure the Group's commercial success in a highly competitive environment. The emergence of disruptive technologies, such as Artificial Intelligence, is playing an increasingly significant role. This represents a transformative opportunity in many spheres such as automation and process optimisation, but also a potential amplifier of other risks, be they technological, social, etc.

Environmental risks

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

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

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

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

Social risks

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

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

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

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

Governance risk

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

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

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

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

For more details, see section 5.1.3. Responsible risk management of the Statement on Non-Financial Information.

Significant events after the reporting period

No significant events have occurred after the reporting date.

Information on the outlook for the Group

Spring/Summer 2024 collections have been very well received by our customers. Store and online sales in local currency, adjusted for the calendar effect of an extra trading day in February due to the leap year, increased 11 % between 1 February and 11 March 2024 versus the same period in 2023.

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

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

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

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

In 2022-2023, Inditex experienced significant growth in sales and productivity. Sales have grown 35% in constant currency in the period.

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

/ Product Proposition

We will continue focusing on the creativity, quality and design of all our products and reinforcing the commercial initiatives of all our concepts. Zara Woman The Leather Edition, Massimo Dutti Venetian Veil, Pull&Bear the Summit, Bershka TBTailoring, Stradivarius Poplin, Oysho Back to training and Zara Home Linens are just some of the proposals that will be available throughout 2024.

The collections show our strong commitment to creativity, with a team of 700 designers and a 630-person prototype team utilising a meticulous design process that attends to every small detail of our garments and collections, while striving to provide quality fashion to more and more customers around the world.

/ Customer experience

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

Regarding our stores, Zara will launch in new locations (Zara Palazzo Verospi Roma, Hamburg-Überseequartier, The Grove-Los Angeles and Caesars Palace-Las Vegas). Additionally, we will make important enlargements and refurbishments in some of our most emblematic stores (Zara Corso Vittorio Emanuele Milan and Zara Nanjing Road Shanghai).

Massimo Dutti will open a store in the US at Aventura Mall, Miami and Oysho will open its first store in Germany (Hamburg) in 2024. In India, Bershka will open its first store in Mumbai Palladium, and Zara Home will open in Bangalore.

In terms of new markets in 2024, our concepts have opened their first stores in Uzbekistan. Over 2024, we expect to reopen around 50 Inditex stores in Ukraine.

Regarding our online experience, we will start weekly livestreaming services in the US and UK over 2024. The Group continues to explore new ways of communicating in order to improve the customer experience, via channels such as Shuffle for Pull&Bear.

We continue introducing the new security technology in our stores. This new technology provides a significant improvement in customer experience, facilitating interaction with our products and improving the purchasing process. The new system will be fully operational in Zara in 2024. It will be progressively implemented in all the concepts and will be the basis for us to continue deepening the digitalisation of stores and their integration with online platforms in the coming years.

/ Sustainability

In terms of circularity, the Zara Pre-Owned platform is currently available in 16 European markets, and will reach new relevant markets, starting with the United States. Through this platform, we will continue helping our customers to extend the life cycle of their Zara garments through donation, repair or resale.

Regarding innovation, our Sustainability Innovation Hub is currently working with more than 350 start-ups. Some of these projects are now contributing to our current collections. An example of this is LOOPAMID® x ZARA. ZARA Studio has developed a single-material jacket made entirely with LOOPAMID®, a polyamide created entirely from textile waste. We have also seen commercial collaborations with CIRC. Furthermore, we have recently strengthened our commitment to Infinited Fiber with a direct investment in the capital of the company.

/ People

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

Hola! is our welcome training program for everyone joining a Zara store for the first time. This is an itinerary for the first 4 weeks, combining hands-on and digital sessions on our Tra!n platform. We highlight the figure of Zara Coach: the person in charge of welcoming, guiding, supporting and involving the rest of the team during the process. The Hola! programme is already available in 50 markets, where we have about 2,800 Zara Coaches so far.

In addition, throughout the 2023 financial year, more than 12,700 people have been promoted, resulting in 72% of the Group's vacancies being filled internally. Additionally, 2.8 million hours of training have been provided to the teams.

Outlook:

Inditex operates in 213 markets with low share in a highly fragmented sector and we see strong growth opportunities. To meet the current strong demand, which builds on the significant growth of the business in 2022-23, we are taking a number of initiatives.

Optimisation of stores is ongoing. We expect strong sales productivity in our stores going forward. The growth of annual gross space in the period 2024-2026 is expected to be around 5%. Inditex expects space contribution to sales to be positive in this period, in conjunction with a strong evolution of online sales.

For 2024, we are planning investments that will scale our capabilities, obtain efficiencies and increase our competitive differentiation to the next level. We estimate ordinary capital expenditure of around €1.8 billion in 2024. This investment will be mainly dedicated to the optimisation of our commercial space, its technological integration and the improvement of our online platforms.

In view of the strong future growth opportunities, Inditex is implementing a logistics expansion plan in 2024 and 2025. This extraordinary two-year investment programme focused on the expansion of the business allocates €900 million per year to increase logistics capacities in each of the 2024 and 2025 financial years. These investments will have the highest standards of sustainability and use the most up-to-date technology. Below are the main investments:

/ Zara: New 286,000 m2 distribution centre Zaragoza II

/ Zara: Increased distribution centre capacity of 123,000 m2 in Lelystad (Netherlands)

/ Bershka: New 116,000 m2 distribution centre in the Valencia region

/ Tempe: New 141,000 m2 distribution centre in in the Valencia region

Most of these projects will be operational as early as the second half of 2025. The objective of this logistics plan is to strengthen Inditex's capabilities to address strong growth opportunities in the medium and long term at a global level.

At current exchange rates, Inditex expects a -1.5% currency impact on sales in 2024.

For 2024, Inditex expects a stable gross margin (+/-50 bps).

R&D+I activities

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

Acquisition and sale of treasury shares

The Annual General Meeting held on 13 July 2021 approved the 2021-2025 Long-Term Incentive Plan (Note 26 to the consolidated annual accounts for 2021), and the Annual General Meeting held on 11 July 2023 approved a new Long-Term Incentive Plan for the 2023-2027 period.

Said Annual General Meeting of 11 July 2023, authorised the Board of Directors to derivatively acquire treasury shares, aimed at covering these plans. This authorisation annulled the previous authorisation approved by the General Shareholders' Meeting held on 16 July 2019.

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

During the first half of 2023,the second cycle (2020-2023) of the 2019-2023 Long-Term Incentive Plan (which expired on 31 January 2023) was settled and shares were awarded to its beneficiaries, charged to treasury shares. The total of treasury shares delivered was 1,350,095 shares, representing 0.043% of the share capital.

Aside from these share deliveries, there were no other operations involving treasury shares in 2023.

Consequently, at 31 January 2024, the Parent owned a total of 3,582,419 treasury shares, representing 0.115% of the share capital.

Other salient information

Stock market information

The Inditex share price closed 2023 at 39.71 euros per share on 31 January 2024, presenting an increase of 39%. The average daily trading volume was approximately 3 million shares. In the same period, the Ibex 35 was up by 12% while the Dow Jones Stoxx 600 Retail rose by 10%.

Inditex's market capitalisation stood at 123,762 million euros at the end of the period, up 1,251% on its capitalisation when its shares were admitted to trading on 23 May 2001, as compared with a 5% increase in the Ibex 35 index in the same period.

The dividend for 2022 totalling 1.20 euros per outstanding share was paid in May and November 2023.

Dividends policy

The dividends paid by the Parent in 2023 and 2022 amounted to 3,736 million euros and 2,895 million euros, respectively. These amounts correspond to payments of 1.20 euros per share and 0.93 euros per share, respectively.

Inditex's dividend policy consists of a 60% ordinary payout and bonus dividends. For FY2023, the Board of Directors will propose at the AGM a dividend increase of 28% to €1.54 per share, composed of an ordinary dividend of €1.04 and a bonus dividend of €0.50 per share. The dividend will be made up of two equal payments: on 2 May 2024 a payment of €0.77 per share (ordinary) and on 4 November 2024 a payment of €0.77 per share (€0.27 ordinary + €0.50 bonus).

The distribution proposed by the Board of Directors is shown in Note 29 to the Consolidated Annual Accounts.

Other disclosures

Related party transactions

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

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

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

Annual Corporate Governance Report

The Annual Corporate Governance Report for 2023 is included herein. It will be filed with the Spanish National Securities Market Commission (CNMV) as an additional regulatory disclosure on 13 March 2024 and is available at www.inditex.com and on the CNMV website(www.cnmv.es).

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

The Group's Statement on Non-Financial Information, in sections 7.1.2. Our approach to diversity and 7.1.3. Equal pay and remuneration policy includes information on diversity, equality, non-discrimination and disability.

Alternative performance measures

The gross profit, EBITDA, EBIT, PBT, ROCE, ROE, working capital, net financial position, average net financial debt, store operating profit, quarterly results, sales growth at constant exchange rates and sales in comparable stores, are defined in Note 2 to the consolidated annual accounts for 2023.

This document may contain statements regarding intentions, expectations, estimates or forecasts. All statements other than statements of historical facts contained herein, including, without limitation, those regarding our financial position, business strategy, management plans and objectives for future operations, are forward-looking statements. These statements represent the Company's best estimate, on the basis of the information available as at the date hereof, but do not constitute a guarantee of future performance. Any such forward-looking statements may be subject to risks, uncertainties and other relevant factors which could cause the evolution and actual results achieved to differ materially from results predicted. Accordingly, readers are cautioned not to place undue reliance on such forward-looking statements.

Some of these risks include, without limitation, financial risks, such as the macroeconomic environment of the various geographies where the Group operates, changes to market factors (including, without limitation, foreign exchange or interest rates or the price of raw materials), the financial solvency of counterparties or the competitive environment, (ii) geopolitical risks, such as instability in the different supply markets and the markets where our goods are sold, or the frictions that may hinder the normal movement of goods, (iii) social risks, such as the change in the perception of the Group or the industry by stakeholders, the emergence of infectious or contagious diseases, or labour disputes, (iv) governance risks, such as violation of laws or non-compliance with regulations or good governance recommendations, or risks resulting from tactical and strategic decisions that prevent achieving the business objectives, (v) technological risks, such as cyberattacks, collapse of critical infrastructures, industrial accidents or the fast evolution of technology, and (vi) the different environmental risks associated with natural disasters, climate change, the transition to a low – carbon economy and the interactions resulting from the human exploitation of the environment.

Notwithstanding this, the risks and uncertainties that could affect the forward-looking statements are difficult to predict. Except where the prevailing regulations require otherwise, the company assumes no obligation to publicly revise or update its forward-looking statements should any unexpected changes, events or circumstances affect them.

Annex II

Income statement: FY2023 quarterly results:

	2023 Quarterly results			
	Q1	**Q2**	**Q3**	**Q4**
Net sales	7,611	9,239	8,758	10,338
Cost of sales	(3,008)	(4,042)	(3,356)	(4,780)
Gross profit	**4,603**	**5,198**	**5,402**	**5,558**
	60.5 %	56.3 %	61.7 %	53.8 %
	34 bps	23 bps	153 bps	94 bps
Operating expenses	(2,398)	(2,718)	(2,617)	(3,120)
Other net operating income (losses)	(10)	(12)	(19)	(18)
Gross operating profit (EBITDA)	**2,195**	**2,467**	**2,767**	**2,421**
	28.8 %	26.7 %	31.6 %	23.4 %
Other results	-	-	-	-
Amortisation and depreciation	(712)	(786)	(739)	(804)
Operating income (EBIT)	**1,483**	**1,681**	**2,028**	**1,617**
	19.5 %	18.2 %	23.2 %	15.6 %
Financial results	10	44	(56)	(9)
Results from companies consolidated by equity method	12	22	14	24
Income before taxes (PBT)	**1,505**	**1,747**	**1,985**	**1,632**
	19.8 %	18.9 %	22.7 %	15.8 %
Taxes	(333)	(399)	(392)	(351)
Net income	**1,172**	**1,348**	**1,593**	**1,281**
	15.4 %	14.6 %	18.2 %	12.4 %
Minorities	**4**	**3**	**5**	**2**
Net income attributable to the controlling company	**1,168**	**1,345**	**1,588**	**1,279**
	15.3 %	14.6 %	18.1 %	12.4 %

Annex III

Detail of stores by concept and market as at 31 January 2024:

Market	Zara	Pull&Bear	Massimo Dutti	Bershka	Stradivarius	Oysho	Zara Home	INDITEX
ALBANIA	1	1	1	2	2	-	1	8
GERMANY	65	13	6	20	2	-	4	110
ANDORRA	2	1	1	1	1	1	1	8
SAUDI ARABIA	51	21	10	31	37	11	6	167
ALGERIA	3	3	1	4	4	2	3	20
ARGENTINA	11	-	-	-	-	-	-	11
ARMENIA	2	3	2	3	2	1	1	14
ARUBA	1	-	-	-	-	-	-	1
AUSTRALIA	17	-	-	-	-	-	-	17
AUSTRIA	11	4	1	8	-	-	2	26
AZERBAIJAN	3	2	3	3	2	1	-	14
BAHREIN	3	1	1	1	1	1	1	9
BELGIUM	27	8	14	14	3	3	6	75
BELARUS	2	2	1	3	3	1	1	13
BOSNIA	3	4	1	4	4	-	-	16
BRAZIL	45	-	-	-	-	-	8	53
BULGARIA	5	4	5	8	4	5	1	32
CAMBODIA	1	-	-	-	-	-	-	1
CANADA	32	-	3	-	-	-	-	35
CHILE	9	-	-	-	-	-	4	13
MAINLAND CHINA	96	-	48	-	-	25	23	192
HONG KONG SAR	12	-	-	1	-	-	2	15
MACAO SAR	1	-	-	-	-	-	1	2
TAIWAN, CHINA	9	3	4	3	-	-	2	21
CYPRUS	7	6	5	5	6	5	6	40
COLOMBIA	10	10	5	12	12	6	6	61
SOUTH KOREA	31	-	7	-	-	2	5	45
COSTA RICA	2	2	1	2	2	1	1	11
CROATIA	10	7	3	8	7	3	2	40
DENMARK	4	-	-	-	-	-	-	4
ECUADOR	2	3	1	3	3	1	-	13
EGYPT	10	7	6	7	5	5	5	45
EL SALVADOR	1	2	-	2	2	1	-	8
UAE	20	9	10	10	9	8	9	75
SLOVAKIA	3	4	2	6	4	1	1	21
SLOVENIA	4	2	1	4	4	-	-	15
SPAIN	261	173	117	160	237	115	94	1,157
UNITED STATES	99	-	-	-	-	-	-	99
ESTONIA	2	1	2	1	1	-	1	8
PHILIPPINES	9	3	2	6	4	-	-	24
FINLAND	4	-	1	-	-	-	-	5

Market	Zara	Pull&Bear	Massimo Dutti	Bershka	Stradivarius	Oysho	Zara Home	INDITEX
FRANCE	112	39	7	53	35	5	15	266
GEORGIA	5	2	5	3	4	3	1	23
GREECE	40	22	12	26	21	17	9	147
GUATEMALA	3	3	1	3	3	1	1	15
NETHERLANDS	25	12	4	16	8	-	6	71
HONDURAS	2	2	1	2	2	1	1	11
HUNGARY	9	10	4	10	8	3	3	47
INDIA	22	-	3	-	-	-	-	25
INDONESIA	17	14	5	8	12	4	3	63
IRELAND	10	3	2	5	3	-	-	23
ICELAND	1	-	-	-	-	-	-	1
ISRAEL	25	23	2	14	14	-	2	80
ITALY	92	55	3	69	76	19	20	334
JAPAN	68	-	-	-	-	-	7	75
JORDAN	3	2	2	2	5	2	2	18
KAZAKHSTAN	5	5	4	6	5	5	4	34
KUWAIT	7	4	2	5	5	6	4	33
LATVIA	3	2	4	2	2	2	1	16
LEBANON	3	2	3	5	3	3	3	22
LITHUANIA	4	3	5	4	4	2	2	24
LUXEMBOURG	3	1	2	1	1	1	1	10
NORTH MACEDONIA REP.	2	2	2	2	2	1	1	12
MALAYSIA	8	4	5	-	-	-	-	17
MALTA	1	3	1	1	1	1	3	11
MOROCCO	13	3	3	4	5	3	4	35
MEXICO	82	73	41	70	60	46	27	399
MONACO	1	-	-	-	-	-	-	1
MONTENEGRO	1	1	-	1	1	-	-	4
NICARAGUA	1	1	-	1	1	-	-	4
NORWAY	5	-	-	-	-	-	-	5
NEW ZEALAND	1	-	-	-	-	-	-	1
OMAN	3	1	-	2	2	2	1	11
PANAMA	2	2	1	2	2	1	1	11
PARAGUAY	1	-	-	-	-	-	1	2
PERU	4	-	-	-	-	-	3	7
POLAND	40	34	24	43	46	18	11	216
PORTUGAL	72	46	38	42	43	22	23	286
PUERTO RICO	3	-	-	-	-	-	-	3
QATAR	7	5	5	5	5	5	5	37
UNITED KINGDOM	58	11	12	10	9	1	4	105
CZECH REPUBLIC	5	3	2	5	4	1	1	21
DOMINICAN REPUBLIC	3	1	1	2	2	2	2	13
ROMANIA	26	27	13	30	25	13	9	143
SERBIA	8	8	5	10	9	4	4	48
SINGAPORE	6	3	5	1	-	1	-	16

Market	Zara	Pull&Bear	Massimo Dutti	Bershka	Stradivarius	Oysho	Zara Home	INDITEX
SOUTH AFRICA	7	-	-	-	-	-	-	7
SWEDEN	8	1	3	-	-	-	1	13
SWITZERLAND	18	4	4	6	1	1	2	36
THAILAND	11	2	4	1	-	1	2	21
TUNISIA	8	4	3	5	5	4	3	32
TÜRKIYE	40	31	25	31	30	29	15	201
UKRAINE	11	16	9	16	15	10	3	80
URUGUAY	2	-	-	-	-	-	2	4
VIETNAM	3	2	2	-	1	-	-	8
INDITEX	**1,811**	**791**	**544**	**856**	**841**	**439**	**410**	**5,692**

STATEMENT OF NON-FINANCIAL INFORMATION 2023

INDITEX

Index

Message from the Chairperson

GRI 2-22; 3-3

Throughout 2023, Inditex once again demonstrated that a shared culture, based on hard work and an unwavering ambition to improve, is the most valuable asset a company can have. Our teams, their talent and their efforts day after day delivered solid growth across all our brands, earning the confidence of the millions of customers around the world and connecting us with more and more people every day.

Our purpose is to offer them products conceived of and made with the utmost attention to detail, beautiful designs and excellent materials. Products into which we pour a great sense of responsibility, also taking into account their social and environmental impact.

We do this by offering the best customer experience, which means making sure that when people visit us in person or online, we give them quality on a par with the confidence they place in us. We want our products, accessible to the large majority, to be appreciated for the personal touch and affection put into them by each of our designers, pattern makers, sales teams, buyers, suppliers and indeed our employees across all the areas that make our business possible. We believe firmly that our customers value this commitment, and we work tirelessly to honour this very special relationship.

We are as excited and unwilling to settle as ever. Those attributes are what have driven this company from a small workshop in Galicia to the global fashion retailer we are today. We want to do everything within our power to make a positive difference in the future. The magic that is Inditex pushes us to continue to do better so as to achieve more milestones and set ourselves new challenges which we are confident we will be able to overcome.

Marta Ortega Pérez.

CEO’s statement

GRI 2-22; 3-3

Fashion is a personal selection we make every day to express our identities. It also reflects the social changes and trends unfolding in the world around us. At Inditex we are proud to make quality and affordable fashions for millions of people worldwide, helping them express their individuality, what moves them, what unites them. This Annual Report provides an account of Inditex’s performance in 2023, our identity, our attention to detail to offer quality products that meet our customers’ demands, while evidencing our own evolution and the progress we have made on transforming our sector.

The following chapters contain all the key figures for the year, which was characterised by sharp sales growth. Behind those figures, however, are the people who make Inditex what it is: without their dedication we would not be the company that we are. Our results primarily demonstrate primarily the good work done by our more than 161,000 professionals.

2023 was marked by significant complexity and instability. That is nothing new. Uncertainty has become the almost permanent status quo in which we have to carry out our businesses. Our strong corporate culture, the hallmarks of which include careful decision making, committed professionals, being nimble and thinking outside the box, sets us apart and give us an edge in these times. It allows us to continue to bring the beauty that is fashion to millions of people.

Solid earnings performance

In recent years we have continued to cement our position as a benchmark in fashion retailing, honouring all of the commitments assumed by our stakeholders, as set out in this report, which has translated into an impressive earnings performance.

Consolidated revenue registered year-on-year growth of over 10%, driven not only by the creativity, sensitivity and merit of our design and product teams, but also the mutual support provided by our physical stores and online platforms to provide our customers with memorable experiences. In 2023, the Group’s websites received over 6.5 billion visits. That means that our brands’ online stores welcome over 18 million visits on average per day.

Astute management of that healthy topline growth materialised in a noteworthy gross margin and rigorous control of operating expenses. As a result, net profit came in 30% above that of 2022 and our net cash position topped the €11 billion mark.

These are very good results. But we know that the future is not a given. Our spirit is restless and requires us to constantly think outside the box. As a result, throughout 2023 we continued to innovate: we continued to make our physical stores increasingly attractive and search for new ways to reach our customers; and we continued to fine-tune our online shopping experience. And while we worked on our most visible interfaces, we also reinforced our inner workings, shoring up our logistics and distribution networks. We plan to continue to invest in these areas as they are vital to supporting our company’s ongoing growth.

Our sustainability ambitions

This report demonstrates just how much effort was put into sustainability advances in 2023. The strength of that commitment is borne out by our decision to set ourselves ambitious targets for driving an increasingly sustainable and more circular value chain throughout our company and beyond. Those targets are the new framework for engaging with the various players in our value chain.

In 2030, 100% of the fibres used by Inditex will have a smaller impact on the environment: they will be fibres that expert organisations such as the Textile Exchange term ‘preferred’ fibres. More specifically, around 40% of the fibres used by our brands will be the result of conventional recycling processes; around 25% will be next-generation fibres (that do not currently exist, or at least not at an industrial scale); and 25% will hail from organic or regenerative farming practices.

Last year we also culminated the roll-out in 16 markets of Zara Pre-owned, our platform for the repair, customer-to-customer resale and donation of used clothing with which we are lengthening the useful life of our products and helping our customers give their clothing a new life, actively contributing to industry circularity. We are already working to bring that platform to other major markets for the brand.

In 2023 we informed the Science Based Targets initiative of our intention to reduce our emissions by over 50% by 2030, going on to achieve net zero emissions by 2040.

Our people

Caring for our people and their wellbeing was a priority for us once again, as was our unwavering desire to allow them to realise their full potential. In 2023 we covered 72% of our vacancies through internal promotion, provided over two and half million hours of training to our teams and involved more than 2,200 employees in internally communicating our sustainability strategy.

At Inditex we are very aware that the diversity of our teams is a tremendous source of innovation and creativity. We have people of 174 different nationalities within our team, diverse people from a myriad of backgrounds (creative, commercial, technical) all working together. In parallel, we bolstered our workforce integration programme, hiring more than 1,800 people from vulnerable groups in 18 markets. I believe, however, that in this area principles count more than numbers in that we are committed to fostering equal opportunities and take a zero-tolerance stance towards any form of discrimination.

Our community commitment

Our Group's responsibility goes beyond our stores and value chain in an effort to generate positive impacts on our broader business communities. Our community investment programmes remain fundamental tools for contributing to development in the societies and geographies in which we do business. In 2023 we supported 910 social and environmental initiatives through partnerships with 476 community organisations, prioritising strategic, long-term projects. In addition, our people have dedicated more than 338,000 hours to community projects.

With these initiatives, we directly benefitted more than 4.3 million people. At the same time, we worked to protect, restore and regenerate 5 million hectares globally for biodiversity enhancement purposes.

We continued to reinforce our commitment to the United Nations Guiding Principles on Business and Human Rights and to the Global Compact and its Sustainable Development Goals. Over the coming pages we attempt to provide an account of the progress made in all of these areas, ensuring the integrity of the data reported and upholding, in our concluding sections, the principles of the Integrated Reporting framework.

It would be remiss of me to sign off without referring to one of our greatest strengths. In a world in which everything seems to be changing quickly, Inditex boasts solid roots and a shareholder and financial structure that allows us to set our sights – truly – on the long term. Our stability is what allows us to be extraordinarily flexible and nimble when required of us by the market environment or our customers. With more investment, more innovation and doubling down on what we truly believe in, here at Inditex we are ready to continue to thrive among change.

Óscar García Maceiras

CEO

3
Inditex at a glance

3.1. Global footprint and key data in 2023

Key indicators

213
markets

35,947 M€
net sales

5,381 M€
profit

11,406 M€
net financial position

3,736 M€
dividends

8,680 M€
total tax contribution

A unique team

161,281
people in our teams

174
nationalities

74%
women

30.6
average age

+2,200
Changemakers
(in-house sustainability ambassadors)

72%
of vacancies covered by internal promotion

Headquarters effect

6,636
Product and general services suppliers in Spain

6,899 M€
invoicing to suppliers in Spain

Supply Chain

8,123
factories

1,461,255
beneficiaries by Workers at the Centre

1,733
suppliers

Community investment

+112 M€
investment

+4 M
beneficiaries

8.9 M
donated items from our collections

Circularity

16
markets with Zara Pre-Owned

Website visits

18 M
daily visitors to the Group's online stores

3.2. 2023 milestones

FEBRUARY

Massimo Dutti Studio Man

The brand reasserts its fashion concept through the launch of the Studio Collection for men. This new line, the women's version of which was unveiled a year earlier, elevates and reinvents the most iconic garments with an architecture-inspired approach.

MARCH

Oysho disembarks in the UK

The company opens its first physical store in the UK, located in the Westfield London shopping centre in Shepherd's Bush.

APRIL

The Circ x Zara Collection

Zara launches the first collection made by recycling blended textiles using Circ's innovative technology. Inditex acquired a stake in this startup last year as part of its commitment to fostering circularity.

MAY

TRUE certification

Pull&Bear obtains TRUE Platinum certification for its zero waste management at its headquarters and logistics platforms, making it the world's first retailer to obtain the category. Other headquarters and logistics centres of our brands obtained the TRUE distinction during the year.

JUNE

Inditex and Jeanologia develop Air Fiber Washer

This innovative industrial air extraction system reduces microfibre shedding by up to 60% in the first few washes, without using water or thermal energy, and without compromising fabric quality.

JULY

We increase our ambition in sustainability

The Inditex Group presents its new sustainability targets through 2040, based on innovation and collaboration. The Company undertakes to endeavour to respond to market demands with products whose manufacturing has a lower impact, advancing towards circularity and net-zero emissions.

AUGUST

The second Zara Home + By Vicent Van Duysen Collection

For this new collection, Van Duysen revisits some of his most emblematic creations and shapes. These pieces perfectly complement the furniture that featured in the first launch: versatile and timeless designs in carefully selected woods, textures and materials, with exquisite finishes.

SEPTEMBER

Bershka unveils store image in Milan

Bershka reopens one of its bellwether stores in the centre of Milan, the city of fashion. Bershka Corso Vittorio Emanuele II, one of the brand's most prestigious flagship stores, is the first to embody the new store concept designed by the renowned OMA studio.

OCTOBER

Agreements with Ambercycle and Circular Systems

Inditex enhances strategic partnerships with the most innovative startups in lower environmental impact fibres by acquiring cycora® from Ambercycle and the launch by Zara Home of a capsule collection made with the Agraloop™ BioFibre™ generated from hemp by Circular Systems.

NOVEMBER

The first Stradivarius store in Germany

The brand opens its first physical store in Germany, where it previously had an online presence. Located in Stuttgart, this store heralds the start of the brand's expansion in the German market.

DECEMBER

Zara Pre-Owned

The platform that allows the brand's customers to actively contribute to the circularity of their used clothing is now available in 16 markets. The platform offers repair services, sales between individuals and garment donation services.

JANUARY

Consolidation of our employment insertion programme

Salta, the initiative whereby Inditex provides access to the labour market for vulnerable groups, has exceeded 1,800 hirings in 18 markets. Canada, Kazakhstan and Croatia are the latest to have joined the programme.

3.3. Recognitions

Our relationship with trade unions, NGOs, governments and other civil organisations is fluid, continuous and key to implementing our sustainable business model. Their recognition over the course of 2023 for our work on various environmental and social aspects is an incentive to continue to make progress.

Inditex is recognised –for the fourth consecutive year– as one of the world's most committed companies to gender equality. More than 484 companies from 54 different sectors and more than 45 countries around the world are part of the Bloomberg´s Gender Equality Index (GEI) 2023.

In 2023, CDP distinguished Inditex with an A rating for efforts to fight climate change, as well as the quality of the information it publishes and its performance on this front.

Inditex, included in the DJSI World and DJSI Europe, was awarded in the Global Corporate Sustainability Assessment 2023 from S&P Global with a total of 68 points out of 100, as published in the 2024 Yearbook on 7 February 2024. This performance earned Inditex a score in the 99th percentile in the retail sector.

For the fifth time, in 2023 the Financial Times' Diversity Leaders ranking included Inditex in its list of Europe's most inclusive companies. This time around, the Group significantly improved its place in the ranking, from 299th to 44th.

The British financial daily newspaper has again included Inditex in its Europe's Climate Leaders 2023 edition, which highlights companies that have concentrated their efforts on reducing greenhouse gas emissions.

The Forbes Global 2000 list once again includes Inditex among the global companies selected. This annual ranking evaluates listed companies on the bases of sales, profits, assets and market value. In this edition the Group has achieved the 274th position.

Furthermore, Inditex is also spotlighted in Forbes' World's Top Companies for Women and World's Best Employers lists.

Inditex receives a score of 4.6 out of 5 in the FTSE4Good sustainability index 2023. This stock index ranks companies that demonstrate robust environmental, social and governance (ESG) practices.

In 2023, Inditex leads the ranking of companies with the best reputation in Spain –Merco Empresas–.

Furthermore, for the twelfth consecutive year, Inditex topped the Merco Talento ranking, which recognises firms that best attract and retain talent.

Most Attractive Employers

For yet another year, Universum has included Inditex among the best companies in which to develop professionally in Spain. In this latest edition, university students chose Inditex in various categories, such as Technology, Business and Law.

Globally, Zara has been included for the third time in Universum World's Most Attractive Employers ranking, and has scaled from 52nd to 40th.

ÍNDICE IBEX GENDER EQUALITY

Inditex has featured in this index, which recognises the listed Spanish companies with the most women serving on their Boards of Directors and in senior management positions, since its creation in 2021.

FORTUNE

Our Group is included in the first ever edition of the Fortune 500 Europe list, which ranks the largest European companies by revenue. This list includes companies from 24 different countries across the region.

Inditex has debuted in the Fortune World's Most Admired Companies™, placing 167th in the general index.

Interbrand Best Global Brands 2023

Our flagship brand, Zara, once again features among Interbrand's prestigious Best Global Brands. In this edition, brand value is recognised as having increased by 10%, boosting Zara to 43rd place.

Inditex appears in Newsweek's list of the World's Most Trustworthy Companies. Specifically, the Company is ranked seventh in its sector.

3.4. Retail concepts

GRI 2-6

Zara

One of the highlights of the year was unquestionably the Zara Steven Meisel New York Collection, in which the iconic photographer helped design a unique collection that embodies his personal style. The capsule, which included garments and accessories with a seductive touch for women and men, was accompanied by 26 portraits of people who are now ineluctably and forever linked to his background and career as a photographer. Naturally, these personalities include his alter ego, Linda Evangelista, along other models, friends and associates.

Notable collections include Barbie x Zara. Its eye-catching garments, inspired by the Barbie film, became part of the global phenomenon that turned all the trends pink. Representation of women who make their own way was further strengthened by Thirteen Pieces, a collection with a compelling personality comprising 13 timeless garments that convey simplicity and elegance. The strength of this collection is patent in the images featuring the actress Ángela Molina.

Another very characteristic style, this time by British stylist Harry Lambert, was showcased in Zara Man's Cutie Chaos collection, a line full of vintage references, and with the use of lower impact fibres as the cornerstone and main objective of the collection. Cutie Chaos was made of fabrics containing recycled raw materials such as recycled wool, polyester, polyamide and cotton.

Glitter in Gold, Make-Up for your Hair was Zara Beauty's début in hair products, a launch compiled, curated and designed in collaboration with creative director and stylist Guido Palau. To present this collection, Palau featured in a series of videos accompanied by Kaia Gerber.

In collaboration with the textile recycling company Circ, Zara moved a step further towards circularity in the fashion industry by launching the very first collection made with fabrics recycled from blended polyester and cotton textile waste. The separation of fibres is precisely one of the biggest challenges in textile recycling, so this technological breakthrough is a milestone for change in the sector. This year, Zara commenced the expansion of its Pre-Owned platform, aimed at helping customers to lengthen the useful lives of their garments through repairs, sales among individual customers of their Zara garments from any season, and donations. After its debut in the United Kingdom in 2022, Zara Pre-Owned has been activated in new European markets, currently reaching a total of 16.

During 2023, Zara launched its retail operations in Cambodia and continued its store openings in such emblematic locations as Paris (Champs-Elysées), São Paulo (Higienópolis), Dubai (Mall of Emirates), Miami (Dadeland) and Seville (Plaza del Duque), among others. In its ongoing quest for innovative initiatives to offer the best customer experience, in 2023 Zara launched a livestream programme on the Chinese platform Douyin, with a five-hour broadcast including catwalks, fitting room and make-up area tours, and behind-the-scenes views of the teams.

26,050
million euros in net sales

142.9
million followers in social media

4,613
million visits to the website

Pull&Bear

Music, rebranding, sports and augmented reality have been the focuses of Pull&Bear's commercial activity in 2023. One of the year's main novelties was the rebranding of the Pull&Bear logo, and the refurbishment of its stores, which present an unprecedented image in the latest openings in prime locations such as Gran Vía (Madrid) or Via Torino (Milan).

The brand has further cemented its collaboration with one of the foremost music festivals on the international scene, Primavera Sound. Pull&Bear has designed an exclusive collection and concept called The Vision, making its presence one of the most important in both its editions, in Barcelona and Madrid.

Continuing to pursue its commitment to music, digital innovation is provided by Sen Senra, the Spanish artist who starred in the augmented reality Live Show during the store opening in the Spanish capital. The headline collections featured two international celebrities: the singer Tini and the actress Valentina Zenere.

Notable collaborations include the sports partnership with brands such as Russell Athletic and Airwalk, a new snow collection with Spyder, and a firm commitment to denim alongside Wrangler.

Lastly, sustainability is another of the major milestones in the year, with the award of TRUE Platinum certification for its zero waste management at its headquarters and logistics platforms, becoming the first Inditex centre to achieve it and the first retailer worldwide to be awarded the Platinum category.

2,359
million euros in net sales

17.1
million followers in social media

484
million visits to the website

Massimo Dutti

The brand presented its first men's Studio line with a collection made for a contemporary urban lifestyle. The most iconic garments of the men's wardrobe were reinvented in the new Massimo Dutti Studio Collection. Selected materials and fabrics and an architecture-inspired approach yield modern silhouettes. The campaign is presented in three distinct chapters —each with its own identity— with the aim of promoting the collection and maximising its impact, in physical and online channels alike.

In addition, Massimo Dutti undertook a new creative challenge starring three cultural and fashion icons: Charlotte Rampling, Lila Moss and Alaato Jazyper. A tribute to heritage and tradition through pieces that are the experiential embodiment of Massimo Dutti's soul. Pieces that stand the test of time.

The brand remains committed to art and creativity. Through its ArtInProgress project, it carries out the Art Tour initiative, in which this year five artists presented their works at the reopenings of Massimo Dutti's flagship stores in Brussels, Vienna, Zurich, Paris and London.

1,839
million euros in net sales

17.0
million followers in social media

259
million visits to the website

Bershka

The firm marked its 25th anniversary with milestones such as the revamping of its logo and website, the launch of the Generation Bershka collection and the perfume created expressly for the occasion, and the reopening of Bershka Corso Vittorio Emanuele II, in Milan, one of its most prestigious flagship stores, in collaboration with renowned architectural studio OMA.

Bershka's close ties with the music scene are at the fore in a global collaboration with DICE, the ticketing platform for generation Z, or in special collections such as the capsule created with Bizarrap. The digital trend continues to expand, with the Phygital (physical + digital) Wearable Art collections in collaboration with ffface.me, digital fitting rooms powered by Snapchat technology, which includes digital garments and accessories. The Bershka website also features a virtual footwear fitting room.

The brand continues to support emerging talent and works with Spanish designer Pepa Salazar and Barcelona-based clothing brand Ssstufff.

2,621
million euros in net sales

32.8
million followers in social media

462
million visits to the website

Stradivarius

More than 5,000 visitors to Casa Stradivarius, a temporary installation located in Madrid's Palacio de Santa Bárbara, were able to touch and experience the brand in an ephemeral way through activities that included the co-creation of a new perfume by the firm, along with concerts, sports and talks about content creation.

Interaction with the brand also takes centre stage in stores such as the new flagship store on Barcelona's Paseo de Gracia. Located in a 1919 building, former headquarters of the Central Bank, combines the new WAVE store image with original architectural elements of great interest, such as the former vault now used to collect online purchases. Another highlight is the Fragrance Lab, an interactive space where customers can discover the brand's fragrances.

In its Icons Collection, Stradivarius pays tribute to the garments and professionals who have shaped fashion, such as Esther Cañadas, Joan Smalls and Luna Bijl, stars of the campaign.

Its first store openings in Germany (Stuttgart and Dresden) signal the start of the brand's expansion in this market.

2,334
million euros in net sales

15.3
million followers in social media

438
million visits to the website

Oysho

Oysho further cements its commitment to sport in its latest openings. The brand has opened stores in White City London, Brussels, Galataport Istanbul and Gran Vía Madrid, presenting a renewed image that highlights the products' technical features and innovation.

With regard to the collections, we highlight the Racket Sports Collection for sports such as tennis, padel and badminton; the Mountain Collection for hiking and trekking; the Ski Collection, which has been expanded and now includes new materials and innovative technologies, including the collaboration of well-known makers of technical insulation like Minardi Piume Company, 3M Thinsulate™ and Primaloft®.

As part of its commitment to sustainability, Oysho has launched a collection of compression leggings made from recycled polyamide, using materials from old tyres in its production.

Oysho's determination to boost women's sport is even stronger and the brand has become a title partner and technical sponsor of the Queens League Oysho, the new women's 7-a-side football league.

744
million euros in net sales

11.0
million followers in social media

100
million visits to the website

Zara Home[2]

The collaboration between the brand and the Belgian architect and designer Vincent Van Duysen, which commenced last year, has been continued in a new collection with pieces for the table and dining room. A pop-up store located in A Coruña offered visitors the chance to discover the 01 and 02 collections in an exhibition of their most iconic pieces.

In Cabana x Zara Home, the brand was inspired by the far-off lands and decorative treasures that adorn the pages of the popular collectible Cabana Magazine, with its unmatched evocation of the pleasure of travel, the spirit of adventure and culture.

Zara Home's online store in Brazil was launched along with the reopening of its refurbished flagship store in the Shopping Iguatemi mall in São Paulo. Also notable was the reopening of one of the brand's leading flagship stores: Zara Home Hermosilla, in Madrid.

15.3
million followers in social media

164
million visits to the website

[2] Sales at Zara Home are reported consolidated with those of Zara.

4

About this report

How we report

GRI 2-2; 2-3; 2-5; 2-14

Through the **2023 Statement on Non-Financial Information**, we present the information related to the performance of the Inditex Group (hereinafter also, the 'Group', the 'Inditex Group' or the 'Company') in financial year 2023 (from 1 February 2023 to 31 January 2024). In it, we provide truthful, relevant and accurate information on our accountability for the year 2023, as well as our objectives, progress and initiatives in the year. Accordingly, we present our Annual Report 2023, including the Inditex Group's Consolidated Annual Accounts, followed by the Integrated Management Report, also comprising the Statement on Non-Financial Information (SNFI).

The scope of the information reported herein includes all the companies over which Inditex has control or joint control listed in *Annex I* of the Consolidated Annual Accounts (any variations in comparison with those of 2022 are specified in *Note 3* of the Consolidated Annual Accounts). Relevant information is also provided on the Company's supply chain, made up of suppliers and manufacturers of the Inditex Group.

The Statement on Non-Financial Information was prepared by the Board of Directors of Inditex, following the favourable report by the Audit and Compliance Committee and the Sustainability Committee, both of which are responsible for the verification and supervision of the information included in it, each in their respective areas of competence. The SNFI has also been endorsed by Inditex's Social Advisory Board (the Group's external advisory body on sustainability matters, consisting of independent external members). It will subsequently be submitted to the Group's Annual General Meeting to be examined and, in the event, approval as a separate item on the agenda.

Act 11/2018 of 28 December, which entered into force in 2018, amends the Code of Commerce, the revised text of the Spanish Companies Act approved by Royal Legislative Decree 1/2010, of 2 July and Law 22/2015, of 20 July on Statutory Audit, as regards non-financial information and diversity (hereinafter, Act 11/2018), which supersedes Royal Decree Law 18/2017, of 24 November which transposed Directive 2014/95/EU of the European Parliament and of the Council, regarding disclosure of non-financial information and information on diversity into the Spanish legal system.

Through the Statement on Non-Financial Information, we fulfil the legislative requirements pursuant to Act 11/2018 on non-financial reporting and diversity, as well as the European Union Taxonomy Regulation (Regulation (EU) 2020/852 of the European Parliament and of the Council on the establishment of a framework to facilitate sustainable investment), and amending Regulation (EU) 2019/2088.

The provisions of said Act 11/2018 require that certain undertakings, including Inditex, are obliged to prepare a Statement on Non-Financial Information, which must be included in the Directors' Report or in a separate report corresponding to the same financial year. The SNFI contents must include, among other matters, the necessary information to understand the performance, results and situation of the Group and the impact of its activities in respect of environmental and social issues, respect for human rights and the fight against corruption and bribery, as well as matters regarding the workforce. It must also include, if applicable, such measures taken by the company to promote equal treatment and equal opportunities between women and men, non-discrimination, inclusion of people with disabilities and universal accessibility.

Moreover, Article 8 of the EU Taxonomy Regulation (Regulation (EU) 2020/852) establishes the requirement to provide information on how and to what extent the undertaking's activities are associated with economic activities that qualify as environmentally sustainable, and the proportion of their turnover, investments in fixed assets and operating expenditure associated with these environmentally sustainable activities. This regulation is mandatory for certain companies, including Inditex, which consolidates the report of this information in section *9.1.1. European Taxonomy of Sustainable Activities.*

In addition, at Inditex we are working to align our reporting with the new EU Corporate Sustainability Reporting Directive (CSRD). This new European Directive aims to standardise the sustainability information disclosed by companies, placing sustainability reporting on an equal footing with financial reporting, as well as addressing the information requirements of the different stakeholders.

Against this backdrop, we are in the process of analysing the level of disclosure required under the new European Sustainability Reporting Standards (ESRS), developed by the European Financial Reporting Advisory Group (EFRAG), which establishes the common framework for reporting. The widespread adoption of these standards will enhance transparency and comparability between the sustainability reports, giving the market greater clarity.

Voluntary reporting frameworks, principles and standards

In addition to responding to those legislative requirements that apply to Inditex, we also follow the guidelines of the main reporting initiatives and entities:

/ GRI Sustainability Reporting Standards (GRI Standards).

/ The Principles of the United Nations Global Compact.

/ AA1000 Accountability Principles (2018).

/ Principles of the Sustainability Accounting Standards Board (SASB) framework.

/ The principles of the International Integrated Reporting Framework.

/ Recommendations of the Task Force on Climate-Related Financial Disclosures (TCFD).

/ Guide entitled Business Reporting on the SDGs: An Analysis of Goals and Targets, compiled by the Action Platform for Reporting on the Sustainable Development Goals.

/ Recommendations of the European Securities and Markets Authority (ESMA): European common enforcement priorities for annual financial reports.

/ Recommendations included in the European Commission Communication 2017/C215/01 – Guidelines on non-financial reporting, and in EU Supplement 2019/C209/01 on reporting climate-related information.

The Inditex Group's SNFI follows the criteria set forth in the **Integrated Reporting Framework;** compiled by the International Integrated Reporting Council (IIRC), which in 2022 joined the International Financial Reporting Standards Foundation (IFRS Foundation). Inditex is a member of the IFRS Sustainability Alliance, and has followed its principles since the initiative began, having taken part in the IIRC's pilot edition in 2011.

Furthermore, this Report has been prepared in accordance with the latest edition of the Global Reporting Initiative (GRI) Standards: **GRI Universal Standards 2021.** This international framework is cited in article 49.6.e) of the Commercial Code introduced by the aforementioned Act 11/2018.

Since 2007, we have followed the GRI standards and are members of the GRI Community, a community of companies from different sectors that collaborate, demonstrate leadership in reporting and share knowledge and best practices.

GRI COMMUNITY MEMBER 2024

The contents to be included in the Statement on Non-Financial Information have been determined on the basis of the materiality exercise we conducted using a double materiality approach. We carried out this analysis in accordance with the guidance provided by the European Financial Reporting Advisory Group (EFRAG), published in the European Sustainability Reporting Standards (ESRS), to support implementation of the European Union's Corporate Sustainability Reporting Directive (CSRD). We also follow the recommendations outlined by the Global Reporting Initiative in its GRI 3: Material topics 2021, as a reference.

ⓘ More information in section *5.3.2. Materiality analysis* of this Report.

To facilitate navigation and as a reference for readers, we include a GRI Content Index in this Report. Accordingly, Inditex has prepared the report in accordance with the GRI Standards for the period from 1 February 2023 to 31 January 2024.

Since 2001 we have been participants in the United Nations Global Compact. As part of our commitment to this international initiative, which promotes the implementation of the 10 **Principles of the United Nations Global Compact** in the areas of human rights, labour, environment and fight against corruption, we annually respond to the Communication on Progress (COP). Furthermore, in the GRI Content Index, we also collect information on the different section of the SNFI that would be related to each of these principles.

WE SUPPORT UN GLOBAL COMPACT

In preparing this Report we also used the **Sustainability Accounting Standards Board (SASB)** reporting framework as a reference. Specifically, we followed the guidelines of the version of the Apparel, Accessories and Footwear sector standard updated in June 2023, and have included an SASB reference table listing the disclosures and metrics related to this standard. In 2022, the International Financial Reporting Standards Foundation (IFRS Foundation) assumed responsibility for the SASB, which is overseen by the International Sustainability Standards Board (ISSB).

ⓘ More information in section *9.2.2. SASB reference table* of this Report.

Regarding the reporting information on climate change risks and opportunities, this report includes a specific chapter whose structure matches the four blocks described by the **Task Force on Climate Related Financial Disclosures (TCFD)**: Governance, Strategy, Risk Management, Metrics and Goals. At Inditex we follow the TCFD's recommendations for reporting this information.

ⓘ More information in section *6.1.6. Risks and opportunities arising from climate change* of this Report.

Furthermore, for the last seven years we have been using the guide **Business Reporting on the SDGs: An Analysis of Goals and Targets,** developed by the Action Platform for Reporting on the Sustainable Development Goals, a platform organised jointly by the United Nations Global Compact and the Global Reporting Initiative (GRI), to which Inditex has belonged since its inception and which came to an end in 2020. Accordingly, our Report also includes accurate information on our contribution to the United Nations Sustainable Development Goals (SDGs).

ⓘ More information in section *9.1.5. Inditex's contribution to the SDGs. Main indicators* of this Report.

Lastly, as a relevant aspect in the preparation of integrated reports, we have considered the recommendations of the **European Securities and Markets Authority (ESMA),** published in its report **European common enforcement priorities for 2023 annual financial reports.** This year, the priorities for non-financial information have focused mainly on EU Taxonomy reporting and on the disclosure of information on climate targets and scope 3 emissions. Information on the above is provided throughout this Integrated Report. Moreover, it has also been prepared with reference to the recommendations included in the European Commission Communication 2017/C215/01 – Guidelines on non-financial reporting, and in EU 2019/C209/01 Supplement on reporting climate-related information.

Non-financial information control system

To ensure that the information included in the SNFI is truthful and accurate, and that it also meets the expectations of our stakeholders in terms of its reliability and robustness, at Inditex we have implemented an Internal Control System of Non-Financial Reporting (ICNFR). The purpose of this system is to provide reasonable security concerning the reliability of the information included in our SNFI. Therefore, the ICNFR mainly entails control activities on the processes of obtaining the information and monitoring activities of the key indicators included in the SNFI (the scope of which is defined annually taking into account qualitative and quantitative criteria as well as the results of the materiality analysis).

The Group's ICNFR has been developed in line with the COSO (Committee of Sponsoring Organizations of the Treadway Commission) international standard for internal control. As part of our drive for continuous improvement, it has been enriched and provided with more exhaustive controls year after year, a process that will continue to be developed in future years.

External assurance

The information disclosed in the Statement on Non-Financial Information has been subject to verification by an independent third-party, Ernst & Young. The scope and results of this independent verification are described in the Verification Report attached in section 10 of this Report. This report has been reviewed in accordance with the revised International Standard on Assurance Engagements (ISAE) 3000, Assurance Engagements Other than Audits or Review of Historical Financial Information, and with Guideline no. 47 on attestation engagements of the Statement on Non-financial Information issued by the *Instituto de Censores Jurados de Cuentas* (Institute of Certified Public Accountants) of Spain. Based on these two standards, in addition to the review carried out of the contents required by Act 11/2018, a selection of 42 disclosures from the GRI Standards have been reviewed. These disclosures were selected based on the materiality analysis performed by Inditex annually with its stakeholders. These disclosures are listed in the GRI index alongside the symbol: ☑

We report in accordance with the GRI Standards and the outcome of the verification corroborates that the declared GRI Standards application option is appropriate.

ⓘ More information in section *10. Independent Verification Report* of this Report.

Methodology for calculating the indicators included in the Statement on Non-Financial Information

In order to improve understanding and guarantee greater transparency, a methodological explanation for each indicator has been incorporated throughout the document. This explanation addresses several aspects, such as the scope of the indicator, the nature of the data used, the calculation or estimation criteria, and, if any, the corresponding exclusions. Special attention has been paid to including this explanation in the indicators whose calculation process is not obvious, with the aim of facilitating the understanding of how the results presented have been reached.

Scope of the environmental indicators

The environmental indicator system includes data obtained between 1 February 2023 and 31 January 2024. The scope of the indicators includes the Inditex Group's own facilities, specifically:

/ The headquarters in Arteixo (A Coruña) and all the retail concepts' headquarters: Zara, Pull&Bear, Massimo Dutti, Bershka, Stradivarius, Oysho, Zara Home and Tempe, all of them located in Spain.

/ All the Group's own factories, located in Spain.

/ All the Group's logistics centres.

/ All the Group's own stores.

Indicators where the scope differs are shown alongside the corresponding data.

With regard to environmental indicators that apply to our value chain, e.g. scope 3 emissions or supply chain water consumption, the specific scope is provided in the indicator itself.

Environmental performance in absolute and relative terms for environmental indicators

The data from the environmental indicator system are shown in absolute and relative terms, calculating the latter based on the square meters of surface of our facilities and based on net sales, in order to represent the efficiency achieved after the company's activities and the continuous improvement derived from the management. Relative indicators are calculated using the following formula:

/ Ratio per square metre (m^2) = absolute figure for the year/total surface area in m^2

/ Ratio by net sales[3] = absolute value for the year/sales (€)

Disclaimer

In the current context, the metrics, models and methods of calculation used by companies to report sustainability information have, generally speaking, been introduced recently and are evolving rapidly, adapting to the different reporting frameworks and regulatory developments. Accordingly, the availability of information, together with methodological consistency and the possibility of comparing information year-on-year are among the challenges that companies are currently facing.

Over the next years, the development of harmonised standards together with sector-specific application guidelines can be expected to facilitate the reporting of sustainability information to the market and stakeholders. Combined with the development of data systems and models, this will enhance reporting and comparability between companies.

General information on sustainability

A number of calculations, estimates and assumptions, as well as future projections, were made in preparing the Statement on Non-Financial Information. With regard to these future projections, the information and objectives concerning sustainability included in this document entail a high degree of uncertainty and inherent risk.

The reported information on sustainability indicators comprises a combination of primary and secondary data. When source data are not available, estimates or assumptions based on trends in actual data, as well as information from external sources, are used. For indicators that require so, clarifications on the methodology and/or scope of the information reported have been included.

Consequently, it should be noted that the methodologies currently used in the reporting and calculation of sustainability indicators will continue to evolve going forward. Hence, as we move towards globally harmonised reporting, it may be necessary to restate historical data as well as future pathways in the next few years.

[3] Includes sales in our own physical stores and online.

Information relating to climate risks

With specific regard to climate-related information, the identification and assessment of physical and transition climate risks are subject to numerous uncertainties, arising, among other things, from the complexity of anticipating how the climate may evolve. These uncertainties mean that the data contained in this Report may be inaccurate in the future, depending on how the climate evolves and on the scientific consensus regarding the process of climate change. Such data therefore represent the best estimate that can be made using existing climate information and models.

Climate modelling is therefore a complex discipline that is exposed to three main uncertainties: natural climate variability, how accurate the climate model turns out to be, and how accurate the emissions scenario proves to be. Climate scenarios are not forecasts, predictions or sensitivity analyses, but hypothetical constructions of plausible future situations based on science, aimed at assessing the resilience of a company's assets, business model and strategy to such scenarios.

Bearing uncertainties and our business activity in mind, Inditex has no liabilities, expenses, assets, provisions or contingencies of an environmental nature that could play a significant role in terms of the net assets, the financial situation and results of the Company. For this reason, we do not include specific breakdowns.

ⓘ More information in *Note 32* of the Consolidated Annual Accounts.

Further considerations

The statements contained in this document reflect the Company's current views with respect to future projections. By their nature are subject to risks and uncertainties that could cause the final outcomes to be significantly different from what the forward-looking statements state or suggest.

Against this backdrop, sustainability commitments and targets have not been affected by the sale and subsequent franchise of the business in Argentina and Uruguay, nor by the situation between Russia and Ukraine, and progress continued to be made as planned during the year. Operations in Ukraine remain suspended at the time of preparation of this Report, although they are scheduled to be gradually reopened from April 2024. Where any specific indicator has been affected as a result of the conjunctural circumstances of this year, its performance is detailed separately in the relevant section of this Report.

5
About Inditex

5.1. Corporate governance

Material topic: Good governance and integrity

5.1.1. Good corporate governance

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

Inditex Board of Directors ensures **compliance of the Company with its social and ethical duties,** its duty to act in good faith in its relations with employees and with third parties, and to ensure the balance of power and the respect and equality among all our shareholders, especially minority shareholders.

Inditex has a Corporate Governance System comprising a series of bodies, rules, procedures and mechanisms to guarantee that the directors and the management team, who are responsible for the governance of the Company, carry out their duties in a **diligent, ethical and transparent** manner and are accountable for their activity—which is subject to verification and control, both internal and external—and, at the same time, that no person or small group of persons holds decision-making power within the Company that is not subject to checks and balances, and that no shareholder receives privileged treatment over the others.

Furthermore, the Board performs its duties in accordance with the corporate interest, meaning the **viability and long-term maximisation of the value of the Company in the common interest,** not only of all our shareholders, but also of all our stakeholders, whose legitimate interests, public or private, converge in the course of our business activity, and especially those of our employees, customers and suppliers, the environment and the civil society at large.

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

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

5.1.1.1. Organisation and operation of the governing bodies

Governing Bodies

Inditex's Annual General Meeting

Ms Marta Ortega Pérez
Non-executive Chair

Mr José Arnau Sierra
Deputy Chair

Mr Óscar García Maceiras
Chief Executive Officer

Mr Amancio Ortega Gaona
Founder - Proprietary Director

Pontegadea Inversiones, S.L.
(Ms Flora Pérez Marcote)
Proprietary Director

Board of Directors

Ms Pilar López Álvarez
Independent Director

Ms Anne Lange
Independent Director

Mr José Luis Durán Schulz
Independent Director

Mr Rodrigo Echenique Gordillo
Lead Independent Director

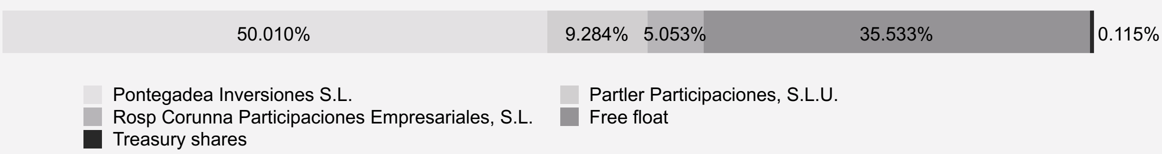
Bns. Denise Patricia Kingsmill
Independent Director

Mr Javier Monteoliva Díaz
Secretary non-member

Executive Committee

Audit and Compliance Committee	Nomination Committee	Remuneration Committee	Sustainability Committee

Inditex shareholder structure[4]



[4] For these purposes, the 0.0046% of the share capital owned by the directors of Inditex (see section A.3. of the *Annual Corporate Governance Report*), other than the controlling shareholder, is not included as part of the free float, in accordance with the criteria established by CNMV.

Inditex's 2023 Annual General Meeting (hereinafter, also '2023 AGM') was held on 11 July in hybrid format, with in-person and remote attendance and participation. Among other resolutions, the meeting approved the re-election of the founder and majority shareholder, Mr. Amancio Ortega Gaona, as a proprietary director, and Mr. José Luis Durán Schulz as an external independent director.

Likewise, in the context of the departure of Mr. Emilio Saracho Rodríguez de Torres, designated 'affiliated director' after having served 12 years on Inditex's Board, a reduction in the number of members of the Board of Directors was approved, leaving it at ten (10).

Detailed information on the Annual General Meeting and on the regulation, organisational and operational rules, composition, mission and competences and the main activities or lines of action of the Board of Directors and the Audit and Compliance, Nomination, Remuneration and Sustainability Committees for 2023, is provided in the 2023 Annual Corporate Governance Report (ACGR). This report was approved by the Board of Directors at its meeting of 12 March 2024 and is available on our corporate website (in the 'Investors' section, under 'Corporate Governance > Reports and Regulations') and on the CNMV website.

ⓘ More information in the *Annual Corporate Governance Report*.

Management Committee

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

The members of the Management Committee as of 31 January 2024 are as follows:

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

5.1.1.2. Main lines of action by Inditex corporate bodies in 2023

The agenda of business to be transacted by Inditex governing bodies has continued to be shaped by sustainability:

/ The monitoring of sustainability targets for the 2020-2025 period and the approval of the various action plans and roadmaps to achieve them.

/ The Fibres Plan concerning the target on the use of lower-impact textile raw materials.

/ The Decarbonisation Plan, with respect to the net-zero target.

/ The assessment of the Supply Chain Transformation Plan.

/ The approval of the new sustainability targets, which were announced at the 2023 AGM. More information in section *5.2.2. Sustainability strategy.*

/ Assessment of the Group's Diversity and Inclusion strategy and purpose, as part of the Group's responsible action.

/ Monitoring of the new regulatory framework and sustainability reporting standards.

/ Monitoring of the impact on the value chain of the earthquakes in Morocco and Türkiye and the various social initiatives.

The Board's agenda was also determined by:

/ The review of the financial and non-financial information that the Company discloses to the Market and of the various mandatory transparency reports.

/ The business situation and in particular, (i) the monitoring of the financial results and the budget, as well as the fulfilment of the strategic objectives, (ii) the monitoring and analysis of the evolution and expectations in relation to the different commercial formats and the different markets where the Group operates, or (iii) the analysis of the different impacts for the Group in view of the socioeconomic situation derived from the earthquakes in Türkiye and Morocco, or the different geopolitical conflicts.

/ The analysis and monitoring of the main risks affecting the Inditex Group and updating of the risk map.

/ The monitoring and formal approval of the different (i) corporate operations, in particular, in relation to the sale of certain subsidiaries of the Group and the management of the business in certain markets through the franchise system, and (ii) transactions with related parties.

/ Further information on these transactions is included in the Annual Report on Related-Party Transactions for the financial year 2023, which will be published on the corporate website at the time the notice of the 2024 Annual General Meeting is published.

/ The formal aspects of (i) the appointment and re-election of directors, (ii) the remuneration of the CEO and members of senior management, and (iii) the evaluation of the performance of the Board of Directors, its Committees and other key positions.

And, in particular, the following should be highlighted due to their special relevance:

/ The formal establishment of the new Cybersecurity Advisory Committee, as announced at the 2023 AGM:

- This Committee's main purpose, as a permanent internal advisory and consultative body without executive powers, is to provide strategic and independent advice to the relevant governing bodies and the Company's management on cybersecurity, its regulations, best practices and emerging risks that could affect the Company.

- This new body strongly advances the consolidation of Inditex's cybersecurity governance structure, led by the Board of Directors itself. The Board is supported by a series of consultative bodies, including the Audit and Compliance Committee, and executives, represented in the Group's management team. Involved, in the first instance, is the Chief Information Security Officer (CISO), who is supported, in turn, by the Information Security Committee, of which the CEO is also a member.

- The establishment of this body also required implementing the necessary formal aspects relating to the appointment of its members and the determination of their remuneration, the approval of its organisational and operational rules and the adaptation of other internal regulations to this new organisational structure, etc.

/ The approval of the Group's new Internal Reporting System. More information in section *8.1.2. Global Compliance Model and Criminal Risk Prevention Model*.

/ Follow-up on the analysis concerning the Company's key positions and the identification of suitable profiles to fill them.

/ Approval of the new Directors' Remuneration Policy for financial years 2024, 2025 and 2026 and the new 2023-2027 Long-Term Incentive Plan.

More information on the activities and matters dealt with by the Board and its Committees can be found in the Annual Operating Reports for the financial year 2023, which will be published on the corporate website at the time the notice of the 2024 Annual General Meeting is published.

5.1.1.3. Diversity in our governing bodies

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

ⓘ More information in section *7.1.2. Our approach to diversity* of this Report.

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

This Policy sets forth the criteria for the selection of directors to guide the activities of the relevant corporate bodies.

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

In 2023, coinciding with the step down of Mr Emilio Saracho Rodríguez de Torres as a Director of the Company, this Committee, in accordance with best practices, reviewed and updated the **Board Skills Matrix** approved in 2022, to take into account the Board's new composition. Thus, the Matrix remains as a useful tool at the service of the Nomination Committee to review the criteria for ensuring the proper and diverse composition of the Board of Directors (see below the main indicators resulting from the Matrix) and the selection of potential future candidates.

With regard to gender diversity, the Committee has consistently strived to achieve the highest levels of female representation. In 2022, with five women on the Board, the target set in 2020 of 40% of female directors out of the total number of members of the Board was exceeded, **and in 2023 parity was reached between men and women on Inditex's most senior governing body.**

This also places Inditex above the targets set for the under-represented gender in Directive (EU) 2022/2381 of the European Parliament and of the Council of 23 November 2022 on improving the gender balance among board members of listed companies and related measures, to be achieved by June 2026, of 40% in relation to non-executive directors or 33% of the total members of the Board, regardless of whether they are executive or non-executive directors. Moreover, the percentage of women[5] on the Board of Directors of Inditex is above the average of companies listed in the Ibex 35 Index.

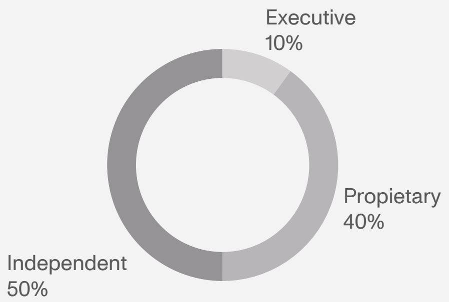
Governing Bodies	% women	
	2023	2022
Board of Directors	50.00%	45.45%
Audit and Compliance Committee	50.00%	42.86%
Nomination Committee	40.00%	40.00%
Remuneration Committee	25.00%	20.00%
Sustainability Committee	75.00%	60.00%

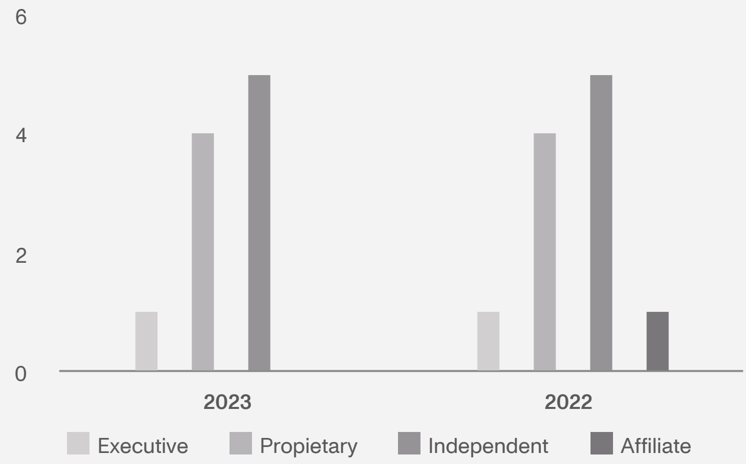
Moreover, the Committee is also responsible for the appointment and removal of members of the Senior Management, and must also ensure gender diversity and the promotion of female leadership, **encouraging the existence of a significant number of female senior managers.**

[5] The year-on-year change in the Board of Directors and its Committees has been affected by the reduction in the number of Board members approved at the 2023 AGM.

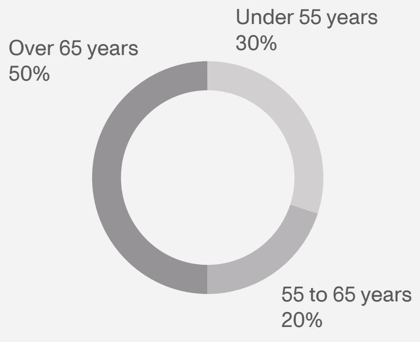
Main diversity indicators of the Board of Directors of Inditex for financial year 2023 and their performance

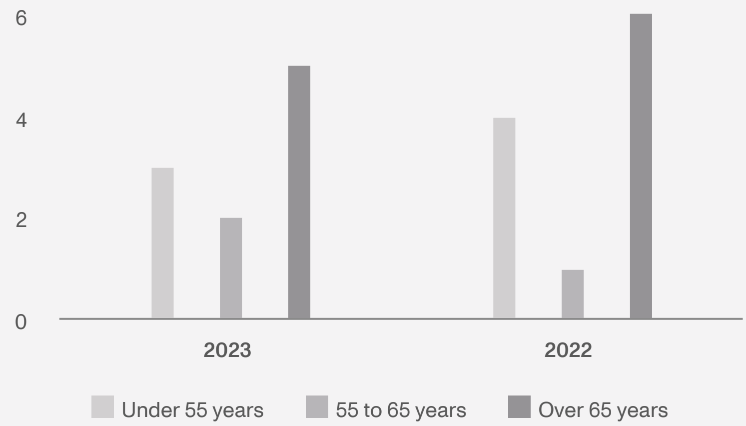
Directorship type



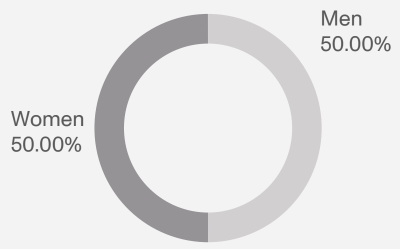


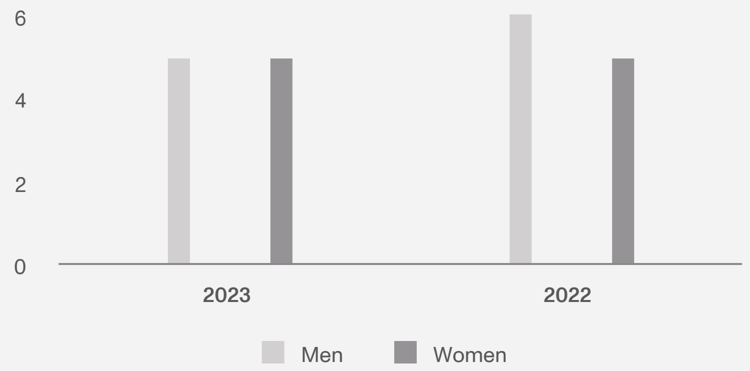
Age



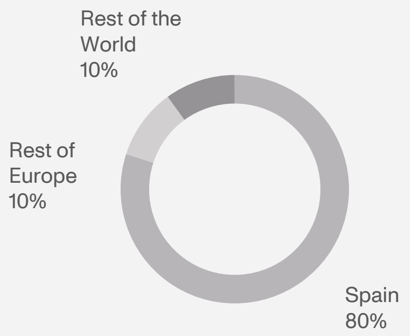


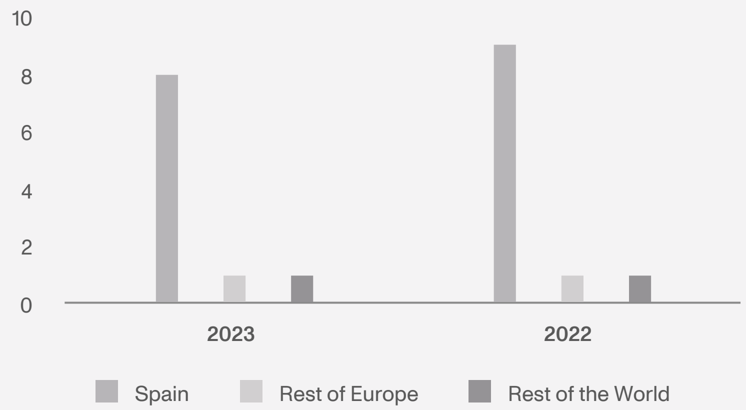
Gender

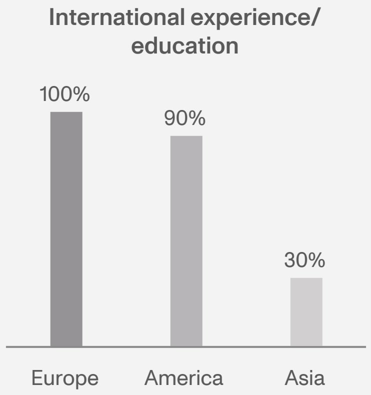




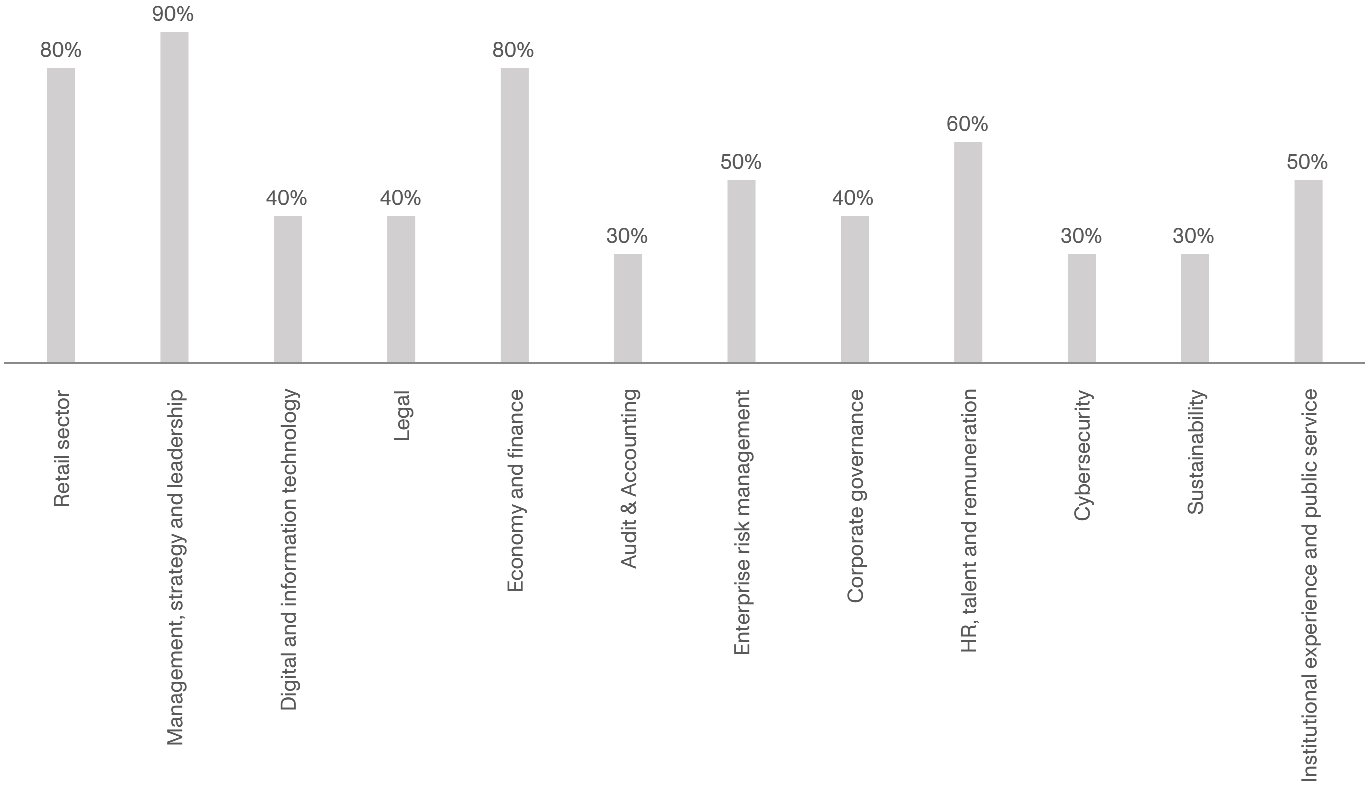
Geographic origin







Competences



Overall, in accordance with the updated Board Skills Matrix, it is considered that the current structure and composition of the Board of Directors of Inditex, as of today, maintains a high level of balance and stability, as materialised in the following: (i) a balanced composition among the different directorship types, with the presence of independent, proprietary and executive directors, but in any event with an ample majority of non-executive and independent directors, (ii) a parity presence of men and women, and (iii) an appropriate balance of skills, knowledge and experience, suited to the interests of the Company and the Group.

Diversity in a company's governing bodies ensures there are multiple perspectives, helping to identify risks and opportunities and, therefore, to achieve corporate objectives.

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

5.1.1.4. Other indicators of Inditex's Corporate Governance System

Item	2023	2022
Quorum for attendance at the Annual General Meeting	89%	88%
Number of directors	10	11
Executive Directors	1	1
Independent Directors	5	5
Proprietary Directors	4	4
Affiliate Directors	0	1
Lead independent director	YES	YES
Meetings of the Board	8	10
Attendance %	89%	98%
Meetings of the Audit and Compliance Committee	7	6
Attendance %	98%	100%
Meetings of the Nomination Committee	6	5
Attendance %	90%	100%
Meetings of the Remuneration Committee	4	5
Attendance %	94%	100%
Meetings of the Sustainability Committee	5	6
Attendance %	100%	100%

5.1.1.5. Remuneration of Directors and Senior Management

Detailed information on the **Directors' Remuneration Policy** in force for 2021, 2022 and 2023, which ceased to be effective on 31 January 2024, its principles, foundations and elements, as well as its application in 2023, are set out in the 2023 Annual Report on Remuneration of Directors, approved by the Board of Directors at its meeting of 12 March 2024. This report is available on our corporate website (in the 'Investors' section, under 'Corporate Governance' > 'Reports & Regulations') and on the CNMV website.

ⓘ More information in the *Annual Remuneration Report*.

The 2023 AGM approved the new Directors' Remuneration Policy for financial years 2024, 2025 and 2026 as well as the new Long-Term Incentive Plan 2023-2027 (hereinafter referred to as the '2023-2027 Plan').

This new Remuneration Policy, which will enter into force for the financial year commencing on 1 February 2024, is consistent with the Remuneration Policy for 2021, 2022 and 2023, and is aligned with Inditex's short and long-term strategic priorities, and focuses on the creation of long-term value and sustainability. The new 2023-2027 Plan, also consistent with the 2021-2025 Long-Term Incentive Plan, incorporates the new public sustainability objectives announced at the 2023 AGM.

Detailed information on the new Remuneration Policy and the 2023-2027 Plan can be found in the aforementioned Annual Report on Remuneration of Directors for 2023.

Total remuneration of the Board of Directors in 2023 (in thousands of euros)

	2023	2022
Total Remuneration of the Board of Directors	13,462	38,698

ⓘ More information in section C.1.13 of the *Annual Corporate Governance Report* and in the *Annual Remuneration Report*.

No gender-specific information is included regarding directors' average remuneration as there is no gender pay gap in Inditex's governing bodies. The remuneration of directors in their capacity as such consists of a fixed annual remuneration for each of them for their membership of the Board and its various committees and an additional remuneration for discharging the offices of chair and deputy chair of the Board and for chairing the different committees, regardless of gender. At present, both the Board of Directors and two of Inditex's Committees are chaired by women. Only the CEO receives a remuneration package (including fixed and variable components) for the performance of his executive duties, and the items and amounts of the CEO's remuneration are therefore not comparable to that of the other directors.

Average remuneration of Senior Management in 2023 (in thousands of euros)

The annual average remuneration earned by the 22 members of the Senior Management as of 31 January 2024 is as follows:

Average remuneration earned by the Senior Management	2023	2022
Men	5,101	4,149
Women	4,628	3,753
Total	4,957	4,044

ⓘ More information in section C.1.13. of the *Annual Corporate Governance Report*.

5.1.1.6. Vision and challenges: towards sustainable governance

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

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

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

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

Sustainability Governance

Board of Directors

Body responsible for approving Inditex's sustainability strategy.

EXECUTIVE BODIES

Chief Executive Officer

/ Addresses all aspects related to the operation of the business: defining the sustainability strategy.

/ Reports at least quarterly to the Board of Directors.

Management Committee

/ Body responsible for coordinating the Company's management and supports the CEO in discharging his duties.

/ Addresses all aspects related to the operation of the business: driving the sustainability strategy.

Chief Sustainability Officer

/ The Chief Sustainability Officer is part of the Senior Management of Inditex and member of the Management Committee.

/ Reports hierarchically to the CEO and reports to the Sustainability Committee on a quarterly basis and, where appropriate, to the Audit and Compliance Committee on sustainability, including social, environmental and product health and safety, and in relation to climate change and associated risks.

/ Establishes the strategy and identifies tolerance to risks (approved by the Board) related to sustainability, including climate risk.

/ Oversees the implementation of the sustainability strategy and the achievement of associated objectives.

Sustainability Operating Committee

The Sustainability Operating Committee is the body in charge of coordinating and promoting the implementation of the sustainability strategy among the Group's different brands and business units. It is chaired by the Chief Sustainability Officer and comprises representatives from various relevant areas. It meets on a quarterly basis.

ADVISORY BODIES

Sustainability Committee

/ Body in charge of overseeing and controlling sustainability proposals in terms of human rights, social, environment and the health and safety for our products.

/ Monitoring sustainability strategy and practices.

/ Measuring and achieving sustainability objectives.

/ Body in charge of liaising with stakeholders in the field of sustainability.

/ Overseeing and evaluating the preparation of regulated and non-regulated non-financial information.

/ Reports to the Board of Directors on a quarterly basis.

Audit and Compliance Committee

/ Body responsible for overseeing and assessing financial and non-financial risks, such as those arising from the Group's actions in relation to its social, environmental and other sustainability practices, including climate change risks.

/ On an annual basis, this Committee supervises and assesses non-financial risks and its degree of tolerance, while ensuring that the risks are managed within the tolerance levels established by the Board.

/ Also responsible for overseeing and evaluating the preparation and integrity of the non-financial information and overseeing the independent verification of this information.

/ Reports quarterly to the Board of Directors.

Social Advisory Board

A collegiate body composed of external independent experts, which advises the Company in sustainability issues.

Ethics Committee

Body reporting to the Board of Directors, which oversees compliance with standards of conduct.

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

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

The **Sustainability Committee,** as an informative and advisory Board committee, is responsible for monitoring our social and environmental sustainability strategy and practices, as well as fostering a commitment to the Sustainable Development Goals. In accordance with article 9.2 of the Sustainability Committee Regulations, the members of the Sustainability Committee shall be appointed, especially its chair, with the knowledge, skills and experience appropriate to the functions they are called upon to perform, including, among others, in matters of sustainability, social action initiatives, sustainable resource management and the design of stakeholder communication policies.

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

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

In 2023, as part of the process to define the revised climate change strategy in 2022, the Sustainability Committee assessed the Company's Decarbonisation Plan and worked on its development or 'Climate Transition Plan'.

The existence of robust sustainability monitoring mechanisms

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

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

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

Establishing appropriate mechanisms to reflect the expectations of our stakeholders

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

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

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

Its composition as of 31 January 2024 is as follows:

Member
Mr Victor Viñuales Edó
Ms Paula Farias Huanqui
Ms Cecilia Plañiol Lacalle
Mr Ezequiel Reficco
Mr Javier Sardina López

Accountability and transparency

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

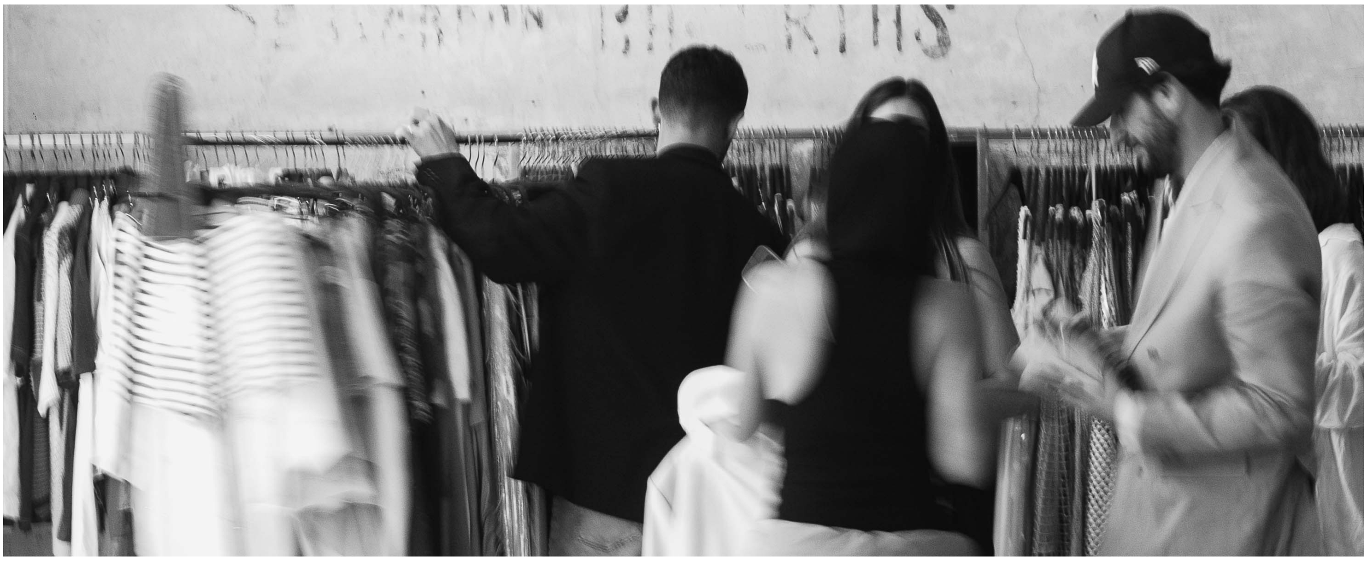
The link between sustainability performance and the remuneration system for our Executive Director and Senior Managers

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

The annual variable remuneration of the Chief Executive Officer for 2023 is linked to, among other criteria, progress in the implementation of Inditex's global sustainability strategy. This progress will be measured according to the indicators updated at the 2023 Annual General Meeting, with a maximum weight of up to 15% of the total annual variable remuneration.

Weight	Goal	Measurement criteria [1]
15%	Progress in the implementation of Inditex's global sustainability strategy, measured according to the following indicators:	(i) Increase in the use of lower-impact fibres, measured through the use of raw materials from preferred sources: cotton, linen, polyester and cellulosic fibres;
		(ii) Degree of progress in the plan for the environmental improvement of supply chain, focused on reducing water and energy consumption;
		(iii) Degree of compliance with our commitment that by 2023, all waste generated at our corporate headquarters, logistics centres, own factories and own stores will be properly collected and managed;
		(iv) Degree of compliance with our 2023 target that all packaging materials should be collected for subsequent reuse in our supply chain;
		(v) Development of additional mechanisms in renewable energy infrastructure;
		(vi) Degree of implementation of environmental projects related to the initiative to charge for paper bags and envelopes in stores;
		(vii) Degree of progress in the elimination of single-use plastics for customers; and
		(viii) Innovation projects related to textile recyclability.

(1) The objectives themselves do not change with respect to what was published in the previous year's report, nor does their calculation methodology; this is merely a terminological adaptation to the evolution of sustainability initiatives.



Furthermore, in line with the Remuneration Policy, the weight of sustainability metrics to which multi-year remuneration is linked in the long-term incentive plans currently in force is 25%, which is above the 20% market median. The metrics to which the long-term incentive plans are linked are as follows:

Weight	Target	2021-2025 Plan Measurement Criteria		2023-2027 Plan Measurement Criteria
		(Cycle I)	(Cycle II)	(Cycle I)
25 % (1)	Sustainability index (composed of four indicators)	Use of lower-impact fibres: measured as percentage use of raw materials from preferred sources.	Preferred fibre consumption: measured as the percentage reduction of the weight of conventional fibres over total fibre consumption (in t), for the four fibres involving a public commitment (cotton, polyester, man-made cellulosic fibres and linen).	Consumption of textile raw materials with lower impact (known as preferred): measured as the percentage of preferred textile raw materials (organic, in conversion, regenerative, recycled, certified as European linen, Green viscose in the Hot Button Report by Canopy and EU BAT compliant or Next Generation) in the winter campaign of financial year 2025 over total purchases of the main fibres (cotton, polyester, linen, viscose, modal and lyocell) in that campaign.
		Waste management: measured as the percentage of Inditex facilities (headquarters, factories, logistics centres and stores) that have a waste management system in place to recycle, recover and adequately treat such waste for its recovery, preventing it from ending up in a landfill.	Water consumption: measured in terms of percentage reduction of water consumption (litre/kg) in the supply chain.	Water consumption: measured as the percentage reduction in water consumed (litre/kg) in the supply chain between the cycle start date (1 February 2023) and end date (31 January 2026).
		Decarbonisation: measured as the reduction in the volume of Greenhouse Gas emissions in own operations (scope 1 and 2).	Decarbonisation: measured as the percentage reduction in the volume of scope 3 Greenhouse Gas emissions, in the 'purchased goods and services' category.	Decarbonisation: measured as the percentage reduction in the volume of scope 3 Greenhouse Gas emissions, in the 'purchased goods and services' category, between the cycle start date (1 February 2023) and end date (31 January 2026).
		Social: measured as the percentage of suppliers of Inditex products ranked A or B in the social score index.	Social: measured as the percentage of suppliers of Inditex products ranked A and B in the social score index.	Social: total number of workers included in programmes in the Priority Impact Areas of Social Dialogue, Living wages, Health, Respect and Resilience, pursuant to the Workers at the Centre Plan in the period from 1 February 2023 to 31 January 2026 (cumulative data for the three years 2023, 2024 and 2025).

(1) Taking into account that two different long-term incentive plans have been in force during the financial year 2023, in which the weight of the sustainability index is already 25 % in both cases.

As a result, in 2023, the weight of sustainability goals over the CEO's total variable remuneration has been approximately 20%, and 36% over fixed remuneration.

Details of the objectives, the measurement criteria and the scales of achievement for each of the sustainability objectives linked to the Chief Executive Officer's variable remuneration are provided in the 2023 Annual Report on Remuneration of Directors. It was approved by the Board of Directors on 12 March 2024 and is available on the corporate website (in the 'Investors' section, under 'Corporate Governance > Reports & Regulations') and on CNMV website.

ⓘ More information in the *Annual Report on Remuneration*.

There is a clear alignment between the remuneration structures of the Chief Executive Officer and the members of Senior Management , coinciding both in their principles and remuneration items and in the design of the incentives, which are broadly consistent throughout the organisation, as well as in the mechanics of the pay review process. Accordingly:

/ The total remuneration of the members of Senior Management consists mainly of the following items: (i) fixed remuneration, (ii) annual variable remuneration and (iii) long-term variable remuneration.

/ The metrics established in both annual variable remuneration and multi-year variable remuneration are linked to the achievement of a combination of financial and non-financial targets. These targets are specific, predetermined and quantifiable, aligned with the social interest and the Group's Strategic Plan. Accordingly, compliance with sustainability goals is also a component of the Senior Management's variable remuneration.

/ This variable remuneration system has the flexibility to allow modulation to the extent that, under certain circumstances it is possible for members of Senior Management to not receive any variable remuneration if minimum performance thresholds are not met. That is, there are no guaranteed variable remunerations.

All of the foregoing reinforces the commitment of the Company's key staff to sustainability. It also means that variable remuneration is fully linked to business performance and aligned with the social interest and with the Group's sustainability goals and strategy, in the short, medium and long term.

5.1.2. Human rights due diligence

GRI 2-23; 2-24; 2-25; 2-6; 3-3; 407-1; 408-1; 409-1; AF5; AF24

ⓘ More information in the *Human Rights Report* available on Inditex's website.

Respect for human rights is a priority for Inditex, which is why our approach to it is comprehensive. We place people at the centre of all our decisions and actions. This commitment starts with the Board of Directors and permeates the entire Company through the corporate culture. Thus, respect for human rights is integrated in processes, decisions and relationships throughout our day-to-day.

Based on this commitment, our human rights strategy is fully aligned with the United Nations Guiding Principles on Business and Human Rights. This strategy pervades all Group operations and articulates our alignment with best practices throughout the value chain.

Specifically, our human rights strategy is structured on the following three pillars:

Inditex's human rights strategy

Integrating the promotion of and respect for human rights throughout our value chain

Policy on Human Rights

Approved in December 2016 and amended in February 2024 by the Board of Directors.

It applies to the entire Group.

Due diligence

/ Identifying potential impacts arising from operations and relationships with third parties.

/ Prioritising impacts.

/ Integration of the results in processes.

Grievance mechanisms

Underpin the identification of potential impacts and help strengthen aspects of the due diligence processes.

Policy on Human Rights

Approved by the Board of Directors in 2016 and updated in February 2024, our Policy on Human Rights is the first pillar of our strategy. It is based on related reference documents such as the Universal Declaration of Human Rights, the Guiding Principles on Business and Human Rights and the main conventions of the International Labour Organization, among others.

This Policy enshrines Inditex's commitment to the values that these frameworks represent and is binding on all employees, regardless of their seniority and on all those having dealings with the Group.

For prioritisation purposes, the Policy also identifies the rights most directly connected with the main activities of the Group and the stakeholders we interact with:

Policy on human rights

Respect for all universally recognised human rights.
Prioritisation of rights most closely linked to the business model:

Non-labour human rights
/ Respect for minorities' and communities' rights.
/ Right to personal data protection and privacy.
/ Right to health.
/ Right to freedom of opinion, information and expression.
/ Right to security of the person.
/ Contribution to the fight against corruption.
/ Right to the environment and to water.

Labour human rights
/ Forced or compulsory labour is rejected.
/ Child labour is rejected.
/ Discrimination is rejected and diversity is promoted.
/ Respect for freedom of association and collective bargaining.
/ Protecting workers' health and safety.
/ Just, fair and favourable working conditions.

The Board of Directors is the body responsible for approving the Policy on Human Rights, and is mainly supported by:

/ The Sustainability Committee, an informative and consultative body, responsible for promoting the commitment to human rights and compliance throughout the Company with the stringent policies, regulations and standards on human and labour rights.

/ The Audit and Compliance Committee, overseeing and assessing risks of all kinds, in particular those relating to human rights.

/ The Social Advisory Board, a collegiate body integrated by external independent experts, which advises the Group in human rights issues.

ⓘ More information in section *5.1.1. Good Corporate Governance* of this Report.

Human rights due diligence

Human rights due diligence processes are the tool we use to identify and prioritise potential negative impacts from our activity, and to develop the appropriate mechanisms to prevent, mitigate or remedy them, as appropriate. These processes are consistent with the control system defined in the **Due Diligence Policy** and in its implementing internal regulations, described in section *8.1.2. Global Compliance Model and Criminal Risk Prevention Model*.

For these human rights due diligence processes to be truly effective, they must always be kept up to date. At Inditex, we achieve this through continuous interaction with our stakeholders and with the sustainability teams working on the ground in our supplier clusters.

Inditex's view with respect to the scope of the human rights strategy coincides with that of the Guiding Principles: it must cover the entire **value chain**. This means identifying and prioritising potential impacts so as to incorporate the findings into our activities, designing tools to prevent and mitigate them, and continuously enriching and complementing these tools. The creation of these processes involves all the key areas of the Company, such as Human Resources, Risk Management or Compliance, and they are constantly reviewed and updated.

Due to its importance, nature and scale, our **supply chain** is a priority area of our value chain in terms of respecting and promoting workers' human and labour rights. In this regard, the support and assessment of our suppliers is a core aspect of due diligence in our supply chain, informing our strategies and ensuring workers' protection and the promotion of their rights. Furthermore, our current sustainable supply chain management strategy, Workers at the Centre 2023-2025, is the culmination of two decades of experience and learning. The aim is to understand the needs of workers and their communities and place them at the centre of our decisions and programmes. Designed following a due diligence process conducted in collaboration with Shift in 2018 and updated in 2022, the strategy currently covers five Priority Impact Areas: social dialogue, health, living wages, respect and resilience.

ⓘ More information in section *7.2. Workers in the supply chain* of this Report.

Key elements for due diligence

Communication and cooperation

Our culture of collaboration as a tool for tackling complex challenges is also crucial for due diligence processes. At Inditex we constantly turn to international organisations, various NGOs and a range of initiatives to optimise the development of projects and training or to design and execute our strategies. Some of the most important organisations with which we collaborate are the International Labour Organization, the United Nations Global Compact and global trade unions UNI Global Union and IndustriALL Global Union. Special mention should be made of our partnership with Shift, the leading centre of expertise on the Guiding Principles on Business and Human Rights, with whom we conducted the due diligence exercise in 2018 that spawned the Workers at the Centre strategy and its updated version in 2022. In addition, Shift also coordinates and organises another initiative involving Inditex: the Business Learning Program, a space in which to share practices and learning in connection with fostering human rights at companies in various sectors.

Awareness and training

The Group's aim is to integrate responsible practices into all our team's decisions and actions, as well as in our relations with third parties, to ensure that human rights are always guaranteed. This is where corporate culture plays a key role. We constantly train our people and raise their awareness, as soon as they join the Group, and the same applies to our suppliers, manufacturers and other stakeholders. Moreover, in our supply chain, training on issues such as gender equality, social dialogue or health and safety is complemented by our responsible purchasing practices, which we promote through means of specific training for our purchasing teams, who have a close relationship with suppliers.

For example, in 2023, the Sustainable Fashion School has provided the commercial and design-teams with training that includes specific topics on human rights and their potential impacts related to the business model.

Respect and promotion of human rights form part of our corporate strategy, are integrated into our business model, permeate the entire organisation through our corporate ethical culture and govern our relationships with third parties, with a particular focus on the supply chain.

Grievance mechanisms

Grievance mechanisms, the third pillar of the human rights strategy, are key to improving the due diligence process, as their information helps identify potential negative impacts, and allows the Company to react and mitigate any risk in advance.

Our main grievance mechanism is the Ethics Line, which is available both to Inditex staff and to third parties with a legitimate interest. This channel enables queries and communications related to the interpretation of and compliance with the internal rules of conduct to be sent, in the strictest confidentiality and even anonymously, to the Ethics Committee so that it can analyse them and adopt any necessary measures.

Another important mechanism is the one established under the umbrella of our Global Framework Agreement with the IndustriALL Global Union federation of industry trade unions. Thanks to the Global Framework Agreement, in force since 2007 and whose fifteenth anniversary took place in 2022, we reach out to workers in the supply chain through their representatives to promote social dialogue. The aim of the Framework Agreement is to guarantee respect for human rights in the social and labour environment by promoting respect for labour standards throughout the Inditex supply chain.

ⓘ More information in section *8.1.2. Global Compliance Model and Criminal Risk Prevention Model* of this Report and in the *Report Workers at the Centre*, available on Inditex's corporate website.

5.1.3. Responsible risk management

GRI 2-23; 2-24; 201-2; 304-2; 308-2; 3-3

5.1.3.1. Risk management and control framework

Integrated Risk Management System

Inditex's **Integrated Risk Management System (IRMS)** establishes the Group's risk management and control framework. The IRMS, based on the COSO Enterprise Risk Management (ERM)[6] framework, covers our entire Group, both at corporate level and in the different business units and subsidiaries, regardless of their geographic location. It is incorporated in our strategic planning process, in the definition of business objectives, as well as in the Group's day-to-day operations. The IRMS comprises both financial and non-financial risks (including tax, operational, technological, cybersecurity, legal/regulatory, social, environmental, climate change, political, reputational, corruption-related and other risks). We consider risk to be any potential event, regardless of its nature, that could adversely affect the achievement of business objectives.

The **Risk Management Policy** establishes the basic principles, risk factors and the general action guidelines for managing and controlling the risks that affect our Group. The determination of this Policy is a non-delegable power of the Board of Directors, and its promotion corresponds to this body and to the Senior Management of the Group, although its implementation is the responsibility of every one of us within Inditex. Its application may be extended, in whole or in part, to any individual and/or legal person linked to the Group. The purpose of the Policy is to provide reasonable assurance in regard to the achievement of the objectives set by the Group in response to the various challenges it faces, providing all stakeholders with an adequate level of assurance to ensure the protection of the value generated.

The IRMS is based on this Policy and developed and supplemented by internal regulations of different levels that govern the management of different risks and apply to different units or areas of the Group. This system coexists with other functions responsible for monitoring specific risk areas. Other relevant risk management policies and regulations are detailed below. Our IRMS is based on the 'COSO ERM' methodological framework and the relevant ISO standards, adapted to our own needs and specific characteristics. Furthermore, special evaluation and quantification methodologies are used to tackle specific risks, particularly those relating to climate.

Bodies responsible for preparing and implementing the Risk Management System

The IRMS ensures adequate segregation of duties between the different elements that comprise, the responsibilities between the units and bodies involved in the IRMS are based on the three lines of defence model, specified below:

[6] COSO ERM Framework, Enterprise Risk Management – Integrating with Strategy and Performance, published in September 2017 by the Committee of Sponsoring Organizations of the Treadway Commission (COSO).

Risk management

Board of Directors

Approval of the Risk Management and Control Policy, which establishes the basic principles, key risk factors and the general framework for their management.

Audit and Compliance Committee

Supervision
of the risk control and management function, verifying its operation based on the policy approved by the Board.

Assessment
of the effectiveness of financial and non-financial risk internal control and management systems, as well as the measures planned to mitigate the impact of the risks identified.

Identification and re-assessment
at least annually, of the most significant financial and non-financial risks and their tolerance levels.

Risk Map
identifying the main risks by category, and an evaluation of these in terms of their potential impact, probability and the Group's preparedness for tackling them.

Senior Management

Awareness and education
of the importance of the Integrated Risk Management System and its value for all the Company's stakeholders.

Definition and validation
of roles, attributions, and responsibilities within the framework of the Integrated Risk Management System.

Validation of action plans
and work plans derived from the risk management process itself, and activity monitoring.

Setting the risk level
that the Company considers acceptable, based on the objectives and interests of the Company and its stakeholders.

Three lines of defence

1. Business units *(continuous reporting)*

Responsible for managing and reporting the risks to which the Group is exposed in their respective areas, including climate risk.

2. Risk management / Compliance function *(quarterly reporting)*

Responsible for coordinating and updating the Integrated Risk Management System to maintain the highest level of quality, coordinate the management of non-compliance risks (detailed in 8.1.2. Global Compliance Model and Criminal Risk Prevention Model).

3. Internal Audit *(quarterly reporting)*

Independently and objectively supervising the Integrated Risk Management System.

Risk identification, assessment and prioritisation

There are uniform, standardised and systematic processes for identifying, evaluating, and prioritizing risks, based on the concepts of risk appetite, risk tolerance and risk target. The risk factors to which the Group is subject are classified into six categories, which are subdivided into lower hierarchical classifications according to their causality: financial, geopolitical, technological, environmental, social and governance risks.

The risk identification process aims to pinpoint, recognise and describe the risks that may prevent the Company from achieving its objectives. The identification is based on the best available information, taking as a fundamental basis the knowledge and expertise of the areas directly responsible for risk management, supplemented, if necessary, with relevant external sources. Emerging risks are also considered, i.e., those new risks that are in the process of transformation or are a novel combination of risks, whose impact, likelihood of occurrence and cost are not yet well understood. In any case, the geographical scope or dimension of the risks is considered and evaluated, especially those particular to certain geographies and those related to climate.

Risk criteria must be set by Senior Management, based on the Group's objectives and interests, as well as those of our various stakeholders, and are updated periodically. Risks are assessed in terms of residual risk, i.e., the risk remaining after taking mitigation actions.

The assessment considers three magnitudes for each risk: impact, likelihood of occurrence and level of preparedness. The Risk Management department periodically (at least annually) asks the different risk management units to assess and review the different risks and the mitigation and adaptation measures implemented and planned through a system of interviews and questionnaires. In general, risks are assessed on a one-year time horizon, although, for some risk categories, particularly environmental risks such as climate risk, short, medium and long-term time horizons are considered. A risk register is kept, represented in a risk map, evaluated according to their total impact (strong, high, moderate and minor risks). The map is periodically reported to the Board of Directors and contains the critical risks, meaning those which, if they 'were to materialise' could jeopardize the achievement of our strategic objectives.

Enterprise risk management and control framework

Impact

Effect that a risk would have if it were to materialise. Risk managers consider the worst possible impact scenario for the materialisation of the risk and assess the impact on each strategic objective based on their own calculations, except for the 'Corporate image and reputation' variable, for which they use a standard questionnaire. To obtain the total risk impact assessment, the result of the variable with the highest impact is considered and increased according to the other affected variables on a weighted basis.

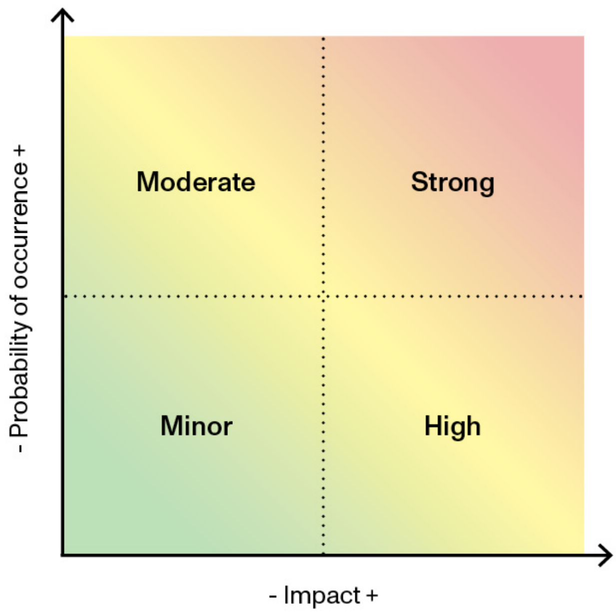
Likelihood

Risk managers consider an average scenario to assess the probability of occurrence. The estimated probability of the risk materialising is assessed taking into account the track record of the past five years as well as the one-year expectations. The different possible scenarios are documented in terms of impact and likelihood of occurrence.

Preparation

The level of preparedness is assessed using a questionnaire on aspects related to response capacity, existing mechanisms and controls, scenario analysis and contingency plans.

These assessments are transferred to the tolerance scales defined by Senior Management for each of the variables to obtain the total impact level. Currently, different thresholds are evaluated for the following financial variables: change in sales, change in gross margin, change in net profit and change in cash flow generated from operating activities.



For the assessment of climate change related risks, we also use methods aimed at the financial assessment of physical (acute and chronic) and transitional risks in the short, medium and long term using a **scenario methodology**.

ⓘ More information in section *6.1.5. Risks and opportunities arising from climate change* of this Report.

The Group is currently in a process of progressive transition in the measurement of critical non-climate related risks, from an impact, likelihood of occurrence and level of preparedness methodology to a scenario methodology.

Each scenario is analysed considering increasing levels of severity to simulate its likelihood of occurrence, its temporal evolution, its recovery curve and its aggregate and disaggregated impact. The purpose is to calculate 'Earning Value at Risk' over a five-year time horizon discounted to obtain its present value. This enables the Group to assess risks in intrinsic and residual terms, once risk mitigation and transfer measures have been taken into account. This method corresponds to the process of evolution and development of the IRMS.

5.1.3.2. Risk map

The risk map represents the inventory of critical risks for the Group. There are also maps for specific risk categories that offer greater granularity.

Critical risk map

	# Risks	Strong	High	Moderate	Minor
Social	4	25%	50%	25%	0%
Financial	8	50%	0%	50%	0%
Geopolitical	3	33%	33%	33%	0%
Governance	9	44%	11%	11%	33%
Environmental	4	50%	0%	25%	25%
Technology	5	20%	60%	20%	0%
Total	**33**	**39%**	**28%**	**28%**	**7%**

The main risk factors are described below, as well as their main mitigation measures and the trend with respect to the previous year.

SOCIAL RISKS

Risks arising from socio-economic trends, including evolving societal preferences, social standards and demographics, as well as the prevalence of diseases and the development of public healthcare systems.

Main risks	Description and impact	Main mitigations	Risk trend
Human capital	Risks connected to talent and people management are related to the need to adapt our organisational culture to the needs of the employees derived from a new and complex environment, where the sustainability of human capital becomes more relevant and which seeks to ensure the quality of employment, the health and well-being of employees, work-life balance, and diversity, among other factors. Today's labour market is becoming increasingly demanding in terms of corporate social responsibility, which determines a company's appeal as a preferred employment destination. Accordingly, the content and impact of human capital risks are evaluated every year. Furthermore, we are more exposed to the potential risk resulting from the shutdown of critical operational processes (logistics activity, transport, administrative services, among others) as a consequence of labour disputes, strike action, riots or protests that curb or disrupt corporate productivity.	/ Knowledge transfer and the involvement of all our people in our culture and way of operating. / Team development as a whole, growth opportunities for the most talented people and retention of key employees through professional development, training and compensation policies. / Recruitment of new staff to ensure a continuous inflow of talent. / Measures to develop the Diversity and Inclusion Policy. / Development of equality plans, establishing measures to promote the commitment to and effective application of equality between men and women, preventing discrimination in the workplace, guaranteeing a healthy working environment and helping to maintain a work-life balance. / Implementation of community programmes and projects. / Promoting social dialogue at all levels. More information in section *7.1. Our people* of this Report.	↑

Main risks	Description and impact	Main mitigations	Risk trend
Infectious and contagious diseases	This category includes the risks posed by infectious and contagious diseases. It corresponds to the potential disruption caused by a local, regional or global pandemic as a result of infectious diseases against which there is little or no pre-existing immunity in the human population. As Covid-19 has taught us, the impacts of a pandemic can be multiple, unpredictable and of varying intensity, both in time and scope. They can become systemic because of how their consequences manifest.	/ Set an information system to ensure better knowledge of the guidelines issued by public authorities and bodies. / Mechanisms aimed at guaranteeing the continuity of our operations. / Flexibility of the business model and strengthening of the online channel. ⓘ With regard to the impact and the mitigation measures, see section *5.1.3.3. Risks that materialised over the course of the year* of this Report. / Maintenance and updating of measures established by the health authorities: creating emergency management committees, collection of data on the epidemiological situation, regular information to employees, installing protective screens in workplaces, adapting capacity, etc. ⓘ More information in section *7.1.7. Health and safety* of this Report.	↓
Brand perception	Risks which have a direct influence on the perception of stakeholders (customers, employees, shareholders and suppliers) and society in general regarding our Group.	/ Monitoring of the Group's image in all areas, conducted by various departments, including Communications and Institutional Relations. / Set the necessary procedures and protocols by the Communications and Institutional Relations. / Management of the relationship with regulatory bodies by the General Counsel's Office – Compliance. Investor and Analyst Relations Management by the Capital Markets Department. / Code of Conduct. / Code of Conduct for Manufacturers and Suppliers. / Policy on Official Internet and Social Networks Accounts and Profiles. ⓘ More information in sections *5.3.1. Stakeholder engagement* and *8.1. Corporate ethical culture and solid Compliance architecture* of this Report.	↑

FINANCIAL RISKS

Threats originating in the macroeconomy, global value chains and in industry, or company-specific events that may prevent the proposed objectives from being achieved.

Main risks	Description and impact	Main mitigations	Risk trend
Competition	The competitive environment may result in risks from difficulties in adapting to the environment or market in which we operate, either in the procurement processes or in the distribution or sales. This aspect is inherent to the fashion retailing business and consist of the possible inability of our Group to follow and respond to changes in the target market or to adapt to new situations in its sourcing or distribution countries. These risks derive from the possible difficulties involved in recognising and taking on board the ongoing changes in fashion trends, and in manufacturing, supplying and selling new articles that meet customer expectations.	/ Business model through management that seeks to improve the efficiency and effectiveness of markets, business lines and stores, rationalising and diversifying the commercial network. / Internationalisation Strategy. / The Group's multi-brand format based on omni-channelling, through the full integration of channels and new technologies as an alternative in terms of communication and sales. / Feasibility analysis of each new market, business line or store, plus subsequent follow-up. ⓘ More information in sections *3. Inditex at a glance* and *5.2. Strategy* of this Report.	→
	Competition may also emerge in the infringement of industrial and intellectual property.	/ Existence of an Industrial Property (IP) Department to supervise the use of industrial and intellectual property rights and to protect the Group's IP assets, as well as dedicated teams within the commercial areas. / Industrial and intellectual property training. / Industrial and Intellectual Property Product Control Policy. / Code of Conduct.	→
Third-party	The Group is exposed to counterparty risk from our suppliers of goods and services, especially those that are more strategic for the continuity of our operations, as well as from our customers and business partners, which could impact the normal performance of some of our operations. The Group is also exposed to the risk that financial counterparties fail to comply with their obligations in relation to investing our liquidity, credit facilities or other funding and guarantee vehicles, as well as the derivative instruments to hedge financial risks.	/ Analysis and monitoring of the financial solvency of the most important third parties for the Group, including legal, technological, operational, reputational and regulatory compliance aspects, among others. / The Group Financial Investment Policy, whose aim is to ensure the safety, integrity and liquidity of the Company's financial assets. / Financial Risk Management Policy, which determines the maximum exposure limits in terms of counterparty. / Flexibility and diversification of the value chain ensure the resilience and continuity of our operations in the event of potential disruptions derived from third party behaviour. / Creation of the Third-Party Risk Management area. ⓘ More information in section *8.3. Supplier relations* of this Report.	↑

Main risks	Description and impact	Main mitigations	Risk trend
Market crisis	The euro is the Group's functional currency. Our international transactions require the use of numerous currencies, which gives rise to foreign currency exchange risk. Currency exposure emerges in terms of net investment, translation and transaction risks. We have investments overseas whose assets are exposed to the foreign currency exchange risk. And given that we consolidate the annual accounts of our companies in euros, we are exposed to foreign exchange translation risk resulting from all our entities located outside the Eurozone. We are also exposed to the risk arising from the volatility in currencies other than the euro of payment and collection flows in relation to the acquisition and provision of goods and services in both Group and non-Group transactions.	/ Financial Risk Management Policy. ⓘ More information in *note 26. Financial instruments and risk management policy* of the Consolidated Annual Accounts.	→
	Supply and distribution shipping is critical to our business. There is a risk of stoppage or delay in the movement and customs clearance of goods as a result of changes in the political/social situation and stability in markets where goods are produced and sold, regulatory changes, trade frictions—whether tariff or non-tariff related, and saturation of logistics infrastructures, among others.	/ In-house teams specialised in market customs regulations, which are in permanent contact with customs agencies. / Diversification of shipping points and establishment of alternative routes. / Continuous tracking of the product until it arrives at the store. / Monitoring of relevant regulations and regulatory changes.	→
Economic outlook	Our activity is subject to the risk of a potential downturn in sales as a result of economic contraction or other macroeconomic headwind generated by external factors.	/ Flexible business model based on multi-brand omni-channelling. / Territorial diversification through internationalisation strategy. ⓘ More information in sections *3. Inditex at a glance* and *5.2. Strategy* of this Report.	→

Main risks	Description and impact	Main mitigations	Risk trend
Economic variables	The Group is exposed to the risk of inflation affecting costs linked to the acquisition of the goods and services necessary to conduct our business. It is worth noting the impact of the increase in the price of the multiple raw materials, (textile and non-textile) consumed directly and indirectly in our operations, and in the procurement of goods, primarily of our products and services, particularly in relation to the transportation of supplies and distribution. ⓘ More information in note *26.Financial instruments and risk management policy* of the Consolidated Annual Accounts and in section *6.4.2. Design and selection of materials* of this Report.	/ Flexibility of the manufacturing and procurement model, allowing production to be adapted to market demand and to possible changes in the supply market environment. / Permanent contact between stores and online teams with our team of designers, through the Product Management department, helping them to learn about customer preferences. / Selective price adjustments to safeguard our margins. / Vertical integration of operations that enables to shorten production and delivery times and to reduce inventory volumes, while maintaining the ability to introduce new products throughout the season. / Monitoring of raw material markets and strategic promotion of circularity and recycling of raw materials. ⓘ More information in section *5.2. Strategy* of this Report.	↓

GEOPOLITICAL RISKS

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

Main risks	Description and impact	Main mitigations	Risk trend
Business environment and political instability	Potential instability in the territories where our supply chain is located, as well as where products are marketed, represents a significant risk. Socio-political instability arising from social uprisings or other causes of political violence, as well as their potential spread to other countries, may affect our ability to operate in affected territories, with the consequent impact on value chains, sales and expansion, or damage to our facilities. These circumstances may result in frictions that hinder the normal movement of goods due to political instability, infrastructure saturation, or constraints, especially on key routes, which generate bottlenecks due to mismatches between supply and demand that limit access to transport and/or erode business margins.	/ Value chain with multiple geographic origins, providing the necessary flexibility and adaptation to demand, guaranteeing alternatives to the eventual need to switch between different manufacturing markets in the event of continued severe disruptions. / Points of sale diversification. / Country risk monitoring and proximity to local markets. / Continuous analysis of the evolution of the conflict and its complex implications, implementing plans to mitigate its impact, especially in relation to its workforce in the affected markets. ⓘ More information in sections *3. Inditex at a glance*, *5.2. Strategy* and *8.3. Supplier relations* of this Report.	→

Main risks	Description and impact	Main mitigations	Risk trend
Government and business policies, and regulatory framework	As a result of our extensive direct and indirect geographic presence, we are exposed to multiple and heterogeneous legislation in the countries where we operate. Regulatory changes, which are increasingly frequent and more intense, especially in our industry, as well as the possibility that local authorities might adopt different or even divergent interpretations in various jurisdiction, expose the Group to potential negative effects of a financial, compliance and/or reputational nature. This includes risks relating to labour, commercial and consumer law, industrial and intellectual property law, and personal data protection and privacy regulations, with particular relevance on tax and customs regulations, as well as risks relating to other legislations. Expectations of significant regulatory or policy changes that may create uncertainty for the normal development of the business model and require a financial and operational planning to ensure proper adaptation.	/ Systematic monitoring of the impacts and risks of emerging regulations that affect the business model and the proposal of operational solutions. / Business model based on a firm commitment to good governance, transparency and respect, aimed at promoting social and environmental sustainability, and spreading a corporate ethical culture in the performance of all our activities. / Continuous Compliance training. / Existence of an independent body that supervises compliance with the Internal Regulations of conduct (Ethics Committee) and a mechanism to report irregularities and non-compliances (Ethics Line). / Implementation of the model for the organisation, prevention, detection, control and management of legal and reputational risks, arising from potential non-compliance. / Policy on Donations and Sponsorships, Policy on Gifts and Invitations, and Policy on Dealings with Public Officials. / Tax Policy. / Anti-Money Laundering and Terrorist Financing Policy. / Continuous assessment of the corporate governance system in order to verify its degree of compliance with and adaptation to new legislation, recommendations, standards and best practices in this respect, and to systematically reinforce good corporate governance practices. ⓘ More information in sections *8.4. Tax responsibility and transparency* and *8.1. Corporate ethics culture and solid Compliance architecture* of this Report.	→

GOVERNANCE RISK

Governance risk includes non-compliance by the Company and, in particular, by its Board of Directors and Senior Management, with the law in a formal and/or material sense, with good governance recommendations, best practices, as well as the commitments that we voluntarily undertake. It also includes risks arising from the tactical and strategic decisions of the Group's management that may result in the non-achievement of business, functional area or Group objectives, as well as risks of corruption or damage to the Company's reputation.

Main risks	Description and impact	Main mitigations	Risk trend
Business model implementation	Risks related to potential failure in the commercial offer by not anticipating trends, not being able to react and respond to changes in market trends, not providing sufficient supply to stores or not being able to continue to stand out from competitors.	/ Agility and flexibility of the business model. / Qualified teams focused on identifying the product demanded by the market and ensuring adequate supply management. / Availability of reliable data, with the necessary frequency and level of detail, providing information on the adequacy of supply to market demand. / Linking up with customers through social media and existence of different points of contact to capture tastes and expectations (stores, online sales). / Sourcing in proximity allowing a quick response to customer demand. ⓘ More information in section *5.2. Strategy* of this Report.	→
	Risk of concentration of logistics operations (procurement, storage and distribution) in a limited number of distribution centres, both own or operated by third parties, located across Spain.	/ Logistics Hub in the Netherlands. / Use of smaller logistics centres located in other countries and operated with third parties which conduct variable scale distribution operations. / Implementation of our WMS (Warehouse Management System) in all external logistics operators to ensure full operability and compatibility with our systems. / Our RFID and SINT (Integrated Stock Management System) programmes have been implemented in all retail formats. / Logistics Expansion Plan, which assesses the need and contemplates new investments if required. ⓘ More information in section *5.2. Strategy* of this Report.	↑

Main risks	Description and impact	Main mitigations	Risk trend
Non-Compliance	The Group is exposed to the risk of non-compliance with its Policy on Human Rights and other regulations we have established in this matter. In particular, non-compliance with our Code of Conduct for Manufacturers and Suppliers, defined as the minimum standards of ethical and responsible behaviour to be observed by the manufacturers and suppliers of the products we market. Furthermore, the demand for ESG (environmental, social and governance) behaviour in the fashion industry is increasing and is based on traceability and transparency.	/ Mandatory compliance with the Code of Conduct for Manufacturers and Suppliers by all those who wish to become part of the Group's supply chain. / Code of Conduct for Manufacturers and Suppliers compliance programme through different types of audits of the facilities required for production. / Ethics Line and Ethics Committee (also responsible for the application and interpretation of the Code of Conduct for Manufacturers and Suppliers). / Traceability strategy based on a management system whereby each supplier is required to know and share its supply chain data and report the facilities involved in the productions, and an verification process that confirms that production takes place in declared and authorised factories. / The Group's commitment to transparency. We share information with our stakeholders concerning our sustainability strategy, the programmes on which is it articulated, our objectives and their progress, among other topics. One of our main purposes of being transparent is the annual reporting that we conduct through this Statement on Non-Financial Information, or the information that we regularly disclose on our website. ⓘ More information in sections *5.1.2. Human Rights due diligence*, *8.1. Corporate ethical culture and solid compliance architecture* and *8.3. Supplier relations* of this Report and section *F.1.2.* of the Annual Corporate Governance Report.	↑

Main risks	Description and impact	Main mitigations	Risk trend
Non-compliance	Our Group faces the risk of non-compliance with the law in a formal or material sense, with good governance recommendations, best practices or voluntary commitments. In this regard, there is a risk of non-compliance with voluntary commitments that have been publicly undertaken, especially in the area of sustainability, which exceed regulatory requirements. This includes risks related to tax, customs, anti-corruption and bribery, labour law, commerce and consumption-related regulations, industrial and intellectual property regulations and risks relating to other types of legislation, in particular criminal regulatory risks, as well as other regulatory compliance risks.	/ Global Compliance Model. / Criminal Risk Prevention Model, comprising the Criminal Risk Prevention Policy, the Criminal Risk Prevention Procedure and the Criminal Risk and Control Matrix. / The main policies approved within the framework of the Criminal Risk Prevention Model are as follows: Policy on Donations and Sponsorships, Policy on Gifts and Invitations, Policy on Dealings with Public Officials, Conflicts of Interest Policy, Anti-Money Laundering and Terrorist Financing Policy, Due Diligence Policy and the Procedure for Limiting Trade Relations with Suppliers in Restricted or Unauthorised Markets. / Ethics Line and Ethics Committee. ⓘ More information in section *8.1.2 Global Compliance Model and Criminal Risk Prevention Model* of this Report. / Data protection and privacy compliance model, considering the Compliance Policy Regarding Data Protection and Privacy as the basic rule. ⓘ More information in section *8.2.2. Personal Data Protection and Privacy of this Report.* / Annual assessment of the Corporate Governance System in order to verify its degree of compliance and adaptation to new legislation, recommendations, standards and best practices in this respect, and to systematically reinforce good corporate governance practices. / Regular supervision by the Audit and Compliance Committee of the existence of possible conflicts of interest or transactions with/among related parties, contrary to the interests of the Company and/or its stakeholders. / Quarterly monitoring by the Sustainability Committee, of the progress on the commitments undertaken.	→
Products and services	We are exposed to risks related to the quality, composition and other health and safety aspects of our products.	/ Performing controls and verifications of product health and safety standards and detailed manufacturing guidelines through the Clear to Wear programmes: Product Health Policy and Safe to Wear: Product Safety Policy. ⓘ More information in sections *6.4.3. Health and safety of products* and *8.3. Supplier relations* of this Report.	→

ENVIRONMENTAL RISKS

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

Main risks	Description and impact	Main mitigations	Risk trend
Climate change	Our performance is exposed to the potential impacts of climate change in its different manifestations of physical risk, whether chronic or acute, as well as to the risks resulting from the transition to a low-carbon economy. For physical risks, seven climate phenomena are taken into consideration: heatwave, freeze, river flooding, coastal flooding, 'temperate' and tropical storms and water stress in the river basins where our own or third-party facilities are located.	/ Decarbonisation is one of the main pillars of our Sustainability Roadmap, in line with the goals of the Paris Agreement. We have set very ambitious decarbonisation targets for our business and for our industry as a whole. / Section *6.1.5. Risks and opportunities arising from climate change* focuses on this risk under the Task Force on Climate-related Financial Disclosures (TCFD), to which the Group adhered in June 2020. ⓘ More information in sections *6.1.3.Emissions of GHG of scopes 1, 2 and 3* and *6.1.5. Risks and opportunities arising from climate change* of this Report.	→
Environmental degradation and Scarcity of natural resources	There is a risk of producing adverse effects on the environment through the release of undesirable or hazardous substances (whether biological or chemical) throughout our value chain. There is also a risk that our activities may result in negative externalities such as the loss of biodiversity, deforestation, soil degradation, or scarcity of raw materials, especially those that meet our sustainability requirements, among others. There is a need to ensure sufficient and reliable supply of lower-impact raw materials, known as preferred raw materials, to meet our sustainability commitments.	/ The Sustainability Policy sets out, among others, the environmental commitments, which are applied transversally across all its business areas and throughout the supply chain. / Environmental strategies: Biodiversity Strategy, Global Water Management Strategy and Global Energy Strategy. / Forest Product Policy. / Commitment to clean energy, lower-impact raw materials and the implementation of circularity services such as Zara Pre-Owned in key markets. / Implementation of waste management systems with strict operating requirements to allow us converting waste generated at our facilities into resources available for reuse or recycling. / Forwarding for reuse and/or recycling of the packaging materials arriving at our facilities. / Research and development of new materials and production processes with a lower impact through the corporate platform Sustainability Innovation Hub. / Collaboration projects with third parties in the field of circularity and innovation (MIT Spain, Ellen MacArthur Foundation, Global Fashion Agenda, Euratex, etcetera). / Application of the Green to Wear standard in the supply chain. ⓘ More information in section *6. Environment* of this Report.	→

Main risks	Description and impact	Main mitigations	Risk trend
Extreme weather events	As a result of natural disasters such as floods, fires, earthquakes, etc., key business operations and shipping processes could be halted. These events could potentially affect our critical infrastructure.	Management of these risks, including mitigation measures and resilience plans, is discussed in the section on industrial accident risks. Section *6.1.5. Risks and opportunities arising from climate change* includes a sub-section concerning the physical climate impact on the Group's value chain.	→

TECHNOLOGY RISKS

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

Main risks	Description and impact	Main mitigations	Risk trend
Critical infrastructure	We are exposed to the risk arising from various contingencies (incidents, sabotage or accidents) that lead to a halt or operational inefficiency of IT services or processes needed to perform the business activity.	/ Ensuring the availability of the systems by deploying technical contingency plans which, together with associated technical recovery procedures and their relevant recovery testing, would reduce the consequences of an incident, breakdown or shutdown. / Tier IV certified main data centre, which guarantees maximum reliability and high availability. / Availability of certified data centres guaranteeing high availability as well as synchronous data storage in redundant locations or duplication of equipment and lines. / Information Security Procedure: Incident Response Plan, which includes the management of incidents involving personal data from the point of view of compliance with personal data protection and privacy regulations. ⓘ More information in section *8.2.Information security and privacy* of this Report.	→

Main risks	Description and impact	Main mitigations	Risk trend
Cybersecurity	This refers to exposures that could compromise the continuity of operations and/or the confidentiality, integrity and/or availability of our information, regardless of whether it is located in our own systems or those of third parties; and third parties' information located in our systems. We are aware that technological risks evolve exponentially, unpredictably and, in some cases, in a very sophisticated way. Thus, although information security is a priority, there is the possibility of an undetectable attack which might affect operations or information managed by us.	/ Existence of a Chief Information Security Officer (or 'CISO'), reporting directly to the Chief Executive Officer. / Creation of a Cybersecurity Advisory Committee, composed of independent experts, with the aim of reinforcing the Group's cybersecurity decision-making. / Availability of a reference framework (Information Security Policy) aimed at ensuring the confidentiality, integrity and availability of information. / Permanent control of the Information Security Management System to ensure confidentiality and integrity of information and uninterrupted development of the operations through the Information Security Department and with the support of the Information Security Committee. / Continuous review mechanisms, by the Information Security department, evaluated by internal and external audits, for the prevention, detection and response to cyberattacks. / Updating the inventory and technology and information security risk map to establish the necessary mitigation measures and ensure continuous improvement by the responsible areas. / Development of a strategic plan with international experts in order to maintain and improve the maturity of the Information Security programme. / Insurance policies to cover loss of profit, expenses arising from the attack and the Company's civil liability for damage caused to third parties. / Compliance with Payment Card Industry Data Security Standard (PCI-DSS) and ISO/IEC 27001 certification for Information Security. / Certifications required within international regulatory frameworks, such as the K-ISMS[1] in South Korea and the MLPS[2] in China. / Awareness and skill-building through employee cybersecurity training. / Procedure on Information Security Incident Response, which includes the management of incidents involving personal data from the point of view of compliance with data protection and privacy. ⓘ More information in section *8.2. Information security and privacy* of this Report.	→

(1) K-ISMS is South Korea's information security management system. This standard is managed by the Korean Internet and Security Agency (KISA). It was prepared to evaluate whether enterprises and organisations operate and manage their information security system consistently and securely such that they protect key information assets from various threats.

(2) MLPS is the multi-layer protection scheme. It is a regulatory classification scheme intended to protect the security of information systems located in China. China's Cybersecurity Law requires the network and system components to be protected against disruptions, damage, unauthorised access using a graded scale to prevent data leakage, manipulation and espionage.

Main risks	Description and impact	Main mitigations	Risk trend
Industrial accident	We face the risk of business interruption associated with the possibility of extraordinary events beyond our control (fires, transport or key supplier strikes, interruptions in energy and fuel supplies, etc.), which could significantly affect the normal functioning of our operations. The main risks of this type are concentrated at logistics centres and third party operators transporting goods.	/ Actions to reduce exposure to this type of risks, maintaining high levels of prevention and protection at all the distribution centres. Existence of insurance policies that cover both property damage and loss of profit resulting from the incident. / Optimisation of the scale and use of all logistics centres according to the volume of each retail format and the specific needs of the geographic area they serve. / Configuration of the logistics centres in a way that they can assume the storage and distribution capacity of other facilities in the event of a contingency caused by accidents or stoppages in distribution activities. / Logistics Expansion Plan, which assesses the need and envisages new investments if necessary. Phasing-in application of Radio Frequency Identification (RFID) technology in the value chain and development of new mobile robotics technologies. / Search, validation and control of external logistics operators, at different strategic points, with full integration into the Company's logistics capacity. / Diversification of shipping suppliers. ⓘ More information in section *5.2. Strategy* of this Report.	↑
Disruptive technology	We are aware that technological innovations and evolutions in a broad sense, both in customer interaction through the development of a satisfactory omni-channel experience, as well as the improvement of all operating and business processes, are essential to ensure fulfilment of our strategic objectives. The digital transformation process, which is paramount to ensure our competitiveness, is gaining pace due to the emergence and implementation of new technologies such as Artificial Intelligence and its application to the automation and optimisation of existing processes, or its transformative application in other fields.	/ Digital transformation and the promotion of digitalisation as a key transformation tool are evident throughout all our Group's operational and business processes. Digitalisation allows a more agile, efficient and accurate management of our operations, from logistics through to in-store operations. It also facilitates sales growth by integrating channels. It ensures immediate availability and accessibility of business data, obtained thanks to our full integration, with the purpose of continuing to speed up decision-making processes, manage inventory more efficiently and improve customer services service levels. / Digitalisation is key to the development of our sustainability strategy since, among other things, it makes it possible to manage supply chain traceability, allowing us to compile sustainability information. / Regarding people management, our digital vocation has enabled us to continue improving our operations, from recruitment processes to hiring. Digitalisation is critical when it comes to our team's communication and training across the world. ⓘ More information in section *5.2. Strategy* of this Report.	→

Main risks	Description and impact	Main mitigations	Risk trend
Disruptive technology	The governance, availability, quality and value of the information generated in the development of our activities is increasingly becoming a competitive advantage and is essential for the normal function of the business. This information could be from different nature: transactional and operational, financial-accounting, management, budgeting and control information. We ensure the protection of information, regardless of how it is communicated, shared, projected or stored. This protection affects both the information inside the Group and the information shared with third parties. The emergence of disruptive technologies like Artificial Intelligence will be fundamental in this area of risk.	/ Periodic review of the management information distributed to the different managers, and investment, among other areas, in information transmission systems, data analysis and intelligence for decision-making and process optimisation, business monitoring and budgeting. / Different areas across the Group, especially Planning and Management Control and Administration, which report to the Finance Area, are directly responsible for generating and supervising the quality of the information. The Information Security department is responsible for ensuring that this information is accessible and/or modified only by authorised personnel, to guarantee the reliability, confidentiality, integrity and availability of critical information. / Prodedure on Information Security Incident Response, which includes the management of incidents involving personal data from the point of view of compliance with data protection and privacy. ⓘ More information in section *8.2.Information security and privacy* of this Report. / Establishment of an Internal Risk Management and Control System in relation to the proccess of issuing financial information (ICFR), in order to continuously monitor and evaluate the main risks associated that allow to reasonably ensure the reliability of the Group's public financial information. ⓘ More information in the *Report on Internal Control on Financial Reporting (ICFR) systems.* / Ensuring the reliability of the non-financial information supplied to the market through an internal control on non-financial reporting (ICNFR) system. / The Consolidated Annual Accounts and those of all the relevant companies, as well as the Statement on Non-Financial Information, which forms part of the Management Report, are subject to independent verification by the external auditors. For the most significant companies, the external auditors are asked to make recommendations on internal controls. ⓘ More information in section *10. Independent Verification Report* of this Report.	↑

5.1.3.3. Risks that materialised over the course of the year

During this year, the macroeconomic and geopolitical environment remained uncertain and challenging. The Group ceased operations in the Russian Federation after the sale of our business in the country to the Daher Group. Operations in Ukraine remain suspended at the time of preparation of this report, although they are scheduled to be gradually reopened from April 2024.

ⓘ More information in *note 33* of the Consolidated Annual Accounts.

The conflict in the Middle East significantly worsened the business environment. The Middle East concentrates an important part of the Group's commercial activity. After the outbreak of hostilities, sales in the affected territories suffered temporarily, although operations have gradually returned to normal. So far, the main impact of the instability in the Middle East has to do with the effects on the transportation flows through the area between Asia and Europe. At the time of writing this Report, most of the container vessels from Asia carrying our goods, which normally pass through the Suez Canal, are making their way around continental Africa. As a result, average transit times have been extended by around one week, although, for the time being, there seems to be no risk of disruption to transport chains and no lack of availability of vessels and/or containers. Shipping costs may have risen as a result of higher fuel consumption and the extraordinary cost overruns. Our operations have not been significantly impacted by this situation so far.

Depending on the duration and severity of the tensions in the Middle East, transportation disruption might end up having other repercussions, from affecting other means of transport, to unforeseen increases in hydrocarbon prices that could contribute to a possible spike in inflation.

During the year many markets continued to experience very significant inflationary processes, although as the interest rate cycle normalised prices begun to moderate, while remaining far from central banks' target levels. The costs of some goods and services that make up our value chain have not yet returned to their pre-inflationary levels. Some markets have experienced pressure on labour costs as a result of the aforementioned inflationary process and also due to employment misalignments.

In this context, our cost control has continued to be systematic and rigorous. Regarding the economic environment, the normalisation of monetary policies aimed at combating inflation has not caused contractions or sudden decelerations. However, in many of the markets where we operate the economic outlook shows some fragility. There is considerable uncertainty regarding the potential economic performance and its impact on consumption.

The Group has franchised its operations in Argentina and Uruguay through an agreement with the Trade Alliance Holding Corp Group. These two markets are now operated as franchises, thus assimilating the management model chosen in most of Latin America.

The economic and geopolitical environment has generated instability and volatility in financial markets. Foreign exchange risk has been particularly concentrated on US dollar and Turkish lira. During 2023, fluctuations of non-euro currencies had a negative impact on the Company's sales growth and a slightly positive impact on the cost of goods sold. Foreign exchange rate risk continued to be pro-actively managed in accordance with the Group's guidelines based on centralized management, operational optimisation of foreign exchange exposures, maximising the benefit of diversifying the risk portfolio and monitoring risk continuously.

Although the Group has a solid cash position, measures have been intensified to guarantee and safeguard the Company's liquidity. The Group also has external sources of financing through credit facilities, mostly committed, totalling 8,155 million euros.

Over the course of the year, our activities were affected by various natural disasters, from extreme weather events in Europe and Asia to earthquakes like the one that struck Japan, affecting some of our points of sale. Nevertheless, the impact of these events was not material in terms of either disruptions to our operations or economic losses at a Group level.

ⓘ More information in *note 21* of the Consolidated Annual Accounts.

5.2. Strategy

5.2.1. Business model and strategy

GRI 2-1; 2-6; 2-23

The Inditex Group is a family of different commercial brands: Zara, Pull&Bear, Massimo Dutti, Bershka, Stradivarius, Oysho and Zara Home. All of them share the same purpose: to offer our customers an inspiring, quality and responsibly produced fashion proposal.

Inditex is present in 213 markets, with a low share in the majority of them and in a highly fragmented sector, meaning that its growth opportunities are excellent.

Our fashion distribution and sales activity is carried out through an international group of companies, the Inditex Group, whose parent company is Industria de Diseño Textil, S.A. (Inditex, S.A.), which is listed on all four Spanish stock exchanges. Details of the corporate structure at 31 January 2024 are provided in *Annex I* of the Consolidated Annual Accounts of the Inditex Group.

ⓘ Detailed information on the markets in which Inditex operates can be found in the *Consolidated Directors' Report.*

Our unique business model, which covers all the stages including the design of our products and their sale in our stores and online platforms, has enabled us, in just a few decades, to turn a small sewing workshop in A Coruña into one of the most relevant players in fashion retail in the world, grounded **on four solid pillars.**

The first of these is our ability to offer a **fashion proposal,** built on creativity, innovation, emotion, quality and, above all, on permanently listening to the needs and wishes of our customers. Our commercial brands excel in their capacity to adapt and respond to any change in the market or the irruption of any new trend, thanks to our fine-tuned production processes, with short runs that are fully adapted to demand. The importance of production in geographical areas close to our headquarters in Spain is key for us, as it allows us to prioritise flexibility and efficiently control the entire production process.

Moreover, at Inditex, we constantly strive to give our customers access to that fashion proposal through an **increasingly engaging shopping experience**, whether in our more than 5,600 stores or through the online channels of the Group's brands. We pride ourselves on having retail spaces in prime locations in the heart of the world's major cities. We rely on spacious stores fitted with the most innovative technological tools to offer the customer a unique and integrated experience with online platforms. The unique inventory system that allows a streamlined response to the market is only possible thanks to the excellent work of our teams and the continuous improvement of our logistics systems.

The key factor that explains the performance of our business model is the **extraordinary team** that makes it all possible. Inditex is made up of 161,281 passionate and curious people who are driven by the desire to excel and grow every day, regardless of their professional task or specific market. Our aim is to help all of our people develop their full potential as part of a diverse, creative and innovative team. We see our company as having a character of its own, in which attributes such as humility, ambition, high levels of individual responsibility, a sense of belonging and teamwork are not platitudes, but tangible realities that permeate everything we do and underpin the commitment of all our employees.

The fourth pillar on which our business model rests is **sustainability and responsibility,** the way we see our activity and our relationship with the surrounding environment. Inditex, which was launched with the aim of creating quality fashion and design at an attractive price, has had a comprehensive sustainability strategy since 2001, when we became one of the companies adhered to the United Nations Global Compact.

At Inditex we firmly believe in our capacity to act as an agent of change within the fashion industry and we are making remarkable efforts to reduce the environmental impact of our activity, progressing towards a circular model where waste becomes resources. Our sustainability action plan is enabling us to achieve more ambitious targets each year, such as the increasing use of preferred fibres and materials[7] in line with our recently updated sustainability objectives, to reach our goal of net-zero emissions by 2040.

Our developments in sustainability would not be possible without an equally firm commitment to innovation and research, either through our Sustainability Innovation Hub, the platform with which we are continuously seeking the best materials, approaches and processes, or through start-ups, scientific institutions and third-sector organisations that have become our partners of reference, with whom we have pledged to collaborate and invest.

Transversal and collaborative innovation

Innovation is one of the transversal axes on which the four pillars of our strategy are aligned.

Through innovation, every day we aim to be **more creative, agile, efficient and respectful** in our interactions with our customers and our surrounding community alike. And, needless to say, **we strive to hone the customer experience and strengthen customers' trust** every time they choose us.

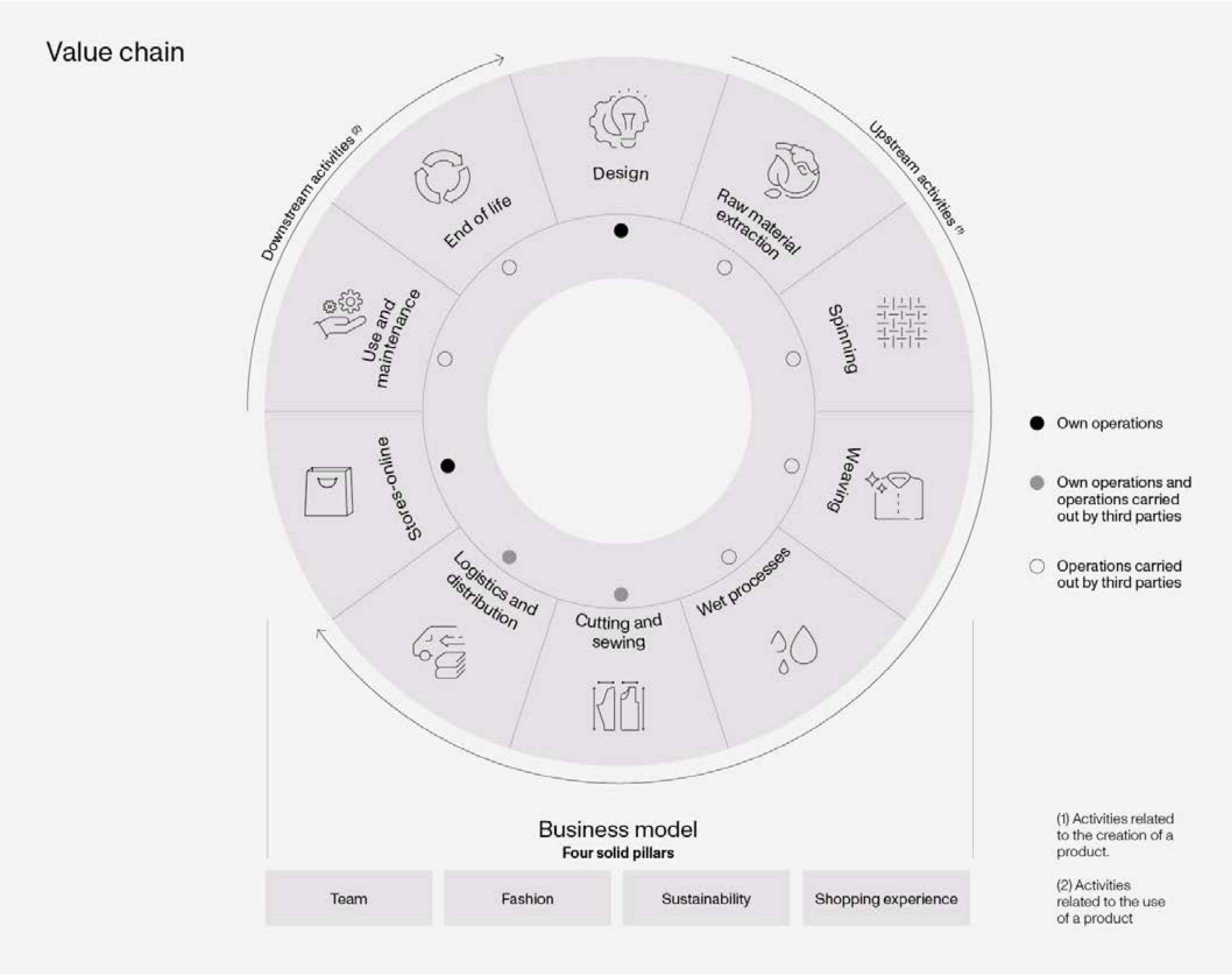
Our innovation model is **cross-cutting, flexible, collaborative and open,** not only to all the Company's areas and people, but to any organisation, entity or person with a different idea or disruptive proposal that helps build a better and more sustainable present and future.

Inditex's capacity for innovation and transformation is evidenced by the numerous projects that the Group has underway at every area and level of the Company and every stage of our value chain (design, manufacturing, transport, logistics, distribution, sales, product use and end-of-life), and will be detailed over the course of this Report. Some examples include the use of textile fibres from textile waste such as LOOPAMID® and cycora®, thanks to strategic collaborations with BASF and Ambercycle, respectively, the expansion of Zara Pre-Owned to reach 16 European markets in 2023, a platform that helps our customers to extend the useful life of our products; or the installation and testing of the physical equipment to implement new security technology and remove hard alarm tags in Zara stores globally.

Managing risk is inherent to our business model and directly responds to the precautionary principle throughout our value chain, a responsibility of each and every member of Inditex. We have systematic processes in place for identifying, assessing, recording and monitoring risks. All the main threats to our business model and its value chain (financial, geopolitical, environmental, social, technological and governance) are taken into account to ensure the proper continuity of the Group's operations. The Integrated Risk Management and Control System emanates from the Board of Directors and is articulated in the form of several regulations aimed at managing the various scenarios.

ⓘ More information in section *5.1.3. Responsible risk management* of this Report.

[7] In line with the definition established by sector's benchmark organizations such as Textile Exchange. This defines a "preferred material" as a fiber or raw material that offers beneficial results and impacts for the climate, nature and people through a holistic approach transforming fiber and raw material production systems.



Action principles

/ Code of Conduct
/ Code of Conduct for Manufacturers and Suppliers
/ Policy on Human Rights
/ Diversity and Inclusion Policy
/ Community Investment Policy
/ Procurement Policy
/ Tax Policy
/ Sustainability Policy
/ Compliance Policy
/ Criminal Risk Prevention Policy
/ Occupational Health and Safety Policy
/ Integrity Policies
/ Information Security Policy
/ Due Diligence Policy
/ Compliance Policy regarding Personal Data Protection and Privacy
/ Global Anti-Harassment Policy

ⓘ More information about Inditex's principles of action in the section 'Ethical Commitment' at our corporate website.

5.2.1.1. Our value chain

Our business model comprises the following phases: design; sourcing and manufacturing; logistics and distribution; and, lastly, sales in our physical stores and online platforms.

Design

Our more than 700 designers are at the core of our business model. Their creative talent and innate ability to interpret trends, together with the analysis of sales and the daily feedback from our stores and sales teams, enable us to intuit, and even anticipate, what our customers want.

The development of that talent is underpinned by our conviction that responsible fashion starts at the design stage. Our designers are mindful of their role and pay special attention to the materials and processes selected for our articles, thereby moving forward in the circular economy model that our Company promotes. In this regard, our commitment to innovation is pivotal, since it enables us to find alternative solutions to conventional raw materials.

Procurement and manufacturing

At Inditex we really appreciate the role our non-exclusive suppliers and manufacturers play in creating high quality products and in our value proposition. Socially and environmentally responsible management is the cornerstone of our approach to procurement and manufacturing in our supply chain. It is organised through ten clusters through which we ensure decent conditions for our suppliers' and manufacturers' workers and we further minimise the environmental impact.

Most of our end-product manufacturers are located in areas close to our headquarters in Spain, prioritising thus flexibility. This proximity, together with short production runs, gives us flexibility and control over the process, so we can adapt our commercial offering to changing trends as they arise.

Logistics and distribution

Our logistical flexibility to adapt to commercial decisions has been a key factor in our expansion across more than 210 markets.

The Group's various brands distribute their stock to stores and online warehouses around the world from our centralised logistics centres with the help of external logistic operators. By adopting and developing technologies such as Radio Frequency Identification (RFID) or the Integrated Stock Management System (SINT), we have merged the inventory management of all our brands. Thus, our staff can quickly locate any article, regardless of where it is located, and make it available to customers.

Stores and online

All our physical stores and online platforms are merged into a single sales environment. We take extreme care of all points of contact between our brands and customers: cutting-edge designs, sophisticated spaces and innovative technology to offer the best possible customer experience. We are always looking for ways to improve our stores—located in the world's most exclusive shopping hubs and equipped with cutting-edge technology—while launching innovative proposals with high-level fashion editorials for our e-commerce; always ensuring that they befit the originality and inspiration our customers have come to expect.

Use and end of life

At Inditex we are moving towards a circular economy model, in which materials can be reused, recycled or repaired. In this way we seek to reduce our dependence on natural resources and extend the life cycle of our products. We consider that textile waste can be a resource to manufacture new fabrics through technological innovations. Thanks to the Sustainability Innovation Hub, a platform that we created in 2020 to identify and test new technologies, materials and processes with the intention of scaling them to the textile industry, in 2023 we have launched collections on the market with various start-ups such as CIRC and Ambercycle with Zara or Circular Systems with Zara Home.

Additionally, to help extend the useful life of our products, we have Zara Pre-Owned, a platform that offers repair services, resale between customers and donation of used Zara clothing.

5.2.2. Sustainability strategy

GRI 2-23; 2-24; 2-28; 201-2

At Inditex we know that fashion is much more than clothing. Fashion is the mirror that reflects people's identity and it is also an instrument for change.

As a society we face urgent challenges, such as climate change or pressure on resources. These are challenges that the fashion industry can help mitigate. Consequently, our Company's commitment to sustainability has strengthened in the last few years, and is now a cornerstone of our day-to-day business.

This commitment is founded on our sustainability strategy with which, as well as contributing to the transformation of our business, the sector and the textile industry, we aim to address the demands of civil society, our customers and our employees, while meeting the requirements of our investors and the increasingly strict regulatory framework on sustainability.

The impact: the focus of our strategy

The impact is what guides us on the path to sustainability. We are mindful that our activity has an impact on the environment and people. Accordingly, continuing in the vein of recent years, our aim is to keep offering fashion products that have a lower environmental footprint, to progress towards a circular business model in which waste is turned into resources, and to achieve net-zero emissions.

Hence, we seek to support the fight against climate change, advance in environmental safeguards and contribute to people's well-being.

What we want to help protect through our strategy

Protection of elements

/ Air / Water / Ecosystems / Land / People

Pillars

/ Circularity Services
/ Fibres
/ Workers at the Centre
/ Emissions reduction
/ Contributing to biodiversity
/ Community investment

As a first step to achieve the goal of improving our impact, we continuously analyse the repercussions of our activity throughout the value chain. This encompasses the materials used to make our products, our suppliers and the product manufacturing processes. We also analyse our activities using key indicators such as the related greenhouse gas emissions, the resources we consume or the waste we generate, as well as their impact on communities and ecosystems. As part of this process, we work with environmental specialists, social organisations, trade unions and NGOs.

This analysis enables us to identify areas for improvement and to develop solutions accordingly. This, along with the collaboration and support for innovation in sustainability, helps us to keep progressing towards our goals in this matter.

We aspire to maximize the positive impacts and minimize the negative ones that our activity may have on the environment and people. We know that the path to this better impact requires long-term commitment. That is why **we have been dedicating our efforts in this regard for years.**

A journey in constant evolution

2001	We joined the United Nations Global Compact.
2007	We signed the Global Framework Agreement with IndustriALL Global Union.
2013	We joined Zero Discharge of Hazardous Chemicals (ZDHC) and published The List, by Inditex.
2016	Founding members of the Organic Cotton Accelerator (OCA).
2019	We announced our public sustainability objectives through 2025.
2021	We increased the level of ambition of our sustainability objectives for the 2040 horizon.
2022[8]	We signed an Infinna™ purchase agreement worth more than 100 million euros with Infinited Fiber Company. We invested in the startup CIRC to foster disruptive textile recycling technology. We promoted regenerative agriculture in an area measuring 300,000 hectares in India. We reached a three-year collaboration agreement with the World Wildlife Fund (WWF) to restore endangered ecosystems.
2023[9]	We pursued our commitment to new and demanding sustainability targets. We signed a purchase agreement worth more than 70 million euros for Ambercycle's cycora®, a recycled polyester made from textiles. We undertook to acquire the first available 2,000 tonnes of fibre produced from Circulose® pulp.

Our commitments: what we want to achieve

In July 2023 we announced our new sustainability commitments. This was an important milestone for our Company, with exacting pledges to fulfil in the next decade as we advance towards net zero emissions by 2040. These commitments are made as a result of our own ambition and are of global application to our value chain. They revolve around six strategic lines:

/ **Fibres**: we are committed to using lower impact raw materials, also named as preferred materials.

/ **Product manufacturing:** we foster more efficient processes that improve the impacts in the supply chain.

/ **Climate change**: we strive to align our activities with the goal of capping the increase in the Earth's temperature at 1.5ºC.

[8] With respect to the agreement to acquire Infinna™ from Infinited Fiber Company, the amount of the fibre purchase will be included in the consolidated financial statements as part of the product cost on the date the purchase is made. The investment in CIRC is shown under the heading Financial Investments, in the consolidated balance sheet (see *Note 18* to the Consolidated Annual Accounts).
[9] With respect to the agreement to acquire cycora® from Ambercycle and the Circulose® commitment, the amount of the fibre purchase will be included in the consolidated financial statements as part of the product cost on the date the purchase is made.

/ Circularity: we are moving towards more circular models.

/ Biodiversity: we contribute to the protection and restoration of ecosystems.

/ Community investment: we support the progress of the communities where we operate via social and environmental projects.

Roadmap 2040

2025	2030	2040
/ Obtain 100% of our linen and polyester from preferred sources. / Reduce water consumption throughout the supply chain by 25%. / Help ten million people through our corporate community investment programme. / Reach three million people in the supply chain through the Workers at the Centre strategy (fostering progress in the areas of social dialogue, living wages, health, respect and resilience). / Provide circularity services such as Zara Pre-Owned in key markets.	/ Reduce our emissions by over 50%, including our own operations and value chain. / Use only textile raw materials that have a lower impact, also known as preferred materials. / Protect, restore or regenerate five million hectares in order to improve biodiversity.	/ Achieve net-zero emissions, reducing at least 90% of our carbon footprint with respect to 2018.

Levers of change for our strategy

With the aim of improving our impact, we launched two key strategic plans: the Supply Chain Transformation Plan and the Fibres Plan.

These two plans both focus on two aspects that significantly affect our Company's sustainability and the achievement of the goals we have set ourselves as they address our supply chain operations and the raw materials we use in our products.

/ Supply Chain Transformation Plan: focuses on boosting our suppliers' and manufacturers' to achieve the sustainability goals.

With the Environmental Improvement Plan we promote the reduction of water and energy consumption while improving the management of chemical products in the facilities of our suppliers and manufacturers.

As per the social dimension we have the Workers at the Center strategy and the five Priority Impact Areas: Social Dialogue, Living Wages, Respect, Health and Resilience.

/ Fibres Plan: aims to cement that commitment and ensure that 100% of our garments are made from textile fibres from preferred or low-impact raw materials by 2030.

We estimate that, by then, about 40% of the fibres we use will be recycled, about 25% will come from organic or regenerative farming, about another 25% will be innovative fibres, which do not yet exist on an industrial scale, and the remaining 10% will be other preferred fibres in keeping with benchmarking organisations' indicators.

How we implement our strategy

Our sustainability strategy is based on several cornerstones. These include innovation, collaboration, corporate culture, sustainability governance and transparency.

We believe it takes an **innovative** approach to transform the sector and the textile industry. Hence the importance, for example, of our Sustainability Innovation Hub, through which we support innovation in sustainability, contributing expertise, capital and commitment to discover more responsible materials, approaches and processes.

ⓘ More information in section *6.4. Transition to a circular economy: resources, products and waste* of this Report.

Likewise, we see **collaboration** as essential for fostering improvement. That is why we approach sustainability holistically, integrating all activities in the value chain and promoting partnerships with the actors involved. Examples of these collaborations are with entities such as the United Nations Global Compact, the International Labour Organization, UNI Global Union, IndustriALL Global Union, The Fashion Pact, Ellen MacArthur Foundation and Zero Discharge of Hazardous Chemicals.

ⓘ More information in section *5.3.1.1. Partnerships* of this Report.

As part of our journey towards a more responsible business model, we integrate sustainability into all processes and decisions throughout our value chain. To achieve this, we implement actions that foster a **culture of sustainability** among our people, such as, for example, training in sustainability. Accordingly, in 2023, more than 15,000 employees received training on sustainability. Furthermore, our store teams are the standard bearers of our sustainability culture. This is evidenced by our Changemakers programme, a community that collects proposals and ideas about sustainability from our people and customers in stores.

In 2023, Inditex's sustainability team comprises 281 people, who together with 7,154 external partners work to make progress on our sustainability goals and strategies.

Lastly, our **governing bodies** take into account our firm commitment to sustainability in each of their decisions, a course of action that pervades the entire Company. In this regard, the work of the Sustainability Committee and the Social Advisory Board, an external advisory body on sustainability, deserves special mention.

An essential part of this commitment is **transparency** in sustainability, which we achieve by making information on our sustainability performance available to our stakeholders. In addition, this governance system is embodied in policies and strategies that ensure that sustainability is integrated into all our operations and decisions.

Furthermore, the achievement of ambitious sustainability goals and targets is linked to variable remuneration for various people in the Group. Specifically, up to 15% of the CEO's annual variable remuneration is based on compliance with sustainability policies. Likewise, 25% of the current long-term incentives for members of the management team and other employees is based on the achievement of sustainability metrics. And the variable remuneration of our office teams also takes into account sustainability performance indicators.

Sustainability Policy

The cornerstone of all these tools is our **Sustainability Policy**, approved by the Board of Directors on 9 December 2015, amended on 14 December 2020 and updated on 3 November 2022. This policy provides for the Company's principles in its relations with stakeholders and weaves sustainability practices into the business model. Moreover, it is a tool that strengthens our commitment to sustainable development and human rights as it helps ensure that our activities are respectful of people, the environment and the community.

ⓘ More information in section *5.1.1. Good Corporate Governance* of this Report.

Inditex's contribution to sustainable development

We believe that the way to reduce poverty and inequality and to fight against climate change is to achieve the 17 Sustainable Development Goals (SDGs) and their 169 associated targets. Consequently, **at Inditex we align our sustainability strategy with the SDGs**, as part of our support of the 2030 Agenda for Sustainable Development.

This process has highlighted our impacts, but also the opportunities for collaboration and for fostering sustainable development in the context in which we operate. This Report includes in-depth information on our contribution to the SDGs, presented in two ways:

/ **At the start of each chapter**, we state which goals are impacted by the actions outlined in that chapter.

/ **In a quantitative summary** that evidences our contribution through key indicators, in accordance with the guide entitled Business Reporting on the SDGs: An Analysis of Goals and Targets.

Inditex's contribution to the SDGs.
Key milestones in 2023

SDG 3
GOOD HEALTH AND WELL-BEING

At Inditex we see the promotion of health, safety and well-being at the workplace as a fundamental pillar of our activity. This is enshrined in our Occupational Health and Safety Policy, updated in 2022. Along these lines, we endeavour to implement the highest standards in terms of health, safety and well-being management systems, with more than 74% of our workers located in spaces certified to ISO 45001 standard.
Furthermore, it is crucial for us to convey our commitment to the entire value chain. To do so, this year we inaugurated a new cycle of our Workers at the Centre 2023-2025 strategy, through which we develop new projects linked to health and well-being. For this purpose, we have also renewed our International Accord for Health and Safety in the Textile and Garment Industry, which has now become the longest ever Accord commitment.
Also focusing on the community, thanks to our partnerships such as Red Cross, *Médicins Sans Frontières* (MSF) and *Medicus Mundi*, in 2023 we helped improve the health, safety and well-being of more than 1.6 million vulnerable people.

SDG 5
GENDER EQUALITY

At Inditex, gender equality and women empowerment are woven into our DNA. Accordingly, in 2023 we continued to foster inclusion in our workplaces, by signing the Group's new Equality Plan in Spain, publishing the Diversity and Inclusion Manifesto, and obtaining new GEEIS certifications for our subsidiaries.
We have also strengthened our Global Anti-Harassment Policy, aimed at prevention and at supporting victims.
Our commitment to equality also extends to our supply chain with the new cycle of our Workers at the Centre 2023-2025 strategy.
To integrate the community in our contribution to the commitment, we have continued to work in our partnerships with organisations such as Every Mother Counts or *Entreculturas*.

SDG 8
DECENT WORK AND ECONOMIC GROWTH

We create stimulating, stable and safe working environments, based on equal opportunities and professional development for all, from our own people to those working in our supply chain.
With this aim in mind, this year we inaugurated Workers at the Centre 2023-2025, a new cycle of our strategy for socially sustainable supply chain. In the last year alone, the strategy has helped 1,461,255 people through projects linked to organisations such as IndustriALL Global Union, UNI Global Union and the International Labour Organization.
Furthermore, we take our initiatives to people in or at risk of social exclusion through integration projects such as for&from, Salta and the employment programme with Caritas.

SDG 12
RESPONSIBLE CONSUMPTION AND PRODUCTION

At Inditex our business model rests on the pillar of sustainability, so we implement responsible consumption and production practices.
For this purpose, in 2023 we approved our Fibres Plan, thereby renewing our commitment to using lower impact fibres and making further headway in the use of preferred raw materials, which now account for 68% of the total.
We also signed a purchase agreement worth more than 70 million euros for Ambercycle's cycora®, a recycled polyester made from textiles, the development of which is part of our innovation platform Sustainability Innovation Hub.
Furthermore, to convey our commitment to the community, this year we earmarked 27.7 millions euros for projects linked to responsible consumption and production, notably including the strengthening of the Moda Re- initiative with Caritas, through a contribution of 3.5 million euros in the 2023-2025 period.

SDG 13
CLIMATE ACTION

At Inditex we are committed to fighting against climate change.
This is why, in 2023, we unveiled our new sustainability commitments for the forthcoming decade.
We also developed our Climate Transition Plan, which encompasses our operations and value chain, seeking to strengthen our efforts to achieve a more efficient and circular fashion industry.
Along these lines, this year we signed agreements aimed at the decarbonisation of shipping alongside distinguished organisations such as Maersk and the NGO Smart Freight Centre.
As part of our commitment, since 2022, 100% of the electricity consumed at our facilities is obtained from renewable sources.

SDG 17
PARTNERSHIPS FOR THE GOALS

Partnerships are a key aspect of the path to the sustainable transformation of our industry, and a fundamental tool for achieving the Sustainable Development Goals.
Accordingly, we focus on collaborating consistently with the community, developing projects and initiatives with numerous local and international organisations, trade unions, governments and academic institutions, among others.
Among them, we highlight our partnerships with the International Labour Organization, IndustriALL Global Union, UNI Global Union, ACT (Action, Collaboration, Transformation), The Fashion Pact or Caritas.

Other notable contributions

Fully committed as we are to helping end poverty, in 2023 we took part in various initiatives to support people in situations or at risk of social exclusion, such as GO (Generating Opportunities: education and inclusion for a sustainable world) and Salta.
In this sphere, we work with various non-profit organisations such as Entreculturas, with which we have been able to benefit 1.5 million people worldwide since 2001; or UNHCR, with which we collaborate on a continuous basis in countries where emergency relief is needed.

In order to help eradicate hunger in the world, from our community investment programme we work alongside a number of entities, such as La Mie de Pain (France) or the Federación Española de Bancos de Alimentos (Spain).

At Inditex we prioritise the professional development of our employees through training and internal promotion. In this connection, in 2023 we provided 2.8 million training hours, reaching almost 2.3 million participants. This enabled us to cover 72% of our vacancies in-house in 2023.
Furthermore, we extend to the community our efforts to foster access to education through collaborations with the NGO Entreculturas (in primary and secondary education) and academic institutions such as Tsinghua University, University of Dhaka, University of A Coruña and MIT, among others (university level).

In 2023, we continued to advance in our goal of reducing water consumption in our supply chain. For this purpose we continue to collaborate with our supply chain in the implementation of environmental improvement plans. Along these lines, we work with organisations like Water.org in multiple initiatives, including the Water & Climate Fund, aimed at developing projects to improve global water and sanitation infrastructure, through the execution of climate-friendly interventions in countries such as Brazil, Indonesia, the Philippines, Kenya, Mexico, India and Malawi. This partnership has allowed us to improve access to water and sanitation for 1 million people in 2023.

For the second consecutive year, in 2023 we achieved our target of 100% renewable electricity consumption at our facilities.
Moreover, we currently have two Virtual Power Purchase Agreements (VPPA) in place for the next 10 and 12 years, as well as we promote self-consumption initiatives such as the Outer Port Wind Facility in A Coruña, which is scheduled to enter into service in 2026.

Our business model places innovation as a cornerstone for the transformation of the industry at all stages of the value chain.
Accordingly, in keeping with our commitment to sustainability, we have developed our Sustainability Innovation Hub, through which we are continually seeking the best materials, approaches and processes for manufacturing. And along the same lines, we continually collaborate with innovative startups such as CIRC and Ambercycle.

At Inditex we carry out numerous community investment initiatives focusing on our goal of reducing inequality. As part of this, in 2023 we earmarked 21.6 million euros for this purpose, working internationally with organisations like Entreculturas, the Red Cross, Caritas or the Red Crescent.
For the fourth consecutive year, we also activated a collaboration with UNHCR through which more than 1.2 million articles were donated for refugees from Uganda, Greece and Ukraine, among other countries.

In 2023 we carried out numerous projects aimed at contributing to this SDG. Among these, we highlight the collaborations with organisations dedicated to protecting and safeguarding the world's cultural heritage.
In Spain, these include projects with the Reina Sofía National Art Museum, the Spanish Real Academy and the Teatro Real opera house.

In 2023, we maintained our commitment to preserving below water life. Among other initiatives, we dedicated part of our efforts to preventing the release of microplastics. In this connection, our detergent The Laundry has been scaled up to industrial level, and we have developed innovation projects such as the presentation of our Air Fiber Washer industrial washing system together with Jeanología.

At Inditex we work with a number of initiatives to protect life in Earth's ecosystems. Evidence of this is our work with WWF, helping to protect and restore endangered ecosystems worldwide. Also in this sphere, in 2023 we joined Conservation International in its Regenerative Fund for Nature project, that promotes regenerative farming and stockbreeding practices.
In addition, we have joined the Deforestation-Free Call to Action for Leather, a Textile Exchange and the Leather Working Group initiative focusing on ensuring brands source their bovine leather from deforestation-free supply chains.

Inditex has a robust corporate governance and compliance system aimed at showing our firm commitment to good governance and social and environmental sustainability, and conveying that corporate ethical culture to all our stakeholders.

5.3. Stakeholders

Material topic: Good governance and integrity

5.3.1. Stakeholder engagement

GRI 2-1; 2-6; 2-12; 2-16; 2-28; 2-29; 3-3

Our stakeholders are entities or groups that are related to Inditex –both throughout our value chain and in the communities in which we carry out our activity– and which have the capacity to influence our Company with their decisions and opinions.

Our approach to stakeholder engagement includes identifying and grouping stakeholders according to how they relate to our business model. Thus, our main stakeholders are:

/ Employees

/ Customers

/ Suppliers

/ Community

/ Environment (represented by various environmental organisations)

/ Shareholders

We base our relationship with stakeholders on two principles, enshrined in our Sustainability Policy:

1) **Transparency,** which helps us to establish a bond of trust with them.

2) **Continuous dialogue,** which allows us to meet our stakeholders' demands and needs and join forces to achieve common goals, such as protecting the planet and its resources or advocating for human and labour rights.

To realise these principles, we use strategies, goals and channels of communication and dialogue that are constantly being updated.

Moreover, we have policies that define the principles of the relationship with each stakeholder group, such as our Code of Conduct, our Code of Conduct for Manufacturers and Suppliers or our Policy on Human Rights, among others.

How we relate to our stakeholders

Identification
We identify all the stakeholders that may have dealings with Inditex throughout the value chain and in the environment in which we operate.

Prioritisation
We classify and determineinate stakeholders priority based on our business model and value chain.

Definition of the strategy
We define a specific strategy for each group of stakeholders, including concrete objectives, commitments and dialogue tools.

The Company's main stakeholders, as well as the tools for engagement and dialogue with them, are as follows:

Inditex's main stakeholders and engagement and dialogue tools

■ Constant dialogue ■ Biannual ■ Annual ■ On demand

Inditex's main stakeholders	Specific engagement and dialogue tools	Our specific commitments
Employees Any person who works at Inditex. / Employees from our own stores, offices, logistic centres and factories. / Union representatives	■ Ethics Committee ■ Agreement with UNI Global Union ■ Internal training and promotion ■ Internal communication ■ Volunteer programmes ■ Information Security and Data Protection and Privacy departments	/ Respect for Human and Labour Rights / Fair and decent treatment / Respect for privacy and personal data protection / Commitment to information security
Customers Every person who purchases any product sold by the various brands of the Inditex Group. / Physical store customer / Online store customer / Potential customer	■ Specialised customer service teams specialising in customer service ■ Physical and online stores ■ Social media ■ Information Security and Data Protection and Privacy departments	/ Clear and transparent communication / Integration throughout the business model / Responsible design and manufacturing / Respect for privacy and personal data protection / Commitment to information security
Suppliers Companies that are part of Inditex supply chain and their respective employees. / Direct suppliers, manufacturers and supply chain workers / Trade union organizations / International organisations	■ Supplier clusters ■ Ethics Committee ■ Sales and sustainability teams ■ Framework Agreement with IndustriALL Global Union ■ Information Security and Data Protection and Privacy departments	/ Promotion and protection of core human and labour rights and international standards / Promotion of sustainable production environments / Respect for privacy and personal data protection in the provision of services
Community All those persons or entities that form part of the environment in which Inditex carries out its activity. / NGOs / Governments and public authorities / Academic institutions / Civil society / Media	■ Social Advisory Board ■ Commitments to NGOs ■ Sponsorships and Patronage Committee	/ Contribution to social and economic development / Commitment to improving global welfare
Environment Set of natural elements present in the environment in which Inditex develops its business model. / Environmental protection organisations / Governments and public authorities	■ Social Advisory Board ■ Commitments to NGOs ■ Sustainability teams	/ Respect for the environment / Conservation of biodiversity / Sustainable management of resources / Fight against climate change
Shareholders Any person or entity who owns shares in the Inditex Group. / Institutional investors / Individual investors	■ Annual General Meeting ■ Sustainability indices ■ Investor relations	/ Social interest and interest common to all shareholders / Fostering informed engagement

Common engagement and dialogue tools

- Sustainability Committee
- Materiality Analysis
- Social Advisory Board
- Strategic partnerships
- Corporate Website
- Annual Report

Our common commitments

Outstanding engagement and dialogue tools

At Inditex we have been cultivating dialogue with our stakeholders on sustainability for decades. For example, in 2002 we set up our **Social Advisory Board,** an advisory body composed of independent external individuals people from outside the Company which, among other tasks, is responsible for establishing and institutionalising dialogue with key partners from civil society.

Another key tool that helps us nurture communication with our stakeholders is our **Sustainability Committee,** set up in **2019.** Among other tasks, this Committee oversees relations with stakeholders in the area of sustainability.

ⓘ More information in section *5.1.1. Good Corporate Governance* of this Report.

Moreover, every year at Inditex we carry out a **materiality analysis** with the aim of identifying the most important issues for our stakeholders. The findings of this analysis tells us what they need and expect from our Company and, consequently, it is a very valuable guide when it comes to defining priorities, establishing strategies and progressing in the creation of economic, social and environmental value.

ⓘ More information in section *5.3.2. Materiality analysis* of this Report.

Shareholder relations

Ownership structure and shareholder remuneration

We implement a policy of transparent and fluid communication with all shareholders. Our best practices keep us at the top of selective and benchmark indices from both the financial and sustainability best practices standpoints.

The overview of the ownership structure[10] of Inditex is as follows:

Inditex's shareholders 31/01/2024

Shareholder remuneration

The shareholder remuneration policy, approved by the Inditex Annual General Meeting, aims to offer an attractive, predictable and sustainable dividend over time. This policy prioritizes maintaining a high level of funds to guarantee investment in the Company's future growth and ensure value creation.

Inditex's dividend policy combines a 60% ordinary payout and the additional distribution of bonus dividends. A dividend of €1.20 gross per share against 2022 results and unrestricted reserves was paid in May and November 2023, made up of two equal payments of €0.60 per share.

In 2024, the Board of Directors will propose to the Annual General Meeting a gross dividend of €1.54 per share, being comprise of €1.04 per share ordinary dividend and €0.50 per share bonus dividend,against 2023 results and unrestricted reserves. This dividend will be distributed in two equal payments of €0.77 per share, to be paid on 2 May and 4 November 2024, respectively.

Indices

Inditex is listed in selective and benchmark indices, from the perspective of both its financial performance and best practices in ESG matters. More information in section *3.3. Recognition* of this Report.

Investor relations

Inditex's relations with its shareholders, are governed by the Policy on Communications and Contact with Shareholders, Institutional Investors and Proxy Advisers, approved by the Board of Directors in December 2015, as well as by the Regulations of the Board of Directors.

Inditex guarantees the market equal access to information through all its channels. The Inditex website plays a very important role in implementing this transparent communication policy and in guaranteeing access to information. A comprehensive list of the entities and analysts who compile research on Inditex is also published on the corporate website.

Individual Shareholders' Department

The Individual Shareholders' Department is responsible for communication with individual shareholders. Using this channel, individual shareholders can request any information that they consider relevant on Inditex's performance. In 2023, the Department fielded more than 800 requests.

The Department activity takes on particular significance when the Annual General Meeting, which traditionally takes place at the Arteixo (A Coruña) headquarters, is called and held.

ⓘ More information in section *"Investors"* on Inditex's corporate website.

Investor Relations Department

/ 35 financial and stock market entities publish research on Inditex's market position.

Material information concerning the business performance is provided on Inditex's corporate website and it is also distributed to a database of investors and analysts containing more than 1,100 entries. To complement this information, the Investor Relations staff hold quarterly, open-access conference calls and presentations to analysts and investors throughout the year in the world's leading financial capitals.

[10] Shares in the Company are represented through book entries. The record of these book entries is kept by *Sociedad de Gestión de los Sistemas de Registro, Compensación y Liquidación de Valores* (Iberclear). Inditex has contracted with Iberclear the service for daily communication of ownership (Shareholder Registry Book - LRA).

5.3.1.1. Partnerships

Partnerships with organisations and institutions are paramount for Inditex, as they enable us to join forces with key players to move inexorably towards a positive transformation of our sector, industry, society and planet.

Indeed, these partnerships help us contribute to achieving the SDGs and create economic, social and environmental value both in our value chain and in the communities where we operate.

That is why we cultivate partnerships with a number of governments, trade unions, academic institutions, local and international organisations and representatives of civil society.

In 2023 we maintained essential partnerships and established new collaborations, such as our agreements with International Apparel Federation, Conservation International, Reimagining Industry to Support Equality (RISE) and One Planet Business for Biodiversity (OP2B).

ⓘ More information in the document *Partnerships* on Inditex's corporate website.

Positive impact on the people in our value chain and on the community

Protecting the environment and fighting against climate change

Transversal partnerships with social, environmental and governance impact

5.3.2. Materiality analysis

GRI 2-4; 2-12; 2-29; 3-1; 3-2; 3-3

In 2023 we performed our materiality analysis for the thirteenth consecutive year. This exercise enables us to identify the material content to be included in this Report.

The materiality analysis also provides a listening channel which enable us to identify the most relevant issues for our stakeholders both internal, such as our employees, and external, such as international organisations, trade unions, NGOs, universities or local communities, among others.

This analysis has a double materiality focus, analysing the Company's potential impacts on the environment (impact materiality) and how these same issues impact the Organisation itself (financial materiality).

To conduct this assessment, we followed the guidance provided by the European Financial Reporting Advisory Group (EFRAG), published in the European Sustainability Reporting Standards (ESRS), to support implementation of the European Union's Corporate Sustainability Reporting Directive (CSRD). We also follow the recommendations outlined by the Global Reporting Initiative in its GRI 3: Material Topics 2021 standard.

This analysis begins with a contextual review of the Company that allows us to identify potentially material impacts, risks and opportunities, that will inform our sustainability strategy. In this regard, our constant communication with stakeholders along the value chain, the human rights due diligence processes we conduct and the knowledge of our own teams play an important role.To determine whether these impacts, risks and opportunities are material, we assess the following parameters:

/ **Scale:** how severe or beneficial the impact, risk or opportunity is or would be for people or the environment.

/ **Scope:** how widespread the impact, risk or opportunity is, based on the geographic extent of the damage and the stakeholders affected.

/ **Irremediable character:** when the impact or risk is negative, how hard it is to counteract or remedy the harm.

/ **Likelihood:** chance of a potential impact, risk or opportunity happening.

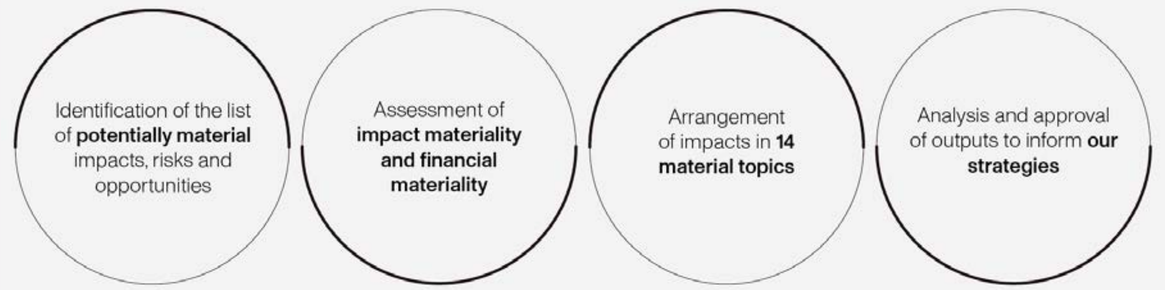
In addition to this exercise, we conducted an assessment of the financial materiality of each impact in order to maintain a **double perspective of materiality** in our analysis, in line with ESRS requirements. To determine financial materiality, we held workshops with expert areas (internal stakeholders) in which we consulted on the financial effect of impacts on the Company in the short, medium and long term, in line with the Company' risk map exercise. In addition, we gauged the probability of these financial impacts occurring in each of the mentioned time frames.

Following EFRAG's recommendations on the establishment of materiality thresholds, we have processed our findings to assess whether the identified impacts, risks and opportunities are material for Inditex. Based on this assessment and after their grouping, we obtained a list of material topics according to the importance of their impact on the environment (impact materiality) and their relevance for the development of the Company's business model (financial materiality).

This year, 14 material topics are featured, four less than the previous year due to having streamlined the grouping of identified impacts, risks and opportunities. Topics such as Water Management, Information security and privacy, and Diversity, equality and inclusion appear as separate entities. Equally, this year the topics Stakeholder engagement, Innovation, Risk management and control systems and Human Rights are not included given that , being transversal, they are already reflected in the other topics.

We have also identified those impacts, risks and opportunities that could have an impact on human rights. For this purpose, we used as a reference the human rights due diligence exercise carried out in collaboration with Shift. Our findings are shown in the materiality table, where we include those topics that entail human rights impacts.

Process to develop Inditex's double materiality



Identifying Inditex's impacts, risks and opportunities

potential and real, positive and negative that Inditex has on the environment and on people, including the impacts on human rights, by compiling a broad list that we use as a reference:

/ Issues addressed by stakeholders over the course of the year
/ Current and future applicable legislation
/ Topics highlighted in the benchmark reporting standards
/ Material topics at other companies in the sector
/ Issues addressed in our Ethics Line
/ Trends in the industry
/ Criteria considered by financial analysts
/ Analysis of Social and Digital Media

Based on the broad list of impacts, a review is performed to pinpoint any duplicates, overlaps and absences of links to the Company's activity.

Impact materiality

obtained by calculating variables:

Scale
Evaluated by reviewing 182 surveys to:

/ internal stakeholders
/ external stakeholders*

Scope, irremediable character and probability
Evaluated through interviews with members of Inditex management and heads of relevant areas.

Financial materiality

Impact on the Company's financial position
Evaluated by means of workshops with the heads of relevant areas and in line with the Company's risk map exercise.

Grouping into 14 material topics

of the 58 identified impacts, risks and opportunities.

Verification of the results both internally, by the Company's management and the Sustainability Committee, and externally, by the Social Advisory Board.

*In 2023, representatives from more than 90 organisations of different kinds took part. The participants include, among others: Inditex's Social Advisory Board, Accelerating Circularity, AFIRM Group, *Comisiones Obreras*, the Company's European Works Council (EWC), Conservation International, Fashion for Good, *Foro Social de la Industria de la Moda de España*, *Fundación Entreculturas, Fundación Seres,* Greenpeace, OCA (Organic Cotton Accelerator), *Médecins Sans Frontières,* Open to All, *Plena Inclusión, Red Española del Pacto Mundial de las Naciones Unidas* (United Nations Global Compact Local Network), UNICEF (the United Nations Children's Fund), University of Santiago de Compostela and WWF.

Material Topics 2023

	Impact materiality	Financial materiality
Climate change	●	●
Pollution	●	●
Water management	●	●
Biodiversity and ecosystems	●	●
Circular economy and efficient use of resources	●	●
Fair working conditions	●	●
Health, safety and well-being	●	●
Diversity, equality and inclusion	●	●
Talent management	●	●
Information security and privacy	●	●
Value creation in the community	●	●
Transparency and quality of the information	●	●
Good governance and integrity	●	●
Responsible management of the supply chain and traceability	●	●

Material topics affecting human rights.

5.3.2.1. Balance of material topics

Material topic	GRI Standards	Contents	Chapter	Coverage[1]	Involvement[2]
Climate change	GRI 3: Material topics 2021 GRI 302: Energy 2016 GRI 305: Emissions 2016	3-3 302-1 to 302-5 305-1 to 305-7	6.1. Climate change		
Pollution	GRI 3: Material topics 2021 GRI 303: Water and effluents 2018 GRI 305: Emissions 2016 GRI 306: Waste 2020	3-3 303-1 to 303-5 305-1 to 305-7 306-1 to 306-5	6.1. Climate change 6.2. Water management 6.4. The transition to a circular economy: resources, products and waste		
Water management	GRI 3: Material topics 2021 GRI 303: Water and effluents 2018	3-3 303-1 to 303-5	6.2. Water management		
Biodiversity and ecosystems	GRI 3: Material topics 2021 GRI 304: Biodiversity 2016	3-3 304-1 to 304-4	6.3. Biodiversity and ecosystems		
Circular economy and efficient use of resources	GRI 3: Material topics 2021 GRI 301: Materials 2016 GRI 306: Waste 2020	3-3 301-1 to 301-3 306-1 to 306-5	6.4. The transition to a circular economy: resources, products and waste		
Fair working conditions	GRI 3: Material topics 2021 GRI 401: Employment 2016 GRI 402: Labor/management relations 2016 GRI 407: Freedom of association and collective bargaining 2016 GRI 408: Child labor 2016 GRI 409: Forced or compulsory labor 2016	3-3 401-1 to 401-3 402-1 407-1 408-1 409-1	7.1. Our people 7.2. Workers in the supply chain		
Health, safety and well-being	GRI 3: Material topics 2021 GRI 403: Occupational health and safety 2018 GRI 416: Customer health and safety 2016	3-3 403-1 to 403-10 416-1 to 416-2	7.1. Our people 7.2. Workers in the supply chain 7.4. Our customers		
Diversity, equality and inclusion	GRI 3: Material topics 2021 GRI 405: Diversity and equal opportunity 2016 GRI 406: Non-discrimination 2016	3-3 405-1 to 405-2 406-1	7.1. Our people 7.2. Workers in the supply chain		
Talent management	GRI 3: Material topics 2021 GRI 401: Employment 2016 GRI 404: Training and education 2016	3-3 401-1 to 401-3 404-1 to 404-3	7.1. Our people		
Information security and privacy	GRI 3: Material topics 2021 GRI 418: Customer privacy 2016	3-3 418-1	8.2. Information security and privacy		

Material topic	GRI Standards	Contents	Chapter	Coverage[1]	Involvement[2]
Value creation in the community	GRI 3: Material topics 2021 GRI 201: Economic performance 2016 GRI 203: Indirect economic impacts 2016 GRI 207: Tax 2019 GRI 413: Local communities 2016	3-3 201-1 to 201-4 203-1 to 203-2 207-1 to 207-4 413-1 to 413-2	7.1. Our people 7.3. Communities 8.3. Supplier relations 8.4. Tax responsibility and transparency		
Transparency and quality of the information	GRI 3: Material topics 2021 GRI 417: Marketing and labelling 2016	3-3 417-1 to 417-3	7.4. Our customers		
Good governance and integrity	GRI 3: Material topics 2021 GRI 205: Anti-corruption 2016 GRI 206: Anti-competitive behaviour 2016 GRI 415: Public policy 2016	3-3 205-1 to 205-3 206-1 415-1	5.1. Corporate governance 5.3. Stakeholders		
Responsible management of the supply chain and traceability	GRI 3: Material topics 2021 GRI 308: Supplier environmental assessment 2016 GRI 414: Supplier social assessment 2016	3-3 308-1 to 308-2 414-1 to 414-2	7.2. Workers in the supply chain 8.3. Supplier relations		

1. Indicates where the impact is effected, inside or outside of the organisation, or both.
2. Indicates the organisation's involvement with respect to the impact.
Direct: The organisation is directly linked to the impact.
Indirect: The organisation is linked to the impact through its business relations.

Inside the organisation | Outside the organisation | Inside and outside the organisation | Direct | Indirect

6
Environment

6.1 Climate change

Material topic: Climate change; Pollution

6.1.1. Climate ambition and goals

GRI 2-23; 2-24; 3-3

At Inditex our commitments are fully aligned with the goals of the Paris Agreement, which aims to cap the increase in global temperature at 1.5ºC. To achieve this we focus on reducing greenhouse gas (GHG) emissions in accordance with the guidelines of the Intergovernmental Panel on Climate Change (IPCC) and the UN Fashion Industry Charter for Climate Action.

Additionally, in 2023 we devised our new Climate Transition Plan, which charts our lines of action and the resources we estimate will be needed to attain our goals. The Plan is available at our corporate website.

ⓘ More information in section *6.1.2. Our Climate Transition Plan* of this Report.

Also in 2023, we introduced our new sustainability commitments, including the new science-based climate targets (SBTs) that we hope to achieve over the next decade.

Our climate commitments

2025:

/ Provide circularity services such as Zara Pre-Owned in key markets. This will help reduce pressure on resources and cut emissions linked to manufacturing.

/ Obtain 100% of our linen and polyester from lower impact sources, also called preferred sources(1). This will allow us to minimise emissions in the cultivation and production of these raw materials.

/ Reduce our water consumption throughout the supply chain by 25%. And, accordingly, the emissions associated with managing, handling and heating water during manufacturing processes.

2030:

/ Reduce our emissions by more than 50%, including our own operations and value chain. To achieve this we will pare our absolute scope 1 and 2 emissions (i.e. our own emissions) by 90% and our scope 3 emissions (value chain) by at least 50%, with respect to 2018(2).

/ Use only textile raw materials that have a lower impact, also known as preferred materials. With the aim of reducing, among other things, the climate impact of cultivating and producing raw materials.

/ Protect, restore or regenerate 5 million hectares in order to improve biodiversity. This will also allow us to strengthen the resilience of ecosystems and boost natural carbon capture.

2040:

/ Achieve net-zero emissions, reducing at least 90% of our carbon footprint with respect to 2018. The remaining 10% are emissions that are especially challenging to reduce and that will be neutralised by actions to absorb these greenhouse gases.

(1) 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". We also include in this definition fibers that meet other requirements of excellence outlined by other relevant organizations such as Canopy and Changing Markets.

(2) The value chain includes the following categories of our scope 3 emissions: purchased goods and services (category 1), fuel- and energy-related activities (category 3), upstream transportation and distribution (category 4), waste generated in operations (category 5), business travel (category 6), employee commuting (category 7), end-of-life treatment of sold products (category 12) and franchises (category 14). The base year was chosen in accordance with SBTi's criteria for the completeness, verification, representativeness and ambition of the emissions inventory.

In 2023 we also submitted to the Science Based Targets initiative (SBTi[11]) the update of our climate commitments to 2030, including our roadmap to achieve net zero emissions in 2040. It is important to note that, since we presented our 2030 decarbonisation targets to SBTi in 2019 for first time, scientific knowledge on climate change has evolved. Accordingly, so has our commitment, which we have adapted to match the latest guidelines.

This continuously evolving work is also evidenced by our attention to the recommendations of the Task Force on Climate-Related Financial Disclosures (TCFD), which enables us to analyse future climate scenarios and their associated risks and opportunities. This allows us to pursue a decarbonisation strategy that is consistent with science as well as being resilient and competitive in the short, medium and long term.

ⓘ More information in section *6.1.5. Risks and opportunities arising from climate change* of this Report.

Our climate commitment is aimed at supporting the transformation of the sector and the textile industry through collaboration and innovation. On the one hand, by cultivating reflection with our stakeholders on the need to replace fossil fuels, promote renewable energies and improve the impact of our use of raw materials and resources. And, on the other hand, by investing in innovative projects that enact this change.

6.1.2. Our Climate Transition Plan

GRI 2-24; 3-3

In 2023 we devised our new Climate Transition Plan, which evidences our commitment to a more efficient and circular fashion industry capable of tackling the climate challenge. It is available at the Group's corporate website.

The lines of action charted in our Climate Transition Plan encompass our operations and value chain, and focus on the following aspects:

Reduction

The main focus of our actions is on abating greenhouse gas (GHG) emissions related to our products throughout our value chain. In this regard, the actions we have identified to achieve the necessary reductions revolve around:

/ Use of improved energy sources

/ Optimisation of energy management

/ Promoting circularity and the use of preferred materials

Neutralisation

According to the SBTi, companies must neutralise the climate impact of any residual emissions by removing and permanently storing carbon from the atmosphere.

[11] The Science Based Targets Initiative (SBTi) was launched in 2015 as a collaboration between CDP, the United Nations Global Compact, the World Resources Institute (WRI) and the World Wildlife Fund (WWF) to help businesses set emissions reduction targets based on the scientific consensus and the goals of the Paris Agreement.

Our efforts in this connection will come from both inside and outside the value chain, by promoting and fast-tracking regenerative practices, and implementing other nature-based solutions.

The weight of each line of action will develop as the frameworks evolve, in accordance with their specific availability and scale, but, in any event, will be consistent with the science and will target emissions that have not been reduced.

Mitigation beyond the value chain

In addition to actions implemented in our value chain, it is crucial to develop initiatives that reach beyond our business so as to help mitigate the worst effects of climate change, especially with solutions that foster biodiversity or the well-being of communities.

We promote sustainable practices to improve soil health and reduce environmental impacts. Our partnership with WWF focuses on restoring forests and freshwater and marine ecosystems, and thus, we have an agreement[12] for more than 10 million euros. We also contribute in various regions to restoring endangered ecosystems, including those affected by forest fires. In addition to forests, we are also involved in the restoration of river basins and aquatic ecosystems in North Africa and Vietnam.

ⓘ More information in section *6.3. Biodiversity and ecosystems* of this Report.

Interim milestones and estimated investment

We have submitted to SBTi our updated strategy for cutting our emissions associated with our business[13] by over 50% reduce by 2030 compared to 2018. We expect this to help us advance in the right direction so as to achieve net-zero emissions by 2040, by reducing our scope 1, 2 and 3 emissions by 90% compared to 2018, while the remaining 10% will be neutralised through carbon sequestration initiatives.

As an interim milestone to track our progress, we are targeting a scope 3 20% reduction by 2027 compared to 2018. To this end, we have developed an ambitious Roadmap, which we estimate will require financial resources of around 2 billion euros[14] until 2030, in terms of cost of sales, operating expenses and, to a lesser extent, investments.

This impact is considered not to be significant in the evolution of the corresponding results and financial position of the Group, especially considering that it may be mitigated by obtaining greater efficiencies both in the supply chain and in the Group's own operations.

6.1.3. Emissions of GHG of scopes 1, 2 and 3

GRI 2-4; 2-27; 3-3; 302-1; 302-2; 302-5; 305-1; 305-2; 305-3; 305-4; 305-5; 308-2; AF21

We continually work in search of solutions that allow us to reduce the GHG emissions throughout our entire value chain. These efforts focus mainly on our Supply Chain Transformation Plan, our Fiber Plan, the implementation of circularity and efficiency programs, and the protection and conservation of ecosystems.

/ **The transition to renewable energy sources**: since 2022, 100% of the electricity consumed in our own facilities (headquarters, international offices, logistics centres, factories and stores) has come from renewable sources.

/ **Fostering energy efficiency**: we have reduced our relative energy consumption per square meter and per euro of sale by 19% and 40%, respectively, as compared with 2018.

/ **Integrating more sustainable processes in our supply chain**: we are currently working to increase the use of preferred fibres (fibres with a better impact), contribute to organic and regenerative farming and support our suppliers in processes to reduce energy and water consumption.

/ **Preserving ecosystems**: we collaborate with international organisations dedicated to fostering regenerative farming and stockbreeding practices and to protecting and restoring ecosystems.

[12] This amount will be incorporated into the consolidated income statement under the Operating Expenses heading as each of the actions/projects to be carried out are executed.
[13] It includes scopes 1, 2 and the following scope 3 emissions according to the GHG Protocol: purchase of goods and services (category 1), fuel and energy related activities (category 3), upstream transportation and distribution (category 4), waste generated in operations (category 5), business trips (category 6), displacement of workers (category 7), end-of-life treatment of products sold (category 12) and franchises (category 14).
[14] This amount will be incorporated as cost of sales, operating expenses or investment as the actions and projects of the Plan are executed.

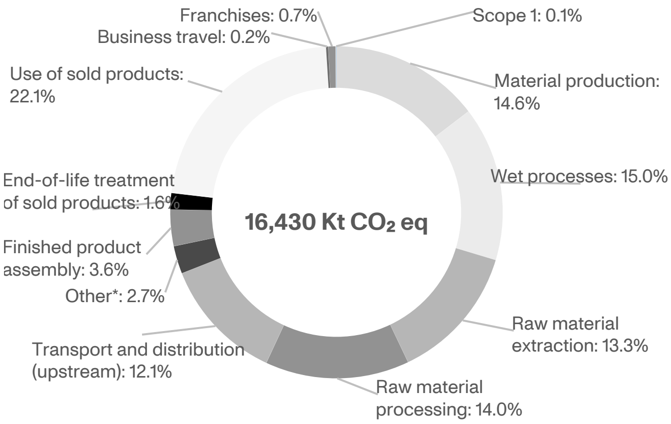
Scope 1, 2 and 3 GHG emissions (t CO_2eq) (1)(2)

GHG emissions	2023	2022	2018
Scope 1	11,512	11,232	19,172
Scope 2 market-based	0	0	419,448
Scope 2 location-based	427,885	451,430	651,266
Scope 3[15]	16,418,450	15,607,245	16,389,372
Kg CO_2eq per m^2 (market-based scope 1+2)	2	2	58
g CO_2eq per € (market-based scope 1+2)	0	0	17
g CO_2eq per € (market-based scope 1+2+3)	460	481	644

(1) More information on the calculation methodology in the section *How we calculate our emissions* of this chapter.

(2) Scope 1, 2 and 3 GHG emissions do not include carbon credits.

Scope 1, 2 and 3 GHG emissions



* The "Others" category comprises the GHG emissions associated with capital goods, employee commuting, fuel- and energy-related activities, waste generated in our own operations and downstream leased-assets.

In 2023, our total GHG emissions have remain stable compared to 2018. Regarding the categories subject to our new public objective by 2030, the GHG emissions have increased by 4% over our 2018 base year. During the year, the Company has managed to reduce its scope 1 and 2 emissions by 97% compared to 2018. Likewise, the firm commitment to the use of preferred raw materials, which in the last campaign of 2023 already accounted for 68% of the total used by the Group, has allowed us to reduce emissions associated with the extraction of raw materials by 6% (scope 3). The gradual implementation of our Supply Chain Transformation Plan, as set out in our Climate Transition Plan, will allow us to make progress in reducing emissions associated with the rest of the scope 3 categories.

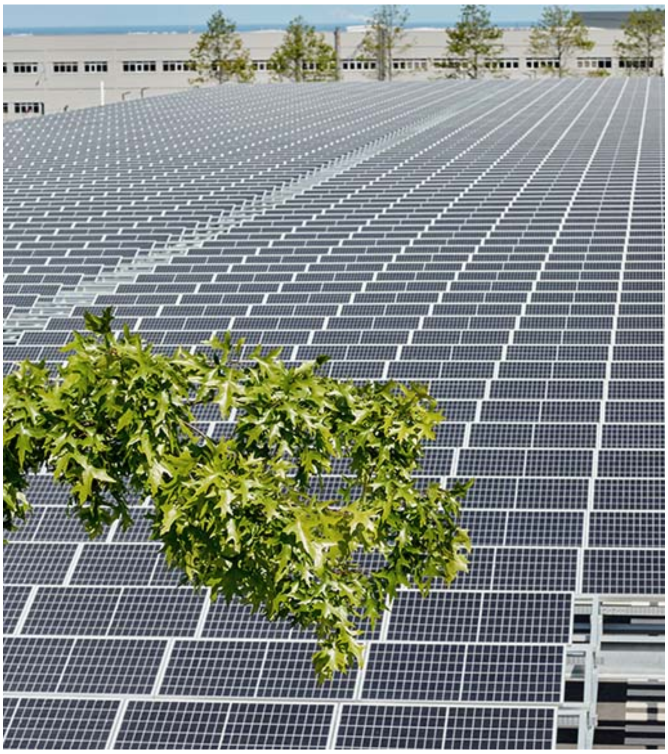
Scope 3 also includes emissions linked to the transportation of the products we market. In 2023, the emissions associated with upstream transport (inbound and outbound) were equivalent to an energy consumption of 3,444,255 MWh and 4,526,850 MWh, respectively (1,791,523 MWh and 4,031,013 MWh in 2022).

Furthermore, estimated electricity consumption in franchised stores amounted to 256,174 MWh and business travel consumption was 140,033 MWh (262,397 MWh and 130,381 MWh in 2022).

Emissions calculation methodology

We calculate and report the Inditex GHG emissions in accordance with the guidelines of the Intergovernmental Panel on Climate Change (IPCC - Guidelines for National Greenhouse Gas Inventories, 2006) and the World Resources Institute (GHG Protocol, 2015), which divide emissions into scopes 1, 2 and 3.

The reported GHG emission are calculated in accordance with our Company's financial control approach and include the gases CO_2, CH_4, N_2O, HFCs, PFCs, SF_6, and NF_3, and are expressed in units of CO_2 equivalent (CO_2eq).



[15] Historical scope 3 emissions have been recalculated based on methodological improvements. In certain categories where we do not yet have primary data, regional conversion factors more specific to our sector have been used. They have been provided by Risilience, the academic partner of the Center for Risk Studies at the University of Cambridge. More information about the affected categories in the Emissions calculation methodology section of this Report

How we calculate our emissions

Scope	Description	Methodology	Emission factors
Scope 1	Direct emissions related to sources under the direct control of the Inditex Group (combustion in boilers, own vehicles, etc.).	Scope 1 emissions are calculated based on the total consumption of fuel and their corresponding emission factors. Emissions associated with fuel consumption in stores and international offices as well as the possible occasional leaks (or spot leaks) of HFC and PFC gases from air conditioning units in those facilities are not included.	DEFRA (Department for Environment Food & Rural Affairs), v.1.1, 2023. MITECO (Ministerio para la Transición Ecológica y el Retro Demográfico) v.2.0. 2022
Scope 2	Indirect emissions related to the generation of electricity acquired and consumed by the Inditex Group.	Scope 2 emissions are calculated based on the consumption of electricity in each market and their corresponding emission factors.	*Location-based method:* / IEA (2023), Emission Factors. *Market-based method:* / Contractual instruments for renewable energy: (PPA, EACs, etc.).
Scope 3	Other indirect emissions related to the production chain of goods and services, their distribution and marketing outside the Company.	Detailed below for each scope 3 category	Detailed below for each scope 3 category
Scope 3 - Category 1: Purchased goods and services	All upstream (cradle-to-gate) emissions generated in Inditex's supply chain from the manufacture of products made available to customers. For greater transparency, we publicly disclose this category's into the following categories: raw material extraction, raw material processing, material production, wet processes and final product assembly.	Extraction of raw materials: emissions are calculated based on the tonnes of the various raw materials consumed and the corresponding emission factors.	Higg Materials Sustainability Index (MSI), 2021.
		Spinning and weaving: emissions are calculated based on the energy consumption and the corresponding emission factors. Energy consumption is estimated on the basis of raw materials consumption ratios.	IEA (2023), Emission Factors. DEFRA (Department for Environment Food & Rural Affairs), v.1.1, 2023.
		Wet process and cutting and sewing: emissions are calculated based on the cost of our products, applying the corresponding emission factor.	*Risilience, academic partner of the Centre for Risk Studies of the Cambridge University*
Scope 3 - Category 2: Capital goods	Emissions generated as a result of the extraction, production and transportation of capital goods purchased and/or acquired by the Company.	Emissions are calculated from the investment in fixed assets, applying the corresponding emission factor.	*Risilience, academic partner of the Centre for Risk Studies of the Cambridge University*
Scope 3 - Category 3: Fuel-and energy-related activities	Emissions generated in the process of extraction, refining, production and transportation of energy and fuels purchased and acquired by the Company.	Emissions are calculated based on the global energy consumption and the corresponding emission factors.	IEA (2023), Emission Factors. DEFRA (Department for Environment Food & Rural Affairs), v.1.1, 2023.
Scope 3 - Category 4: Upstream transportation and distribution	Emissions linked to the upstream transportation and distribution services acquired by the Company.	Their calculation takes into account the tonnes transported and kilometres travelled by each means of transport, along with the relevant emission factors.	GLEC, Global Logistic Emissions Council Framework for Logistics Emissions Accounting and Reporting, v.2.0.

Scope	Description	Methodology	Emission factors
Scope 3 - Category 5: Waste generated in operations	Emissions from the final disposal and treatment of waste generated in Inditex's headquarters, own logistics centres and own factories. Information on waste generated in construction works and own stores is not available at the required level of itemisation.	Their calculation takes into account the tonnes of each type of waste generated and the final treatment of each, along with the corresponding emission factors.	DEFRA (Department for Environment Food & Rural Affairs), v.1.1, 2023.
Scope 3 - Category 6: Business travel	Emissions from the transportation of employees for business-related activities in vehicles owned or operated by third parties.	Their calculation takes into account the origin, destination, means of transport used by Spanish agents and the corresponding emission factors. It is extrapolated to the rest of the subsidiaries on the basis of travel expenditure in Spain.	DEFRA (Department for Environment Food & Rural Affairs), v.1.1, 2023.
Scope 3 - Category 7: Employee commuting	Emissions generated as employees commute between home and work.	Their calculation involves estimating average distances covered by means of transport and commuting patterns based on bibliographic research.	DEFRA (Department for Environment Food & Rural Affairs), v.1.1, 2023.
Scope 3 - Category 8: Upstream leased assets	Emissions associated with third-party assets leased by Inditex.	Emissions associated with the assets of third parties leased by Inditex are immaterial.	
Scope 3 - Category 9: Downstream transportation and distribution	Emissions from the downstream transportation and distribution of sold products.	Not reported. Inditex is working on improving the internal corporate systems to provide this information with the degree of detail required.	
Scope 3 - Category 10: Processing of sold products	Emissions from the subsequent transformation of sold products.	Not applicable. The products sold do not need transformation to be used by our customers.	
Scope 3 - Category 11: Use of sold products	Estimated emissions from the use of products sold by Inditex.	Their calculation takes into account the energy consumed during the use phase based on bibliographic research.	IEA (2023), Emission Factors. *Higg Product Module Methodology, June 2021.*
Scope 3 - Category 12: End-of-life treatment of sold products	Emissions from the final disposal of products sold by the Company.	Their calculation takes into account the number of units sold and the final destination based on bibliographic research (20% reuse and 80% landfill).	DEFRA (Department for Environment Food & Rural Affairs), v.1.1, 2023.
Scope 3 - Category 13: Downstream leased assets	Emissions from Inditex-owned assets leased to third parties.	Emissions from downstream leased assets are calculated based on energy consumption and its corresponding emission factor.	MITECO (Ministerio para la Transición Ecológica y el Reto Demográfico), v2.0 2022
Scope 3 - Category 14: Franchises	Emissions from franchisees during the operation of franchises.	The electricity consumption of franchises has been estimated from the average consumption of own stores. This consumption is multiplied by the relevant emission factor.	IEA (2023), Emission Factors.
Scope 3 - Category 15: Investments	Emissions from Inditex investment activities.	Not applicable.	

The Inditex Group's scope 1, 2 and 3 emissions have been independently verified by Ernst & Young in accordance with ISAE 3410 standard.

Conversion factors used for the calculation

/ 1 tonne of diesel = 1.035 tonnes of oil equivalent (toe).
/ Diesel density = 0.842 kg/litre, DEFRA (Department for Environment Food & Rural Affairs), v.1.1, 2023.
/ 1 toe = 41,868 GJ.
/ 1 GJ = 277,778 kWh

Monitoring energy consumption

Our Global Energy Strategy, approved in 2015, underpins our commitment to progress towards a low-carbon economy.

This Strategy aims to promote the rational and efficient use of energy throughout our value chain, reducing GHG emissions and helping to mitigate their effects.

Our global energy consumption includes energy consumed in:

/ Corporate headquarters and international offices[16].

/ Own logistics centres.

/ Own factories.

/ Own stores.

In 2023 our global energy consumption amounted to 1,606,212 MWh [17] (5,782,364 GJ) , of which 1,551,492 MWh came from renewable sources. This implies a 19 % reduction in relative energy consumption per square metre as compared with 2018 (in 2023, 761 MJ/m^2).

How much energy we consume

Year	Global energy consumption (MWh)	Relative energy consumption (kWh/m²)	Relative energy consumption (Wh/€)
2023	1,606,212	211	45
2022	1,694,817	228	52
2018 (base year)	1,969,127	262	75

What type of energy we consume (MWh):

Year	Electricity	Natural Gas	Other fuels
2023	1,551,492	44,064	10,656
2022	1,636,795	49,269	8,753
2018 (base year)	1,865,074	103,724	329

How much electricity we consume in our own headquarters, logistics centres and factories:

Year	Total electricity consumption (MWh)	Relative electricity consumption (kWh/m²)	Relative electricity consumption (Wh/€)
2023	184,784	49	5
2022	176,432	48	5
2018 (base year)	159,434	50	6

How much electricity we consume at our stores:

Year	Global electricity consumption in stores (MWh)	Relative electricity consumption in stores (kWh/m²)	Relative electricity consumption in stores (Wh/€)
2023	1,366,708	359	38
2022	1,460,363	389	45
2018 (base year)	1,705,639	394	65

Environmental Management System

Energy efficiency is a priority at our facilities as it helps minimise our carbon footprint and reduces the environmental impact of our operations.

Our Environmental Management System (EMS), certified to ISO 14001 international standard, enables us to advance in the use of renewable energy and transition towards more efficient and circular management models.

This system is **implemented at 100% of our corporate headquarters and our own factories and logistics centres**. Furthermore, a team of 29 people oversees its proper implementation, as well as preventing environmental risks linked to these facilities.

In 2023 and 2022, no significant penalties or fines were imposed for breaches of environmental regulations in force. Moreover, we do not have facilities in protected areas.

[16] In 2023, the scope of these indicators has been expanded to include the electricity consumption of international offices. The electrical consumption that occurred in these facilities in previous years is not available in our systems with the necessary level of detail.
[17] This indicator records all the energy consumed at our Group's headquarters, international offices, own stores, own logistics centres, own factories and by our own vehicles. Fuel consumption in stores is not included. Electricity consumption in stores has been calculated on the basis of actual billing data and consumption recorded in our Inergy platform. For those stores or periods for which we do not have information available, it has been estimated considering average consumption.

6.1.4. Lower-impact consumption and efficiency and optimisation initiatives

GRI 2-4; 3-3; 302-1; 302-2; 302-5; 305-6; AF21

6.1.4.1. Lower-impact consumption

At our Company we are committed to generating and procuring energy from renewable sources to help us reduce our greenhouse gas (GHG) emissions.

We thus invest in generating renewable energy at our own operating centres. Specifically, we have facilities for the generation of photovoltaic and wind energy, as well as geothermal and solar thermal energy.

Since 2022 we have fulfilled our goal of obtaining 100% of the electricity at our own facilities from renewable sources. In fact, in 2023 we consumed 1,551,492 MWh of electricity from renewable sources at our facilities, excluding the energy we generated.

How much electricity from renewable sources we consume(1):

Year	% of electricity coming from renewable sources
2023	100%
2022	100%
2018 (base year)	45%

(1) In the case of renewable energy certificates, the period for the data is the calendar year, instead of the financial year (period of this Report).

Self-consumption

Self-consumption means renewable energy produced on our premises or in nearby locations to meet our energy needs. We use photovoltaic and wind power systems to operate with clean energy and cut our emissions.

In 2023 we had various active photovoltaic generation plants and a wind turbine generator that produced 7,049 MWh of electricity (7,756 MWh in 2022) with the following installed capacities: 3 MW in Lelystad, 1 MW in the employee car park at our Arteixo Central Services facilities, 850 kW of wind power at Arteixo Central Services and 100 kW in the Arteixo Technology Building, 200 kW in the headquarters of Zara.com and Zara Man, 30 kW in the Tempe 1 centre, 200 kW in the Tempe 3 centre, 200 kW in the Tempe 3S centre and 100 kW in the Laracha fabric warehouse and 71 kW in the canteen of Pull&Bear headquarters in Narón. In addition, 206 MWh of thermal energy was generated by geothermal sources and solar panels in our Arteixo Central Services and Tordera facilities in 2023 (362 MWh in 2022).

Another notable self-consumption initiative is the development of the **Outer Port Wind Facility in A Coruña** in collaboration with the city's Port Authority. The project, scheduled to enter into operation in 2026 and with an estimated investment of 34 million euros[18] , is for the installation of three wind turbine generators with an installed capacity of 5.5-6 MW. Through this initiative, we aim to generate on-site the renewable energy necessary to cover the annual electricity required by our headquarters in Arteixo, and also to supply clean electricity to the port's own infrastructures.

In 2023 the project obtained the statement of exceptionality and it is currently in the process of requesting the environmental impact statement.

Power Purchase Agreements

In addition to implementing self-consumption initiatives, we promote the implementation of new renewable energy sources through **power purchase agreements (PPA),** which are long-term agreements between consumers and energy producers.

These agreements enable producers to finance the construction of new renewable energy generation infrastructure, even when there are no official incentives or subsidies. They are a way to facilitate the sustainable and long-term implementation of new projects.

At year end, we have two virtual power purchase agreements (VPPA) in place for periods of 10 and 12 years, with a total installed capacity of 136 MW. The related projects are in the development phase, in some cases pending final approval, and will come on stream in 2025.

These agreements allow us to consume renewable energy regardless of the location of our operations, while contributing clean energy to the grid. We aim to continue working in this sphere to promote additionality[19] by generating new renewable energy capacity.

ⓘ More information in *Note 26 Financial instruments and risk management policy* of the Consolidated Annual Accounts.

Energy Attribute Certificates

Where we encounter restrictions in the implementation of certain mechanisms, we turn to alternatives such as green tariffs and Energy Attribute Certificates.

[18] The investment planned for the year 2024 allocated for this project, is included in the estimated investment budget referred to under Information on the outlook for the Group in the Consolidated Directors' Report. Information regarding the financial year 2023 is included in the Consolidated Financial Statements (*Note 14*).
[19] Additionality is a feature of power purchase mechanisms designed to encourage the construction of new renewable energy generation infrastructure that would otherwise not necessarily be developed.

These certificates[20] issued by a third party certify that a specified amount of electricity has been generated from renewable sources. Other than in exceptional few cases, renewable energy from the certificates we use is generated in the same electricity market where the electricity is consumed.

In 2023, more than 90% of the energy attribute certificates we acquired met the requirements established by benchmark organisations, such as CDP.

Phasing out fossil fuels

Our decarbonisation strategy aims to reduce the use of fossil fuels such as natural gas. To achieve this we promote the electrification of fossil fuel-based systems. This strategy, combined with our work on renewable electricity, implies a near 100% reduction in emissions.

In 2023 we launched a collaborative project with Naturgy and EDAR Bens, the publicly owned water treatment utility that operates in the metropolitan area of A Coruña, to convert the biogas generated by wastewater into biomethane.

We are also currently developing new lines of research such as process optimisation, hydrogen generation, and the inclusion of new effluents (sludge). At the same time, we are always on the lookout for similar projects that will allow us to completely eliminate fossil fuel consumption at our headquarters and distribution centres by 2035.

6.1.4.2. Efficiency initiatives and optimisation

Efficiency in corporate headquarters, own logistics centres and own factories

Energy efficiency helps us to control the consumption of resources with the aim of reducing it and mitigating our impact on the environment. Hence, we make the necessary investments in all our headquarters and platforms, and we promote best practices in our teams and processes

Among these best practices is the application of bioclimatic and sustainable architectural criteria in the design and construction of our headquarters. In fact, since 2009 we have been certifying our flagship spaces in accordance with the most widely recognised sustainable construction standards, such as the LEED certifications developed by the US Green Building Council[21].

[20] The acquisition of these certificates, to the extent that they cover the energy consumption of the period, are incorporated into the consolidated income statement under the heading of Operating Expenses at the time of their acquisition.
[21] All the certifications are currently valid.

LEED and BREEAM certification in distribution centres and headquarters

LEED Platinum 2 Certified

/ Inditex Data Processing Centre in Arteixo
/ Zara.com studios in Arteixo

LEED Gold 11 Certified

/ Inditex Group's Central Services in Arteixo (phase IV)
/ Zara Logística offices
/ Zara Logística canteen
/ Pull&Bear headquarters
/ Canteen in the Pull&Bear headquarters
/ Cabanillas logistics platform
/ Massimo Dutti headquarters
/ Massimo Dutti logistics centre
/ Oysho headquarters
/ Stradivarius headquarters
/ Logistics connection hub at Lelystad

LEED Silver 2 Certified

/ A Laracha fabrics warehouse
/ Lelystad ironing facility

LEED CI Certified 1 Certified

/ Inditex Group's Central Services facilities in Arteixo (phases I, II, III)

BREEAM ES In Use 1 Certified

/ Tempe 3 building

In addition, we continue to certify our facilities in Spain under the international standard ISO 50001, which distinguishes efficient and sustainable energy management processes. In 2023, our Central Services, the A Laracha logistics platform and CPD, Indipunt, Europe logistics platform, León logistics platform and Meco logistics platform have renewed or obtained this certification.

Efficiency and sustainability in our stores

Energy efficiency and the implementation of best practices are priorities in our physical and online stores.

Accordingly, we periodically review our standards to align them with best practices and implement new programmes for continuous improvement and progress in the sustainability of our stores.

At present, 8 stores have LEED Platinum certification, 27 have LEED Gold certification and 1 has BREEAM certification.

Also notable is that by the end of 2023, 80% of our own stores were connected to the central Inergy platform, which allows us to monitor and optimise energy consumption in order to boost energy efficiency.

Atmospheric emissions and noise pollution

Atmospheric emissions from combustion equipment at our logistics centres, such as heating boilers and steam boilers, are subject to regular checks and inspections by authorised control bodies. This ensures that our atmospheric emissions of gases such as carbon monoxide (CO), nitrogen oxide (NO_x) or sulphur dioxide (SO_2) remain within the established limits.

Moreover, to mitigate the noise levels associated with the distribution and supply of our products at night, we have an Unloading Equipment Protocol in place.

Supply Chain

The Supply Chain Transformation Plan is vital to advance the achievement of the climate objectives that we have set. One of the essential tools of the Plan lies in the environmental improvement plans that are developed in collaboration with the main facilities of the suppliers and manufacturers in our supply chain.

Furthermore, in relation to energy management, the objectives to be achieved by the facilities participating in the improvement plans are the following:

/ To increase the purchase and/or generation of electricity coming from 100% renewable sources.

/ To reduce thermal energy consumption in relation to stationary thermal sources.

The facilities that participate in this program propose an action plan to achieve these objectives from their starting point, on which quarterly monitoring of energy consumption is carried out.

To evaluate its degree of progress, we rely on a network of experts who, together with our internal teams, analyse the viability of the action plan, validate its implementation, conduct follow-ups and provide advice at all times.

In addition to the environmental improvement plan, we have implemented a number of measures to provide lower impact consumption alternatives in our supply chain.

These efforts focus on three key areas:

/ Reducing energy consumption

We provide information to our suppliers on the best ways to reduce energy consumption through an online platform which is accessible to the entire industry through our corporate website.

We use this same channel to make available to them the knowledge acquired through our collaboration with third parties on potential innovative solutions. For example, new dyeing and washing methods using fewer resources and, therefore, lowering the associated emissions.

Other measures include replacing equipment with more efficient iterations, the proper maintenance of equipment or changes to production processes.

/ Replacing fossil fuels

Some production processes require the use of energy to generate steam. That is why we encourage our suppliers to electrify their equipment and, where no other options are available, to use alternative fuels such as certified biomass from agricultural waste solely as a valid solution for generating thermal energy.

We also ensure that no facilities in our supply chain install new coal-burning boilers, by means of proprietary tools such as our pre-assessment audit or the Green to Wear standard. Our goal is to eliminate the use of coal in our supply chain by 2030.

/ Use of renewable energies

To foster the deployment of renewable energy in our supply chain, we provide information to our supplier clusters regarding the availability of renewable energy, the relevant regulations, the necessary procedures and the estimated costs.

By doing so we aim to give them the tools and knowledge to introduce renewable energy sources in their operations.

As a result, we expect that by 2030 at least 50% of the electricity used in manufacturing processes in our supply chain will come from renewable sources, reaching 100% by 2040.

Other collaborations to reduce emissions in the supply chain

In 2023 we have joined two specific programmes of the United Nations Fashion Industry Charter for Climate Action:

/ **Bangladesh Peer Action Group**: aims to collectively move towards a planned strategy to phase out the use of coal. In addition, at Inditex we contribute to the promotion and development of renewable energy sources in the fashion industry.

/ **Net Zero Pakistan**: aims to make the textile supply chain in Pakistan more resilient and reduce the emissions intensity of the Pakistani textile industry.

In addition, we have participated in the **Fossil to Clean** campaign by signing the open letter presented at COP28 in Dubai. This call from more than 200 companies urges governments to address the complete elimination of the use of fossil fuels and the increase in the use of renewables and energy efficiency.

Efficiency in transport and distribution

At Inditex we are endeavouring to make our transport more efficient and sustainable.

That is why we have several lines of action linked to transport, which will help us to minimise its impact and reduce emissions from our distribution and logistics operations in the following ways:

/ Electrification, new fuels and fleet efficiency
/ Analysis of shipping flows and promotion of multimodality
/ Transport optimisation

In 2023 we signed an agreement with Maersk to reduce our carbon footprint in maritime transport. This agreement ensures that the freight company will use alternative fuels in their vessels, such as green methanol or second-generation biofuels, reducing emissions by 80% for every litre of fuel consumed, according to research by Maersk. Our goal is to use alternative fuels for at least 90% of our maritime shipping by 2025.

At the end of October an agreement was reached by Atlas Air and Repsol to supply sustainable aviation fuel (SAF) so as to decarbonise a portion of the cargo flights the air freight company carries out for Inditex from Zaragoza Airport. As a first step, Atlas Air will initially incorporate 5% of this fuel produced by Repsol in all its cargo flights for Inditex out of Zaragoza.

We have also collaborated with Maersk, RENFE and Cepsa to promote a new rail link in southern Spain. This corridor links Algeciras and Madrid using second-generation biofuels in the non-electrified section between Algeciras and Cordoba, and renewable electric power between Cordoba and Madrid.

Likewise, we collaborate with CFL multimodal, KLOG Logistics and Ikea on an intermodal connection between Sète (France) and Poznań (Poland). This connection is used in the distribution of our physical and online store products.

In 2023 we renewed our collaboration with the NGO Smart Freight Centre, whose mission is to help quantify impacts, identify solutions and disseminate decarbonisation strategies in freight transport. As premium partners we are members of the Sustainable Freight Buyers Alliance (SFBA) to promote the transition to a zero-emission freight transport, in partnership with supply chains.

We also promote sustainable alternatives for our employees' commutes, such as the 344 electric vehicle charging stations in central services, logistics centres and our own factories that in 2023 supplied more than 875,000 kWh[22] from renewable sources (more than 397,000 kWh in 2022).

[22] Electrical consumption by electrical vehicle charging points in Group central services facilities, own logistics centres and own factories.

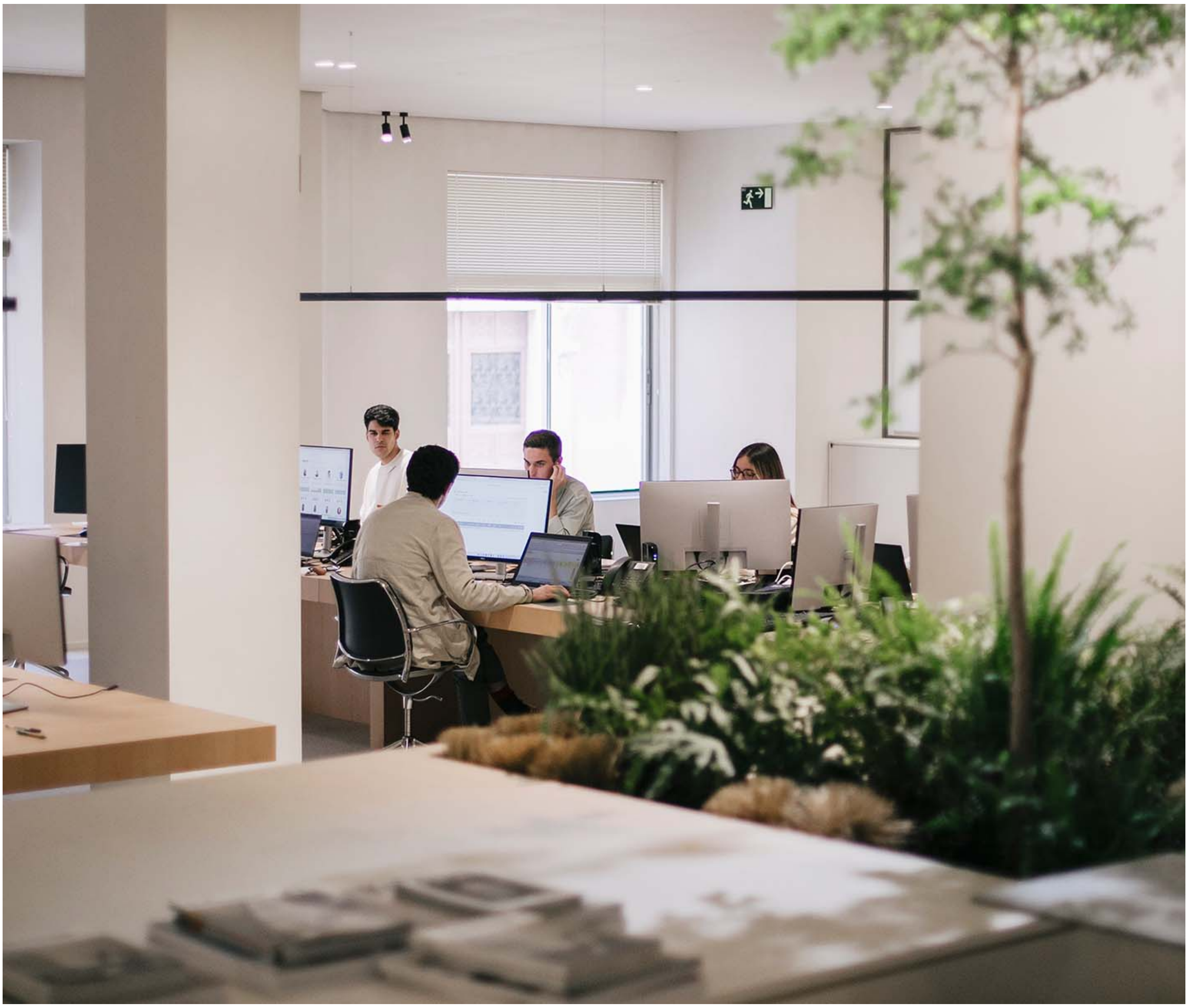
6.1.5. Risks and opportunities arising from climate change

GRI 201-2; 3-3; 302-1; 302-2; 302-5

The assessment and management of climate change risks and opportunities gives us essential information to improve our decisions and achieve an efficient management.

Furthermore, this process helps us to foster collaboration in climate change action, enhancing the transparency of our endeavours on this front.

Our framework for managing and disclosing risks and opportunities is aligned with the recommendations of the Task Force on Climate-related Financial Disclosures (TCFD) and other standard-setting bodies. Accordingly, there follows an outline of our actions in connection with the TCFD pillars: **governance, strategy, risk management, and metrics and targets.**



Climate risks for our Group

Physical risks

Acute

Caused by natural events, including more severe extreme weather events, like cyclones, hurricanes and floods, among others.

Chronic

Long-term changes in weather patterns that may cause an increase in sea level, chronic heat waves or changes to seasons, among other phenomena.

These physical risks may cause damage to material goods and disrupt the supply chain in the following scenarios:

/ Changes in the availability of water resources.

/ Vulnerability in respect of other specific resources or raw materials on which Inditex depends, such as cotton, viscose, etc.

/ Potential disruption in shipping routes.

/ Workers health and safety.

Transition risks

Market

The markets where we operate may be affected by climate change in different ways, but one of the main ones is through changes in the supply and demand of certain raw materials we use in our operating processes, and the products we sell to our customers.

Regulatory and legal

Government policy actions on climate change continue to evolve towards a low-carbon economy. Generally speaking, their objectives fall into two categories: initiatives aimed at reducing greenhouse gas emissions or policies designed to promote climate change adaptation. In this scenario, the Group's carbon footprint throughout its value chain (scope 1, 2 and 3 emissions) could be subject to the price of carbon.

Another mounting risk is legal in nature. In recent years, there has been an increase in litigation linked to climate change. The Group is exposed to the risk of not being able to mitigate the impacts of climate change, a lack of adaptation and/or an insufficient disclosing of the financial implications of climate change.

Technological

In today's fast-evolving technological landscape, the Group may be exposed to the possibility of having to undertake sizeable investments in operations and infrastructure to adapt to climate change. It will also have to manage the depreciation and/or obsolescence of existing assets in its own operations that are not suited to a low-carbon economy. The members of our value chain face the same risk, which could eventually be passed on to the Group through higher sales and operating costs.

Reputational

As the pace of society’s transition to a low-carbon economy speeds up and public opinion changes, the Group’s individual contribution may come under increasing scrutiny, especially if the Group’s transition, or that of our industry, towards a low-carbon economy fails to meet the market’s expectations.

6.1.5.1. Climate governance

Our climate governance is aimed at ensuring that the risks and opportunities linked to climate are adequately tackled to meet the challenges posed by climate change.

In this regard, our sustainability strategy and our climate change policies are approved by the Board of Directors, the most senior leadership, and integrated into our Company's business model and decision-making processes.

Our Sustainability Roadmap establishes our goals for advancing towards a low-carbon economy. To ensure that our sustainability actions are aligned with these objectives, the Board of Directors conducts quarterly reviews.

In this way we address the challenges of climate change by ensuring its inclusion in strategic and operational decision-making process.

Climate governance follows the same processes and is conducted through the same bodies as all other sustainability-related matters.

ⓘ More information on the organisational structure of sustainability and climate change governance, the associated responsibilities and the monitoring and oversight processes in the relevant infographic included in section *5.1.1. Good Corporate Governance* of this Report.

6.1.5.2. Strategy

At Inditex, we take a comprehensive approach to risk, analysing future climate scenarios and identifying the associated risks and opportunities to ensure a resilient long-, medium- and short-term strategy.

Our climate risk assessment methodology is based on that of the University of Cambridge's Centre for Risk Studies. Accordingly, we work with its academic partner, Risilience, to design a climate risk assessment under different scenarios in the short- (0-5 years), medium- (5-10 years) and long-term (more than 10 years).

This research allows us to holistically address climate change and anticipate the risks and opportunities it presents over a time horizon that takes into account the large scale and long-term nature of climate change, as well as the asset's[23] lifespan, and the planning and business cycle of our Group.

Analysis of the scenarios

We use the analysis of scenarios to understand the potential impacts of climate change on our Company. We can then apply this knowledge to strategic planning, risk management and assessing our resilience.

In 2023 we continued our collaboration with the University of Cambridge to make further headway in the resilience of our value chain and be able to include in our analysis the mitigation measures that result from implementing our programmes to reduce our carbon footprint.

The emissions pathways used in our analysis of scenarios correspond to the latest data published in the Sixth Assessment Report from the Intergovernmental Panel on Climate Change (IPCC) in 2022.

In 2023, Risilience updated several of its models concerning physical, regulatory and legal liability risks. These updates, combined with improvements in the data showing our exposures (financial projections, facilities, etc.), provide a revised view of physical and transition risks.

To assess the potential impacts on Inditex stemming from physical and transition risks, we used five scenarios with five different emissions pathways:

/ No policies (>4ºC by 2100)
/ Current policies (3ºC by 2100)
/ Announced policies (2.5ºC by 2100)
/ Paris Agreement (2ºC by 2070)
/ Paris Agreement ambition (1.5ºC by 2050)

[23] The time horizons were established on the basis of the useful life of the assets on the balance sheet (see Consolidated Financial Statements *note 3.2 Accounting Principles*, b) Property, plant and equipment), which is reviewed annually. The useful life of the Group's assets is currently established as medium and long term.

Analysed Scenarios

Effect on GHG emissions

> 4ºC	3ºC	2.5ºC	2ºC	1.5ºC
200 % in 2100	-50 % in 2100	-75 % in 2100	Net 0 in 2070	Net 0 in 2050
No policies Assumes an increase in energy consumption and emissions by the end of the century, with anti-decarbonisation policies.	**Current policies** Continuation of the current trend, with no new policies or changes to the existing ones.	**Policies announced** Includes the current commitments and objectives published, such as those defined in the Nationally Determined Contributions (NDCs).	**Paris Agreement** In line with the Paris Agreement, which requires rapid and global change in the energy system, technology and behaviour.	**Paris Agreement ambition** Urgent and radical political response, requiring a swift and systemic overhaul of the energy system and sweeping changes in society, as well as more investment in technological innovation.

Each pathway develops a socioeconomic narrative regarding regulatory changes, energy prospects or technological advances based on existing data sources, and likelihood of occurrence.

In our analysis of climate risks and opportunities, we considered short (0-5 years), medium (5-10 years) and long (more than 10 years) time horizons.

According to the analysis outcome, in the short term, the most significant impacts relating to climate change are connected to transition risks. Consequently, in the next five years transition risk is likely to evolve at a faster pace as a result of changes in the regulatory framework, in energy supply and demand, or legal proceedings. The most ambitious decarbonisation pathways in terms of emissions reductions result in potentially greater transition risks.

In the short term (up to five years), physical risk deriving from climate change does not significantly vary across the five emissions pathways. Uncertainty about climate patterns over longer time horizons increases the probability of this risk.

Method of analysing financial impacts

We quantify the potential impacts of these scenarios by means of a financial representation of the Group we call its digital twin.

The digital twin is regularly updated with information regarding financial estimates, key facilities, value chain (including natural, man-made and synthetic raw materials and the geographic presence of our value chain —raw material origins, factories, distribution centres, transportation hubs, etc.), geographic breakdown of the business and greenhouse gas emissions for the Group's scope 1, 2 and 3.

Each risk is analysed independently, assuming there are no interdependencies or trade-offs between them.

The result of this methodology yields the potential losses in the estimated cash flows. The Earning Value at Risk, which is discounted to obtain its present value, facilitates the quantification of the total financial impact of each scenario.

The different items in the Group's income statement (sales, raw materials costs, transport and distribution costs, incident response costs, among others) are translated into cash flow's impacts. Furthermore, when modelling and obtaining these cash flows at risk, the Group assumes for the different scenarios of physical and transition risks the ability to transfer part of the impacts to the business activity.

In order to represent the evolution of our future cash flows over a five-year period, the Group's budget is used to build the first year, the estimated business plan for the following three years and for the period not covered we project a final year maintaining a growth rate and an expense structure similar as of the last year of the business plan, which includes the projects and capital investments[24] contemplated by the Group.

Due to the nature and long-term horizon of climate-related risks, especially in the physical dimension, the Group needs to estimate the impacts beyond the five-year time horizon. For this purpose, once the cash flows forecasted by the Group for the short term (0-5 years) have been established, this balance sheet and cash flow structure is projected statically to year 5 for the medium term (5-10 years) and to year 10 for the long term (more than 10 years).

Earning Value at Risk

Earning value at risk and the related cash flows at risk are measures of the potential impact of the risk stemming from a deviation of the expected cash flows as a result of climate risk.

The estimated global value of the Company's cash flows for the next five years—resulting from climate-related risks—was modelled without yet including mitigation actions. We are working on quantifying the mitigation measures, many of which come from our sustainability strategy, so as to be able to assess the residual risk.

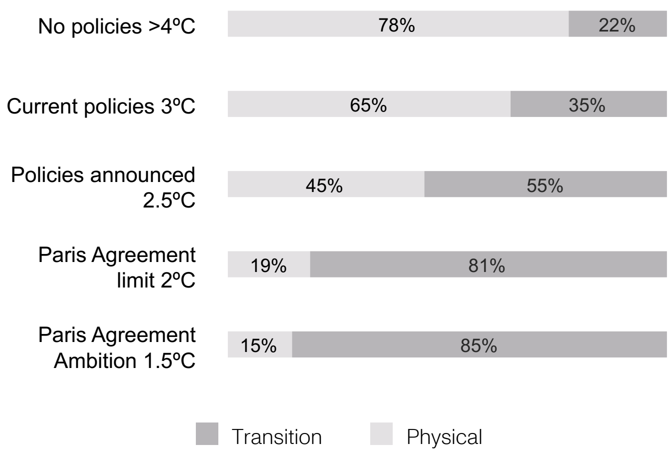
In the 'Current policies' scenario, the second-least severe when it comes to transition risks, the aggregate risk from climate change is considered strong in the Group's critical risk map in terms of its impact and probability.

ⓘ More information in section *5.1.3. Responsible risk management* of this Report.

The identification and assessment of physical and transition climate risks are subject to numerous uncertainties, arising, among other things, from the complexity of anticipating how the climate may evolve over the years. These uncertainties mean that the data contained in this report may be inaccurate in the future, depending on how the climate evolves and the scientific consensus regarding the process of climate change. Such data therefore represent the best estimate that can be made using existing climate information and models.

Thus, climate modelling is a complex discipline that is subject to three major uncertainties: the natural variability of the climate, the adjustment of the climate model to reality, and the adjustment of the emissions evolution scenario to reality. Climate scenarios are not forecasts, predictions or sensitivity analyses, but hypothetical constructions of plausible futures based on science, aimed at assessing the resilience of a company's assets, business model and strategy in the face of such scenarios.

With respect to total estimated risk, the table below shows the profile of each of the risk dimensions for the five pathways used, distinguishing between physical and transition risks in the short term:



a) Physical risks

There are three possible types (dimensions) of physical risks from climate change:

/ Acute risks: caused by extreme weather events.

/ Chronic risks: the result of gradual changes in long-term weather patterns.

/ In some cases, there may be a combination of both acute and chronic.

The analysis of physical risks was conducted on 16,000 own and third-party facilities in our value chain. The facilities analysed are of different types: factories, logistics centres, offices, airports, ports, logistics hubs, stores, etc.

Each facility has recovery curves assigned to it, depending on the severity of the scenarios, their vulnerability and resilience to each climate phenomenon.

[24] See Note 2 of the Consolidated Annual Accounts in 'Significant estimates and assessment of uncertainty'.

Seven climate phenomena are considered in the analysis: heatwave, freeze, water stress, river flooding, coastal flooding, 'temperate' storm[25] and tropical storm. The choice of these physical phenomena is based on Cambridge University's relevance criteria for our business.

Each threat is evaluated using a base-case scenario (year 2000) and a change forecast. The base-case scenario is compiled using the historical meteorological series of the last 40 years, while the forecasts are based on a risk estimate through 2030, 2040 and 2050. In order to weigh the financial impacts of extreme weather events caused by climate change, the changing probability and severity of each event is used to quantify the increase or reduction of the physical impacts expected at bin level. The base-case scenario also makes it possible to assess existing risks, especially water stress in the river basins where the Group's own or third-party facilities are located, particularly in Spain, where the Group's main assets are concentrated[26].

Over the course of this year our stores have been affected by nine natural disasters due to extreme weather events (six in Spain, two in Italy and one in South Korea), mainly heavy rain, snow or hail. Although they have caused damage to our stores and disrupted the normal cycle of our operations, their impact on the Group was immaterial.

[25] Flash flooding was not considered this time as a result of the IPCC Assessment Report update, but will be included again in future analyses.
[26] For more information, see our responses to the CDP Water questionnaires, available at www.cdp.net.

Financial impact of physical climate risks[1]

Physical dimension: Acute

Scenario	Impact on business model	Model assumptions	Main mitigations
This scenario envisages the possibility that extreme or catastrophic weather events (such as storms, floods, freezes, etc.) may reduce the productivity of the Group's activities, disrupt its normal performance and/or increase the costs of operations and processes. Using geolocation of the facilities, the scenario quantifies the projected impacts of various climate threats that could affect our value chain over a five-year time horizon, weighted by their probability of occurrence. The impact is assessed in terms of estimated lost cash flows. It is a function of the severity and duration of the disruption of the facility or facilities. The vulnerability of facilities to different climate hazards depends on their typology and/or their relevance to the value chain. Depending on these attributes, the scenario translates into different impacts and speeds of recovery of the facilities until they return to a normal operating condition.	The impact of extreme weather events on the Group's activities includes physical damage to, or even destruction of, facilities, considering both the asset itself and the goods that are dependent on the facility or facilities affected. The impact on expected cash flows tends to be expressed in terms of the total cost of the physical assets destroyed, normally as the cost of their repair or reconstruction and/or the loss of market value of the damaged goods. **Impact on revenues and costs:** the disruption may trigger a decrease in expected cash flows due to a decline in Group sales depending on the operations' level of dependence on the affected facility or facilities, possible impairment of property, plant and equipment and loss of inventories.	/ Each key facility is assigned a degree of dependence and contribution to Group revenues commensurate with its participation in our value chain. The scale of the disruption translates into the corresponding loss of income. / Extreme weather events are modelled independently, assuming that they are uncorrelated. / The current portfolio of key facilities is assumed to remain static over the five years of projected impact. / The vulnerability functions of key facilities have been parametrised on the basis of expert knowledge grounded on empirical data. The functions are homogeneous for all geographies. For a limited group of especially relevant assets, specific recovery curves are applied. Work is underway to develop specific curves for other asset types.	/ Most of the facilities are related to the supply chain and our commercial network so there are technical contingency systems in place that would mitigate the consequences of a disruption or shutdown. / Continuous review systems, along with the insurance policies, would cover loss of profit and resulting expenses. / In the specific case of logistics centres, they have been configured so as to be able to take on storage and distribution capacity for other centres in the event of a contingency caused by extreme weather events. ⓘ More information in chapter *5.1.3. Responsible risk management* of this Report.

Financial impact of physical climate risks[1]

Physical dimension: Acute and Chronic →

Scenario	Impact on business model	Model assumptions	Main mitigations
This scenario envisages the possibility that unexpected extreme weather events may cause disruptions in estimated revenue in the short term due to changes in consumer demand. Consumers could change their shopping behaviour due to weather conditions, and traffic in stores could also decrease as a result of weather conditions, or if the distribution of merchandise to points of sale is interrupted. The scale of the impact depends on the usual climate of a particular market or geography (for example, extreme heat generally causes more problems in typically moderate climates than it does in hot areas).	The vulnerability/sensitivity of the Group's product portfolio to different extreme weather events is also modelled. Their aggregate global impact varies in accordance with the sensitivity of the demand for the Group's various products and retail formats, as well as the dependence of sales either in physical stores or online. **Impact on earnings and costs:** extreme weather events can impact short-term normal earnings flows. Sales may be affected by changes to demand if consumers change their behaviour due to the weather, reduced retail traffic or if the value chain experiences local disruptions.	/ The risk of disruption to market demand is parametrised for three types of extreme weather events: heat wave, drought and freeze (other threats that affect limited areas and whose impact should not be material, such as storms, are not considered). / Each product category is assigned a vulnerability function for various severity levels. These functions determine the severity of changes in demand.	/ All areas of the Group are geared towards satisfying customer needs and guaranteeing the best shopping experience, which is why our activity begins by actively listening to our customers and identifying their demands and expectations. / Flexible, integrated and innovative business model that affords a competitive advantage when it comes to analysis and response in the short, medium and long terms. ⓘ More information in chapter *5.2.1. Business model and strategy of this Report.*

Financial impact of physical climate risks[(1)]

Physical dimension: Chronic →

Scenario	Impact on business model	Model assumptions	Main mitigations
This scenario envisages changes in long-term weather patterns affecting the agricultural productivity of the crops from which the different textile fibres used by the Group are derived (cotton, linen, wool, leather, cellulosic fibres and cashmere; work is ongoing to add other relevant raw materials). Changes in weather patterns may make it unviable to produce certain crops in some regions of the world in the future or may significantly reduce their yields. The effect of such phenomena would be a potential change in the supply and availability of raw materials. The financial impact on cash flows at risk is estimated over a five-year time horizons.	The Group is exposed to potential disruptions in agricultural value chains due to chronic changes in weather patterns, which could jeopardise the supply of raw materials needed to manufacture our products. In some cases the production of these raw materials is concentrated in limited or even exclusive geographic areas, making their replacement difficult or impossible. **Impact on earnings and costs:** losing the supply of these raw materials would disrupt business, potentially resulting in a decrease in sales if the shortage caused by the event cannot be recovered and/or selling costs rise due to a reduced or absent supply of the raw materials.	/ In the analysis of agricultural risks, for each crop type the impact on yield was modelled in accordance with a range of variables (precipitation patterns and shortage, temperature variations, extreme temperature, etc.) / Crop vulnerability functions are parametrised using the FAO (Food and Agriculture Organization) and Ecocrop database to determine the suitability of a specific environment by optimal conditions for the growth of the various crops. / In order to estimate the financial impacts (decrease in sales or increase in procurement costs), the degree of dependence on the different raw materials analysed at retail format and Group level is considered. / The Group's degree of dependence on the raw materials analysed is static over the five years of projected impact.	/ The Group's collaboration with other organisations and institutions to increase the range of materials with better environmental performance, which make more efficient use of natural resources with recycled content. / We have the Fibres Plan, with exacting commitments for the use of materials with lower impact, also known as preferred materials. / The Group's efforts and work to foster the development of technologies to improve the sustainability of the raw materials and their subsequent recycling.

(1) The risk trend reflected here corresponds with the short term.

Transition risks

Transition risks are financial and reputation risks associated with the transition to a low-carbon economy. These risks take into account the nature, speed and trend of changes in policies, legal frameworks, technologies, reputation and market.

Transition risks vary significantly depending on the level of ambition of each pathway analysed and affect all areas of our business.

To calculate their financial impact, we have examined five dimensions of transition risks in the short, medium and long term:

/ Regulatory
/ Legal liability
/ Technology
/ Market
/ Reputation

Financial impact of transition risks[1]

Transition dimension: Regulatory

Scenario	Impact on business model	Model assumptions	Main mitigations
Establishing an explicit carbon price is a key mechanism to incentivise the transition to a low-carbon economy. These policies are currently determined and implemented both at national and regional level. The aim is to gradually obtain some degree of international coordination. As a result, the carbon prices used in our models vary from country to country with the aim of covering all global emissions by 2025.	In this scenario, the Group would pay a price for the emissions generated throughout its value chain. The Group's carbon footprint in each of the countries in which it operates is considered and the carbon price in each jurisdiction is applied. This includes scope 1 (direct emissions from sources owned by the Company), scope 2 (indirect emissions from the electricity purchased) and scope 3 (other indirect emissions related to the Group's value chain). **Impact on cost:** the Group's financial impact stems from the increase in production and distribution costs, and the cost of raw material procurements, in terms of the increase per unit of product.	/ The scenario applies greenhouse gas (GHG) emissions in accordance with production, defined as fossil fuel consumption in the country for the industrial production of goods and services, as well as energy generation. / All emissions are subject to a carbon price. The price for different economic sectors is given separately. / The increased costs associated with carbon price mechanisms are transmitted through the Group's routine overheads, i.e. its general expenses, distribution expenses and raw materials costs. / There are no financial or fiscal incentives or benefits derived from carbon price revenue. Public administrations allocate most of the revenues to environmental expenditures, the economic benefits of which are not incorporated in this model. / Suppliers are assumed to pass on 100% of their cost increases to us. The Group passes on a portion of these to its end customers.	/ Group Sustainability Roadmap that reflects Inditex's firm commitment to progressing towards a low-carbon economy model. The goal of net zero greenhouse gas emissions by 2040, science-based decarbonisation targets (SBTs) by 2030, and the commitment to using 100% renewable electricity at our own facilities, achieved in 2022. ⓘ More information in section *8.3.3. Monitoring, assessment and continuous improvement* of this Report.

Financial impact of transition risks(1)

Transition dimension:
Legal liability

Scenario	Impact on business model	Model assumptions	Main mitigations
This scenario considers developments in climate-related litigation, a consequence of scientific advances that allow climate change to be linked to specific events, paving the way for potential attributions of liability. The scenario assumes that major lawsuits are filed against the Group, claiming damages based on its relative contribution to global greenhouse gas emissions. As lawsuits start to proliferate in different jurisdictions, initially in the most emissions-intensive sectors, the textile industry becomes a potential target for litigation.	Damages are estimated based on the scale of our operations, and translate into claims. On average, cases are assumed to take several years to be resolved. Plaintiffs aim to pressure the Group beyond the potential legal ruling, exerting increased media and reputational pressure. **Cost impact:** the intensity of lawsuits related to GHG emissions and climate change that the Group may experience will vary depending on the different emissions pathways. Their probability of occurrence and potential impact will also vary depending on the estimated impact (settlement, legal costs, severance pay, etc.).	/ The model uses a decision tree to evaluate a range of potential outcomes, each with a probability of occurrence and leading to different impacts. The model harnesses historical data from other sectors that serve as a 'benchmark', and experts' opinions, all based on the company's specific characteristics. The model's output is the estimated financial impact given the conditional probability of each outcome.	/ Inditex's Sustainability Policy establishes that all the Group's activities will be conducted in the most environmentally-friendly way possible, fostering the conservation of biodiversity and the sustainable management of natural resources. ⓘ More information in section *5.2.2. Sustainability strategy* of this Report. / Solid Compliance System in place and a robust corporate governance system that ensures compliance with regulations, guidelines and best practices in this connection. ⓘ More information in sections *8.1. Corporate ethical culture and solid Compliance architecture* of this Report and *F.1.2.* of the Annual Corporate Governance Report.

Financial impact of transition risks[(1)]

Transition dimension:
Technology

Scenario	Impact on business model	Model assumptions	Main mitigations
This scenario analyses how the Group's competitiveness might be affected by the development and use of new technologies that are less GHG-intensive, considering their operating costs and the demand for our products. The Group must decide how and when to invest to reduce emissions in its value chain so as to attain an optimal combination of profitability and early adoption to design its R&D strategies.	In a fast-moving technology market, the Group must invest to ensure its operations and infrastructure do not lag behind. At the same time, it must manage the potential obsolescence of existing assets. The value chain faces the same challenge as the Group. Costs relating to the renewal of the value chain are ultimately expected to be passed on to the Group. **Impact on cost:** stemming from the depreciation and liquidation value of assets, additional CapEx and increased raw materials costs.	/ This model considers the costs to the Company of investing in low-emission technologies and boosting the efficiency of operating assets, as well as distribution costs. Asset improvements include new transportation assets (trucks, etc.), as well as the factory upgrades to improve energy efficiency. For each technology, the model assumes that a portion of the total global assets are updated according to the different emissions pathways at a specific cost. / The costs of technological improvements are compared with current average unit costs. The model takes into account basic balance sheet data in connection with the Group's buildings, facilities and equipment. In addition, key supply chain facilities are also considered. The model assumes that the Group carries out technology upgrades at key facilities and in the Group's vehicle fleet.	/ Innovation is an inherent and transversal value throughout the Inditex business model, which is why we collaborate with our suppliers and other organisations to find innovative solutions that may be applied throughout the value chain and life cycle of our products. Inditex's Sustainability Innovation Hub is clear evidence that it is seeking to foster the circular economy, contribute to decarbonisation and maximise environmentally-friendly development. ⓘ More information in *section 6.4.1. Initiatives to progress towards a circular model of this Report.*

Financial impact of transition risks[1]

Transition dimension: Market ↑

Scenario	Impact on business model	Model assumptions	Main mitigations
This scenario envisages an increasing market interest in sustainable products and services. Certain consumer segments change their shopping habits to enhance their environmental and social impact. Carbon-intensive companies and sectors are coming under increasing market scrutiny. Potential changes in supply and demand patterns jeopardise the Group's market share and cost of capital.	Consumer preferences are trending towards alternative products and services that produce lower emissions. This could lead to the emergence of new competitors that propose innovations that transform demand, resulting in a loss of market share and potentially an increase in the Group's cost of capital. **Earnings and costs impact:** impact on demand is expressed as the loss of earnings and/or failure to comply with growth targets. Investor sentiment translates into an increase in the cost of capital and in the cost of financing. The different emissions pathways determine the scale of these impacts.	/ Market adoption rates of sustainable products have been parameterized in the model based on a series of key attributes (market potential, innovation coefficient and imitation coefficients). / The Group's product portfolio remains static over the different time horizons. Sales of sustainable products are growing at a moderate pace in the short term. It is assumed that the potential scale of sustainable products does not encompass all consumers, although the rate of adoption varies according to the level of ambition of the different pathways. / The model assumes that changes in consumption patterns affect every sector. The Group is able to pass-though some of the losses to customers. / It is assumed that the impact on consumer demand outweighs the impact on investors, as the market remains focused on industries with higher emissions.	/ The Group's commitment to customers also implies anticipating their demands in matters such as diversity, sustainability or transparency, issues in which the aim is to involve them in the efforts and progress made.

Financial impact of transition risks[1]

Transition dimension: Reputation →

Scenario	Impact on business model	Model assumptions	Main mitigations
This scenario considers a context in which we do not advance towards a low-carbon economy. The widespread frustration with the failure to meet emission reduction targets causes a negative shift in public opinion towards large companies, especially in those sectors that have historically been the most emissions-intensive. Negative sentiment is fuelled and amplified by media campaigns. Large consumer segments engage in climate activism, focusing on specific companies through sustained campaigns and boycotts with considerable repercussion. In extreme circumstances, the shift in consumer sentiment unleashes a deterioration in investors' perception, with consequences for the Group's access to markets. This trend runs parallel to the growth of sustainable shopping, as reflected in the Market scenario. When sustainable alternatives gain traction, those retail formats that do not adapt tend to experience a significant decline in customer demand. In contrast to the Market dimension, impacts are idiosyncratic and consumers avoid the Group or specific brands.	The main impact for the Group is a decline in demand for its products and/or brands, which varies according to specific trends, with the resulting loss of sales and market share. Investor sentiment, meanwhile, weighs on the Group's share price and financial situation. Financing costs (capital and debt) worsen. There is a risk of becoming a target for the increasingly numerous 'consumer activists'. The scale of the impacts depends on the level of ambition of the different pathways. **Earnings and costs impact:** the impacts on demand are materialised through the loss of earnings and/or failure to comply with growth targets. Market sentiment translates into impacts on the cost of capital and financing.	/ Two key factors define the model: the change in our customers' preferences towards more sustainable products and the level of activism among consumers. The model considers two opposite trends. On the one hand, activism, which increases inversely to the level of ambition: the lower the ambition, the more activism there is. On the other hand, consumers' preference for more sustainable products, which is greater in more ambitious pathways, thereby reducing the demand for conventional products.	/ Inditex's Sustainability Roadmap includes ambitious targets and actions aimed at achieving the long-term goal as a lever of transformation. The Group collaborates with all the actors in the value chain and with stakeholders to tackle global challenges from a holistic standpoint.

(1) The risk trend reflected here corresponds with the short term.

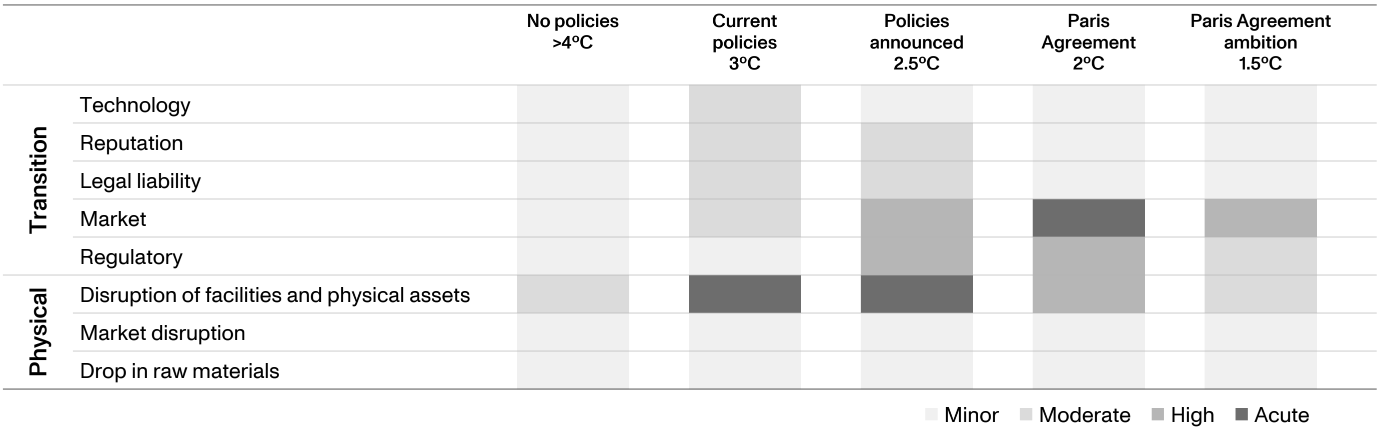
Climate risks over the short, medium, and long term

To estimate the short-, medium- and long-term climate-related risks, we calculated each of them as per the five emissions pathways for our Company.

Medium- and long-term risks are estimated by translating the five-year cash flow estimates from the short term to the two corresponding future horizons.

In doing so, we seek to understand how our business model would behave under the climate conditions of each pathway. In this way we can understand what impact comes from climate evolution[27].

Short-term climate risk assessment (0-5 years)



Over the next five years, the financial impacts of physical risk are relatively limited and slightly lower than those reported in the previous year, mainly due to a decrease in the impacts caused by our key facilities to extreme weather events. This decrease is due mainly to changes in climate models and the improvement in the estimation of exposure in our value chain key facilities.

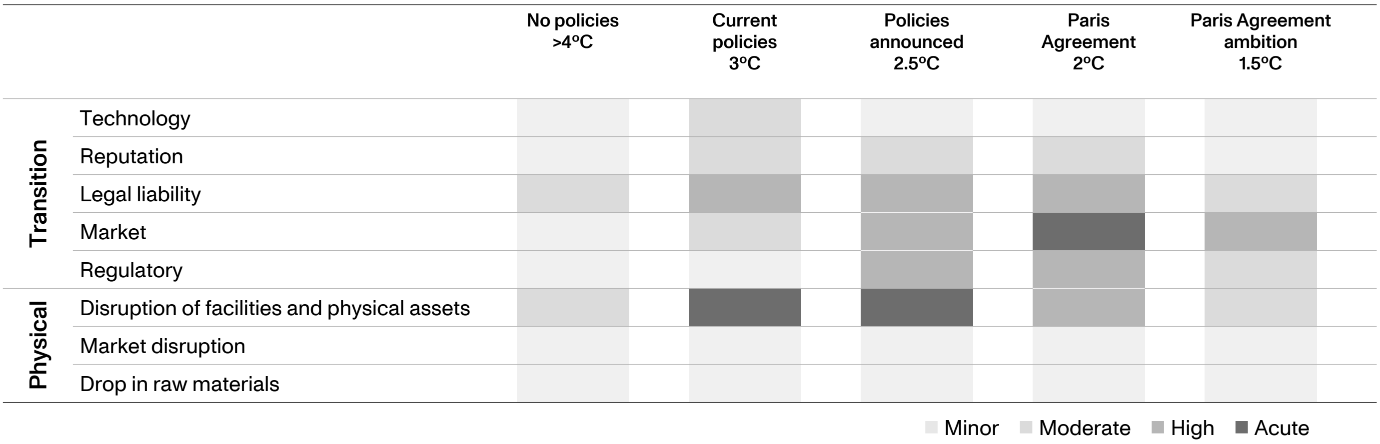
The frequency and severity of physical risks as a result of the step-up from CMIP5 to CMIP6 has increased. Even so, the probability that acute events could cause significant losses ('catastrophic physical tail risks') remains low at present.

The most impactful weather events for the Group are heatwaves, river flooding and drought or water stress.

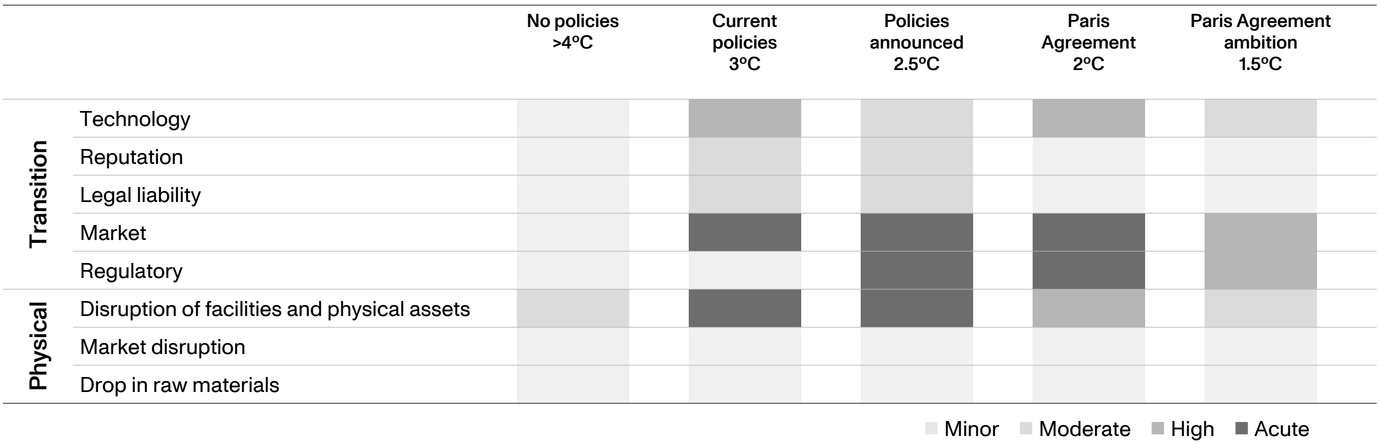
In the short term, around 70 % of physical risk, in its different manifestations, comes from our own operations. The remaining 30 % corresponds to third-party transactions.

[27] The impacts reflected by each climate risk typology, emissions trajectory and horizon are adjusted for the probability of occurrence of each of the emissions trajectories.

Medium-term climate risk assessment (5-10 years)



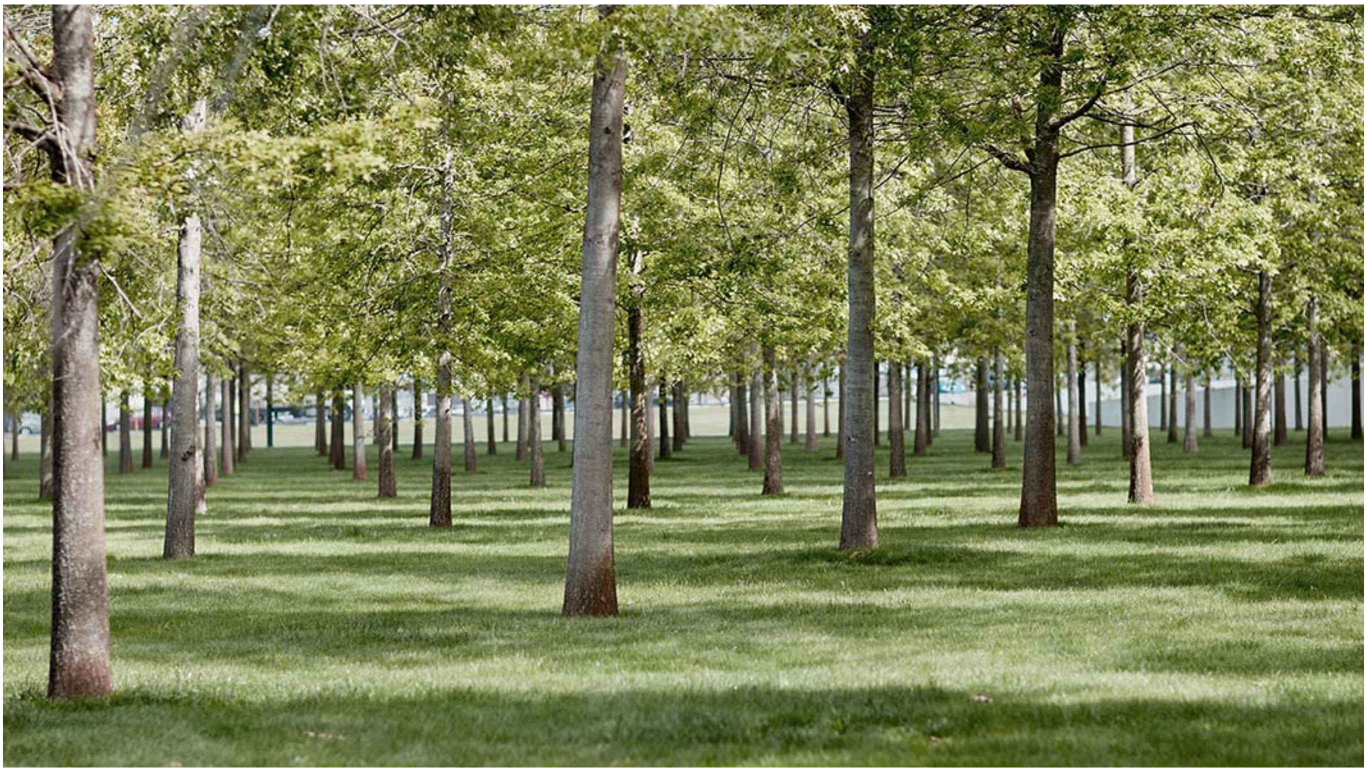
Long-term climate risk assessment (+10 years)



Opportunities arising from climate change[28]

At Inditex, we want to progress towards a better impact. In this process it is essential to reduce our exposure to climate change-related risk and, at the same time, to identify the opportunities offered to us by a low-carbon economy to ensure our Company's resilience and capacity to be a part of the transformation of our industry.

[28] For more information, see our responses to the CDP Climate Change questionnaires, available at www.cdp.net.



Opportunities for Inditex in a low-carbon economy

Opportunity	Description of the opportunity
Integrated business model	We continually update all our formats to introduce cutting-edge technology in our integrated platform of physical and online stores, creating an efficient, sustainable and integrated economic model. We create opportunities for improvement to strengthen our entire ecosystem while minimising resource consumption. ⓘ More information in section *5.2.1. Business model and strategy* of this Report.
Continuous strategic transformation	Our integrated business model gives us a consolidated overview of our customers and their needs at all times. Our strategy capitalises on this advantage to evolve our model towards economic, sustainable and integrating improvements. We start by aiming to maintain the level of commercial success achieved, driven by the opportunities afforded to us by digitalisation processes and our sustainability commitments. ⓘ More information in section *5.2.1. Business model and strategy* of this Report.
Innovation	The complexity of the global challenges we face and the path towards a more sustainable model require the increasing introduction of innovation, science and technology in our initiatives. For example, through our platform Sustainability Innovation Hub, we work to provide the industry with new materials, manufacturing processes and initiatives to improve circularity, use or end of life. ⓘ More information in section *6.4.1. Initiatives to progress towards a circular model* of this Report.

Opportunities for Inditex in a low-carbon economy

Opportunity	Description of the opportunity
Customer orientation	We use a process of continuous interaction with our customers as the main tool for identifying the latest trends and developing products that meet their demands, whether in clothing, footwear, accessories or household products. We maintain high standards through a combination of design, quality and sustainability at affordable prices. This constant connection has allowed us not only to adapt to new needs, but also to gradually add new services, technologies and channels. ⓘ More information in section *7.4. Our customers* of this Report.
Transformation of the sector	We have established a unique business model distinguished by its flexibility and efficiency, constant innovation, the creativity of our staff and our focus on sustainability integrated in every process involved. On that basis, we resolutely and collaboratively strive to promote the transformation of the sector, generating a positive impact on society, the industry and our environment. ⓘ More information in section *5.2.1. Business model and strategy* of this Report.
New business models	In keeping with our commitment to using resources more efficiently, we are developing innovative solutions that allow our customers to request repairs, or sell or donate Zara garments they have at home through our Zara Pre-Owned platform, already available in certain markets. ⓘ More information in section *6.4. The transition to a circular economy: resources, products and waste* of this Report.
Collaboration	To address the paradigm shift that is crucial to tackle the challenges linked to the fight against climate change, circularity or the sustainable development of communities, it is imperative that we join forces with all the actors involved. In this connection, we take an open approach in which collaboration is a key pillar for transformation. Examples of this are our partnership with entities such as the United Nations Global Compact, The Fashion Pact, Ellen MacArthur Foundation or Zero Discharge of Hazardous Chemicals, among others. ⓘ More information in section *5.3.1. Stakeholder engagement* of this Report.
Efficient consumption of natural resources	In our commitment to sustainable development, at Inditex we strongly advocate circularity, an economic, management and production approach aimed at balancing growth with conserving natural resources and progressing in the decarbonisation of the entire value chain. For us, circularity is a differential model of production and consumption encompassing all stages from a product's design to its end of life. This approach fosters the reuse and recycling of articles, extending their life cycle and minimising the use of natural resources, energy consumption and waste generation. ⓘ More information in section *6.4. The transition to a circular economy: resources, products and waste* of this Report.
Energy efficiency	Energy efficiency is a priority in both our designs and our day-to-day operations. In this regard we are constantly reviewing our standards to reflect cutting-edge practices and implementing new programmes to advance on the path of continuous and sustainable improvement in our operations. We work closely with our suppliers and other organisations to promote the rational and efficient use of energy throughout the value chain. ⓘ More information in section *6.1. Climate change* of this Report.

Opportunities for Inditex in a low-carbon economy

Opportunity	Description of the opportunity
Generation of renewable energies	The generation and acquisition of energy from renewable sources plays a central role in our energy strategy. For this purpose, we invest in generating renewable energy at our own operating facilities. We have solar thermal, solar photovoltaic or wind energy, as well as infrastructure to harness geothermal energy. This diversification reduces our dependence on third parties in these aspects, and also introduces innovative concepts, such as additionality in the implementation of new power generation infrastructure in the grid. ⓘ More information in section *6.1.4. Lower-impact consumption and efficiency and optimisation initiatives* of this Report.
Sustainable building	We make the investments needed in all our headquarters, platforms and stores to oversee, reduce and mitigate the impact of the consumption of resources. When building our headquarters, we follow bioclimatic criteria, encouraging the installation of photovoltaic panels, the collection of rainwater for non-drinking uses and the implementation of self-regulating lighting systems in accordance with outside light conditions, as specific examples of our sustainable practices. ⓘ More information in section *6.1. Climate change* of this Report.

6.1.5.3. Climate risk management

At Inditex we manage our risks through our Risk Management and Control Policy, approved in 2020. This policy establishes our Integrated Risk Management System, which helps us to manage and control the risks that impact our Company, including those linked to climate change.

Although the management of climate risks follows general risk management principles, their specific characteristics are taken into account when it comes to assessing and quantifying them. Accordingly, we approach climate risks effectively, acknowledging their importance in the current context.

ⓘ More information in sections *5.1.3.1. Risk management framework* and *5.1.3.2. Risk map* of this Report.

6.1.5.4. Metrics and targets

Targets

At the 2023 Annual General Meeting of Inditex, we presented the latest update of our sustainability commitments which includes new and stringent pledges with a view to achieving net zero emissions by 2040.

In keeping with these targets, in 2023 we also submitted to the Science-Based Target Initiative (SBTi) the latest update of our 2030 climate commitments and our 2040 net zero emissions target for their validation. We have also devised our new Climate Transition Plan, which details our decarbonisation strategy, the resources we estimate will be needed and the collaborative initiatives we will launch to advance our commitment to addressing climate change.

ⓘ More information in section *6.1. Climate change* of this Report

Decarbonisation mechanisms

As well as setting decarbonisation targets, we promote mechanisms to advance in their achievement, such as our variable remuneration system.

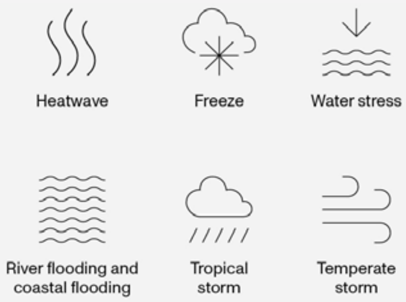
This system links our teams' remuneration to the attainment of the Company's objectives, including our sustainability commitments. For example, both our CEO and senior management have specific incentives associated with emission reductions.

ⓘ More information in section *5.1.1. Good Corporate Governance* of this Report.

Metrics

Assessment of climate change risks

Physical risks



Physical asset damage

Cost to repair and replace property, equipment and inventory damaged by extreme weather events.

Raw material supply

Agricultural products and water supply are affected by extreme weather phenomena and chronic climate changes.

Key facility operations

Disruption to output of production and activities from extreme weather phenomena.

Disruption of earnings

Extreme weather events affect consumers' buying habits.

Transition risks

Regulatory dimension

/ **Carbon pricing:** carbon pricing policies vary in each of the jurisdictions so as to incentivise decarbonisation. Organisations pay a price for emissions throughout their value chain.

/ **Carbon markets:** the development of emissions markets, still largely voluntary, is experiencing an increase in demand.

Market dimension

/ **Consumers preference for sustainability:** consumers tend to prefer alternative products and services that are sustainable. Competitors may emerge who propose innovations that transform demand and threaten to capture market share from the established players.

Technological dimension

/ **The pace of adoption of low-carbon technologies,** and the resulting 'green premium', may affect the competitiveness of companies as a consequence of the impact in terms of operating expenses and the value of the assets. Investments must seek a balance between innovation and profitability.

Legal liability dimension

/ **Lawsuits from emissions and climate damage:** a generalisation of lawsuits against companies for their liability in emitting greenhouse gases and the damaging economic and environmental consequences thereof.

Reputational dimension

/ **Climate activism and stigmatisation by consumers:** a negative change in public opinion towards companies with carbon-intensive activities. Consumer demand is affected by climate activism, which also affects investor confidence and access to capital.

Summary of climate change risk

TCFD Framework	Dimensions	Upstream raw materials supply	Supply chain and operations	Final stages value chain	Group financial risks
Physical risks	Acute risks: extreme weather events	Short-term disruptions in the supply of raw materials	Operational interruption and damage to physical assets	Short-term demand disruption	
	Chronic risks: gradual changes in weather patterns	Viability of raw materials supply in certain regions	Threats to the value chain in certain regions as a result of water stress and heat waves	Dependence on demand for certain products in certain regions	
Transition risks	Regulatory risks: carbon pricing	Increased emissions cost in early stages of the value chain	Increased cost of fossil-fuel-dependent activities	Pass-through of higher costs as a result of demand elasticity	
	Technological: innovation in low-carbon technologies	Cost of decarbonisation in early stages of the value chain	Devaluation of carbon-intensive physical assets	Disruptive competition that erodes market share	
	Market: consumers' preference for sustainability			Consumer preferences shifting towards sustainable alternatives	
	Reputation: climate activism and stigmatisation			Consumers' perception of the Group and its brands	Investment market's perception of the Group's sustainability strategy
	Market: investor sentiment				Market shock resulting from divestment in carbon-intensive sectors
	Liability: climate litigation				Lawsuits linked to the contribution to climate change

6.2 Water management

Material topic: Pollution; Water management

6.2.1. Ambition and goals concerning water

GRI 3-3; 303-1; 303-2; 303-3; 303-4

At Inditex we are aware of the critical importance of water for life and ecosystems and the challenges posed in terms of availability and quality. To address those challenges, we conduct out initiatives on our own and in partnership with our stakeholders to reduce our environmental impact and preserve marine and freshwater ecosystems.

Our approach to water management takes into account water all the dimensions related to our direct and indirect activities. That is why, in 2023, we signed a commitment with CEO Water Mandate to preserve fresh water through collective action in 100 water-stressed river basins around the world by 2030.

Furthermore, we prioritise reducing water consumption in our operations and supply chain. Consequently, we have set ourselves the goal of reducing water consumption in our supply chain by 25% in 2025, as compared with 2020. This will help preserve water as a natural resource and lower our greenhouse gas (GHG) emissions by reducing energy use in related processes.

We are currently working to update our Global Water Management Strategy, aimed at ensuring sustainable and efficient water usage across our value chain while promoting activities linked to the protection and restoration of river basins and other aquatic ecosystems.

Within the framework of this strategy, we have different lines of action focused on the analysis of impacts and their mitigation, including:

/ The efficient and responsible use of water through the implementation of the best available technologies, reuse and recycling of water.

/ Improving the quality of the discharge and its responsible management such as the use of safe and sustainable chemical products.

/ The implementation of a fibre plan that involves the use of organic and regenerative practices with the use of raw materials with a lower impact on water.

/ The protection of aquatic ecosystems and the restoration of deteriorated water basins.

Another relevant initiative is the work around the Green to Wear standard to expand knowledge about the water context in our supply chain. Parameters such as water stress, the source and distribution of the water used and water reuse and recycling help us to propose a strategy contextualised to suit the local situation of water resources at each facility.

6.2.2. Water management initiatives in own operations

GRI 3-3; 303-1; 303-2; 303-3; 303-4; 303-5

At our facilities, water is mainly consumed for cleaning and sanitary purposes. In addition, our industrial plants use water, mainly for steam generation and cooling by means of closed-loop systems. We can therefore estimate that the amount of water consumed is directly equivalent to the amount discharged. Furthermore, wastewater in all our facilities is channelled to the appropriate wastewater systems. On that basis, our water usage and management does not have an impact on protected habitats.

In 2023, water consumption in own facilities—corporate headquarters, factories, logistic centres and stores—amounted to 1,767,463 cubic metres, i.e. 1% less than in 2022. The water consumption at our centres is calculated through direct meter readings and bill charges from public water utilities companies[29].

Water consumption

Year	Water consumption (m^3)	Relative water consumption (litres/m^2)	Relative water consumption (ml/€)
2023	1,767,463	234	50
2022	1,780,190	240	55

Moreover, we have initiatives in place such as the use of storm tanks at our centres in Cerdanyola, Arteixo and Lelystad. In 2023 these tanks collected 35,356[30] m^3 of water, i.e. 41% more than in 2022; this water was used for irrigation and sanitation.

6.2.3. Water management initiatives throughout the supply chain

GRI 2-28; 3-3; 303-1; 303-2; 303-3; 303-4

Our supply chain encompasses one of the most water-intensive areas of our value chain, namely wet processes (dyeing, washing, finishing and printing, among others). Mindful of the importance of these processes in water management, in 2023 we implemented initiatives aimed at reducing water consumption and improving discharge quality, including:

/ Proposal for updates to our Green to Wear standard that allows it to be adapted to the new production processes, as well as to foster, to the extent possible, even greater savings in water usage.

/ Devising improvement plans in conjunction with wet process facilities to optimise water usage and improve the quality of wastewater discharges.

/ Publishing best practices in water management and in the improvement of discharge quality.

/ Creating a network of partner facilities to implement measures and technologies derived from the innovation developed by the Group in collaboration with companies from various sectors and with the purpose of saving water and improving discharge quality.

By implementing these initiatives, we have been able to cut water consumption by 20% in our supply chain[31], compared to 2020. We are committed to achieving a 25% reduction by 2025.

Year	Relative water consumption (litres/kg garment)(1)
2023	77
2022	79
2020 (base year)	96

(1) Consumption for 2022 and 2020 has been recalculated based on the improvements made to the corporate systems that provide greater detail of the production processes.

Environmental improvement plans

A fundamental pillar of our Supply Chain Transformation Plan rests on environmental improvement plans. These plans serve the facilities of our suppliers and manufacturers to advance in minimizing impacts and transforming the sector.

In relation to water, the participating facilities must fundamentally achieve the following objectives:

/ Reduction of water consumption until reaching the 'excellent' level, in accordance with our internal standards.

/ Alignment of the wastewater discharge quality with the 'foundational' level of the discharge standard developed by Zero Discharge of Hazardous Chemicals (ZDHC).

/ Use of ZDHC level 3 certified chemicals.

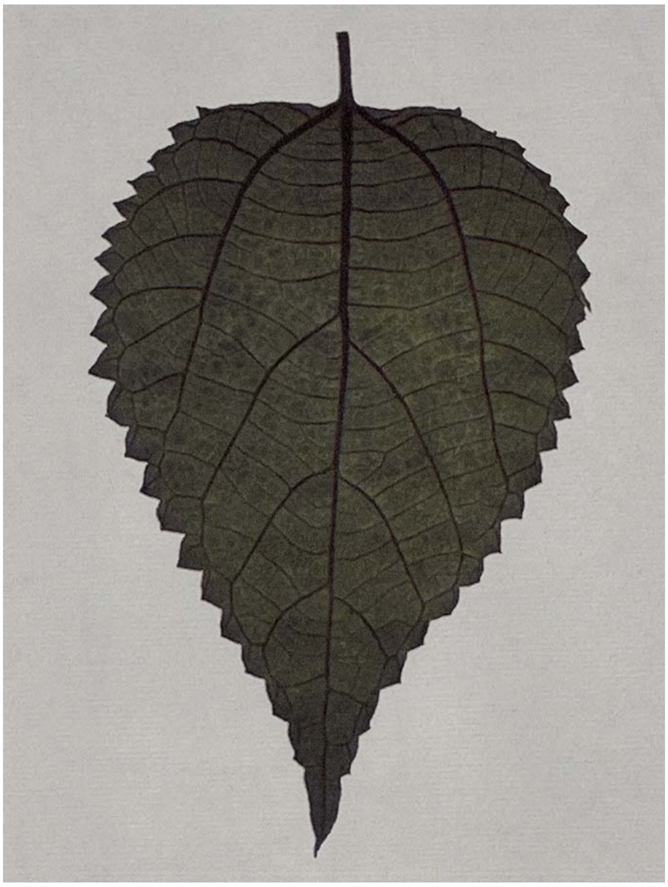
[29] Water consumption at corporate headquarters and logistics centres was calculated using primary data. As for consumption by own stores, it was estimated based on the net expenditure per store. We have used the specific average price of 20 markets, and for all other markets, we have used the average of m^3/m^2 per concept.

[30] The volume of water collected in storm tanks was calculated using flow meter measurements

[31] Supply chain water consumption is calculated for all production facilities in our supply chain that perform a wet process. The calculation methodology includes real consumption data collected in factories, for example, through environmental audits. For cases in which the information is not available, it has been estimated from the averages of the environmental audits.

The facilities propose an action plan to achieve these objectives that includes concrete measures, implementation dates and a quantification of the reduction of impacts. A network of internal and external specialists analyses the viability of the plan and the scope of each of the proposed actions. Once validated, the facilities have, at all times, technical support and monitoring of these plans by this network of specialists.

The environmental improvement plans integrate the Care for Water plans. Throughout 2023 we have collaborated with 118 facilities to improve their water consumption through this programme.



New requirements for water management in our supply chain

We have included new requirements related to water management in our environmental preliminary assessment (EPA), which is carried out at the facilities in our supply chain subject to the Green to Wear standard, once they have passed the pre-assessment. Consequently, facilities that do not have the means to control their overall water consumption and the individual consumption of their machinery are barred from our production. Likewise, neither are facilities which do not implement measures to prevent water loss or reuse water accepted in our production chain.

Knowledge transfer platform

The platform provides information for wet process facilities to improve their water consumption and the quality of wastewater discharges. The measures to improve water consumption include optimising the production process, using certain chemical products or the possibilities of reusing and recycling water, always tailored to the production process at each facility.

In addition, among other things, facilities can access information on the investment needed, the estimated impact on water consumption and even potential constraints in the implementation of the measures. The platform also provides information on the benefits of the proposed new technologies over conventional ones.

This tool was developed through a collaborative approach open to the entire textile industry, which is why we have made the platform publicly accessible via our corporate website to anyone interested.

In 2023, we added more than 30 new measures for the production of both textile and leather articles, ranging from innovative technologies and chemicals to easy-to-implement, zero-cost measures that boost efficiency at facilities. Likewise, many other measures already included in previous years have been reviewed and updated.

Network of collaborating facilities in the implementation of own R&D

At Inditex, we work with several facilities to roll out various innovative measures and technologies aimed at improving efficiency in water consumption and/or to enhance discharge quality.

Along with improving water consumption, this innovation and development network aims to prove that new measures and technologies work on an industrial scale. At the same time, information is provided to compile case studies to demonstrate the improvements achieved, paving the way for their rollout at other facilities.

With this goal in mind, in 2023 we conducted pilot projects at various facilities in Portugal and Türkiye. Although focused on reducing water consumption, these initiatives also delivered improvements in energy consumption, productivity and lowered production costs.

A case study was carried out in Türkiye in which two measures published on our knowledge transfer Platform were implemented:

/ 'Cold washing after the dyeing process with reactive dyes', which reduces the water needed to rinse after dyeing.

/ 'One-step exhaust dyeing', which involves simultaneously pre-treating and dyeing the fabric.

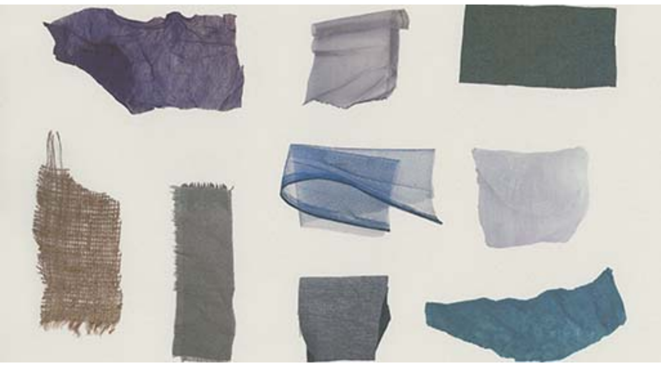
The results obtained from the joint implementation of both measures in the various tests carried out showed very significant savings:

/ Water consumption reduction: up to 41%.

/ Steam generation reduction: up to 60%.

/ Electricity consumption reduction: up to 30%.

/ Reduction of process duration: up to 32%.



R&D+i for the prevention of microfibre shedding

In 2023 we worked to develop a number of measures to prevent both synthetic and natural microfibre shedding in the two areas of the value chain where this shedding and subsequent release into wastewater is especially relevant: wet processing and domestic laundry.

This year, we presented the Air Fiber Washer, developed in partnership with the Spanish company Jeanología, which aims to help prevent the release of microfibres in domestic washing. Using an innovative, air-based technology, this new development makes it possible to remove, prior to selling textile articles, a large part of the microfibres that would otherwise be released later in domestic washing. Furthermore, this is achieved without increasing water and energy consumption or compromising the quality of the treated fabrics.

Also in 2023 we launched The Laundry by Inditex on an industrial scale. This household detergent is designed to reduce microfibre shedding in domestic washing. This solution, jointly developed by Inditex and BASF Home Care and I&I Solutions, can reduce microfibre shedding by up to 80%, depending on the type of fabric and washing conditions.

In addition, we work with other industries to develop new technologies or production systems with a lower impact on water resources. A good example is the joint development of *PIGMENTURA* by CHT, an innovative dyeing solution that not only slashes water consumption by up to 96%, but also prevents microfibre shedding. This novel development, which is the result of our research partnership with CHT that commenced in 2020 and that we launched on an industrial scale this year, is based on a pigment dye that does not require washing and drying processes, thereby reducing the energy needed to heat the water used in conventional production processes. This can save up to 60% of energy compared to other, continuous dyeing technologies.

6.2.3.1. Collaborations with external initiatives

In order to optimize environmental management in our supply chain, we collaborate with the Institute of Public & Environmental Affairs (IPE) of China, which disseminates environmental information, provided by both Government and factories and brands.

In addition to the environmental performance of the textile factories, the IPE monitors suppliers of raw materials and chemicals, as well as the wastewater treatment plants and the results of wastewater analyses. In 2023 the IPE recognised our Company's efforts to improve environmental performance in our supply chain, ranking it third both globally and in the textile sector in the index it publishes annually.

Furthermore, we have adopted the Manufacturing Restricted Substances List (MRSL) by the Zero Discharge of Hazardous Chemicals (ZDHC) Foundation. This regulates the quality of discharges, facilitating compliance with requirements for both chemical suppliers and the facilities that use them. We also integrated our The List, by Inditex programme in ZDHC's chemical product control strategy, providing key information to determine whether a particular chemical is compliant with MRSL discharge parameters as well as applicable legal requirements.

ⓘ More information in the document *Innovation, collaboration and continuous improvement for chemical safety* available on Inditex's corporate website.

With the desire to advance in the evaluation of impacts and the setting of objectives around the protection of water and nature, we have carried out a pilot with the new reference framework of the Science Based Targets Network (SBTN).

Throughout 2023 we have worked with World Wildlife Fund (WWF) to update our Water Management Strategy, as well as to seek collaborative actions with other companies and organizations.

In 2023 we joined the Alliance for Water Stewardship (AWS), an organisation at the forefront of water governance, with the aim of exchanging knowledge and experience with other leading companies in water management in different sectors, as well as taking joint action with some of them in those river basins shared by our activities.

6.3. Biodiversity and ecosystems

Material topic: Biodiversity and ecosystems

6.3.1. Our Biodiversity Strategy

GRI 2-23; 3-3; 304-2

At our Company we understand how important it is to preserve ecosystems to sustain society and life. That is why we are committed to protecting natural ecosystems in all areas of our value chain, but also wherever it is important for the welfare of communities and for biodiversity itself.

In 2013 we published our Biodiversity Strategy based on the principles of the United Nations Convention on Biological Diversity, aimed at protecting and preserving biodiversity in all areas of our value chain. This strategy is complemented by the Global Energy Strategy and the Global Water Management Strategy, aimed at reducing energy and water usage and cutting harmful discharges and greenhouse gas emissions and, with them, their adverse effects on biodiversity.

We currently have reference new frameworks in place to guide and strengthen our work on biodiversity and ecosystems, such as the Science Based Targets Network (SBTN) and the Taskforce for Nature-related Financial Disclosure (TNFD).

In this regard, we follow the AR3T (Avoid, Reduce, Restore & Regenerate, and Transform) framework, proposed by the SBTN, a comprehensive framework encompassing actions across five dimensions:

/ Avoid
/ Reduce
/ Restore
/ Regenerate
/ Transform

Inditex's commitment to biodiversity

As part of our new sustainability commitments, we aim to protect, restore, regenerate, or promote other management approaches to improve biodiversity in an area of five million hectares.

To achieve this, we work with different organisations such as Conservation International whose Regenerative Fund for Nature fosters regenerative farming and practices. Another such organisation is the World Wildlife Fund (WWF), which we support in restoring endangered ecosystems in Europe, Asia, Africa and Latin America.

In 2021, we launched the #bringyourownbag (#*traetubolsa*) initiative and began charging for recycled paper bags and envelopes in our stores, with the aim of raising awareness among our customers about the importance of using reusable alternatives, and thus reducing waste generation and minimizing consumption. of raw materials, water and energy.

This initiative, currently present in 77 markets (59 markets in 2022), has made it possible to reduce the number of bags and envelopes delivered to our stores by 47%. Likewise, the collection obtained for environmental projects since 2021 has been 79 million euros, of which we have allocated, at the end of the year, 54 million euros[1] to projects in 21 countries.

(1) Due to the lag between the collection of funds and the formulation of the initiatives, currently the amount collected is higher than the contribution allocated to projects.

6.3.1.1. Avoid: thus preventing damage in the first place

The most important measure in fostering biodiversity is to first prevent potential negative impacts on nature, especially in the most sensitive areas.

With this aim in mind, we implement actions designed to avoid negative impacts on ecosystems of high biodiversity value, such as primary forests or the habitats of endangered species. To avoid these impacts we use two fundamental tools:

/ **Forest Product Policy.** Forests play a pivotal role as a haven for biodiversity while also contributing to the water cycle, acting as greenhouse gas sinks and, sometimes, they are natural and heritage areas of huge importance to the local communities. That is why we ensure that all forest material that we use—such as wood or pulp—comes from responsible farming and not from primary and endangered forests.

This Policy specifies that our paper or wood products and the wooden furniture in our stores must be certified by the Forest Stewardship Council (FSC) or Programme for the Endorsement of Forest Certification (PEFC).

Moreover, we only work with suppliers of fibres derived from cellulose pulp that are not sourced from primary and endangered forests, classified as 'green shirts' in the Hot Button Report by Canopy, an organisation we have been working with since 2014 to better protect primary and endangered forests.

We are currently revising this Policy to expand its scope to other materials potentially linked to deforestation risk, such as leather.

/ **Animal Welfare Policy.** At Inditex we want to avoid having a negative impact on animals and their natural habitat. That is why those of our products that contain material of animal origin must come from animals bred on farms for the purpose of obtaining meat and, under no circumstances, from animals that are killed to market their skins, shells, horns, bones, feathers or down. Furthermore, these animals must be treated ethically and responsibly, in accordance with the internationally accepted "Five Freedoms" of animal welfare (free from thirst, hunger and malnutrition; free from fear and distress; free from discomfort and exposure; free from pain, injury and disease; free to express normal behaviour).

6.3.1.2. Reduce: how we minimise our impact on biodiversity

After avoiding negative impacts, our next focus is to reduce those impacts that might arise as a result of our activity. To achieve this goal, we prioritise materials and production processes that reduce potential negative impacts on biodiversity, through:

/ **Progress towards decarbonisation:** we work to help reduce the adverse effects of climate change on ecosystems and biodiversity, acknowledging their interdependence.

ⓘ More information in section *6.1. Climate change* of this Report.

/ **Reducing water usage:** we undertake to reduce the water consumption in our supply chain by 25% in 2025. We also strive to minimise the impact of wastewater through our commitment to the Zero Discharge of Hazardous Chemicals (ZDHC) initiative. We also work to improve water quality and reduce the load of microfibres that can be released into water through industrial and domestic washing processes, contributing to innovation in this regard.

ⓘ More information in section *6.2. Water management* of this Report.

/ **Implementation of initiatives to progress towards a circular economy model:** we prioritise innovation in recycled materials, production processes and use and end of life, with the aim of reducing impacts throughout our products' life cycle. These initiatives allow us to reduce land use, preventing the conversion of ecosystems, and the use of natural resources, minimising the environmental impact associated with the supply and end of life of garments. In this regard, our goal is that by 2030, 40% of our textile products and raw materials should be sourced from conventional recycling, and another 25% from new-generation fibres.

ⓘ More information in section *6.4. Transition to a circular economy: resources, products and waste* of this Report.

/ **Use of organic raw materials or those in transition:** we use raw materials that exclude pesticides and chemical fertilisers that degrade fertile soil, pollute water and hamper biodiversity and communities. We estimate that 25% of the raw materials we use will come from organic or regenerative farming by 2030.

ⓘ More information in section *6.4.2. Design and selection of raw materials* of this Report.

6.3.1.3. Restore: we support the conservation and restoration of ecosystems

In keeping with our 2030 commitment of attaining five million hectares protected, restored, regenerated or under other forms of management for biodiversity improvement, we aim to restore degraded natural areas to a state as close as possible to their original state.

To achieve this, in 2023 we were involved in various projects of this kind:

/ **Restoration and conservation of ecosystems:** we contribute to projects to restore and conserve ecosystems worldwide in partnership with WWF. Accordingly, we support the restoration of forests like the Datça-Bozburun, in Türkiye, the holm oak forest in the Cratere degli Astroni nature reserve in Italy, or the Dadia-Lefkimi-Soufli Forest National Park in Greece. We also contribute to the recovering of river basins and freshwater ecosystems in North Africa—in the Sebu basin in Morocco and the Guerbes-Sanhadja plains in Tunisia and Algeria—as well as the Mekong Delta in Vietnam.

In Spain, we have joined the new public-private fund to mitigate the risk of forest fires, set up by the Galicia Regional Government in 2023. This project is focused on restoring areas affected by forest fires and the deployment of fire prevention work.

/ **Restoration and protection of habitats of endangered fauna:** we are working with WWF on actions to restore and protect the habitats of endangered fauna, such as the Gran Chaco tropical forest and Pantanal wetlands in South America, as well as various natural areas in Mexico to conserve endangered native species such as the Monarch butterfly and the jaguar. In China, we support projects in the Taihang-Yan mountains and the Amur-Heilong region to protect the habitats of the leopard and the Amur tiger, respectively.

/ **Promoting sustainable forestry:** our goal is to improve forestry management through sustainable forestry models. We launched this initiative in 2018 with the Pico Sacro demonstration forest project in Spain. Since then we have expanded this line of action to include other demonstration forests in various locations. In Galicia, in collaboration with the Galician Forestry Association; in Portugal, with the Portuguese Forestry Association, Forestis; and in Castilla-La Mancha with WWF.

6.3.1.4. Regenerate: revitalising ecosystems to protect biodiversity

At Inditex we know how important it is to nurture productive areas in which biodiversity and communities can thrive.

To that end, we promote regenerative agricultural and land management practices aimed at fostering a balance between productive land use and healthy ecosystems. These initiatives promote the preservation of nutrients in the soil and enhance its capacity to absorb carbon, positively addressing climate change, as well as improving water management and quality and the conservation of local biodiversity.

In 2023 we contributed to these regenerative practices on various fronts:

/ **Investment in innovative agricultural projects:** we work with the Regenerative Fund for Nature in collaboration with Conservation International and the Kering Group, investing in innovative projects in connection with our raw materials, aimed at transforming the fashion industry's relationship with nature. To achieve this, the fund invests in agricultural communities, project leaders and NGOs so as to implement regenerative approaches that not only preserve the viability of the land but also benefit farmers, enhance animal welfare and the health of ecosystems, and foster climate change mitigation and resilience.

Specifically, in 2023 we supported two projects that foster regenerative practices in India and Pakistan through the Organic Cotton Accelerator (OCA). We also supported a project focusing on cattle in conjunction with Fundación Solidaridad in the Gran Chaco forest region of Argentina.

Also in this sphere, we continue to take action in India, supporting the transition to regenerative practices and nature restoration in an area spanning 300,000 hectares in the Indian states of Madhya Pradesh and Odisha, in partnership with Action Social Advancement (ASA), , together with Laudes Foundation, IDH - The Sustainable Trade Initiative and WWF India.

6.3.1.5. Transform: key to protecting biodiversity in the long term

The transformation of our way of working as a society and industry is essential to preserve ecosystems and biodiversity. This is why we support initiatives aimed at driving this transformation, in particular through coordinated and collective action between key agents.

Among them, we highlight the following initiatives:

/ **Business for Nature:** in 2023 we joined more than 80 companies calling on European leaders to be highly ambitious regarding the new European Nature Restoration Law. Specifically, this platform is calling for more regulation and greater efforts to protect and restore nature, and to foster the sustainable use of resources, with clear roadmaps and support for communities.

/ ***Arctic Corporate Shipping Pledge:*** promoted by the Ocean Conservancy, encourages major logistics operators and global brands to undertake to avoid shipping routes through the Arctic, as well as to find ways to reduce the emissions from global shipping.

/ ***LEAF Coalition:*** coordinated by Emergent, aims to encourage countries to promote measures geared to curbing deforestation in tropical and subtropical countries. The idea is to halt the loss of biodiversity and avoid the greenhouse gas emissions deriving from deforestation.

/ **The Deforestation-Free Call to Action for Leather:** In 2023 we joined this collective action initiative in the sector, led by Textile Exchange and the Leather Working Group (LWG). This initiative urges brands to commit to obtaining their bovine leather from deforestation-free supply chains by 2030 at the latest, investing to foster best practices in this regard.

/ ***The Fashion Pact:*** this sector-specific initiative is aimed at improving the fashion industry's impact on nature by protecting biodiversity, taking climate action and preventing microplastic ocean pollution.

6.4 The transition to a circular economy: resources, products and waste

Material topic: Pollution; Circular economy and efficient use of resources; Health, safety and well-being

6.4.1. Initiatives to progress towards a circular model

GRI 2-28; 3-3; 301-2; 306-1; 306-2

Our sustainability strategy covers our aim to progress towards a circular economy model that transforms waste into resources. Not only is circularity a transformative aspect in our Company and industry, but it represents an opportunity to improve our long-term resilience and efficiency. That is why we endeavour to integrate it at every level of our organisation, from design and production processes to managing our stores, logistics and offices.

To achieve this, we believe in innovation in materials, production processes and the use and end of life of our products. We base this innovation on collaboration with universities, startups, companies from different sectors and social organisations.

Indeed, implementing these innovative projects and providing the sector with fibres and processes that have a lower impact than traditional ones is one of the drivers of our circularity strategy.

Sustainability Innovation Hub

In 2023 we continued to work on our Sustainability Innovation Hub (SIH), a centre for innovation whose purpose is to minimise the environmental impact of the raw materials and processes used in the textile industry. To achieve this, we join forces with startups, academic institutions and other industrial and technological organisations in proposals that are assessed based on their impact on social aspects, circularity, biodiversity and animal welfare, as well as being subjected to a life-cycle environmental analysis. This assessment covers 16 impacts in areas such as emissions, water and land use.

Thus, in 2023 and in the field of collaboration with start-ups, this platform expanded considerably, going from 200 to 350 emerging companies working to incorporate new materials, improve production processes and make headway in connection with traceability, packaging and use and end of life. Furthermore, the Hub advanced in the environmental, technical and commercial analysis of 23 new startups and conducted 30 life cycle analyses.

The SIH also focused on being a catalyst for pilot projects and demonstrations in 2023. As a result, we carried out pilot projects for more than 35 innovations and launched on the market collections with various startups, such as NILIT and CIRC with Zara Woman, Circular Systems with Zara Home and Ambercycle with Zara Athleticz, as the first milestone in our ongoing collaboration with them.

In addition, we have also signed a forward purchase agreement with the American startup Ambercycle for the purchase of its recycled polyester chips made from 100% textile waste, valued at more than 70 million euros. Production at the new commercial plant is scheduled to commence in 2025.

A notable milestone for SIH was an agreement to incorporate the first 2,000 tonnes of Circulose® pulp, a new textile pulp produced from recycled cotton waste using a chemical process invented by the Swedish recycling company Renewcell. This adoption will mark the first step in our plan to phase Circulose® fibre into our portfolio of innovation fibres.

In 2023, we also launched LOOPAMID® x ZARA, a capsule in which we have collaborated with various companies, including BASF chemistry. For this launch, ZARA Studio has developed a single-material jacket made entirely with LOOPAMID®, a polyamide entirely created from textile waste. The fabric, padding, zipper, buttons and even the velcro are made from this innovative material created from textile waste.

Collaboration to scale production of recycled polyester from textiles

In 2023, we signed a three-year agreement to purchase cycora®, a recycled polyester made from textiles.

We have formed a strategic partnership with Ambercycle, an innovative materials startup, to help scale the production of recycled polyester made from textiles. This agreement includes the purchase of a significant portion of the annual production of cycora®—an innovative material made from post-industrial and post-consumer polyester waste—for more than **70 million euros, over a three-year period.**

Thus, the construction of Ambercycle's first commercial-scale textile regeneration factory will be supported, whose molecular regeneration technology will make recycled synthetic materials more widely available and accessible in the textile industry. The first commercial cycora® plant is expected to commence production in 2025, with a view to incorporating this fibre into Inditex's product range in the following three years.

As part of this agreement, Zara Athleticz has launched its first capsule collection in partnership with Ambercycle, which includes technical garments made with up to 50% cycora®. This collection shows the potential of innovative materials to create highly functional products with a lower environmental impact.

At Inditex we want to advance in the use of recycled materials, which avoid the need to extract new raw materials and reduce waste generation. This, in turn, eases pressure on natural resources such as water and fertile land and helps preserve the environment and reduce greenhouse gas (GHG) emissions.

That is why we are committed to using 40% recycled fibres by 2030, as part of our goal to use 100% lower-impact textile raw materials by that date.

This is a challenging goal for our Company and for the textile industry. At present, textile waste collection and sorting technologies and infrastructure are not capable of recovering large volumes of waste and transforming it into resources. An additional challenge is to ensure that recycled fabrics maintain a quality comparable to the original fabrics.

At Inditex we are addressing this problem through our own textile recycling projects and in collaboration with other organisations.

We also collaborate with organisations like the Ellen MacArthur Foundation, Circular Fashion Partnership, Global Fashion Agenda and Fashion for Good, on initiatives like design for recyclability, the assessment of infrastructure to process waste or new forms of textile recycling.

In this sense, during 2023, we participated in the following initiatives:

/ **ReHubs Europe:** an international non-profit organisation dedicated to promoting textile recycling in collaboration with the European Apparel and Textile Confederation (Euratex). ReHubs Europe emerged after three years of groundwork and the publication of the ReHubs Techno Economic Master Study (TES) on the technical and economic viability of expanding textile waste recycling in Europe (the ReHubs Initiative).

ReHubs Europe comprises member companies and organisations from across the textile value chain, including textile manufacturers, fashion brands, waste managers, recyclers, chemical industry representatives and technology providers, with the aim of promoting the development of projects that generate industrial capacity and expertise on post-consumer textile waste recycling in Europe. Inditex is an active participant in the working groups.

/ **SCRAP**: together with other brands, we co-founded the Association for the Management of Textile Waste with the aim of creating a Collective Extended Producer Responsibility Scheme (SCRAP) for textile and footwear waste in Spain. In 2023, further steps were made in defining aspects relating to SCRAP's governance, collection model and reporting. Inditex takes part in the various working groups set up.

Partnerships to develop circular solutions

We maintain industrial partnerships with more than 20 companies across diverse sectors to find new disruptive circular solutions. To that end, we are involved in every necessary phase: exploration, research, development, pilot testing and implementation.

Also in this connection, we maintain stable relationships with the leaders of various industries to fast-track and transfer solutions in raw materials, production processes and phases of use. This allows us to steer the systemic transformation our industry needs.

An example of this work is our collaboration with BASF, under the framework of a pioneering research partnership in the industry launched in 2019. One of the first results of this collaboration has been the commercial development of recycled polyamide (CCycled and BMB Ultramid®) from waste tyres—which cannot be reused in its own industry—and agricultural waste, respectively. We have launched collections using this polyamide: Oysho already used CCycled Ultramid® in 2022 and Zara adopted BMB Ultramid® in 2023.

A model tailored to demand

Our work is centred on designing high quality, affordable and durable fashion garments. We know that, in order to progress towards an efficient circular model, we need to maximise the life of each garment and optimise the use of materials in their manufacture. To achieve this, it is crucial to understand our customers' needs and to take action at every stage of the textile process.

That is why our product teams work to anticipate the purchasing requirements of our customers. This means keeping an adjusted inventory to be able to adapt to demand over time.

So as to guarantee an agile and effective response to this demand, a very significant portion of our garments are manufactured in proximity markets near our headquarters, such as Spain, Portugal, Morocco and Türkiye. We also combine inventory from our physical stores and online platforms, enabling our customers to access all of our products through our store network or online, which maximises the chances of selling every item.

This flexible and innovative business model helps us to meticulously manage garment inventories to avoid surpluses. In 2022[32], our surpluses represented 0.79% of total articles sold, and the majority of them were donated to charitable organisations such as UNHCR, the Red Cross and Caritas.

We also have for&from stores that operate as charity shops managed by non-profit organisations such as *Fundació El Molí d'en Puigvert*, Galician Confederation of People with Disabilities (COGAMI), *Fundació Privada per la Inclusió Laboral Auria,* Association of People with Mental Disabilities of Alicante (APSA), *Fundación Prodis, Fondazione Cometa and Associação VilacomVida*. These stores offer stable employment to people with physical, intellectual and mental disabilities, and their profits are reinvested entirely in projects run by these community organisations.

ⓘ More information in section *7.3. Communities* of this Report.

6.4.2. Design and selection of raw materials

GRI 3-3; 301-1; 301-2; 306-1; 417-1; AF18; AF20

Raw material design and selection influences the impact of our products and is therefore key to our commitment to using lower-impact materials. As part of this, in 2023 we unveiled our Fibres Plan—a cornerstone for improving our impact and advancing our sustainability strategy—to shareholders at the Annual General Meeting.

Our consumption of raw materials according to their origin is divided into two categories: fibres and non-fibres. The fibres category comprises three groups: natural[33] , synthetic[34] and man-made[35] fibres.

Raw materials	2023	2022
Fibres	88%	88%
Natural	53%	50%
Synthetic	38%	40%
Man-made	9%	10%
Non-fibres	12%	12%

[32] Surplus figures are shown for 2022 as the 2023 winter campaign is ongoing in stores at the time of writing this report, and therefore the surplus inventory has not yet been fully processed.
[33] Natural fibres are filaments obtained from natural sources that can be threaded to obtain strands, threads or twine.
[34] Synthetic fibres are made of polymers that are not naturally produced, but fully created in a chemical plant or a laboratory, almost always using petroleum or natural gas by-products.
[35] Man-made fibres are made using a natural component as a raw material that undergoes a number of processes in a chemical plant or a laboratory.

We use the following raw materials in our products[36]:

Raw material	Tonnes	% of total tonnes of raw material
Cotton	277,831	43%
Man-made cellulosic fibres	52,511	8%
Polyester	165,956	26%
Linen	13,141	2%
Other raw materials[37]	136,183	21%
Total	**645,623**	**100%**

Careful selection of fibres

We aim to encourage the design of products that last over time and can be recycled at the end of their useful life. With this in mind, we train our designers and sales teams in sustainability criteria and foster materials with a lower impact on biodiversity, land use, water consumption and the associated greenhouse gas (GHG) emissions.

Accordingly, we have undertaken, by 2030, to only use lower-impact raw materials, which we call preferred[38] materials in line with the definition of industry benchmark organisations like Textile Exchange. In this definition we also include fibres that meet other requirements of excellence established by other relevant organisations such as Canopy and Changing Markets.

This commitment is especially important for our Company, as textile raw materials account for 88 % of the materials we use. The remaining 12 % are non-textile raw materials, such as iron and porcelain.

Our commitment to lower-impact fibres

By 2030, 100% of our textile products will only use lower-impact materials.

/ We estimate that around 25% will be new generation fibres that do not yet exist on an industrial scale and that we are helping to develop.

/ 40% of the textile fibres we use will come from conventional recycling.

/ Another 25% will come from organic or regenerative agriculture.

/ The remaining 10% will include other preferred options in line with the indicators specified by benchmark organisations.

These goals are enshrined in our Fibres Plan, which we announced at the 2023 Annual General Meeting.

In recent years we have worked to promote the use of fibres from preferred sources. As a result of our efforts in this regard, in the last campaign of 2023 the consumption of preferred raw materials was 68% of the total, an increase of 8 percentage points with respect to the previous year.

[36] All purchases from the 2023 summer and winter campaigns are included. The figure includes the raw material used in the final product; it does not include any wastage that may have occurred during the production process. Raw material consumption is calculated based on the garment's weight and percentage composition.
[37] In the summer and winter 2023 campaigns, this category includes 190 raw materials such as wool, leather, glass, wood, paper or certain metals, among others.
[38] Textile Exchange defines a preferred material as "a raw fibre or material that delivers ongoing beneficial outcomes and impacts for climate, nature, and people through a holistic approach to transforming raw fibre and material production systems".

This milestone is founded on the Join Life standard we introduced in 2015 to raise awareness among our customers and staff, and which distinguished products which involved raw materials and processes with a lower environmental impact. Having met our initial aim, and having exceeded our commitment to ensure that 50% of our garments were Join Life by 2022, we no longer distinguish our products with this label.

From now on, our strategy is based on our new Fibres Plan, which sets targets by volume of lower-impact fibres used in the products of each of the Group's brands.

Alongside this strategy, Inditex has developed a new classification of fibres and materials, which is constantly being reviewed and updated, and to which our teams, as well as our suppliers and manufacturers, have continuous access.

We have shared our Fibres Plan on the suppliers' Extranet, including our fibre targets by 2023, 2025 and 2030, and the raw materials currently considered to be lower-impact. We also provide information on international standards certifying the presence of raw materials by type of fibre. This document also presents the suppliers of recycled synthetics and man-made fibres that have so far been identified.

The progress towards the intermediate milestones of our Fibres Plan at year end, in the winter 2023 season, is presented below:

Commitment	Source[4]	% of total tonnes of this raw material	Type of fibre	%
100% preferred cotton in 2023	Preferred	96%	Organic cotton (OCS/GOTS)	7.9%
			Cotton in conversion/transition (OCS/GOTS)	1.6%
			BC cotton[1] (BC)	75.6%
			Recycled cotton (RCS/GRS)	10.4%
	Conventional	4%	Conventional	4.5%
100% preferred man-made cellulosic fibres by 2023, supporting the Changing Markets Commitment	Preferred	85%	Recycled (RCS/GRS)	0.1%
			Other third-party standards (Canopy, Changing Markets[2] or FSC)	85.2%
	Preferred (Canopy only)[3]	7%	Other third-party standards (Canopy)	7.2%
	Conventional	8%	Conventional	7.6%
100% preferred polyester in 2025	Preferred	52%	Recycled polyester (RCS/GRS/Repreve)	51.6%
	Conventional	48%	Conventional	48.4%
100% preferred linen in 2025	Preferred	84%	European linen (European Flax certificate)	83.6%
			Recycled linen (RCS/GRS)	0.2%
	Conventional	16%	Conventional	16.2%

(1) BC cotton is not physically traceable to the final product, as it uses a mass balance system. The percentage of use has been estimated on the basis of the information available in Inditex's systems.
(2) Man-made cellulosic fibres that meet the requirements specified in the Changing Markets' Roadmap towards responsible viscose & modal fiber manufacturing.
(3) Cellulosic fibres from suppliers classified as "green shirts" with a score of 25 or above in the Hot Button Report compiled by CanopyStyle, a Canopy Planet initiative.
(4) Preferred raw materials are only considered to be those for which the corresponding certificate has been received within the time and manner established in accordance with our internal procedures.

Cotton

Cotton is the most widely used raw material at our Company. In keeping with our commitment to preserve natural resources and biodiversity, we have adopted various strategies regarding our cotton consumption.

We use **organic cotton**, i.e. cotton that does not involve the use of synthetic fertilisers and pesticides, or of genetically modified seeds, that is certified by the Organic Content Standard (OCS) and Global Organic Textile Standard (GOTS).

With the aim of promoting organic cotton growing, we are a founding member of the Organic Cotton Accelerator (OCA) initiative, which supports organic cotton farmers from growing to marketing. Likewise, we assist farmers as they transition to organic crops.

In addition, we are members of **Better Cotton (BC)**, an initiative involving actors in the cotton supply chain aimed at training farming communities in best practices for growing cotton.

We are also committed to using **recycled cotton**, which is made from production cutting scraps or post-consumer waste and which undergoes a recycling process to make it into new cotton fibre.

During the last campaign of the year, we have achieved that 96 % of the cotton used meets our objective. The remaining cotton has been classified as conventional since we cannot prove its origin according to our internal procedures.

Preferred man-made cellulosic fibres

Our goal with the artificial cellulosic fibers used in our products is that they meet the following conditions in line with our Forest Products Policy. Firstly we require our suppliers to use man-made cellulosic fibres (viscose, modal, lyocell and acetate) in our products that are sourced from fibre manufacturers rated as 'green shirts' with a score of 25 or higher in the CanopyStyle initiative's Hot Button report, led by the Canopy Planet organisation. Secondly, we continue our endeavours to ensure that, from this year onwards, cellulosic fibres are sourced from manufacturers who are committed to the *Roadmap towards responsible viscose & modal fibre manufacturing* promoted by the Changing Markets Foundation.

In the last campaign of the year, 85% of the man-made cellulosic fibres used in our products met both requirements.

The difficulties in sourcing preferred man-made cellulosic fibres in certain markets has hampered the execution of orders for preferred fabric in 2023. Consequently, we continue to work with cellulose pulp manufacturers in connection with the commitment to the Changing Markets Roadmap. Nine facilities of large fibre manufacturers have already implemented the best available techniques (BATs) in their production processes, and three other facilities will have them in place at the end of 2024 and early 2025. Fibre obtained without BATs is classified as 'preferred – Canopy only' [39].

Meanwhile, we have classified as conventional the fibre whose source we have not been able to prove.

Linen and polyester

We are advancing towards our goal of using only polyester and linen from preferred sources by 2025. In 2023, 52% of the polyester and 84% of the linen we used in our products came from this kind of source.

Recycled materials

When we updated our sustainability commitments we pledged to source 40% of our textile fibres from conventional recycling by 2030, as one of our targets to help ensure that 100% of our textile products use only lower-impact materials. In this sense, in 2023 our products already contain 18% recycled materials (13% in 2022).

Furthermore, through our Sustainability Innovation Hub (SIH) we research alternative and innovative materials obtained from second- and third-generation waste. These materials are designed to ensure the technical and durability standards required in certain products, thereby contributing to sustainability and reducing the environmental impact in our supply chain.

In 2023 we also worked on producing a guide to threads and yarns that contain mechanically recycled cotton fibre, mainly post-industrial cotton, with information on the possibilities and limitations of using recycled materials. This guide is intended as a support tool for our sales teams and suppliers, helping them to make product design and procurement decisions.

The guide will cover a variety of threads and yarns, classified by yarn type and percentage of recycled content, recommended for different types of products based on the purchases made in our Company's concepts. The information compiled is based on the characteristics of the recycled fibre, including fibre length and short fibre content, as well as on the spinning technology used, differentiating between Open-end spinning and ring spinning.

Although Open-end spinning is now quite common in the process of spinning recycled fibres, ring spinning still requires research to be fully integrated into the recycling loop. This allows us to include recycled content in product families where there is currently a knowledge shortfall.

This publication not only provides guidance for decision making, but it also encourages giving value to textile waste. The mechanical textile recycling process involves the sorting and processing of waste into recycled fibres, which are then used in the production of threads, fabrics and garments, saving raw materials, reducing costs and having a better impact on the environment.

[39] Cellulosic fibres from suppliers classified as 'green shirts' with a score of 25 or above in the Hot Button Report compiled by CanopyStyle, a Canopy Planet initiative.

6.4.3. Health and safety of products

GRI 2-28; 3-3; 413-2; 416-1; 416-2; AF19

We strive to ensure that the products we market are safe and healthy. To achieve this, we have specific product standards, that are of general application and mandatory for all the articles we sell[40]. These standards go beyond the requirements of international legislation and cover processes from design to manufacturing.

We currently have eight product standards, each with a different scope:

Product standards

	Scope
Safe to Wear	Garments, footwear, accessories, including the trimmings and fabrics used for their manufacture
Physical Testing Requirements	Garments, footwear, accessories and home textiles
Clear to Wear	Garments, fabrics, footwear, accessories and home textiles
i+Cosmetics	Cosmetics
i+Food Contact Materials	Products in contact with food
i+Home Fragrance and Candles	Ambiance products for the home Decorative candles and their accessories
i+Child Care Furniture	Children's furniture and child care articles
Active to Wear	Garments and fabrics

In 2023 we launched our Active to Wear standard, a product quality tool that defines the minimum requirements for fabrics or garments labelled with a functional property that enhances their performance under certain conditions of use or activities such as the water repellency.

We also published the new guide to best manufacturing practices free of perfluoroalkyl and polyfluoroalkyl substances (PFAS). This guide provides information on the sources and common uses of these synthetic compounds, a clear testing method at both the chemical and textile application level using more sensitive analytical techniques, and guidelines to prevent cross-contamination at manufacturing sites.

In 2023 we launched a new version of the Clear to Wear (CtW) standard to bring it into line with the latest regulatory developments and to further our alignment with the Apparel and Footwear International RSL Management (AFIRM)'s Restricted Substances List (RSL). This standard covers restricted chemicals present in finished products.

We have also published a new edition of our Physical Testing Requirements (PTR), the standard which establishes the physical-chemical parameters for textile quality testing.

To verify compliance with our standards, we work with technology companies, research centres and laboratories of international reference to test that they are being properly applied. We also conduct our own programmes to analyse our articles, as well as audits at manufacturing centres.

In this connection, we focus our efforts on ensuring compliance with our standards at every stage of the product: design, raw material selection and manufacturing processes. To strengthen compliance with our Safe to Wear standard, we provide our suppliers with manufacturing guidelines that include measurement tables with specific safety requirements, such as the position of appliqués and cords or maximum lengths of free ends.

Our network of in-house testing laboratories plays an important role in this process, testing pursuant to the most demanding international standards. This way we ensure comprehensive product control, anticipating potential non-conformities with our product health and safety standards, and we improve textile quality in product durability terms.

With regard to the prevention of non-conformities, it is worth highlighting our **Picking** inspections programme aimed at ensuring that our articles are made in accordance with our health and safety standards. This programme identifies potential non-conformities by means of a representative sample at the supplier's facilities and an analysis conducted by external laboratories approved by our APPLABS programme. In 2023, 60,685 Picking inspections were carried out, and 821,934 analyses and tests were performed[41] (51,288 inspections and 721,980 analyses and tests en 2022).

[40] Articles that are outside the scope of Inditex's health and safety standards are subject to minimum requirement reports specifically compiled in accordance with the statutory requirements which apply to the type of product and the markets where they are sold.
[41] This includes tests and inspections carried out in 2023 as part of the Picking programme for all the Group's brands. The calculation methodology includes primary data obtained through statements from the service provider.

We also have our **APPLABs** external laboratory approval programme. This initiative ensures that the analysis process and the results provided by these laboratories on our articles are accurate and according to the particularities of our model. This confidence is crucial because this information determines whether a production meets our standards. In 2023, a total of 57 on-site audits[42] were carried out at external laboratories and 47 comparison exercises, which involved analysing 6,821 samples (56 on-site audits, 35 comparison exercises and 5,951 samples in 2022).

In addition to these inspections, since 2017 we have been deploying **Minilabs**, a portable laboratory that allows our external auditors to conduct, at the supplier's own facilities and at any stage of the production process, up to six screening tests for substances and parameters regulated in the Clear to Wear standard and Physical Testing Requirements. In 2023, we performed 3,656 Picking inspections with Minilab and carried out 31,268 analyses and screening tests[43] (3,743 inspections and 33,029 analyses and screening tests in 2022).

Furthermore, we strive to improve the supply chain through our **Root Cause Analysis** (RCA), which enables us to conduct technical audits when we identify a non-compliance in the course of Picking inspections. These audits, which are carried out by specialists, are aimed at finding the root cause of the non-compliance in wet process facilities (dyeing, washing, tannery and printing, primarily) and proposing an action plan to remedy the defect.

In 2023, 36 RCA audits[44] were conducted (17 audits in 2022). The results showed that cross-contamination with other productions was one of the main causes of non-compliance. This programme allows us to generate and strengthen our expertise so as to be able to tackle and correct the causes of non-conformities and continue to improve our supply chain.

ⓘ More information in the document *Innovation, collaboration and continuous improvement for chemical safety* available on Inditex's corporate website.

Collaborations

We are advancing, with our suppliers and the rest of the industry, in adopting best practices, particularly the selection of safe chemicals and wastewater management. We think that sharing our know-how and aligning requirements across the industry is essential to ensure compliance with our standards and to improve facilities in line with Greenpeace's Clean Factory Approach. We are also members of the Board of Zero Discharge of Hazardous Chemicals (ZDHC) and we are involved in AFFIRM, among other initiatives. We also collaborate with prestigious technological centres and universities.

In order to drive the transformation of our sector, we have made available to the industry The List, by Inditex programme through ZDHC's Gateway platform. This is a procedure for classifying chemicals that improves production processes and the health and safety of final garments. We have also adopted ZDHC's Manufacturing Restricted Substances List (MRSL), which specifies the chemicals whose intended use is banned from the manufacturing process.

Also alongside ZDHC, we have been involved in its new Chemicals to Zero programme to foster safer chemical formulations, which includes three certification levels: Foundational, Progressive and Aspirational. The recently launched 5th edition of The List, by Inditex has received official certification at the Progressive level, ensuring compliance with MRSL (ZDHC) restrictions and helping to safeguard compliance with the restrictions applicable to finished products (AFIRM's RSL and CtW).

We also devise best manufacturing practice guidelines and provide regular training to our suppliers, especially those involved in wet processes. Thus, we continue to move forward in the proper selection, acquisition, handling, storage and use of chemical products.

ⓘ More information in section 9.1.3. Health and safety indicators of our products of this Report.

[42] This includes audits carried out in 2023 as part of the APPLABs programme. The calculation methodology includes primary data obtained through statements from the service provider.
[43] This includes tests and inspections carried out in 2023 using the Minilab for all the Group's brands. The calculation methodology includes primary data obtained through statements from the service provider.
[44] The calculation methodology includes primary data obtained through statements from the service provider.

6.4.4. Use, end of life and waste management

GRI 3-3; 301-3; 306-1; 306-2; 306-3; 306-4; 306-5; AF18

Use and end-of-life of our garments

One of the major challenges facing the textile sector is to lengthen the useful life of garments. At Inditex we want our products to accompany our customers a long time. So we want to help customers extend the life of their garments and we strive to make our products durable, thereby contributing to a circular economy. With this goal in mind, we are working on actions that offer innovative options and alternatives to maximise the useful life of our products.

One such initiative is Zara Pre-Owned, a platform we launched in 2022 to provide repair services and facilitate customer-to-customer sales and donations. At present, in line with our goal of make the platform available in all key markets by 2025, Zara Pre-Owned is available in 16 markets: Spain, Germany, Austria, Belgium, Croatia, Slovakia, Slovenia, Finland, France, Greece, Ireland, Italy, Luxembourg, the Netherlands, Portugal and the United Kingdom.

/ **Repairs:** this service allows customers to request the repair of any used Zara garment from any season. Our customers can request services such as button and zip replacements or seam repairs either online or in the Zara store of their choice.

/ **Customer-to-customer sales:** using this service, anyone can buy and sell Zara garments from any season. The space is organised by product category and provides detailed information on each item, including Zara's original information on the garment and current images from the seller.

/ **Donation:** customers can request the collection of clothes from their home to be donated to charitable entities. All collected items are delivered to local organisations that sort them for reuse where possible or to be recycled if they have reached the end of their life cycle. This supports the development of projects in local communities, as explained in the next section.

Another pioneering project in this regard was the launch in 2022 of The Laundry by Zara Home in collaboration with BASF. The Laundry is the first detergent designed to reduce microfibre shedding in washing, and it is available in the brand's stores and online. This detergent is especially effective at low temperatures, yielding additional benefits such as lower energy consumption in washing or improved colour fastness, prolonging a garment's life. In 2023 we made progress in extending the patent to include markets such as Canada, the US and Brazil.

Clothing Collection Programme

The Clothing Collection Programme allows our customers to donate items they no longer use to more than 90 local community organisations in the markets where we operate. Donation is made through the containers located in our stores or Zara.com's home collection services, available in Spain, the UK, New York, Paris and several cities in Mainland China. In Switzerland and Hungary, where we have not yet established any agreement with non-profit organisations, we work with third parties specialising in textile recycling. In Spain we also work with Caritas to enable the donation of garments by means of containers located in the streets of a number of cities.

These non-profit organisations receive the donated garments and footwear from our facilities. The aim of this programme is that these articles are classified in accordance to the principle of waste hierarchy. Thus, garments in good condition will be donated to people in vulnerable situations or resold to finance these organisations' community projects. Those products that cannot be reused will be transformed into new textile fibres (upcycling) or, as a last resort, are made into new materials for industrial use (downcycling).

In 2023, our clothing collection programme recovered a total of 20,259 tonnes of garments and footwear (17,015 tonnes in 2022) that were donated to our partners in their entirety. To foster transparency in connection with these donations, our partners report to us regularly regarding how the articles received are used. In 2023, they informed us that:

/ 67% of all garments were reused via donations to people in vulnerable situations or by reselling to finance community projects.

/ The remaining 33%, which could not be reused due to their characteristics or condition, were sent to recycling projects (mainly downcycling), or, as a last resort, were used in energy recovery.

Waste and resources management model

We know that our responsibility for the sustainability of our products does not stop at our stores. Consequently, we are working towards a circular economy model in which waste is turned into useful resources, maximising its value and improving our impact.

In our day-to-day operations we focus on the life cycle management of the waste generated by our activities. We have implemented projects to prevent the generation of waste materials where possible, and to enable the recovery, reuse and subsequent recycling of those that are ultimately generated. Thus, we transform these materials into resources that can continue to be used.

Our commitment to reducing the impact of our products also includes those items that accompany our garments, such as packaging. To achieve this, we have set public targets based on the waste hierarchy within the framework of our waste management programme.

Prevention

In 2019, we have set ourselves the goal of eliminating single-use plastics reaching customers by 2023. The elimination of unnecessary materials and the quest for potential alternatives has been crucial in this process, and has involved numerous teams in the Company.

Thanks to their efforts, in 2023 we were able to find alternatives to all the single-use plastics that previously reached our customers[45]. We estimate that the implementation of these alternative solutions have enabled us to eliminate 95% of the weight of single-use plastics.

Interim exemptions apply to some of the eliminated items that temporarily allow them to be used: when these are products sold on non-Group platforms that have their own operations that include single-use plastics, or in case of continuity products purchased before 2023.

Our commitment in this sphere implies a continuous effort in innovation to avoid using single-use plastics in new product lines, at suppliers and in other Group operations.

In 2020 we already eliminated the use of plastic packaging in stores and online orders. In 2021, we launched the #bringyourownbag (#*traetubolsa*) initiative and started charging for our recycled paper bags in stores, with the aim of raising awareness among our customers about the importance of using reusable alternatives, reducing the generation of waste and minimizing the consumption of raw materials, water and energy.

ⓘ For more information on the environmental projects our customers are financing, see section *7.3.5. Key programmes* of this Report.

In this regard, in 2021 we also signed a commitment with the Ellen MacArthur Foundation (EMF) to reduce by 50% our plastic footprint by 2025 compared to 2019. This commitment underpins our teams' efforts to promote the disposal, reuse and recycling of plastics.

[45] There are three items that cannot be eliminated for legal or safety reasons.

Preparation

We are careful to properly manage and separate materials that arrive at our facilities: packaging and other items. We see this waste as resources that can be reused or recycled and we are committed to its proper management to prevent it from ending up in landfills.

This approach is not confined to properly sorting materials for processing and recycling, but includes rethinking our processes to reduce waste generation at every stage: design, logistics, store and end of life.

Our goal is that the waste generated at our corporate headquarters, logistics centres, and own factories and stores to be properly collected and managed by 2023. In this regard, in 2023, 100% of the waste generated in these facilities are collected, classified and managed by an authorised manager, to allow its reuse or recycling and avoid its deposit in a landfill.

We continue to make every effort to ensure the traceability of waste in the most challenging cases, such as in our stores located in shopping centres where a combined waste management is carried out.

In 2023 we have been working to be able to integrate the waste generated in our stores into our systems. Based on the data we have available[46] at the time of publication of this Report, we have estimated that around 89,000 tons of waste could have been generated through the Group's own stores in 2023. We continue to collect information to have more data for a complete year and being able to address the different singularities of store type by market.

Furthermore, in 2023, we have 14 TRUE certifications, processed by Green Business Certification Inc. for our headquarters, logistics centres and own factories (9 Platinum and 5 Gold certifications). TRUE certification identifies "environmentally responsible spaces which have achieved an average 90% or greater overall diversion from landfill or incineration".

Management of materials

Our goal by 2023 onwards is for all packaging materials to be collected for reuse or recycling in our supply chain. In this regard, the separation of packaging at our facilities is essential for their subsequent reuse or recycling.

For example, our goods are packed in cardboard boxes for shipping to ensure that they arrive in good condition from our suppliers to the customer. Our objective is for this packaging to be reused wherever possible and, where it is not, for it to be recycled and reintroduced into the production cycle as a raw material. In 2023, 100% of the cardboard and paper collected in our centres, especially boxes, was allocated for reuse and/or recycling.

In addition, with the aim of going one step further, we are rolling out a service allowing our Zara online customers to choose whether they wish to receive their orders in reused boxes. The service is active in various geographic areas and we are working to expand its scope into new markets forthwith.

Our Green to Pack programme has been a key tool in achieving this goal, as it establishes the quality and environmental standards that our boxes must meet to allow their reuse and subsequent recycling. The programme also takes into account the social aspect and respect for human and labour rights in the manufacturing process. Consequently, any manufacturer wishing to be authorised as a supplier of Green to Pack boxes must pass a social audit in which compliance with our Code of Conduct for Manufacturers and Suppliers is verified.

Waste management and future purposing

Waste generation at our headquarters, logistics centres and own factories is presented below[47]:

[46] Data on waste generated in 1,055 stores in different markets in Europe and Asia and from all the Group's brands have been used.
[47] These data do not include waste generated in our own stores and construction and refurbishment works of the Group as this information is not available at the required level of detail in the Company's systems. We have several projects underway to report this information in future years. The information included is derived from primary data.

Type of waste	2023 (KG)	2023 (%)	2022 (KG)	2022 (%)
Cardboard and paper	14,985,836	69%	13,713,321	66%
Wood	2,859,440	13%	2,773,840	13%
Other non-hazardous waste	2,545,777	12%	2,951,460	14%
Plastic	682,771	3%	680,725	3%
Textile waste	233,623	1%	245,018	1%
Metal	246,913	1%	232,293	1%
Hazardous waste	51,648	0%	35,623	0%
Total	**21,606,008**	**100%**	**20,632,280**	**100%**

The destination of this waste was as follows, according to its treatment

Non-hazardous waste destination	2023 (KG)	2023 (%)	2022 (KG)	2022 (%)
Diverted from disposal	**20,028,082**	**93 %**	**18,811,731**	**91%**
Recycling	19,685,985	91 %	18,607,803	90%
Preparation for reuse	342,097	2 %	203,928	1%
Directed to disposal	**1,526,278**	**7 %**	**1,784,926**	**9%**
Landfilling	1,236,015	6 %	1,600,519	8%
Incineration (with energy recovery)	290,263	1 %	184,407	1%
Total	**21,554,360**	**100 %**	**20,596,657**	**100%**

Hazardous waste destination	2023 (KG)	2023 (%)	2022 (KG)	2022 (%)
Diverted from disposal	**49,282**	**95%**	**26,141**	**73%**
Recycling	34,488	67%	24,531	69%
Preparation for reuse	634	1%	1,610	5%
Other recovery operations	14,160	27%	0	0%
Directed to disposal	**2,366**	**5%**	**9,482**	**27%**
Landfilling	708	1%	7,610	21%
Other disposal operations	626	1%	1,807	5%
Incineration (with energy recovery)	969	2%	0	0%
Incineration (without energy recovery)	63	0%	65	0%
Total	**51,648**	**100%**	**35,623**	**100%**

Our efforts also focus on reducing waste in canteens at our headquarters. In this context, we promote the use of mugs, glasses and glass bottles to avoid the use of single-use plastics and we implement a number of measures to stop wasting food and to encourage the proper separation of food waste.

7
Social

7.1. Our people

Material topic: Fair working conditions; Diversity, equality and inclusion; Talent management; Health, safety and well-being.

7.1.1. About us

GRI 2-4; 2-7; 3-3; 404-2; 405-1; 405-2; AF22

At Inditex we believe that our teams are the engine of the Company's transformation and continuous growth, thanks to their talent, commitment and capacity to adapt to environmental changes.

Our aim is to help all of our people develop their full potential as part of a diverse, creative and innovative team. To achieve this, we foster opportunities for their development and training, with the aim of contributing to their professional and personal growth.

The people strategy rests on four pillars: promoting our **values** and our **culture; diversity and inclusion in our teams,** with **equal** opportunities; a firm commitment to **talent,** providing opportunities for development, internal promotion and mobility; and guaranteeing the **safety, health and well-being** of our teams, with quality, stable and stimulating jobs.

At the close of the financial year 2023, our Group comprises a team of **161,281 people employed in 57 markets and representing a total of 174 nationalities** (164,997 people, 59 markets and 182 nationalities in 2022).

The Inditex Group can be described with four features:

Generational and gender diversity

International presence

Horizontal organisation

A customer-centric approach

The Group's workforce is defined by its **gender and age diversity,** with a majority of women. At the end of 2023, **74% of our workforce are women,** while 26% are men (75% and 25% in 2022). Moreover, 0.02% of our workforce identifies as non-binary and 0.01% as unspecified gender-other[48]. With regard to their age, our teams comprise people from **various generations,** with a predominance of the youngest age groups. The average age of our workforce is 30.6 years old (29.6 years old in 2022).

The **Group's international presence,** with people employed in 57 markets is another of our strengths, as it provides us with the opportunity to define global policies, while at the same time attending to the particular characteristics of each market, enriching and strengthening our corporate culture. Multiculturalism is an opportunity to add new ideas and pool experiences, making us a more creative company and one better prepared to understand the complexity of the market. Spain, with 47,761 employees, accounts for 30% of the total workforce.

Our **horizontal organisation** fosters open communication across the entire workforce, and nurtures the creation of collaborative working environments. This continuous dialogue enables us to identify opportunities for improvement in all areas and at every level of our business. In addition, our approach to job classifications is broad, with store employees having a special relevance in this classification.

The **customer is at the heart** of our business model. Accordingly, our stores, where 86% of our people work, play a crucial role in the Company. Notably, in recent years the teams dedicated to online sales have grown strongly, which together with the rest of the Group's areas of activity (factories, logistics and central services), serves the integrated store and online platform of all seven of our brands, comprising a network of more than 5,600 stores.

[48] As part of our commitment to gender diversity and non-discrimination, from financial year 2023 we have broadened the spectrum of gender identities reported in the workforce indicators. Information from previous years for non-binary or unspecified-other gender is not available.

Our people in 2023

161,281 people

174 nationalities

Distribution by activity

	2023		2022	
	Number of employees	%	Number of employees	%
Store	138,977	86%	143,365	86%
Central services	11,612	7%	11,374	7%
Logistics	10,090	6%	9,670	6%
Factories	602	1%	588	1%
Total	**161,281**	**100%**	**164,997**	**100%**

Distribution by geography

	2023		2022	
	Number of employees	%	Number of employees	%
Americas	19,963	12%	20,909	13%
Asia and rest of the world	15,526	10%	14,457	9%
Spain	47,761	30%	46,154	28%
Europe (ex-Spain)	78,031	48%	83,476	51%
Total	**161,281**	**100%**	**164,997**	**100%**

Distribution by age

	2023		2022	
	Number of employees	%	Number of employees	%
Under 30 years old	89,690	56%	94,666	57%
30 to 40 years old	43,310	27%	44,644	27%
Over 40 years old	28,281	18%	25,686	16%
Total	**161,281**	**100%**	**164,997**	**100%**

Distribution by gender

	2023		2022	
	Number of employees	%	Number of employees	%
Women	118,925	74%	123,201	75%
Men	42,309	26%	41,796	25%
Non-binary	25	0.02%	—	—
Others/Unspecified	22	0.01%	—	—
Total	**161,281**	**100%**	**164,997**	**100%**

The table below shows the breakdown and evolution of the workforce by professional category and market. The functional description of each of the job classification groups included in this Report is as follows:

/ **Management:** employees in management positions with responsibility for interdisciplinary working groups related to the areas of design, manufacturing, distribution, logistics, stores, technology, sustainability and other general services. This category includes store managers.

/ **Supervisor:** employees who are part of interdepartmental and transversal working groups for design, logistics and stores, as well as sustainability, technology and other general services.

/ **Specialist:** employees with an impact through individual contribution related to one of the Group's activities in the areas of design, manufacturing, distribution, logistics, stores, sustainability, technology and other general services.

Distribution by job classification

	2023		2022	
	Number of employees	%	Number of employees	%
Management	9,811	6%	10,692	6%
Supervisor	14,976	9%	14,754	9%
Specialist	136,494	85%	139,551	85%
Total	**161,281**	**100%**	**164,997**	**100%**

Distribution by market[49,50]

Europe (ex-Spain)	2023	2022
Albania	310	332
Germany	5,046	4,951
Austria	1,409	1,320
Belgium	2,955	2,977
Belarus	352	370
Bosnia-Herzegovina	427	420
Bulgaria	781	750
Croatia	1,184	1,125
Denmark	295	296
Slovakia	467	469
Slovenia	228	218
Finland	174	203
France	10,975	11,302
Greece	4,065	3,930
Hungary	1,109	1,214
Ireland	1,016	1,027
Italy	10,283	9,971
Luxembourg	304	335
North Macedonia	325	315
Monaco	40	41
Montenegro	165	155
Norway	343	364
Netherlands	3,089	2,947
Poland	4,594	4,623
Portugal	6,964	7,016
United Kingdom	6,739	6,751
Czech Republic	674	676
Romania	2,899	2,879
Russia	3	5,303
Serbia	1,422	1,262
Sweden	695	716
Switzerland	1,398	1,470
Türkiye	6,496	6,622
Ukraine	809	1,127
Total	**78,031**	**83,476**

[49] As a result of the conflict in Ukraine, which began in February 2022, operations in that market have remained suspended at year end. During 2023, Inditex continues its support to the Ukrainian workforce, maintaining the full payment of salaries and the measures needed to support the staff as necessary. As regards the Russian business, the year-on-year change in the number of employees is due to the sale of our business to the Daher Group. For more information see *Note 33* of the Consolidated Annual Accounts.
[50] During 2023, the business was sold and subsequently franchised in Argentina and Uruguay, which is why the year-on-year variation in these markets is justified. For more information see *Note 33* of the Consolidated Annual Accounts.

Distribution by market[49,50]		
Asia and rest of the world	**2023**	**2022**
Australia	2,076	1,863
Bangladesh	76	75
Cambodia	4	3
South Korea	1,639	1,529
India	1,691	1,543
Japan	2,837	2,780
Kazakhstan	1,272	1,189
Morocco	42	40
New Zealand	138	106
Pakistan	11	9
Singapore	3	4
South Africa	556	496
Vietnam	18	14
Mainland China	3,887	3,771
Taiwan, China	531	450
Hong Kong SAR	702	532
Macao SAR	43	53
Total	**15,526**	**14,457**

Spain	2023	2022
Spain	47,761	46,154

Americas	2023	2022
Argentina	—	718
Brazil	3,162	2,697
Canada	2,653	3,025
Chile	992	955
United States	6,170	6,374
Mexico	6,986	6,825
Uruguay	—	314
Total	**19,963**	**20,909**

7.1.1.1. Employment

It is a priority for Inditex to create **motivating, stable and safe working environments,** with equal opportunities and development, ensuring the utmost care for the conditions of our people. We strive to adapt our responses to the local needs in the 57 markets in which our employees are present, and to guarantee quality workplaces.

Distribution of the workforce by contract type

In 2023, 81% of our people were on a permanent contract (compared with 82% in 2022).

The tables below show the different types of contract by gender, age and job classification:

Employee distribution by contract type, gender, age and job classification

	2023				2022			
	Permanent		Temporary		Permanent		Temporary	
	Number of employees	%	Number of employees	%	Number of employees	%	Number of employees	%
Distribution by gender								
Women	96,263	81%	22,662	19%	99,963	81%	23,240	19%
Men	34,910	83%	7,398	17%	34,881	83%	6,913	17%
Non-binary	25	100%	0	0%	—	—	—	—
Others / Unspecified	22	100%	0	0%	—	—	—	—
Total	**131,221**	**81%**	**30,060**	**19%**	**134,843**	**82%**	**30,153**	**18%**
Distribution by age								
Under 30 years old	64,916	72%	24,774	28%	69,358	73%	25,305	27%
30 to 40 years old	39,327	91%	3,983	9%	40,878	92%	3,770	8%
Over 40 years old	26,978	95%	1,303	5%	24,607	96%	1,078	4%
Total	**131,221**	**81%**	**30,060**	**19%**	**134,843**	**82%**	**30,153**	**18%**
Distribution by job classification								
Management	9,548	97%	262	3%	10,418	97%	276	3%
Supervisor	14,530	97%	446	3%	14,315	97%	444	3%
Specialist	107,143	78%	29,352	22%	110,111	79%	29,434	21%
Total	**131,221**	**81%**	**30,060**	**19%**	**134,843**	**82%**	**30,153**	**18%**

Distribution of the workforce by type of working hours

In terms of working hours, 58% of Inditex's employees work part-time and 42% work full time in 2023 (59% part-time and 41% full-time in 2022).

This breakdown of workers by type of working hours is typical of the retail sector, where there are sales periods with peaks of activity that require part-time reinforcements. We also often hire people who combine their work at Inditex with other activities, such as studies.

The full-time equivalent (FTE) workforce, a meaningful indicator when it comes to analysing employment quality, shows the workforce resulting from combining all full-time hours. In 2023, it represented 78%[51] of total jobs (77% in 2022).

Below is a breakdown of part-time employees by gender, age and job classification:

The distribution of part-time employees by gender, age and job classification

	2023				2022			
	Part-time		Full-time		Part-time		Full-time	
	Number of employees	%	Number of employees	%	Number of employees	%	Number of employees	%
Distribution by gender								
Women	72,620	61%	46,305	39%	76,348	62%	46,854	38%
Men	21,139	50%	21,169	50%	21,498	51%	20,297	49%
Non-binary	14	56%	11	44%	—	—	—	—
Others / Unspecified	16	73%	6	27%	—	—	—	—
Total	**93,789**	**58%**	**67,491**	**42%**	**97,845**	**59%**	**67,151**	**41%**
Distribution by age								
Under 30 years old	65,946	74%	23,744	26%	70,718	75%	23,927	25%
30 to 40 years old	18,130	42%	25,180	58%	18,483	41%	26,178	59%
Over 40 years old	9,713	34%	18,567	66 %	8,644	34%	17,047	66%
Total	**93,789**	**58%**	**67,491**	**42%**	**97,845**	**59%**	**67,151**	**41%**
Distribution by job classification								
Management	401	4%	9,410	96%	433	4%	10,263	96%
Supervisor	1,544	10%	13,431	90%	1,433	10%	13,328	90%
Specialist	91,844	67%	44,650	33%	95,980	69%	43,561	31%
Total	**93,789**	**58%**	**67,491**	**42%**	**97,845**	**59%**	**67,151**	**41%**

Leavers

The workforce in Spain at the end of 2023 totalled 47,761 people, of whom 74% were women and 26% were men.

In that period, dismissal for various reasons accounted for 776 leavers in Spain (710 in 2022). Breaking down these figures by gender, it is proportionately similar to the gender breakdown of the workforce as a whole, as the number of women who were dismissed was 551, or 71% of those dismissed, compared with 225 men, or 29% (504 women vs. 206 men in 2022).

With regard to the breakdown of dismissals by job classification, in Spain, 76% were concentrated in specialist positions, according to the classification previously provided (80% in 2022), for stores and headquarters, own factories and logistics centres alike. 13% of the dismissals were in supervisor positions, and the remaining 11% in management positions (11% and 9% in 2022 respectively). Regarding the breakdown of dismissals by age in Spain, 39% affected staff aged 30 to 40 years, the age group which accounts for 32% of staff in Spain. The proportion is consistent with the distribution of the workforce in the country where the Group's corporate services are located: 29% of the dismissals were in the over-40 age bracket (representing 37% of our workforce), and the remaining 32% in the under-30 age bracket (representing 32% of our workforce in Spain). In 2022 the age distribution of dismissals was 24% in the under 30 age group 44% in the 30-40 age group and 31% for the over-40 age group.

Globally, with a workforce of 161,281 people in 2023 (164,997 people in 2022), in 2023 there were 5,100 dismissals (5,694 dismissals in 2022). Of the total, the number of women who terminated their relationship with the Group for this reason was 3,508, 69%, compared to 1,590 men, 31%, and 2 non-binary people, 0.04% (3,976 women and 1,718 men in 2022), again consistent with the gender distribution of the overall workforce. As

[51] FTE employment data available in 2023 for 98.5% of the workforce [98.7% of the workforce in 2022. Excludes staff with non-guaranteed hours, which are located in the following markets: Australia; Mainland China; Taiwan, China; Hong Kong SAR; Macao SAR; New Zealand SAR; and New Zealand.

for the breakdown of dismissals by job classification, 88% were concentrated in specialist positions (88% in 2022), 6% in supervisor positions, and the remaining 6% in management positions, which is also consistent with our workforce distribution (7% in supervisor positions and 5% in management positions in 2022). By age, 67% of the dismissals corresponded to people under 30 years of age, a category that encompasses 56% of the Group's employees. 23% of the dismissals were in the 30-40 year age group (which accounts for 27% of our workforce), and the remaining 10% in the over-40 age group (which accounts for 18% of our people). In 2022 this age distribution of dismissals was 68% in the under 30 age group, 24% in the 30-40 age group and 8% for the over- 40 age group.

7.1.2. Our approach to diversity

GRI 2-23; 2-24; 3-3; 404-2; 405-1; AF5; AF32

At Inditex we believe in the power of diversity and inclusion as drivers of a strong corporate culture, and that is why **we design opportunities for all and we implement a zero-tolerance approach to any kind of discrimination or harassment.**

Our aim is to build diverse teams whose members bring their unique perspectives and experiences and who feel secure in an inclusive professional environment.

We strive to ensure that our teams—composed of people of different sexes, gender identities and expressions, sexual orientations, races, ethnicities, ages, educational background, socio-economic statuses, disabilities or religions, among other characteristics—, have equal opportunities and can develop their full potential, making us a more competitive, creative and innovative company.

Diversity and inclusion, grounded on essential values such as **fairness, collaboration** and **respect,** drive our business performance and facilitate the achievement of our corporate objectives, helping us to anticipate all the market's fashion needs.

To foster a **diverse, inclusive and sustainable corporate culture,** we are committed to:

/ Integrating diversity and inclusion into our tools for attracting, retaining and promoting talent, to ensure diverse profiles in all positions and at all levels of the Company.

/ Always guaranteeing equality of opportunities and non-discrimination for our people, regardless of their sex, gender identity and expression, sexual orientation, race, ethnicity, origin or different abilities, among other characteristics.

/ Fostering a spirit of collaboration, teamwork and respectful communication between people and as the core of respect for human rights, both inside and outside the Company.

/ Developing procedures and implementing appropriate initiatives and training programmes to achieve these goals.

Inditex's Diversity and Inclusion Policy, approved by the Board of Directors in 2017 and amended in 2020, establishes the framework of principles, objectives and commitments in this respect adopted by the Group. This Policy applies globally to anyone associated with the Group, whether they are employees, customers or third-parties such as contractors, suppliers, professionals involved in recruitment processes or people working in the supply chain.

This Policy is derived from the Company's Code of Conduct, whose basic tenets are, among others, respect, acceptance and equality, and it is also consistent with the Group’s Compliance Policy and Human Rights Policy. The Diversity and Inclusion Policy also aims to ensure that there is no discrimination of any kind in the Company, particularly on grounds of gender, in any position, and in particular when appointing members of the Board or Senior Management.

In this regard, the Diversity and Inclusion Policy **guides all our areas of action,** in particular with respect to people management: recruitment and selection, remuneration and profits, promotion, training and professional development. Likewise, the policy also directly impacts areas linked to our relations with people in our business model: customer services, marketing and communication, procurement, etc.

As established in this framework document, the people who work at Inditex are responsible for promoting **diverse and inclusive workplaces** that ensure equal opportunities and foster collaboration and respectful communication between people, both inside and outside the Company. All the Group’s areas, departments and subsidiaries are responsible for the proper implementation and application of these mandates on diversity and inclusion.

The department of Diversity and Inclusion promotes compliance with the Diversity and Inclusion Policy, and fosters training initiatives and programmes in this regard within the Group. Integrated in the **Culture and Values team**—which also encompasses diversity and inclusion as well as sustainability from a people perspective—the department is led by the **Chief Diversity Officer,** who coordinates an international diversity and inclusion team. Among other tasks, this team supports our **Diversity Champions,** whose mission is to act as diversity and inclusion coordinators in their countries, brands and workplaces to ensure that our Diversity and Inclusion Policy is implemented, as well as to contribute ideas and projects that feed into our strategy.

To address any questions regarding our commitment to diversity and inclusion, our people can contact us through the corporate e-mail address (d&i@inditex.com). They may also refer to the Human Resources team, the department of Diversity and Inclusion and the person designated as Diversity Champion for our various markets and brands.

In addition, to ensure transparency and independence of action, and when it comes to evaluating the various issues linked to diversity and inclusion that may arise, Inditex has an **Ethics Line** to guarantee compliance with this Policy, through which it receives and fields queries and communications made in good faith concerning the interpretation, application or enforcement of the Policy. The Ethics Line is overseen and managed internally by the **Ethics Committee**, a collegiate body that reports to the Board of Directors by means of the Audit and Compliance Committee. It conducts the necessary investigations, proposing the appropriate remediation, prevention and awareness measures. The Ethics Committee acts independently and autonomously, guaranteeing the confidentiality of the queries received. Communications concerning the interpretation, application or enforcement of the Diveristy and Inclusion Policy may be sent to the Ethics Line using the mechanisms set up for this purpose on the corporate intranet (INET) and on the website www.inditex.com.

ⓘ More information in section *8.1.2. Global Compliance Model and Criminal Risk Prevention Model* of this Report.

Because Inditex is a markedly international company, we devised the diversity and inclusion project from a global perspective, and we implement it across all our markets.

In May 2023, on the occasion of the **World Day for Cultural Diversity for Dialogue and Development,** Inditex presented to the world its **Diversity and Inclusion Manifesto,** which highlights our corporate purpose: 'We design opportunities for all'. This Manifesto also outlines the values that represent our commitment to diversity and inclusion and expresses our conviction that fashion will bring about changes in society to achieve the future we believe in.

Furthermore, as evidence of our commitment to these markets, 12 of our subsidiaries in Europe (France, Germany, Croatia, Romania, Slovenia, Italy, the Netherlands, Sweden, Greece, Portugal, Poland and Bulgaria), as well as our office in Brussels, are adhered to the European Union Diversity Charter. This European Commission initiative to foster diversity management and inclusion in all organisations, enables our local teams to exchange best practices and to interact with other companies and non-profit entities in this regard.

Moreover, in the United States, in 2019 we signed up to the Open to All campaign, an initiative encompassing more than 200 companies and charitable entities whose aim is to promote the idea that all people is welcome in public retail spaces, regardless of their race, ethnicity, nationality, gender, sexual orientation, gender identity and expression, migratory status, religion or disability, among others.

In terms of recognitions, in December 2023 Inditex was listed for the fifth year running in the Financial Times-Statista **2024 Diversity Leaders Index**, ranking in the top 50 (44 vs. 299 in the prior edition). Inditex is the top Spanish company in the index and the second highest ranking in the retail sector.

ⓘ More information in section *3.3. Recognitions* of this Report.

Pillars to promote diversity and inclusion

Our people are at the heart of our commitment to diversity and inclusion, which is why our work revolves around the following four global priorities that are the drive belts of our culture of inclusion and respect, and that also allow us to launch plans that include local initiatives in our subsidiaries:

/ Gender equality.

/ LGBT+ inclusion.

/ Socio-ethnic inclusion.

/ Disability inclusion.

7.1.2.1. Gender equality

Ensuring equal treatment and opportunities for men and women at the workplace has always been a part of our core at Inditex. We nurture diverse and inclusive workplaces in which women, who represent 74% of our workforce, feel empowered in their professional development and free of any discriminatory practices. By empowering women and men alike, our aim is to strengthen our growth and the success of the Company and society as a whole.

To guarantee equality, we promote the transversality of our training and development tools (Tra!n, LEAP&Co and Talks), as well as the transparency of our internal promotion tool (InTalent), which enable us to ensure availability and objectivity in the Company's promotion processes.

Cultivating **women's talent** has enabled us to make solid progress in regard to their leadership within the Group: in 2023, **78% of the Company's management positions were filled by women** (80% in 2022). The distribution of our people by gender and job classification in 2023 is thus as follows:

Distribution by gender and job classification

	2023								
	Women		Men		Non-binary		Other / Unspecified		Total
Management	7,691	78%	2,120	22%	0	0%	0	0%	9,811
Supervisor	10,381	69%	4,593	31%	2	0.01%	0	0%	14,976
Specialist	100,853	74%	35,596	26%	23	0.02%	22	0.02%	136,494
Total	**118,925**	**74%**	**42,309**	**26%**	**25**	**0.02%**	**22**	**0.01%**	**161,281**

	2022				
	Women		Men		Total
Management	8,553	80%	2,139	20%	10,692
Supervisor	10,364	70%	4,390	30%	14,754
Specialist	104,284	75%	35,267	25%	139,551
Total	**123,201**	**75%**	**41,796**	**25%**	**164,997**

Furthermore, in the last few years the **representation of women on the Board of Directors** has also improved notably, reaching 50% in 2023 (+28 percentage points since 2016). In this regard, not only did we manage to amply exceed our target of 40% female representation on the Board by 2022, in compliance with the recommendations of the Spanish Code of Good Governance, but for the first time the Board of Directors has a parity composition.

ⓘ More information in section *5.1.1. Good Corporate Governance* of this Report.

To achieve our equality objectives, at Inditex:

Ensure fair access to opportunities for professional development

In Spain, Inditex equality plans include measures that affect different areas of labour relations, such as selection, recruitment, promotion, training, occupational health, remuneration and work-life balance. This work is further underpinned by the committees that monitor the plans, which meet regularly to verify their compliance and effectiveness. There are also action protocols designed to prevent sexual and/or gender-based harassment. In April 2023, the Group signed its Equality Plan in Spain. The Plan applies to all brands for store and central services staff, unifying the measures in place under previous plans. The Plan comprises more than a hundred measures aimed at promoting workforce training and professional development, nurturing work-life balance and co-responsibility, reducing bias, and protecting victims of gender-based violence. This Plan coexists with the equality plans already in place at all our logistics centres and factories.

Likewise, in 2019 we launched an inclusive language guide to help our teams communicate more equally in the workplace, and in 2023 training was given to promote the use of inclusive language among our teams to avoid communication that perpetuates gender stereotypes.

Furthermore, since 2020 we have been actively working to boost the professional careers of women in technological areas so as to promote the value of diversity and inclusion and have an impact on the Company and society. Thanks to the internal initiative **Women in Tech,** our work is grounded on two pillars: the need to influence society, supporting actions that encourage girls to take an interest in science and technology; and the impact on women in the world of technology through actions that empower them. Internally, we conduct women's leadership programmes and our talent pool promotes fairness and diversity within the technology team. In this year's junior programmes, 50% of the new recruits were women, addressing our internal objective of increasing the proportion of women in technology and related positions.

Against this backdrop, in 2023 for the second consecutive year Inditex supported the Technovation Girls project, an entrepreneurship and innovation programme that invites girls and young people aged 8 to 18 to learn and develop skills for using technology to solve problems, with the aim of reducing the existing gender technology gap. This collaboration was carried out through the sponsorship of Power to Code, an ambassador organisation for this initiative in Spain, and the support for more than 20 projects presented.

Create safe spaces in which there is no harassment or violence against women

As a company that **rejects any kind of discrimination**, at Inditex we strive to prevent sexual harassment, abuse and sexual violence at the workplace by means of internal policies that prevent these behaviours. The **Global Anti-Harassment Policy**, approved in March 2022, enhanced the information and training for the entire workforce in this connection. Amended in 2023, its areas of action were reinforced and it focuses on protecting everyone at work from any situation of harassment, in any of its manifestations or forms. Prevention, care and support and response to victims are the main axes of this Policy.

In this regard, in 2013 Inditex signed an agreement with the then *Ministerio de Sanidad, Servicios Sociales e Igualdad* of Spain to raise awareness and promote the integration of victims into the workplace. It was further endorsed in 2022 through renewal of the agreement with the *Ministerio de Igualdad* in the framework of the 'Businesses for a gender-violence-free society' initiative. To continue raising awareness of gender-based violence, all the human resources teams in Spain constitute an internal 'Punto Violeta' , receiving specific training from the Red Cross on how to tackle gender-based violence.

Likewise, once again this year we highlight our commitment to stop gender-based violence through various information campaigns that we conduct every 25 November, the International Day for the Elimination of Violence against Women, a key date on our diversity and inclusion calendar that strengthens our commitment to raising visibility regarding this social problem and to helping victims.

ⓘ More information on the Global Anti-Harassment Policy.

Foster wage parity

With regard to other equality-related labour measures, at Inditex we are committed to equal pay for women and men. This commitment rests on a remuneration policy established in accordance with the value that each person contributes from their professional experience, dedication and responsibility, with no discrimination on the grounds of gender, age, culture, religion, race or any other characteristic. Accordingly, and in keeping with previous years, the pay gap analysis in 2023 shows wage parity between women and men in our workforce.

ⓘ More information in section *7.1.3. Equal pay and remuneration policy* of this Report.

Moreover, in 2023, within the framework of the Equality Plan, and considering the workforce in Spain, the wage audit carried out in 2022 was reviewed by external suppliers, obtaining a verification on the basis of the revised International Standard on Assurance Engagements (ISAE) 3000. This verification guarantees the integrity of the Remuneration Register and Wage Audit carried out by the Company, the findings of which establish that there is no gender-based pay discrimination in work of equal value.

Audit our policies and best practices

Likewise, in 2023 we have also continued to implement work plans and monitoring and assessment systems to foster gender equality and women empowerment in our workplaces. And we have continued to pursue our **GEEIS (Gender Equality European and International Standard)** certification strategy across our various subsidiaries. GEEIS recognises those companies and workplaces that are actively engaged in building a fairer society, based on equality between men and women and on diversity and inclusion as the pivotal values of their policies. Between 2018 and 2023, the global corporate Group and 9 of our subsidiaries worldwide (Belgium, France, Italy, the Nordic hub, Germany, Ukraine, Bulgaria, Romania and the United States) –in addition to the Russian subsidiary before its closure– were awarded this certification, audited by Bureau Veritas. This certification plan, which will continue to advance in the next few years, is enabling us to consistently and continuously deploy our gender equality policies in our various markets.

Apply our principles across the value chain

We also foster equality, diversity and inclusion among the workers in our supply chain. In this regard, we implement our Workers at the Centre 2023-2025 strategy, which focuses especially on the most vulnerable groups and fosters respectful environments, free from discrimination, abuse or harassment.

ⓘ More information in section *7.2. Workers in the supply chain* of this Report.

In recognition of our efforts to implement initiatives that foster gender equality globally, in January 2023, Inditex was included for the fourth year running in **2023 Bloomberg's Gender-Equality Index**, which features the companies that are most committed in this respect. Similarly, the **Equileap** ranking, an analysis of nearly 4,000 companies based on 19 gender equality criteria, highlights Inditex in its 2023 report as the only Spanish company that carries out gender audits.

Review our work-life balance policies to ensure that they support our goal of fair access to opportunities for development

Work-life balance is paramount for Inditex, as, when viewed from the perspective of **co-responsibility,** it helps ensure the well-being of our people and underpins equality of opportunities within the Company. Accordingly, Inditex ensures that work-life balance measures are implemented in all its markets. In Spain, these measures are included in the Equality Plans, while at the international level work is ongoing to improve the rights guaranteed by local legislation, with the emphasis on those markets where legislation is not especially favourable. Among our priorities in 2023 was to continue promoting and broadening measures to improve work-life balance such as flexible working hours, efficient organisation of teams, extending leave for caring for children and/or dependants and granting financial assistance to help cover the cost of childcare or other care.

ⓘ More information in section *7.1.6. Work-life balance* of this Report.

7.1.2.2. Inclusion of the LGBT+ community

At Inditex we are fully committed to the highest level of diversity and inclusion, and therefore every member of our teams plays a valuable role in promoting the utmost respect for our customers and everyone in the Group. Mindful as we are that the greater the diversity in societies and in businesses, the more creative, productive and innovative they are, at Inditex we see the inclusion of the LGBT+ community as crucial to create safe spaces in which no-one feels invisible, inhibited or mistreated because of their sexual orientation or their gender identity and expression.

In 2018 we signed up to the UN Standards of Conduct for Business: Tackling Discrimination against Lesbian, Gay, Bi, Trans, & Intersex People, promoted by the UN and based on the UN Guiding Principles on Business and Human Rights, and including contributions from hundreds of companies from a range of sectors.

In 2023, to prevent all discrimination against transgender and non-binary people, we continued to strengthen our internal non-discrimination policies. On the one hand, we are adapting our systems so that our people can express their gender identity within a spectrum of options ranging from binary ('Male' and 'Female') to 'Non-Binary' and 'Other/Unspecified'. Furthermore, we have also added a field to our systems that allows people to enter their 'social name' (or the name by which a trans or non-binary person is identified and socially recognised) in order to protect members of this community from potentially vulnerable situations in their daily lives, while ensuring that their legal name can still be used when necessary. These adaptations to our systems are compliant with current legislation and aim not only to uphold the laws in our markets but also to guarantee the safety and privacy of our LGBT+ people.

Through our corporate project 'I AM PROUD', we nurture environments where everyone is welcome and where prejudice, gender stereotypes and discrimination based on gender identity and sexual orientation are tackled. In 2023, on the occasion of International LGBT+ Pride Day, many of our subsidiaries actively participated in various celebrations, talks and 'good morning meetings' to reflect on the importance of allies in creating more inclusive work environments.

Furthermore, in the United States we held the third edition of the IN Pride program to help transgender and non-binary people access employment, focused on creating job opportunities at our stores in conjunction with two New York organisations: The Door and The Ali Forney Center. In addition, the 2022 edition of the Salta project in logistics centres in Spain incorporated the IN Pride philosophy as a first step to growing this project.

In terms of recognitions, the United States and Mexico subsidiaries were listed in the Corporate Equality Index 2023 compiled by **Human Rights Campaign Foundation,** which selects the companies with the best practices in LGBT+ inclusion. They obtained scores of 90 over 100 and 70 over 100, respectively.

7.1.2.3. Socio-ethnic inclusion

At Inditex we firmly work to provide safe spaces, free of any expression of racism or discrimination, both for our employees and customers. As a company comprising people of 174 nationalities, diversity is at our core, and that is why we place equality, respect for human rights and the fight against racism at the heart of what we do.

Our determination to promote these values is not just a simple statement. Rather, our **Diversity and Inclusion Policy** and **Global Anti-Harassment Policy**, establishes a framework of action for preventing and eliminating any conduct that constitutes any form of harassment or discrimination. In addition, our Ethics Line allows us to monitor any potential incidents of racism that may arise.

Through awareness and training plans on diversity, equality and inclusion, we offer country-specific training programmes, opening people's minds to the impact of unconscious bias and microaggressions in managing people and underscoring the need to combat all forms of discrimination and racism.

At Inditex we also know that migrants and refugees are the people most vulnerable to discrimination and racism at work. To promote the integration of these groups and reduce inequalities, we have employability programmes, most notably the Salta programme, focusing on the socio-occupational inclusion of vulnerable groups. Salta is aimed at generating employment opportunities in our stores, logistics centres and factories for persons or groups in special circumstances that make their employability more complex. In Salta we work with various NGOs that support us in the process of selection, training and follow-up of the participants. Created in France in 2008, the programme is now present in 18 markets in 2023 (France, Spain, Italy, Portugal, Poland, Brazil, the United States, the United Kingdom, Germany, Mexico, Greece, South Korea, Türkiye, Romania, India, Kazakhstan and, for the first time, Canada and Croatia). As a result of this initiative, since 2008 more than 1,800 people have joined our teams in stores, logistics platforms and factories, and more than 3,800 people have taken part in this project as trainers or tutors.

Internationally, since 2018, Inditex collaborates with the ENAR Foundation (European Network Against Racism), a European organisation based in Brussels that fights all forms of racism and discrimination. In the United States, we signed the Mitigate Racial Bias in Retail charter in 2022, calling for actions to eliminate racial bias in shopping experiences, and we once again contributed to the NAACP Legal Defense & Educational Fund, an organisation that actively fights racism, discrimination and injustice, particularly within African-American communities.

Lastly, it is worth mentioning that in most markets, and especially in Europe, the privacy and personal data protection regulations do not allow companies to compile data containing ethnic or racial criteria. However, in markets like the United States and South Africa, the legislation on equality and non-discrimination places the emphasis on knowing the individual's ethnic and racial identity so as to ensure equal opportunities and rights.

Breakdown by ethnic or racial group[52]

United States	**2023**	**2022**
Ethnic or racial group	**%**	**%**
Hispanic or Latino	48.6%	48.2%
Black or African American	18.9%	20.8%
White	14.9%	14.1%
Asian	9.4%	8.7%
Two or More Races	4.8%	5.0%
American Indian/Alaska Native	0.2%	0.4%
Native Hawaiian/Pacific Islander	0.3%	0.1%
Not Specified	2.9%	2.7%
Total	**100%**	**100%**

South Africa	**2023**	**2022**
Ethnic or racial group	**%**	**%**
Black South Africans	89.0%	87.9%
Coloured South Africans	6.9%	7.2%
Indian/Asian South Africans	1.8%	1.7%
White South Africans	0.9%	1.1%
Foreign Nationals	1.4%	2.1%
Total	**100%**	**100%**

7.1.2.4. Inclusion of people with disabilities

It is a priority for Inditex to help people with disabilities to overcome the barriers they face, both in access to the labour market and in their daily lives. The Group's disability inclusion strategy is based on three priority areas:

/ Employability, direct recruitment and professional development.

/ Disability awareness and training for our people.

/ Accessibility and inclusive shopping experience.

Employability, direct recruitment and professional development

Our commitment to the inclusion of people with disabilities in the workplace is founded upon the basic principles of dignity and independence, availing them of the opportunities and resources to play an active and equal role in society.

At the end of 2023, in Inditex we directly employed 2,041 persons with a disability (1,698 in 2022). Moreover, since 2022 in Spain, alternative measures (collaboration with special employment centres, donations and sponsorships to conduct employment insertion activities for people with disabilities) are no longer used, culminating the process of

[52] The official nomenclature of the recognised racial and ethnic groups in these countries has been maintained in their original language.

prioritising direct hiring as an integration measure. There are different regulatory frameworks in the various markets where we operate, so regulations are not always comparable to the ones in force in Spain, whether due to the absence of minimum recruitment quotas or out of respect for the privacy of individuals, with the right of citizens not to disclose their disability prevailing. As a result, in some cases we have no measured data available.

As part of our ambition to boost direct hiring of people with disabilities, we hired 598 people since the publication of our public commitment in January 2023, when there were 1,443 people with disabilities in our teams. This represents 41% progress against our target of doubling the number of people with disabilities in our Company. Our aim is to foster the inclusion of these professionals in our network of stores, logistics centres, warehouses and offices worldwide. This new commitment was announced by Inditex's CEO in a meeting with the Director-General of the International Labour Organization (ILO), Gilbert F. Houngbo. The announcement was made after the Company joined the ILO Global Business and Disability Network, a global network of companies and organisations that seeks to promote the workplace inclusion of people with disabilities.

The **INCLUYE** programme, created in 2021, drives the socio-occupational integration of people with disabilities. Since 2022, all Inditex's direct employability projects worldwide were grouped together and consolidated under the umbrella of the INCLUYE programme, which has thus broadened to ensure the sustainable and lasting inclusion of people with disabilities. Based on supported employment methodology, the programme involves local organisations that work to achieve the occupational integration of people with disabilities, and accompany them in their integration as a key factor for successful employability.

In Spain we have a partnership with Plena Inclusión, a federation of organisations working towards the inclusion of people with intellectual disabilities. Thanks to this partnership, since 2019 around 300 people have joined our Pull&Bear, Stradivarius, Zara, Oysho, Massimo Dutti and Zara Home stores. Furthermore, the programme continued at our logistics centres, also collaborating with local entities such as Fundación Prodis and the associations for people with mental disabilities of Aragón (ATADES) and Alicante (APSA). As a result, in 2023, 12 people with intellectual disabilities joined the Zara logistics platforms in Meco (Madrid) and Zaragoza and the Tempe platform in Alicante. In total, thanks to this programme and other partnerships with various entities, in 2023, 235 people with intellectual, physical or sensory disabilities have been recruited in Spain.

Moreover, one of our most important occupational integration projects is **for&from**, a network of stores from our different brands, managed by charitable entities and staffed by people with various types of disabilities, offering fashion from previous seasons at reduced prices. This initiative currently covers 16 stores in Spain, Italy and Portugal, and has created job opportunities for more than 750 people with different disabilities. All these stores' proceeds, which amount to more than 8 million euros, are reinvested in community projects run by the partner organisations. As a novelty, in 2023 Zara Home opened its first for&from store in Portugal, located in the Freeport Lisboa Fashion Outlet, and Tempe started the refurbishment of the for&from establishment in San Sebastián de los Reyes (Madrid).

Disability awareness and training

With the aim of promoting the full inclusion of people with disabilities in our teams, in October 2023, for the fourth consecutive year, we held the Impact Week worldwide, focusing on disability inclusion. The purpose of this initiative is to raise awareness and mobilise our workforce to continue to promote accessibility projects, customer and employee experience for people with disabilities, thereby helping to break down barriers and foster equal opportunities.

In addition, several of our subsidiaries implement training plans to help them achieve their recruitment targets and improve their inclusion of people with disabilities. This is the case in Germany, where we collaborate closely with the Federal Employment Agency; France, with the Accord Handicap company agreement on disability; Italy, which has implemented the ALL IN project for the occupational integration of people with intellectual disabilities in Milan and Verona; Portugal, with its Eu Incluo project; Japan, which holds regular meetings with partner associations and staff with disabilities; or Romania, which provides internal training to its teams and recruitment with the support of different NGOs and the Department for Social Assistance.

Accessibility and inclusive shopping experience

One of our priorities is to comply with the principles of universal accessibility, especially in respect of any members of our staff and customers who may have any kind of disability. Thus, we strive to ensure that all our workplaces meet the functional and dimensional requirements that allow an independent use by people with disabilities or people with impaired mobility.

Furthermore, it is also important for Inditex to provide equal opportunities for access to our websites and apps to people with different disabilities, to offer inclusive shopping experiences. Based on the principles of dignity, accessibility and independence, both our jobs portal Inditex Careers, and our internal promotion and development tool InTalent, as well as the websites and applications of our commercial brands allow access to the whole range of content through functionalities adapted for people with various kinds of disability. Our aim in the online environment is to always provide accessible services to the broadest possible audience and to ensure that any person with any kind of disability may access our content.

7.1.3. Equal pay and remuneration policy

GRI 2-19; 2-20; 2-21; 3-3; 405-2; AF32

Inditex remunerates its team in accordance with the Group's values, guaranteeing non-discrimination for reasons of gender, age, culture, religion, race or any other circumstance. Our remuneration policy is therefore determined by the value that each person contributes from their professional experience, dedication and responsibility.

As a Group with a strong international presence, we strive to ensure that our remuneration policy is adapted to the specific circumstances of each of the 57 markets in which people from our team are located, aligning the standard remuneration with the benchmark practices in each of these markets in their local currency.

Inditex's remuneration comprises a **fixed component and a variable component.** Experience, dedication and responsibility within the Company are the factors that determine fixed remuneration. Variable remuneration depends on predefined, quantifiable and measurable indicators, linked both to Company's results and the fulfillment of the sustainability targets of office staff, thus reinforcing the commitment of our people in this area.

Based on this criterion, variable remuneration depends solely on objective parameters, and not on a discretionary assessment of the person's individual performance. Our purpose: to eliminate any room for discrimination. In this regard, **variable remuneration is one of the key components of Inditex's remuneration policy and applies to employees in all areas of the Company's activity.**

In our stores, the most widely used variable remuneration system is that of the monthly sales commission scheme. This is a way to reward the engagement of store employees in key issues as sales results, feedback on products and store coordination and organisation. In addition, in the last few years, we have been implementing a transparent and simple system of variable remuneration that guides our people towards sales and guarantees pay equity, taking into account the changing environment.

Gender pay gap

Inditex is committed to equal pay. For quantification purposes, the gender pay gap is the indicator that most reliably represents the real difference in pay between women and men.

The gender pay gap is calculated based upon the median salary in each market (considering total salary: fixed plus variable, consisting of commission and bonus), weighted according to each area of activity of the Group (store, central services, logistics and factories). This median is in turn weighted according to each market's weighting over the aggregate number of Inditex employees. As a result, a global reliable indicator of pay gap between male and female workers in the Group is obtained.

The outcome of the analysis carried out in 2023[53] shows wage parity between men and women in Inditex. In total salary, women have been paid 0.5% more than men. If we break down the gap by professional classification, in 2023 it was 1% in the category of specialists (1% in 2022), -4% among supervisors (-3% in 2022) and -5% among management (-8% in 2022), representing 85%, 9% y 6% of our people in 2023. The global gender pay gap has varied slightly with respect to previous years (in 2022, women were paid 0.4% more than men), which is explained by staff turnover in the period.

The pay gap by geographic area is detailed below[54]:

Gender pay gap	**2023**	**2022**
Spain	0.3%	-1.1%
Europe excluding Spain	0.5%	1.1%
Americas	0.7%	0.5%
Asia and rest of the world	0.8%	1.6%
Total	**0.5%**	**0.4%**

Global average remuneration

Average remuneration is defined as the average wages in the Group (considering the total salary: fixed plus variable, consisting of commission and bonus), translated into euros, using the average exchange rate in 2023. Based on this calculation, global average remuneration in this period at Inditex amounted to 28,726 euros gross annually (26,294 euros in 2022).

With regard to this figure, it should be highlighted that the number of employees in Spain, our home market, only represents 30% of the headcount, as a significant part of the remaining 70% staff are based in markets where wages translated into euros give rise to lower average remuneration (28% and 72% of workforce in 2022).

By gender, the average remuneration of women in 2023 amounted to an annual gross figure of 27,831 euros, and that of men came to 31,196 euros (women: 25,387 euros in 2022; men: 28,827 euros in 2022). These two figures are not representative in terms of equal pay: the pay gap between men and women is due to a higher presence of women in a significant number of markets where average remuneration is lower on account of the exchange rate effect. As explained above, the indicator that provides the most transparency in terms of equal pay for men and women is the pay gap, which in 2023 was 0.5% in favour of women.

[53] The gender pay gap analysis and average remuneration does not include the Russian and Ukrainian markets (in 2023 they represent 0.5% of the workforce).
[54] The geographic areas included in the breakdown correspond to the areas where Inditex has significant operations.

Based on these premises, the average remuneration by age and by job classification is provided below:

Aggregate remuneration in €	2023	2022
Job classification		
Management	70,567	66,446
Supervisor	43,336	39,470
Specialist	25,132	22,964
Age		
Under 30 years old	21,631	19,597
30 to 40 years old	33,459	30,541
Over 40 years old	46,668	44,044

7.1.4. Labour Relations

GRI 2-30; 3-3; AF5; AF24; AF26; AF29

At Inditex, we are **strongly committed to respecting our employees' labour rights** worldwide and, in particular, their **right to participation,** as a key element for the sustainable development of the business model.

This commitment is enshrined in the Group's Code of Conduct, approved in 2012 and amended in 2024, and which is applied globally to all the persons in the Group. In its section on Adequate Working Conditions, Inditex guarantees **the right of all workers to join, associate with and/or create the trade union of their choice**, as well as **the right to collective bargaining to determine their labour conditions.** The Group reinforces its message by including in the Code its commitment to respecting employees' right to have trade unions and workers' representatives represent them and negotiate their working conditions collectively.

Not only that, but Inditex also plays an active part in the social dialogue through its relationship with UNI Global Union (UNI). UNI is a network of trade unions in the trade and retail sector which represents more than 20 million workers across 150 countries. In 2009, Inditex and UNI signed a Global Agreement for implementation of fundamental labour rights and decent work, which covers 100% of the Group's workforce and remains in force.

This Agreement between UNI and Inditex includes specific provisions regarding a number of issues governed pursuant to the principles established by the International Labour Organization (ILO):

/ Among other rights, special mention is made therein to the enforcement of ILO Conventions 87 and 98 about **freedom of association and the right to collective bargaining.** In this regard, the Agreement states that 'Inditex recognises the right of trade unions to represent the workers and to regulate through collective bargaining the terms and conditions of their employment'.

/ **The freedom to join any trade unions and non-discrimination** on account of membership to a trade union as part of labour relations is also ensured. Additionally, pursuant to ILO Conventions 100 and 111, and based upon non-discrimination on employment, equal opportunities and equal treatment for all people and non-discrimination in terms of remuneration for equal jobs are upheld. Inditex is committed to complying with applicable national laws and/or conventions, in furtherance of ILO Conventions 1 and 47 and of ILO Recommendation 116 concerning the working week and hours of work.

As for the objective scope of application of the Agreement with UNI, in addition to the reference to the protection and promotion of fundamental rights, the Group is committed to meeting the requirements laid down in national laws and in national collective bargaining agreements regarding working hours, protection of a safe, healthy and sustainable working environment, and promotion of best practices for occupational health and safety with the appropriate equipment and training. The Agreement between Inditex and UNI covers minimum rights for the staff of the various companies within the Group, given that in any event, such provisions, whether statutory, contractual or included in a collective bargaining agreement which confers higher rights, will always be respected.

Further to the above referred Agreement between Inditex and UNI, United Food and Commercial Workers International Union ("UFCW"), a US trade union and member of UNI, was interested in reaching a specific agreement with the Company for the stores in the USA covering the terms of the above referred 2009 Agreement. In response to this demand, an agreement was signed in 2015 with UNI, UFCW, Inditex and Zara USA, which led to the approval of a collective agreement that currently extends to 29 stores in the states of New York, New Jersey, Connecticut and Massachusetts (25 stores in 2022).

Likewise, in 2019, the Inditex Group formally established the Company's European Works Council (EWC), devised as a body for assurance and effectiveness of information and consultation of employees on transnational issues. Since its creation, the EWC has played a crucial role on several occasions, whether as a natural liaison for the Company during the global health emergency, or in its role as guarantor of the Group's digital transformation process which, in the case of Spain, was enshrined in the Digital Transformation Plan Agreement, which expired on 31 January 2023.

During 2023, the EWC met twice. In April, the five-member Select Committee met in Lisbon with UNI Global Union to prepare the renewal process of the EWC representatives whose mandate expired in June, after a four-year term. Once the local process of selection or ratification of members had been completed, the constituent plenary meeting was held in September with the participation of the eight member countries that already served on the representative body: Spain, France, Italy, Portugal, Germany, Belgium, Luxembourg and Austria. Once again, the Group's Arteixo headquarters hosted the members and alternates for a three-day meeting in which they received updated training on the EWC's competencies, were informed by the Company of its financial results and discussed other matters on the agenda, such as the global footprint in water consumption or diversity and inclusion in the image campaigns. In addition, a new working group was set up to analyse the situation of older people in the Company and a statement on gender violence and workplace harassment, drafted by the equality working group, was issued.

In order to preserve the health of social dialogue at the local level at Inditex subsidiaries, training is provided to human resources teams and store managers concerning trade union rights and cooperation with our workforce's legal representatives. The works councils and management of our subsidiaries meet periodically to inform, consult and listen to the union representatives and reach agreements to improve people's working conditions and quality of life. In this regard, agreements of various kinds were reached in 2023, such as the subsidiary in Italy, which signed a company agreement for store staff on 8 March 2023; Portugal, which agreed to a wage increase for all its store workers; Belgium, which updated its employee regulations in August 2023 with some improvements in social benefits, or Chile, which signed a new company agreement in August. Other markets implement alternative formulas for people to engage in their work environment. In South Korea, for example, there is a collegiate body of three members who represent the rest of the employees in regular monitoring meetings and in the agreements reached with the Company regarding working conditions. Well-being Committees were also established in Brazil during the year.

ⓘ More information on the well-being committees in section *7.1.7. Health and safety* of this Report.

Overall, the measures implemented this year in terms of social relations mean that, globally, the percentage of employees covered by local collective bargaining agreements is 59% (61% in 2022) while, in Europe, the percentage is 71% (70% in 2022). In Spain, 100% of the workforce is covered by collective bargaining agreements.

In Spain, a significant agreement on working conditions for store staff was also reached. In February, the leading national trade unions in Spain and the commercial brands of the Inditex Group signed the State Collective Agreement for the Improvement and Standardisation of the Remuneration and Social Conditions of the Group's Employees. Moreover, in April 2023, the Group signed its first Equality Plan in Spain. The key aspect of this new Plan is that it encompasses all store concepts and central services, thus unifying the measures in place under previous plans.

The plan comprises more than a hundred measures aimed at promoting workforce training and professional development, nurturing work-life balance, reducing bias, and protecting victims of gender violence.

/ With regard to professional development, training will always take place during working hours and a system for detecting the workforce's training needs will be rolled out, as will a system whereby human resources can guide staff wishing to obtain promotion within the Company.

/ As for working conditions, the plan provides improvements in schedules, rest periods and a commitment to set up working groups to reduce the part-time ratio.

ⓘ More information on the measures established in the area of work-life balance following the signing of the Group's Equality Plan in section *7.1.6. Work-life balance* of this Report.

Work organisation

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

Regarding work organisation, the Code specifically regulates respect for the time limits set by the applicable laws in each country in terms of weekly working hours and overtime.

This commitment to compliance with working hours is addressed in the Global Agreement with UNI, which includes a section on the guidelines provided in ILO Conventions 1 and 47 regarding eight-hour days and 40-hour weeks, respectively, and in Recommendation 116 regarding reduction of normal working hours established as a minimum standard for each country.

In practice, laws and collective bargaining agreements applicable to Inditex establish maximum annual working hours for employees, based upon which work schedules are agreed. Inditex has in place a working time control system, in accordance with the applicable legislation in each market.

7.1.5. Developing talent and training

GRI 2-4; 3-3; 404-1; 404-2; AF5

At Inditex, one of our priorities is to place **the best talent at the service of our customers.** To achieve this, from the talent management standpoint we focus on:

/ **Attracting the best talent** to work with us.

/ Providing our people with **opportunities for professional development and growth** primarily through internal promotion and mobility.

/ Providing our workforce with opportunities for **continuous learning.**

/ Creating a safe and motivating working environment that enable us **to retain talented professionals and strengthen their commitment.**

7.1.5.1. Talent attraction

We want working at Inditex to be more than just a job for our teams, and we make it easier for them not only to secure professional goals and opportunities, but also to find inspiration, innovation and creativity. Our value proposition as an employer is what sparks our candidates' interest in joining our teams at the Group's various brands and work areas in all the markets where we are present. The Company's jobs portal, **Inditex Careers,** is our main source of selection, receiving more than 6.2 visits from more than 200 markets in 2023.

A **candidate's experience** continued to be the priority in our selection processes in 2023. We create interesting, flexible and sustainable experiences, in which our potential employees can get to know Inditex, our purpose, values and opportunities, and we can find the perfect match between each candidate and each vacancy.

Along these lines, to attract **talent for our stores** this year we opted to connect with candidates through differentiating actions. One such example is the training and internship programme that Zara has developed in collaboration with the London-based Fashion Retail Academy, and the Zara Talent Fashion Day, an exclusive recruitment event for the opening of Zara in Duque (Seville).

Our relationships with the top universities and schools remain key to attract talent in all creative, management and technological areas.

In our programme targeting **creative talent** we seek people for our product teams, with expertise in design, trends, graphic design, styling, art direction, photography and editing. In 2023 we reached out to more than 30 international fashion schools, complementing the selection process with talks and workshops involving our sustainability teams to share our approach to this strategic aspect in the creation of our products.

Zara Business Graduates is our **junior talent** programme aimed at final year university students, through which we seek management profiles to join our teams in positions, such as buyers, product managers, controllers, logistics and finance.

Within the sphere of **technological talent**, we highlight the following actions:

/ **University Colab** allows students to complete their end-of-degree theses with Inditex, taking part in real projects under the mentorship of our teams. Through **Zara Boost** we reached students whom, having completed their degree, wish to commence their professional career in the development of software, data and cybersecurity. For this purpose, we use in-person events and online challenges to detect talent, among which this year we highlight the collaboration with Google Cloud at a digital workshop in Madrid. We also continued to conduct Tech Talks at universities, led by our technology team, in which we discuss our technical challenges and how we integrate technology into our business.

/ Likewise, through the **Tech Summer Camp** we identify and develop talent in STEM programmes (Science, Technology, Engineering and Mathematics) from the second year of studies onwards through a programme of summer scholarships, in which students from all over the world come to Inditex and fully enter the world of technology. Our collaboration with Stanford University's ICME (Institute for Computational & Mathematical Engineering) enables us to be in contact with one of the world's foremost spaces for technological talent.

With regard to our efforts as an **employer brand**, Inditex has topped the last 12 editions of the Merco Talento ranking, which analyses the best companies to work for. Also in Spain, in Universum's annual study, university students chose Inditex as one of the best companies in which to develop professionally. Globally, Zara has been included for the third time in Universum World's Most Attractive Employers ranking, which studies 10 significant international markets in terms of talent attraction to identify the most attractive companies for students.

7.1.5.2. Developing talent

Offering growth opportunities to our people has been at our core from the outset. Accordingly, we cultivate **internal promotion** and **mobility** so that our teams can grow and at the same time help us to continue evolving as a company.

In 2023, **72% of the Group's vacancies were filled internally** (68% in 2022), with the result that **more than 12,760 people were promoted** over the course of the year (more than 10,500 in 2022)[55]. By gender, 74% of the promotions were for women, 26% for men and 0.01% for non-binary people, figures in line with the gender distribution of our workforce. This commitment to generating opportunities for internal development results, in our office teams, in more than 900 promotions and more than 1,600 changes of functions, department, retail format or market.

InTalent, our marketplace for in-house opportunities, is essential to structure the path of internal promotion for our staff. In 2023 we expanded this platform to include central offices so as not only to facilitate internal growth but also to allow the movement of talent between different areas, brands and markets. InTalent gives all Inditex's teams the chance to find opportunities for professional development, while allowing our talent teams to identify people interested in growing at the Company. Our teams can also leave a recommendation for their colleagues on their InTalent profile. In 2023 more than 6,200 career growth opportunities were posted (more than 6,000 opportunities in 2022) and more than 1,200 people applied.

Another fundamental tool for identifying and developing talent in our store teams is **LEAP&Co.** This year we have improved the functionalities of this programme, thoroughly reviewing the content across all areas (product, processes, people, customer experience and diversity and inclusion) to adapt it to the new ways of information consumption and to improve the pedagogy. This platform operates at Zara stores in more than 53 markets across Europe, America and Asia, and at Zara Home in 33 markets. It has 51,000 active employees and has recorded more than 572,000 training hours this year.

Every year we look for new initiatives that enrich our people's experience. In 2023, we focused on a key group for our business: those responsible for the visual presentation of our products in Zara stores. Under the name of **Visual Commercial to the Spotlight,** we gave a voice to more than 2,000 people and worked on various initiatives. These included the Capsule Design Collection, an international competition in which more than 120 Visual Commercials from our Zara stores in Europe became designers and made their own collections. The three finalist teams, from Austria, the Netherlands and Germany, worked with our design and pattern teams in A Coruña to bring their designs to life in a capsule collection, on sale in our stores in the autumn/winter season.

Furthermore, with **Opening Support,** more than 300 store image specialists applied for a selection process to collaborate in a store opening or refurbishment in another country. Working abroad for a few weeks, learning the highest standards of product display to surprise our customers, collaborating with colleagues from a range of backgrounds and sharing best practices were highly valued experiences, presenting an opportunity not only for development, but to identify in-house talent, which typically results in a high percentage of internal promotions.

Lastly, the cornerstone for fostering a climate of continuous growth is to be aware of our people's development concerns and to exchange feedback on a daily basis. This is the purpose of **Talks** (as they are known at most of our brands), regular and individual conversations regarding development between our store managers and every member of their team. In 2023, around 39,000 assessments were conducted of more than 32,000 people.

7.1.5.3. Training

We believe in our teams' development and we strive unceasingly to foster environments that encourage continuous learning. Our aim is to provide training experiences that help our people to respond optimally to the challenges they face daily. We are convinced that not only do these experiences build the wealth of skills of our teams, but they are also a key pillar for the Company's sustainable success.

Accordingly, we provide learning experiences that address two needs: on the one hand, the business, offering initiatives to improve performance (individual or collective) and help our teams to do their work better. On the other hand, we create opportunities for our people to learn beyond their current role, to be inspired and encouraged to explore new horizons.

Our model is based on in-house training and is eminently practical. Training is mostly delivered by in-house trainers or developed in collaboration with top external entities when the required knowledge or expertise is not available in-house.

Our Tra!n learning platform offers a wide range of digital content tailored to each individual, and enables their in-person training to be recorded too. Fashion and product, Sustainability, Customer Experience, Operations, Skills or Digital are some of the subjects most demanded by our people when it comes to training in the platform. Tra!n is available in all markets where we operate except for Mainland China, where our employees have access to Grow, a local platform on which we offer content aligned with that of Tra!n.

From 1 February 2023 to 31 January 2024, around 2.8 million training hours were imparted to almost 2.3 million participants[56] (more than 2.6 million hours and more than 1.3 million participants in 2022).

[55] Figures for the number of promotions and the percentage of internal vacancies coverage reported in 2022 have been restated.
[56] The increase in participants is explained by the launch in 2023 of a mandatory training plan involving all group employees in diversity and inclusion, compliance, store operations and information security, among other subjects.

Details of the training indicators are as follows:

Distribution by job classification:

2023			
	Training Hours	Participants	Hours per person
Management	270,884	208,045	27.6
Supervisor	291,368	222,865	19.4
Specialist	2,220,578	1,834,077	16.2
Total	**2,782,830**	**2,264,987**	**17.2**

2022			
	Training Hours	Participants	Hours per person
Management	247,412	148,520	23.1
Supervisor	201,995	132,837	13.7
Specialist	2,200,172	1,054,414	15.8
Total	**2,649,580**	**1,335,771**	**16.1**

Distribution by gender(1):

2023				
	Unique people trained	Training Hours	Participants	Hours per person
Men	55,183	735,802	566,206	17.4
Women	158,324	2,045,403	1,696,018	17.1
Non-binary	46	776	637	30.9
Other/Unspecified	634	849	2,126	38.3
Total	**214,187**	**2,782,830**	**2,264,987**	**17.2**

2022				
	Unique people trained	Training Hours	Participants	Hours per person
Men	47,459	690,124	326,690	16.5
Women	139,858	1,959,456	1,009,081	15.9
Total	**187,317**	**2,649,580**	**1,335,771**	**16.1**

(1) One person can attend more than one training course. In the indicator unique people trained, those people who have attended more than one course are counted only once. With regard to this indicator, the only available breakdown is by gender.

Distribution by geographic area:

	2023			2022		
	Training hours	Participants	Hours per person	Training hours	Participants	Hours per person
Spain	456,833	488,312	9.6	491,421	326,414	10.6
Europe (ex-Spain)	1,419,197	1,143,593	18.2	1,444,644	655,476	17.3
Americas	507,350	380,695	24.8	329,191	213,470	15.7
Asia & Rest of the world	399,450	252,387	25.7	384,323	140,411	26.6
Total	**2,782,830**	**2,264,987**	**17.2**	**2,649,580**	**1,335,771**	**16.1**

Distribution by content:

	2023		2022	
	Training Hours	Participants	Training Hours	Participants
Corporate (About us)	1,360,243	1,009,867	1,208,769	682,883
Customers	87,305	123,719	64,871	110,008
Fashion and Product	153,927	428,895	119,360	203,527
Languages	26,487	23,640	43,266	24,161
Processes, Techniques and Tools	920,811	550,640	962,047	223,823
Skills	234,057	128,226	251,267	91,369
Total	**2,782,830**	**2,264,987**	**2,649,580**	**1,335,771**

Main training initiatives in 2023

Corporate training on our culture and values

/ ***Compliance***: at Inditex we share a solid commitment to a corporate ethical and compliance culture, grounded on principles of integrity, honesty, transparency and responsibility. Compliance encompasses strict adherence to the external and internal applicable regulations, and how each person applies them to their daily activities. Implementation of the Compliance Training Framework Plan, which began in 2022 and is coordinated and managed by the Compliance function, continued over the course of 2023. The corporate areas adhered to the Plan have published their mandatory training courses in a dedicated area of Tra!n, our learning platform. The courses were specifically tailored to the profile of the various groups at Inditex so as to obtain customised training based in keeping with the risks to which each person is exposed daily.

ⓘ More information in section *8.1.2. Global Compliance Model and Criminal Risk Prevention Model* of this Report.

/ **Diversity and inclusion:** training our teams in diversity and inclusion is essential to create an inclusive culture and make spaces free of any kind of discrimination. In 2023, more than 156,000 people from all over the world accessed training in this connection, accounting for around 73,000 training hours. During this past year, we developed a long-term, global training plan with the aim of raising awareness among our entire workforce. This training is conducted through the D&I Channel within Tra!n, and it is structured in various levels: from basic level for all our people, available for the vast majority of markets this year, to more advanced levels focused on raising awareness among different positions and functions within the Company. Our 'We design opportunities for all' course is mandatory and establishes the Company's framework and commitment to diversity and inclusion. We also launched the pilot edition of the 'Disability Inclusion' course, raising our teams' awareness of the importance of fully integrating people with disabilities, which will be implemented in all our markets by 2024. In 2023, for the purpose of learning how to communicate in our daily lives in a way that does not discriminate against a particular sex, social gender or gender identity, and does not perpetuate gender stereotypes, training has been conducted in Spain to promote the use of inclusive language among our teams. This training aims to raise awareness and provide tools to transform our communication and make sure it is inclusive and not sexist. In 2023, our training included various in-person courses, notably 'The Right Leader @ Inditex is Inclusive', 'Unconscious Bias' and 'Mitigating Racial Bias in the Retail Environment', among others.

ⓘ More information in section *7.1.2. Our approach to diversity* of this Report.

#BoostYourPower

At Inditex we are convinced that fostering a culture of sustainability in all areas of our Company is key to making constant progress and, ultimately, to achieving results on this front. For us, sustainability is a way of working, a way of thinking, an approach to everything we do: it is an attitude that is at the very heart of our culture. Thus, a few years ago we launched **#BoostYourPower**. Since 2021 we have focused on two key areas due to their impact: buying teams, with their purchasing offices, due to their involvement in the creation of our products; and our store staff, as our direct contact with customers. Two initiatives emerged from this vision: **The Sustainable Fashion School and Changemakers**.

In 2023, as part of our space dedicated to sustainability training and innovation, **The Sustainable Fashion School** (SFS), we completed the first and second editions of the Foundations of Textile Manufacturing Master's programme, devised in collaboration with the University of Leeds. More than 1,200 people from all the concepts have completed the course and taken part in the graduation ceremonies held at various headquarters.

To supplement this theoretical training and as part of The Sustainable Fashion School, SFS Bootcamps were launched. These are immersions in textile factories giving participants hands-on experience of the main processes that our products go through (spinning, weaving, dyeing, printing, sewing, etc.) and enabling them to share technical and sustainability concerns with professionals from the sector. Anyone completing the training programme can sign up for these Bootcamps, an initiative that will remain open throughout 2024.

Furthermore, **Changemakers** is the community leading this cultural transformation from the heart of our business, our stores. Changemakers are people with a curious nature and a genuine interest in sustainability, diversity and inclusion, who dedicate part of their working day to staying abreast of developments, training store teams and devising and implementing proposals that make sustainability tangible. The Changemakers network interacts with the teams from central offices to carry out their proposals, working together to achieve the Company's sustainability goals.

At the end of 2023, this project has been implemented at all the stores in all markets in which Zara is present. We have also rolled it out in Zara Home, Massimo Dutti, Bershka, Stradivarius, Oysho and Pull&Bear, and adapted the model for our office teams in Tempe. As a result, Inditex now has more than 2,200 Changemakers. In 2024 we will establish the Changemaker community in all stores in all the Group's markets.

Language training

- **Busuu** is an app for mobile devices that offers employees the opportunity to learn up to 14 languages. We offer everyone access to its premium version which includes the option to obtain official certificates (more than 1,100 this year), with English and Spanish the most widely studied languages. Overall, in 2023 our staff devoted more than 13,900 hours to improving their language skills using Busuu.

In-store training

- **Zara Campus** is a project designed to respond to the need for training and development among new promotions and people in management positions in stores. This training is conducted in our Campus stores, which are Zara stores used as a practical scenario for training our managers in three areas (management, sales and operations). We also provide training aimed at the development of certain groups, such as the Zara Masters (tutors for the on-boarding training of our new recruits) and leadership training for managers.

- **Customer experience:** to share Zara's customer-centric commercial approach, we continue to work with the stores in accordance with their various needs. Store managers lead the change, analyse the feedback they receive from their customers (over 250,000 reviews so far) and develop their teams to help deliver the desired experience. Customer Experience (CX) is implemented at 800 Zara stores in 50 markets, and more than 35,000 of our people have a CX profile and are working to improve their customer service skills.

- ***Zara Camp and Inditex Camp:*** Zara Camp was launched in 2022 as a digital training space within Tra!n, accessible to all Zara teams worldwide, in which our own people outline the Zara business model and show the various areas and departments where they work. New content was added in 2023, bringing the total number of modules to 34, and the initiative has been expanded to include Inditex's corporate services. Inditex Camp introduces our office teams to the way corporate services areas such as Finance, Communication, the General Counsel's Office, Audit and Sustainability, among others work, giving them an insight into the day-to-day routine of the teams that support them.

7.1.5.4. Connection and engagement with our people

The fourth objective of our talent management strategy is to provide safe and motivating work environments that help us retain talent, connect with our people and boost their commitment to the Group. To achieve this, **INET**, our tool and main internal communication channel, plays a key role in keeping everyone in the Group connected.

Available in online and app format in all the markets where we have employees, INET allows us not only to communicate and announce the latest news within the Group in real time, but also to simplify and digitalise many of the daily tasks that our people need to carry out wherever they are. Consulting pay checks, seeing which benefits the company offers, requesting leave or even taking part in a charity initiative with a single click are examples of the possibilities it offers us.

In addition, having our own digital environment strengthens the connection between everyone at the Group, fostering a greater sense of community and belonging, and thus establishing a direct, two-way connection that is key to developing our talent strategy. INET received more than 34 million visits in 2023 (more than 25 million in 2022).

Furthermore, to provide daily commercial and customer information to our store teams, and to establish a direct connection between them and our design teams, we have continued to develop **brand-specific spaces for internal communication.** In addition to those previously launched (Zara has Dear Team; Zara Home, *#tengoalgoquecontarte*; Massimo Dutti, MD Journal and Stradivarius, StradiPeople), in 2023 the Oysho News space was launched for Oysho. As well as allowing the same message to be shared and highlighted daily in all our stores worldwide, these channels help store managers to enliven the team meetings that take place before opening.

In 2023 we also continued to roll out **InStories,** our internal social network, which we implemented in several new markets: Hungary, the Adriatic countries, Kazakhstan, the Czech Republic, Slovakia, South Africa and Austria. This brings to 34 the number of markets in which InStories is now available. In this space, which works much like social media, we can connect with profiles of people in the Group from anywhere in the world, follow our favourite hashtags and participate in the challenges and campaigns that are trending at any given time, thus enhancing the interaction with our teams, who themselves become content creators. As of the end of 2023, the InStories community has shared more than 550,000 posts.

Finally, in order to keep tabs on our stores and ascertain our people's perception of what it is like to work with us, we developed **'Your opinion matters to us'**, a completely anonymous survey that we send to store employees when they leave Inditex. Launched in 2016 and available in all our markets with own stores, it allows us to obtain their feedback on various aspects of their day-to-day life, such as the relationship with their colleagues or managers, the training they receive, their salary or how well their working hours suits their availability. Over the course of 2023, we received more than 30,000 responses, which implies 31% of participation. In addition, the question 'Would you recommend Inditex as a place to work?' is used to measure our people engagement. In 2023, this question obtained an average of 71% positive responses (70% in 2022), obtaining 93% positive responses in Spain (91% in 2022).

7.1.6. Work-life balance

GRI 2-4; 2-23; 2-24; 3-3; 401-3; AF5; AF23; AF27

7.1.6.1. Work-life balance

Promoting our employees' well-being is paramount for the Inditex Group. Consequently, we promote measures that seek to facilitate work-life balance, advocating especially for **co-responsibility**. We consider the latter to be both a right and a duty, as we aim to reflect in our equality plans. Furthermore, our equality plans contain other balance measures such as the possibility of splitting up leave periods for hospital stays or care of relatives up to second degree of kinship, flexible working hours for adaptation periods at nursery or infant schools, or the extension of leave with job guarantee for personal matters, studies, international adoption or care of dependent family members.

Likewise, when it signed the Equality Plan in the first half of 2023, the Group introduced balancing measures for reasons of study, medical needs or care of children and/or family members.

With regard to childcare, a number of improvements were introduced over and above the ordinary legal requirements. With regard to the period for breastfeeding, it has been extended to 12 months, up to 45 calendar days if working hours total less than 30 and 32 calendar days if working hours exceed 30. Paid leave is established for school adaptation periods and the reduction of working hours may apply for employees with children beyond the age of 12 whose birthday falls in the first half of the year.

Internationally, at Inditex Group we strive to improve the rights guaranteed by the local legislation of each country through work-life balance policies, prioritising those markets in which the legislation is not especially protective.

/ In the United States, the paid parental leave policy has been applied since 2019 to all of our people who meet minimum requirements, regardless of their gender. In 2023, this leave has been increased to 16 weeks, covering time spent caring for newborns and adopted or foster children alike. The subsidiary also provides care services for children and adults with special needs, both in care centres and at home, through an external company whose services are available to the entire workforce. It also covers assistance programmes for our people in areas such as emotional support and well-being, financial and health advice, transport subsidies, and tuition fee subsidies or reimbursement.

/ We promote measures to broaden the rights enshrined in local legislation or that help improve work-life balance by means of flexible working hours, efficient organisation of teams, extending leave for caring for children and/or dependants and even financial assistance to help cover the cost of childcare or other care. Markets where such measures are applied include Greece, the United States, the United Kingdom, Italy, Germany or France, among others. In addition, office staff in many of our subsidiaries have flexible entry and exit times.

/ An increasing number of markets are opting to improve conditions for their staff by extending health coverage, either as a social benefit paid for by the subsidiary itself or by negotiating more favourable health insurance conditions. In addition to Spain, through its flexible remuneration plan, markets such as Brazil (with its Baby on Board Programme), Canada, Mexico, Greece, Romania and Mainland China already offer this type of benefit.

As in previous years, in 2023 100% of our employees in Spain (47,761 people: 34,607 women and 13,154 men) were entitled to parental leave in connection with birth or placement for adoption or foster care. A total of 2,005 people took leave for birth, adoption or foster care placement (1,437 women and 568 men), almost all of whom returned to work: 1,986 people (1,424 women and 562 men). In addition, 13% of the employees in Spain work part-time for childcare reasons.

Below is a breakdown of maternity and paternity leave in Spain and the rest of the world:

Parental leave - Spain	2023	2022
Total figures for parental leave	**2,005**	**2,107**
Women	1,437	1,527
Men	568	580
People that returned to work after parental leave ended	**1,986**	**2,072**
Women	1,424	1,505
Men	562	567
Return-to-work rate	**99%**	**98%**
Women	99%	99%
Men	99%	98%
People who continued working at the Group 12 months after returning from leave	**1,990**	**1,963**
Women	1,448	1,451
Men	542	512
Retention rate	**94%**	**91%**
Women	95%	88%
Men	93%	98%

Parental leave - World (ex-Spain)	2023	2022
Total figures for parental leave	**7,576**	**8,039**
Women	7,133	7,623
Men	443	416
Return to work rate	**95%**	**92%**
Women	95%	92%
Men	99%	98%
People who continued working at the Group 12 months after returning from leave (1)	**5,763**	**—**
Women	5,450	—
Men	313	—
Retention rate	**72%**	**—**
Women	71%	—
Men	75%	—

(1) Indicator first reported in 2023; historical data for previous years is not available.

7.1.6.2. Work disconnection policies

The Inditex Group is also committed to promoting an internal policy that guarantees the **right to digital disconnection in the workplace**, pursuant to Spain's Data Protection Act (Organic Law 3/2018, of 5 December, on the Protection of Personal Data and Guarantee of Digital Rights). Thus, staff are encouraged to adopt habits such as resting between working days and during holidays, and promoting direct interaction with their colleagues.

Notwithstanding the commitment acquired at the corporate level, negotiations with workers' representatives have also resulted in other measures on this front, which are included both in the latest equality plans of logistics companies and in the new Group Equality Plan, applicable in Spain.

Internationally, France has included the right to disconnect as a measure to improve work-life balance in the company agreement on quality of life at work.In other markets where there is no legislation in force requiring digital disconnection from the workplace, the Group's brands have implemented an initiative aimed at ensuring that employees do not receive communications from the Company during their days off and at eliminating instant messaging applications as a work tool.

In general, both the IT systems and human resources teams at our subsidiaries are working to promote and implement healthy work habits, regardless of whether there is legislation in place, either through information, training and awareness, or by adopting specific measures applied to our corporate systems, such as e-mail.

7.1.7. Health and safety

GRI 2-4; 3-3; 403-1; 403-10; 403-2; 403-3; 403-4; 403-5; 403-6; 403-7; 403-8; 403-9; 413-1; AF5; AF31

In 2023, at the Inditex Group we continue to advance in our firm commitment to the health, safety and well-being of our people, whom we see as fundamental pillars. We endeavour to lead through the application of international standards that ensure health and safety, guaranteeing compliance with the most stringent standards. Training and information for our staff are priorities in our unyielding quest for opportunities for continuous improvement.

The **Occupational Health and Safety Policy**, updated and ratified by the Board of Directors in December 2022, reflects our firm commitment to occupational safety, health and well-being, which we see as paramount for all our activities.

We endeavour to implement proactive measures to identify and mitigate potential risks, as well as to nurture a culture of safety, health and well-being that fosters individual and collective responsibility

We set targets for continuous improvement, and we are constantly on the lookout for opportunities to improve our health and safety practices, which are established and assessed annually as part of the ISO 45001:2018 management system. By means of feedback from our employees, periodic risk assessments and analysis of incidents, we undertake to identify areas for improvement and to implement corrective measures in a timely and effective manner. ISO 45001:2018 management system targets for health and safety compliance in the markets are as follows:

/ Obtaining 85% of positive outcomes from monitoring safety conditions at work centres.

/ Reducing incidents by 10% year-on-year.

/ Obtaining 75% rate of participation by workers in activities to promote health.

/ Increasing by 10% the training time for addressing emergencies and providing first aid.

We ensure that all employees receive the necessary training and skills to carry out their work in a safe and healthy way. This includes induction programmes for new employees, specific training for handling machinery and equipment, and periodic refresher sessions on safety and emergency procedures.

We acknowledge the importance of people's comprehensive well-being, and accordingly we undertake to promote a healthy lifestyle through health and well-being programmes that include physical exercise, nutrition education and psychological support activities.

We foster the active engagement of employees in the identification and solution of problems linked to occupational health and safety. We value their ideas and suggestions, and we nurture an inclusive working environment in which everyone feels listened to and respected.

A fundamental aspect in the quality of implementation of a management system is the availability of mechanisms for employee engagement, communication and consultation. In Spain, this can be exercised through the specific area of APPInet for health and safety information.

At the distribution centres employees have the opportunity to take part through various communication mechanisms in prevention and other continuous improvement programmes for the safety of individuals, such as the Meco Logistics Platform's *Ideas Azules*: this is a physical suggestion box in which people can leave all kinds of messages on health and safety, incidents, complaints and areas for improvement. Another example is Massimo Dutti Logística, which has the *Ideas* Platform Ideas project for submitting proposals for improvement in various spheres: sustainability, operations, health and safety. This is done through the INET-Requests- Platform Ideas, and if the proposal is implemented the person suggesting it is rewarded with a day's paid leave.

We undertake to comply with all rules and regulations in connection with occupational health and safety established by the competent authorities in each of the markets where the Group is present.

We strictly monitor legal requirements and make every effort to exceed them, establishing even higher standards of safety and well-being for our employees.

7.1.7.1. Health and safety protection

In connection with health and safety protection, since 2014 we have been implementing the **ISO 45001:2018 management system**, which is internationally recognised for its ability to control risks and improve occupational health and safety performance.

This year our Hungarian trade and design activity has been certified to this standard, which is considered to be the highest health and safety standard, which joins the 26 markets where it was already implemented. Furthermore, we have maintained and audited under ISO 45001 standards the manufacturing and logistics companies in Spain and Mexico. In the last year we have audited the Management System in a total of 242 workplaces.

A total of 74% of the company's own employees who work in Inditex Group's activities, companies and markets,do so in areas where the highest standard in the occupational health, safety and well-being management system is implemented, in keeping with the maximum requirements of the ISO 45001 standard and in a process of continuous improvement. In 2024, we plan to obtain this certification in Kazakhstan, Australia, France and Brazil.

As for the execution of refurbishment and construction works in Europe, carried out by GOA INVEST, S.A., we maintain the ISO 45001 certification.

Worker health and safety training

Continuous health and safety training remains vital both for reducing accidents and empowering our workers.

We provide training programmes tailored to a variety of tasks and positions, with objectives ranging from the initial training for in-store functions to the essential training needed to work safely. Occupational health and safety skills and qualifications form a specialised body of knowledge that ensures that our employees are properly equipped to understand and prevent risks in their working environment.

Participants in training/Market[57]

Europe (ex-Spain)	2023	2022
Albania	33	434
Germany	760	1,008
Austria	222	118
Belgium	436	614
Belarus	226	96
Bosnia-Herzegovina	49	91
Bulgaria	621	241
Croatia	210	567
Denmark	248	321
Slovakia	132	134
Slovenia	74	30
Finland	77	51
France	2,129	1,930
Greece	2,224	1,093
Hungary	414	88
Ireland	2,230	1,400
Italy	2,940	2,670
Luxembourg	16	12
North Macedonia	340	148
Montenegro	63	79
Norway	144	260
Netherlands	1,077	457
Poland	6,748	6,208
Portugal	17,246	4,592
United Kingdom	20,077	16,652
Czech Republic	310	182
Romania	2,389	4,709
Serbia	254	567
Sweden	340	278
Switzerland	1,794	2,980
Türkiye	12,743	3,388
Ukraine	173	454

Asia and rest of the world	2023	2022
Australia	608	206
South Korea	14,396	13,854
India	574	663
Japan	3,626	24
Kazakhstan	1,497	1,104
New Zealand	112	7
South Africa	226	17
Mainland China	3,152	4,756
Taiwan, China	1,190	1,738
Hong Kong SAR	1,210	162
Macao SAR	57	16

Spain	2023	2022
Spain	58,108	48,465

Americas	2023	2022
Argentina	8,924	3,974
Brazil	1,395	237
Canada	830	1,705
Chile	4	13
United States	12,571	14,041
Mexico	3,766	4,311
Uruguay	5,246	2,679

[57] One person can attend more than one training. Taking this into account and in contrast to previous years, this exercise shows participants per market instead of unique people trained. The data for 2022 have been restated in the same terms to make the year-on-year development comparable. In relation to scope, there are no participants in markets where we only have buying offices. These markets are: Bangladesh, Cambodia, Morocco, Pakistan, Singapore and Vietnam. Additionally, the number of participants from Monaco is included within France.

7.1.7.2. Promoting well-being

Inditex, healthy organisation

As part of our ongoing commitment to promoting and caring for the safety, health and well-being of our community, Inditex has strengthened its position as a Healthy Organisation. This annual recognition as a Healthy Company underscores our comprehensive management approach, addressing both physical and psychosocial aspects, allocating significant resources to our employees' well-being and fostering their active engagement in the community. Based on the World Health Organization model, this certificate is audited biannually.

In the course of 2023, Inditex companies in Spain, Italy, the United Kingdom, Ireland, Japan, Portugal, Greece, Argentina, Mexico, Uruguay, Germany, Poland, Türkiye, Chile, Mainland China, Luxembourg, Canada, Bulgaria, Croatia and Romania renewed their certification as Healthy Organisation. The Indian market was also added. The goal for 2024 is to obtain certification for the Group's companies in Poland, Brazil, Serbia and Slovenia.

Well-being committees

We maintain our focus on creating Well-being Committees and in 2023 more of these committees were set up in markets like Brazil, and are now present in a total of 19 markets. In 2024 these Committees are set to be created in Slovenia, Serbia, the United States and the Netherlands. In Spain, new committees were set up at the companies Massimo Dutti Logística, Plataforma Logística León, Bershka Logística, Lefties, Stradivarius Logística and Tempe. These transversal committees coordinate various initiatives related to diversity, equality, promoting health, inclusion, work-life balance, mental health, working hours, food, ergonomics, workspaces, sports, employee mobility and participation in social events and actions.

Promoting health

With the aim of promoting health and healthy habits among our employees, Inditex presents the InHealth portal. This platform, available in 25 markets, features news, actions and challenges adapted to the workplace, cultivating a balance between body, mind and emotions. In 2023 we implemented InHealth in South Africa, Australia and New Zealand. Next year we plan to deploy it in another five markets: Belgium, Luxembourg, Brazil, Montenegro and Slovenia.

Furthermore, as part of our commitment to employee health care, in 2023 we made the Open Salud platform available to more than 27,000 employees at the stores of all the Group's brands in Spain, allowing them to consult with specialists in Internal Medicine, Dermatology, Trauma Medicine, Psychology and Nutrition. In 2023 there were 3,334 online consultations and 1,796 workers requested some kind of subsidised health service through the Opensaludpass platform

A variety of health promotion initiatives have been carried out, including the opening of a new gym at the Pull&Bear central services in Narón, serving a total of 450 people; the celebration of Wellness Week in Tempe, involving 240 people; and a Healthy Cooking course at Zara Home distribution centre, in which 448 people took part.

Specific Workplace Well-being Programmes were also conducted in different markets over 2023:

/ **France:** The In Harmonie programme identifies those aspects that help to have a better healthy life, reaching 10,305 people.

/ **Poland:** The I'm healthy here programme promotes mental, physical and nutritional health and reached a total of 8,982 people.

- / **United Kingdom:** The Welfare and well-being programme provides comprehensive support for general medical and psychological assistance, providing social support for employees, and introducing the figure of the Wellbeing Warrior at workplaces for a total of 5,000 people.
- / **Germany:** Energizer is a programme to designate well-being ambassadors. Health initiatives and other employee benefits are channelled through the people designated in each store.
- / **Portugal:** Mental health In is a mental healthcare programme in collaboration with the Red Cross that has reached 6,185 people.

Health services

In keeping with our commitment to provide additional health services, all our logistics and manufacturing centres are equipped with medical services for regular check-ups, health screening tests and vaccination drives. Furthermore, our head offices, distribution centres and factories in Spain are equipped with breastfeeding rooms and female store workers have access to them as needed. There are also other medical services provided through additional health insurance and placing particular care on mental health.

In 2023 more than 50,000 people in the Inditex Group working at our own subsidiaries received a medical check-up.

Prevention of musculoskeletal injuries

In the prevention of musculoskeletal injuries, we continually assess the ergonomic conditions at our workplaces and provide onboarding training in this connection for all employees on the following matters:

Ergonomics in designing work spaces: Designing work areas that promote ergonomic posture to reduce the physical strain on employees. This includes the proper positioning of shelves and storage areas to minimise the need to lift heavy loads or adopt uncomfortable positions.

Training and skill-building: We provide regular training on the adequate techniques for handling loads and promote the use of aids such as forklift trucks, transport trolleys or platforms to help reduce the risk of injuries from lifting heavy objects.

Task rotation: Encouraging employees to rotate tasks can help to fairly distribute the physical load and prevent muscle fatigue caused by repetitive movements.

Rests and active breaks: Promoting the importance of taking regular rests and active breaks to stretch and relax muscles can help ease the tension accumulated during long periods of standing or repetitive work.

Safe working environment: Keeping a clean and tidy working environment can reduce the risk of trips and falls, which can also contribute to musculoskeletal injuries.

We encourage open communication: We urge people to report any discomfort or musculoskeletal pain early as this can help address problems before they develop into more serious injuries.

In 2023, more than 9,000 workers took part in initiatives such as the Back School and Preventive and Recovery Plans, at both logistics centres and stores.

At Indipunt we have implemented the Wellbeing Coach programme that recognises potential injury-causing movements, and promotes the proper execution of the various patterns of movement. In addition, at Massimo Dutti Logística, the Let's Move posture coach programme was carried out.

7.1.7.3. Health and safety indicators

In health and safety, during 2023 we compiled data on accident data at our own logistics, store, offices and manufacturing.

When analysing health and safety indicators, we consider an occupational accident to be any bodily injury to a worker during or as a consequence of the work performed as an employee, while an occupational disease is a disease whose onset is a result of the work performed as an employee in the activities and specified in the professional illnesses chart of the activity, according to local legislation. Such disease must be a result of the action of elements or substances indicated in said chart for each occupational disease.

We have implemented preventive measures focused on mitigating all risks, the most representative being those posed by journeys in and outside of work centres (21%), by equipment and machinery (22%), facilities (19%) and work centre tidying and cleaning (5%).

The most common type of accident are collisions and crashes (17%), trips or slips (16%), cuts or punctures (12%), or over-exertion in lifting loads (11%).

During 2023 and 2022, there were no fatalities resulting from occupational injuries or accidents in any of our markets.

Other accident rates[58]

Spain

	Incident rate		Frequency rate		Severity rate (1)	
	2023	2022	2023	2022	2023	2022
Own stores						
Women	15.76	17.99	12.94	14.81	0.29	0.38
Men	12.09	14.38	9.02	10.74	0.11	0.24
Logistics centres						
Women	87.50	96.27	64.32	71.28	1.50	2.43
Men	94.88	96.36	66.53	68.08	1.49	2.63
Own factories						
Women	36.95	5.03	13.43	2.61	0.14	0.09
Men	86.08	26.81	10.48	9.93	0.03	0.52
Central services						
Women	2.67	3.95	1.33	1.97	0.04	0.06
Men	1.85	2.82	0.92	1.40	0.01	0.09

Europe (2)

	Incident rate		Frequency rate		Severity rate (1)	
	2023	2022	2023	2022	2023	2022
Women	15.67	16.55	13.31	14.40	0.41	0.24
Men	11.67	13.95	8.73	10.40	0.29	0.22

Asia and rest of the world (3)

	Incident rate		Frequency rate		Severity rate (1)	
	2023	2022	2023	2022	2023	2022
Women	5.01	5.02	3.84	3.80	0.06	0.00
Men	4.34	2.84	2.98	1.83	0.06	0.00

Americas (4)

	Incident rate		Frequency rate		Severity rate (1)	
	2023	2022	2023	2022	2023	2022
Women	12.78	13.02	9.34	10.82	0.24	0.32
Men	13.74	8.69	9.15	6.69	0.18	0.30

(1) For the severity rate, absence days are not available for the following markets: Czech Republic; Hungary; Japan; Kazakhstan; Slovakia; Slovenia; South Korea; Taiwan, China; Macao SAR representing 1.5% of the total accidents in all markets (in 2022 information is only available for Spain; Bulgaria; Croatia; Greece; Italy; Portugal; Romania; Argentina; Chile; Mexico and Uruguay). This information is expected to be available in the 2024 report.

(2) Albania; Austria; Belgium; Belarus; Bosnia and Herzegovina; Bulgaria; Croatia; Czech Republic; Denmark; Finland; France; Germany; Greece; Hungary; Ireland; Italy; Luxembourg; Montenegro; Netherlands; Norway; Poland; Portugal; Republic of Northern Macedonia; Romania; Serbia; Slovakia; Slovenia; Sweden; Switzerland; Türkiye; United Kingdom.

(3) Australia; New Zealand; India; South Korea; Japan; Mainland China; Taiwan, China; Macao SAR; Hong Kong SAR; Kazakhstan and South Africa.

(4) Argentina, Brazil; Canada; Chile; United States; Mexico and Uruguay.

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[58] Accident data are shown as ratios only, as they are a reliable representation of the Company's health and safety performance. The calculation formulae used are as follows:

- Incidence rate with sick leave = (No. of accidents with sick leave *1,000) / Average number of employees.
- Frequency rate = (No. of accidents with sick leave *1,000,000) / Hours worked
- Severity rate = (Days of sick leave *1,000,000) / Hours worked

Accidents with more than 180 days absence (1)

Spain

	Logistic centres		Own stores		Own factories		Central services	
	2023	2022	2023	2022	2023	2022	2023	2022
Women	8	2	10	6	0	0	1	0
Men	10	7	0	0	0	0	0	1

Rest (Europe, Americas, Asia and rest of the world) (2, 3, 4)

	Europe		Asia and rest of the world		Americas	
Women	19	42	1	1	6	6
Men	1	12	0	0	2	3

Occupational diseases

Spain

	Logistic centres		Own stores		Own factories		Central services	
	2023	2022	2023	2022	2023	2022	2023	2022
Women	4	13	0	0	0	0	0	0
Men	6	11	0	0	0	0	0	0

Rest (Europe, America and Asia and rest of the world) (2, 3, 4)

	Europe		Asia and rest of the world		Americas	
Women	11	21	0	2	4	3
Men	0	3	0	0	2	1

(1) For accidents with more than 180 days of absence, absence days are not available for the following markets: Czech Republic; Hungary; Japan; Kazakhstan; Slovakia; Slovenia; South Korea; Taiwan, China; Macao SAR representing 1.5% of the total accidents in all markets (in 2022 information is only available for Spain; Bulgaria; Croatia; Greece; Italy; Portugal; Romania; Argentina; Chile; Mexico and Uruguay). This information is expected to be available in the 2024 report.

(2) Albania; Austria; Belgium; Belarus; Bosnia and Herzegovina; Bulgaria; Croatia; Czech Republic; Denmark; Finland; France; Germany; Greece; Hungary; Ireland; Italy; Luxembourg; Montenegro; Netherlands; Norway; Poland; Portugal; Republic of Northern Macedonia; Romania; Serbia; Slovakia; Slovenia; Sweden; Switzerland; Türkiye; United Kingdom.

(3) Australia; New Zealand; India; South Korea; Japan; Mainland China; Taiwan, China; Macao SAR; Hong Kong SAR; Kazakhstan and South Africa.

(4) Argentina, Brazil; Canada; Chile; United States; Mexico and Uruguay.

In 2023, the total number of hours of absenteeism due to common illness, corresponding to 97.4%[59] of the Group's employees (including all logistics and store employees in the world and office employees in Spain), amounted to 12,810,222 hours (13,223,549 hours in 2022[60]).

The total number of hours worked in 2023, corresponding to 92.4% of Group's employees (including all logistics and store employees in the world), amounted to 182,712,729 hours (92.8% of employees and 177,342,180 hours in 2022).

Non-employee worker accidents

At Inditex we also look after the health and safety of people who, though not our own employees, carry out their activity in the Group's work centres under its supervision. In 2023 there were 22 accidents involving non-employee workers in Spain (in 2022 there were 7). As for the other markets[61] reporting non-employee workers, accidents occurred in 8: Italy (10), Brazil (3), Chile (3), United Kingdom (3), Uruguay (3), France (2), Austria (1) and Switzerland (1), giving a total of 26 accidents (0 accidents in the 3 markets reported in 2022).

Emergency management

So as to actively manage at all times the **risks that may arise in any workplace**, and in keeping with our philosophy of following the precautionary principle, we have designed, prepared and implemented **Emergency and Evacuation Plans and Self-Protection Plans** that establish the organisational and functional criteria in the different facilities. The objective is to prevent, control and provide an adequate response, from the outset, to potential emergency situations that may cause harm to people and/or their property.

[59] Information on the remaining 2.6% is not available.
[60] The absenteeism data reported in 2022 has been restated taking into account the improvement in the quality of the information reported.
[61] The following markets have no non-employee workers: Albania, Australia, Mainland China, Macao SAR, Slovenia, Greece, New Zealand, Portugal and South Africa.

Through these Plans, we comply with the regulatory requirements applicable to occupational risk prevention and occupational health and safety, as well as with the internal requirements established by the Group for the workplaces.

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

In the last two years, the following actions were taken:

	2023			2022[62]		
	Self- Protection Plan	Emergency and Evacuation Plan	Emergency and Evacuation Plan	Self- Protection Plan	Emergency and Evacuation Plan	Emergency and Evacuation Plan
Brand		**New**	**Updated**		**New**	**Updated**
Bershka	11	19	1	1	6	0
Massimo Dutti	3	6	5	3	9	5
Oysho	0	12	14	0	9	18
Pull&Bear	1	19	25	8	20	6
Stradivarius	5	38	22	5	22	11
Zara	22	45	4	25	79	57
Zara Home	5	19	0	2	13	6
Total	**47**	**158**	**71**	**44**	**158**	**103**

Emergency, Self-Protection and Evacuation Plans

Market	2023	2022
Spain	286	238
Albania	0	2
Germany	40	108
Argentina	12	12
Australia and New Zealand	2	18
Austria	0	1
Belarus	0	0
Belgium	10	3
Bosnia Herzegovina	0	0
Brazil	1	50
Bulgaria	4	5
Canada	0	0
Chile	13	14
Mainland China	2	5
South Korea	0	0
Croatia	10	40
Denmark	0	0
Slovakia	0	0
Slovenia	5	0
United States	103	2
Finland	0	0
France	11	12
Greece	7	0
Hungary	13	17
India	5	4
Ireland	3	0
Italy	218	271
Japan	7	6
Kazakhstan	2	0
Luxembourg	0	0
North Macedonia	0	0
Mexico	265	395
Montenegro	1	0
Norway	0	0
The Netherlands	2	3
Poland	213	44
Portugal	10	6
United Kingdom	6	0
Czech Republic	0	0
Romania	11	3
Serbia	4	21
South Africa	0	1
Sweden	0	0
Switzerland	4	20
Türkiye	1	84
Ukraine	0	0
Uruguay	4	4

[62] The data on the number of Zara's Self-Protection Plans and Emergency and Evacuation Plans reported in 2022 have been restated to take into account the improvement in the quality of the information reported.

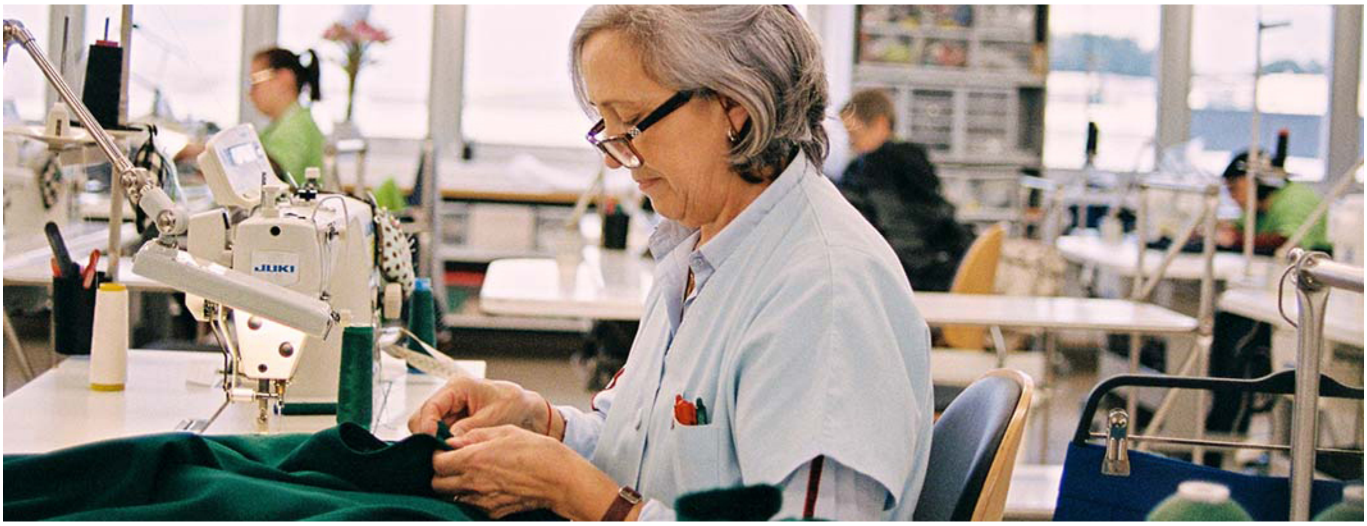
Other emergency management activities are summarised in the tables below:

2023

Work centre	Description
Talent Center Madrid	Emergency and evacuation plan
Bershka Logística	25th Anniversary emergency plan
Zara Home Logística	Evacuation drill
Stradivarius Logística	Theoretical and practical training emergency teams
Pull&Bear España S.A.	Self-protection plan
Servicios Centrales Arteixo	Protocol for action in the event of an emergency
Massimo Dutti Logística	Self-protection plan
Tempe	Self-protection plan

2022

Work centre	Description
Indipunt	Emergency and evacuation plan
Tempe	Evacuation drill Elche
Tempe	Evacuation drill Culleredo
Inditex	Emergency and evacuation plan
Pull&Bear España, S.A.	Emergency and evacuation plan
Tempe	Fire safety training
Plataforma Meco	Platform evacuation drill
Zara Home Logística	Platform evacuation drill



7.2. Workers in the supply chain

Material topic: Fair working conditions; Diversity, equality and inclusion; Responsible supplier management and traceability; Health, safety and well-being

7.2.1. Workers at the Centre

GRI 2-23; 2-28; 3-3; 407-1; 413-1; AF2; AF5

ⓘ More information in the *Workers at the Centre* report, available on Inditex's corporate website.

Comprehensive and effective due diligence concerning human rights in a global supply chain entails robust policies, tools and practices designed to identify, prioritise and mitigate the impacts on people. Inditex has developed a socially sustainable management of its supply chain to ensure a rigorous compliance programme that includes audits, corrective action plans and training, among other measures, accompanied by a strategy that puts 'Workers at the Centre'. This strategy is based on respect for and promotion of human rights, as well as the creation of social value.

ⓘ More information in section *8.3. Supplier relations* of this Report.

The Workers at the Centre strategy launches its new 2023-2025 cycle. The lessons learned in recent years and the knowledge of the supply chain have allowed us to incorporate best practices in this new stage with the aim of moving towards transformation both in the lives of the people who form part of the supply chain and their communities, and in the industry as a whole.

To achieve this, we collaborate with stakeholders to address the shared challenges and we stand close to workers to understand their needs and provide them with the necessary tools for their empowerment, participation and well-being.

As part of the evolution of this strategy from its previous 2019-2022 phase, we have strengthened the due diligence process. This is a continuous process to identify and prioritise potential impacts on human rights, the most notable of which are organised into Priority Impact Areas.

To achieve this we have harnessed a number of internal and external information sources, such as surveys, interviews with key partners such as IndustriALL or the International Labour Organization (ILO), information concerning the social audits of suppliers, analyses of legislation, reports on trends or risks in connection with human rights, etc. Above all, we have relied on our own work and relationships in each of the geographic areas where our suppliers operate. This process, carried out in accordance with the UN Guiding Principles on Business and Human Rights, involved all sustainability areas, teams present locally in our main production markets, which we call clusters, and other Company areas. The organisation Shift, a leading centre of expertise on human rights and business, has also been involved.

As a logical evolution in the year, a development of the Priority Impact Areas has been carried out by incorporating all the potential impacts identified and subsequently prioritised. For this new strategy, impacts related to the environment and climate change have been added more directly, ensuring respect for human rights from a holistic perspective, and incorporating aspects such as just transition and the future of work.

This version of the Workers at the Centre strategy identified notable impacts on human rights structured around **five Priority Impact Areas:** Social dialogue, Living wages, Respect, Health and Resilience.

The new phase of the strategy also aims to reinforce the focus on vulnerable groups, such as women, migrants, people with disabilities or workers involved in the production of raw materials, etc., ensuring transversality across all Priority Impact Areas.

This strategy is implemented through a network of partnerships, initiatives and interventions aimed at promoting systemic changes in the industry and communities.

To develop the strategy, on-the-ground collaboration and monitoring is very important. To support this monitoring, in 2023 alone, we conducted 821 monitoring visits (540 visits in 2022)[63].

Transformation and impact: how do we approach this?

/ **We continue to ascertain, evaluate and improve** working conditions in our supply chain while at the same time involving workers in the improvement process.

/ **We continue to foster close and strategic links with relevant stakeholders,** who will continue to present us with challenges and to support us in achieving shared goals.

/ **We involve our partners and suppliers,** also fostering solutions based on their own initiative.

/ **We work with the rest of the industry,** seeing sustainability as an issue common to all and as a priority for shared supply chains.

/ **We innovate** in the quest for new ways to listen to the supply chains and take part in active corrective measures led by stakeholders.

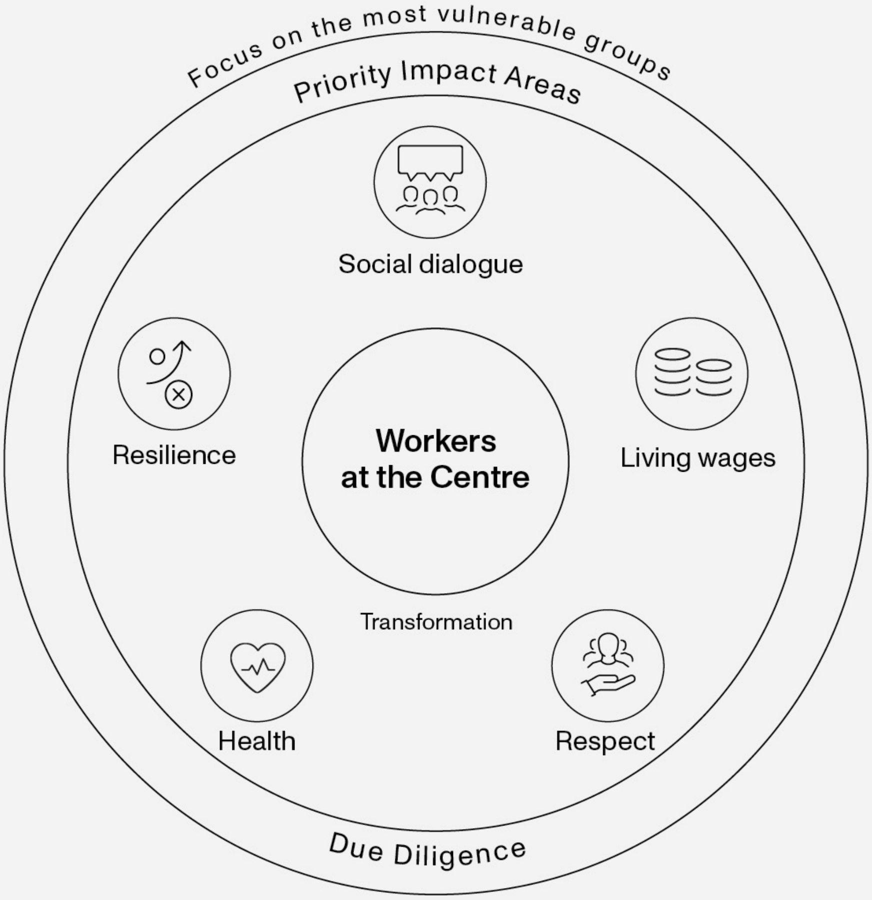
/ **We focus on transformation,** which includes creating prosperous and resilient communities around our supply chains.

/ **We address needs** by paying attention to what is happening around us, while also engaging our team of experts from all over the world.

[63] 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.

Workers at the Centre

The Workers at the Centre 2023-2025 strategy is based on **respect for the human rights** of the workers in the supply chain. **Our goal is to reach three million people by 2025.**



Workers at the Centre 2023

1,461,255
People
reached by the strategy

1,719
Suppliers and factories
involved in the strategy

46
Initiatives and solutions
developed in factories and/or communities

100%
Suppliers
covered by the strategy

31
Organisations
we collaborate with

Priority Impact Areas

Social dialogue
Facilitating mature industrial relations as a vehicle for a more participative society.

Living wages

Setting the conditions for the achievement of Living Wages in the Inditex supply chain

Respect
Promoting safe and respectful environments, free from discrimination, abuse or harassment.

Health
Protecting the health and safety of workers in the supply chain, and improving their well-being.

Resilience
Contributing to create preventive, adaptive and transformative capacities for development.

Elements of the strategy

/ Due Diligence
A continuous process, based on the UN Guiding Principles on Business and Human Rights, allowing us to identify five Priority Impact Areas. These areas are synergetic and interconnected.

/ Transformation
Transformation is a slow process and requires the commitment and collaboration of various parties. Our Workers at the Centre strategy connects us to the present and the challenges it poses, without losing sight of our ultimate goal, which is to transform the industry and communities.

/ Equity as our focus
We make more visible and integrate the needs of the most vulnerable groups, including women, migrants and refugees.

/ Solutions

Priority Impact Areas develop, support and combine different types of solutions and interventions to pursue their objectives: partnerships, collaborations with different stakeholders, direct interventions with suppliers or community outreach, among others.

All the approaches complement each other and, at different paces and scales, contribute to and are part of implementing the strategy.

Key characteristics of the Workers at the Centre strategy

From compliance to commitment

In the journey towards socially sustainable supply chain management, embedded in our human rights strategy, we have gradually incorporated new elements to strengthen the protection of rights, evolving from a compliance-based model to the current strategy, which folds in the vision of transformation and impact.

Culture of collaboration

The challenges posed by a global supply chain are shared, so collaboration is required to have a leveraging and lasting impact. In particular, our sustainability goals for the supply chain are shared by suppliers, manufacturers, companies and brands, and other stakeholders such as NGOs, trade unions and local and international organisations.

Furthermore, at Inditex we take an open and collaborative approach with a range of bodies and we actively participate in the industry's global initiatives as the driving force for transformation, always with the aim of that the sector adopts widespread sustainable practices.

One of our most significant relationships is with the international trade union federation IndustriALL, with which Inditex signed a Global Framework Agreement in 2007. This Agreement is one of our most valuable tools for promoting worker participation, the respect for freedom of association and collective bargaining.

We also work with international organisations such as the United Nations Global Compact, the Ethical Trading Initiative and the International Labour Organization (ILO), through public-private partnerships, and the Better Work Initiative.

We highlight the importance of our collaboration with other brands through various initiatives, such as ACT (Action, Collaboration, Transformation), which works to achieve living wages in the supply chain through responsible purchasing practices and collective bargaining.

Focus on vulnerable groups

Although we design and implement global strategies for each of the Priority Impact Areas, we focus especially on the most vulnerable people. We want to make sure to listen to the people who are least represented and potentially most affected.

Women, migrants and refugees or people with disabilities are some of the key beneficiaries of this strategy, and we remain especially supportive of their needs.

Systemic perspective

Our due diligence process takes into account environmental and climate change impacts on people. Health and human and planet prosperity are interdependent and go hand in hand. All human beings depend on the environment in which we live, so having a safe, clean, healthy and sustainable environment is crucial for enjoying a wide range of human rights, including the rights to life, health, food, water and sanitation.

Combination of global and local approach and implementation

We have teams in the main production markets, in direct contact with suppliers, workers, trade unions, NGOs, local and national authorities, international organisations and academic institutions, among others. This way of working at the local level is what we call **'clusters'**. In 2023, Inditex had ten clusters in Spain, Portugal, Morocco, Türkiye, India, Bangladesh, Pakistan, Vietnam, China and Cambodia.

We pay special attention to the context in each of the regions where our suppliers operate.

Integration in the business model

At Inditex, we see sustainability as a **way of acting**, and as such it permeates the entire business model and each of the areas that develop it.

In particular, the involvement of the buying teams is essential. Among others, we have developed management systems that allow all our buying teams to know the performance of each supplier, encouraging **responsible purchasing practices** that allow them to make sustainability-focused business decisions.

Supporting our suppliers

Raising awareness and training of our suppliers enables us to address supply chain challenges as a shared responsibility. Our buying and sustainability teams have a very close relationship with suppliers. A prime example is the continuous and specialised training on issues such as gender equality, freedom of association, living wages or health and safety. In 2023, we provided training programmes to 911 suppliers.

7.2.2. Social dialogue

GRI 3-3; 407-1; AF5

Social dialogue

Goal

Facilitating mature industrial relations as a vehicle for a more participative society

Main lines of work

/ Worker participation

/ Ecosystems for dialogue

Related SDGs

Related human rights

/ Rights to freedom of opinion and expression

/ Right to freedom of assembly

/ Right to freedom of association and collective bargaining

/ Right to form or join trade unions and the right to strike

/ Right to work

Alliances and partnerships

/ ACT (Action, Collaboration, Transformation)

/ Better Work

/ Ethical Trading Initiative

/ *Foro Social de la Industria de la Moda de España*

/ IndustriALL Global Union

/ International Apparel Federation (IAF)

2023 Key indicators

/ 411,676 people reached

/ 218 suppliers and factories involved

/ Bangladesh, Cambodia, China, Egypt, Indonesia, Morocco, Pakistan, Türkiye, Tunisia, Vietnam

Worker participation, along with maintaining and developing the ecosystems for dialogue, are the two core premises for achieving mature industrial relations and, as a result, for promoting more engaged and equal societies. Our commitment and contribution to protecting the fundamental rights to freedom of association and bargaining aims to generate a positive impact on Inditex's supply chain.

a) Worker participation

Our Global Framework Agreement with IndustriALL Global Union is one of the most effective tools for safeguarding the respect of the rights to freedom of association and collective bargaining in our supply chain. Since 2007 we have been implementing this vision through the successive renewals of the Global Framework Agreement. The latest renewal, in 2019, involved the creation of the Global Union Committee, a representative body of IndustriALL set up to promote worker representative engagement and coordination between Inditex and IndustriALL Global Union and its local affiliates.

We have also been able to work on Dispute Resolution Mechanisms through the internal communication channel enabled under the Global Framework Agreement, as well as other mechanisms set up under different initiatives, such as the Interim Dispute Resolution Mechanism in Bangladesh (concerning freedom of association rights and the payment of wages and benefits for ACT workers) or the Dispute Resolution Mechanism of the International ACCORD.

Main initiatives in 2023

/ Implementation of the Global Framework Agreement with IndustriALL Global Union (global).
/ Training on the Global Framework Agreement (Morocco, Tunisia, Türkiye).
/ Training for local affiliates of IndustriALL concerning the mechanisms of the Global Framework Agreement (Cambodia, Morocco, Türkiye.

b) Ecosystems for dialogue

Empowering the representatives of workers and employers through social dialogue platforms at local or industry level is one of the best ways to generate impact at different stages of the supply chain.

We are actively working on representation mechanisms and raising awareness regarding industrial relations through initiatives such as ACT (Action, Collaboration, Transformation), Better Work, the Ethical Trading Initiative or the Foro Social de la Industria de la Moda de España. We are also working in other areas linked to occupational health and safety or equality through initiatives such as International ACCORD. Here, the contribution of Inditex along with other international brands and companies, IndustriALL Global Union and other key stakeholders has served to create opportunities for collaboration in various areas of common interest.

We also embarked on a new journey in terms of workers satisfaction through the analysis of our supply chain in Morocco. We now aim to transfer this experience to other markets to continue our in-depth analysis of workers' needs, which we see as paramount for their empowerment and satisfaction.

Main initiatives in 2023

/ Better Work programme (Bangladesh, Cambodia, Egypt, Indonesia, Pakistan, Vietnam).
/ Collaboration through the ACT initiative (Bangladesh, Cambodia, Türkiye).
/ Social dialogue programme by the Ethical Trading Initiative (ETI) (Bangladesh).
/ Training in industrial relations (China).

Framework agreement signed with the International Apparel Federation (IAF)

On 2 October 2023, Inditex and the International Apparel Federation (IAF)—an organisation that represents 100,000 manufacturers from more than 40 countries through its member associations—signed a framework agreement aimed at driving a meaningful transformation in the global garment industry. This agreement aims to develop a more people- and planet-friendly industry by improving circularity, traceability and worker well-being, paving the way for developing projects connected with these areas.

IAF and Inditex have identified key areas of focus within the agreement, including boosting industrial development in producer countries and transitioning to an industry that makes waste into new raw materials while aiming for net zero emissions, encouraging the adoption of renewable processes and energies with a lower impact on ecosystems. Furthermore, the agreement lays particular emphasis on improving working conditions and envisages collaborative actions on issues such as occupational health and safety, social protection, diversity and inclusion.

It also includes cross-cutting aspects such as the creation of a common framework to measure and verify the impacts of the textile industry and encourage resilience and the adoption of transparency-enhancing practices, such as digital labelling. In addition, it explores the interoperability of information systems and promotes the digitalisation and increased efficiency of global supply chains, among other issues.

7.2.3. Living wages

GRI 3-3; 407-1; AF5

Living wages

Goal
Setting the necessary conditions for the achievement of Living Wages in the Inditex supply chain

Main lines of work
/ Necessary conditions for collective bargaining

/ Responsible purchasing practices

/ Management systems and favourable practices

Related SDGs

Related human rights

/ Rights of protection of the family and the right to marry

/ Right to a family life

/ Right to enjoy just and favourable conditions of work

/ Right to an adequate standard of living

/ Right to health

/ Right to education

Alliances and partnerships

/ ACT (Action, Collaboration, Transformation)

/ Habitat Association (*Habitat Derneği)*

/ Better than Cash Alliance

/ BSR (Business for Social Responsibility)

/ East China University of Political Science and Law (ECUPL)

/ Faculty of Science and Technology, Tangier

/ IndustriALL Global Union

/ International Labour Organization (ILO)

/ RISE: Reimagining Industry to Support Equality

2023 Key indicators
/ 31,318 people reached

/ 47 suppliers and factories involved

/ Bangladesh, Cambodia, China, Egypt, Morocco, Türkiye, Vietnam

We believe that workers can only be guaranteed a living wage by means of effective, industry-wide collaboration between workers' representatives and employers with a view to fostering social dialogue and ongoing respect for freedom of association and collective bargaining rights, backed by continuous improvements in responsible purchasing practices.

Consequently, both our Framework Agreement with IndustriALL Global Union and our work with the ACT (Action, Collaboration, Transformation) initiative are essential pillars for progress. We also work in areas such as wage digitalisation, boosting productivity and financial education to foster optimised management systems and employee-friendly practices in wage payment.

a) Necessary conditions for collective bargaining

At Inditex, we believe that strengthening collective bargaining agreements at industry level, underpinned by improvements in responsible purchasing practices, are the right way to progress in achieving living wages. Accordingly, our approach is closely linked to our social dialogue strategy, and in particular to our relationship with one of our main stakeholders, IndustriALL Global Union.

Moreover, another primary tool is our active involvement in the ACT initiative, in which the 19 international member brands and IndustriALL Global Union work together to promote platforms for dialogue in the countries where the initiative is in place, to create a working environment between workers' representatives, employers and international brands with an onus on best purchasing practices and promoting conditions for collective bargaining between employers and workers' representatives.

Main initiatives in 2023

/ Collaboration through the ACT initiative (Bangladesh, Cambodia, Türkiye).
/ Implementation of the Global Framework Agreement (global).

b) Responsible purchasing practices

Responsible purchasing practices can help create an environment that is conducive to improving working conditions, wages and benefits for workers in the supply chain. Mindful of this, as ACT members since 2018 we have signed up to five commitments in relation to purchasing practices.

In 2023, we have again carried out ACT's purchasing practices surveys with our buying teams and suppliers. Since then, we have held meetings with buyers to map out improvements and key next steps. Suppliers are another important part of this process, and their feedback is also shared with the teams.

To implement these commitments and help our buying teams make responsible purchasing decisions, we train them to adopt best practices, developing and providing them with management systems that measure the sustainability performance of each supplier and factory.

We have also completed the first and second editions of the Foundations of Textile Manufacturing programme at the Inditex's Sustainable Fashion School, devised in collaboration with the University of Leeds, training 1,200 employees.

Main initiatives in 2023

/ Responsible purchasing practices with ACT
/ Training buyers at the Inditex Sustainable Fashion School

c) Management systems and favourable practices

To make headway on our path to achieving living wages, we must take a holistic approach and work on several fronts, including creating an ecosystem that fosters favourable conditions and lays a solid foundation for the payment of living wages to workers in Inditex's supply chain. With this in mind, we combine a compliance approach underpinned by audits and corrective plans, with programmes and interventions based on training and impact.

Enhanced skills, improved productivity, effective wage management systems, and financial literacy of the workers are some of these important favourable conditions that play a crucial role in improving workers' wages and benefits. In fact, there is a direct link between these matters and the payment of living wages.

Main initiatives in 2023

/ Lean Project (Bangladesh, China, Morocco).
/ RISE Financial Health project (Cambodia, China, Egypt, Vietnam).
/ SCORE Programme (China).
/ Wage digitalization capacity building (Vietnam).
/ Wage management project (China).
/ Look Through Another Window project (Türkiye).

7.2.4. Respect

GRI 3-3; 408-1; 409-1; AF5; AF24; AF27; AF32

Respect

Goal

Promoting safe and respectful environments, free from discrimination, abuse or harassment

Main lines of work

/ Respectful work environments free from any kind of violence and harassment

/ Fair recruitment and employment culture

Related SDGs

Related human rights

/ Right not to be subjected to slavery, servitude or forced labour

/ Right to freedom of movement

/ Rights to freedom of thought, conscience and religion

/ Rights of protection for the child

/ Right to a family life

/ Right to education

/ Right to equality before the law, equal protection of the law, and rights of non-discrimination

/ Right to non-discrimination in economic, social and cultural rights

/ The equal right of men and women to the enjoyment of all economic, social and cultural rights

/ Right to enjoy just and favourable conditions of work

Alliances and partnerships

/ *Anne Çocuk Eğitim Vakfi* (AÇEV)

/ *Associação Plano i*

/ RISE: Reimagining Industry to Support Equality

/ *Casal dels Infants*

/ Association for Solidarity with Asylum Seekers and Migrants (ASAM)

/ Ethical Trading Initiative (ETI)

/ International Labour Organization (ILO)

/ Network of Organizations Working for People with Disabilities Pakistan (NOWPDP)

/ Pratham

/ Refugee Support Center (MUDEM)

/ Social Awareness and Voluntary Education (SAVE)

/ Support to Life (STL)

/ United Work

2023 Key indicators

/ 64,929 people reached

/ 133 suppliers and factories involved

/ Bangladesh, China, India, Morocco, Pakistan, Portugal, Türkiye

Everyone must be treated with respect, fairness and dignity. At Inditex, through this Priority Impact Area, we defend the need to promote respectful and equal workplaces, and we apply an integrated framework based on zero tolerance policies and practices against abuse and inequalities, identifying the hazards and risks, addressing their underlying causes and developing the necessary solutions, with a focus on equality and a culture of collaboration. Ultimately, our goal is to guarantee workers a safe workplace, free from any kind of harassment, abuse and violence, and a climate of respect in the factories linked to Inditex.

At Inditex we believe that gender equality is not only a fundamental human right, but also an essential value for the sustainability of the supply chain and for development.

That is why, for some years, we have been working in the field of gender, diversity and inclusion, and this Priority Impact Area is one of the main catalysts for nurturing respect for the related ILO international standards.

Likewise, Inditex does not tolerate any form of modern slavery or human trafficking in its organisation or its supply chain, and engages actively in the promotion of and respect for human rights.

a) Respectful work environments free of all forms of violence and harassment

We carry out activities and solutions on an evidence-based approach, aimed at understanding the specific needs of target groups in both the workplace and the community to develop viable solutions to halt violence and harassment and thus foster a culture of respect as a preventive measure while reinforcing mitigation and remediation measures when required.

Main initiatives in 2023

/ EDUCARE project (Morocco)
/ ETI Gender Sensitive Workplace project (Bangladesh)
/ Cohesion support groups project (Türkiye)
/ LGBTI+ Awareness project (Portugal)
/ Migrant Parents project (China)
/ *Parwaaz* project - Disability management in the workplace (Pakistan)
/ Training for refugee workers (Türkiye)
/ RISE Respect project (Bangladesh, India)
/ Together Strong project (Türkiye)
/ Towards an Inclusive Workplace project (Türkiye)
/ Workplace Adaptation project (Türkiye)

b) Fair recruitment and employment culture

Having fair recruitment and employment practices is key to achieving decent working conditions. At Inditex we have a zero tolerance policy towards child labour and any kind of forced labour. These topics are discussed in our Code of Conduct for Manufacturers and Suppliers, which specifies that the employment of children and any form of forced or involuntary labour by our manufacturers and suppliers is strictly prohibited.

In order to improve and further develop these areas, we have a supply chain management system that includes aspects such as audits, corrective plans or awareness activities, among others, allowing us to identify and remedy potential breaches. Even so, our various initiatives under the Workers at the Centre strategy play a crucial role not only in preventing these situations in the first place, but also in taking the necessary action if any non-compliances are detected.

Main initiatives in 2023

/ *Sowbhagyam* project (India).
/ *Sankalp* project (India).
/ Remediation programme for migrant workers (Türkiye).

7.2.5. Health

GRI 3-3; 403-6; 403-7; 403-8; AF5

Health

Goal

Protecting the health and safety of workers in the supply chain, and improving their well-being

Main lines of work

/ Physical health

/ Workplace safety

/ Well-being

Related SDGs

Related human rights

/ Right to life

/ Right to health

/ Rights of protection of the family and the right to marry

/ Right to enjoy just and favourable conditions of work

/ Right to a family life

/ Right to a clean, healthy and sustainable environment

/ Right not to be subjected to torture, cruel, inhuman and/or degrading treatment or punishment

/ Right to an adequate standard of living

Alliances and partnerships

/ International Accord for Health and Safety in the Textile and Garment Industry

/ *Medicus Mundi Sur*

/ RISE: *Reimagining Industry to Support Equality*

/ RMG Sustainability Council (RSC)

/ St. Johns Medical College

/ University of Oxford

2023 Key indicators

/ 1,125,665 people reached

/ 1,337 suppliers and factories involved

/ Bangladesh, China, India, Morocco, Portugal, Sri Lanka, Vietnam

In 2022, the ILO declared that a safe and healthy working environment is a fundamental right and principle at work. For decades, Inditex has been committed to promoting these basic rights in our supply chain. In this connection, we have a framework of procedures in place to ensure compliance with the requirements through assessments and corrective activities, and we take a comprehensive and holistic approach by identifying best practices to address specific challenges and workers' needs. Working with expert organisations to identify areas for improvement allows us to better implement the solutions devised, through both immediate actions and long-term goals.

In 2023, by means of this Priority Impact Area, Inditex has developed several initiatives of its own or in collaboration with expert organizations recognized for their professionality in the field, to further strengthen our commitment to guaranteeing safe and healthy working environments for workers part of Inditex's supply chain. Our commitment to equality is always woven into the solutions we develop to ensure that the needs of all vulnerable groups.

a) Physical health

As part of this strategic line, we have continued our commitments and initiatives aimed at reinforcing the evaluation, support and improvement of compliance with our Code of Conduct for Manufacturers and Suppliers.

We have developed a global plan to strengthen occupational health and safety in our supply chain, launched in 2022, aiming to proactively engage with our key suppliers and manufacturers to improve, where necessary, their level of health and safety compliance.

Through this commitment, an individual improvement plan is developed for each supplier and factory based in different markets. A team with specific training in this area then continuously monitors the corrective action plans and regularly contacts with each supplier or manufacturer, providing advice, monitoring progress and verifying improvements to ensure greater compliance with our Code and related applicable legislation using an empirical approach.

Main initiatives in 2023

/ Project in collaboration with Medicus Mundi (Morocco).

/ OHS Corrective Action Plan (global).

b) Workplace safety

Workplace safety is a fundamental part of any working environment. Creating a safe environment to protect workers from accidents or occupational illnesses is paramount for Inditex. In this regard, we continuously implement due diligence processes in our supply chain to identify safety risks and hazards and to offer tailored solutions to prevent, remedy and improve the situation.

In this strategic line we focus on the commitment to have safe and suitable facilities and workplaces and to raise awareness as necessary to inform workers and management regarding effective workplace safety management.

For instance, as a signatory of the International Accord for Health and Safety in the Textile and Garment Industry, Inditex is committed to health and safety at textile factories. Through ongoing interaction we verify and oversee the effective implementation of corrective actions at our suppliers and manufacturers.

Main initiatives in 2023

/ Accord-CAP Remediation project (Bangladesh).

/ WISH: Workplace Improvement for Safety and Health project (China).

/ *Suraksha*: fire & electrical system assessment + thermography project (India).

/ Boiler Safety project (Morocco).

c) Well-being

The World Health Organization (WHO) defines well-being as a positive state experienced by individuals and societies. Similar to health, it is a resource for daily life and is determined by social, economic and environmental conditions. Well-being encompasses quality of life and the ability of people and societies to contribute to the world with a sense of meaning and purpose. Focusing on well-being supports the tracking of the equitable distribution of resources, overall thriving and sustainability.

At Inditex we firmly believe that these issues must be addressed in the supply chain by placing particular care on mental health and reducing the psychosocial risks workers are exposed to, creating and maintaining a workplace culture of well-being and promoting the dissemination of knowledge; means whereby ecosystems benefit workers, their families and the community.

Main initiatives in 2023

/ SAKHI Menstrual Rights project (India, Sri Lanka).

/ Project on mental health promotion (Portugal).

/ RISE Health project (Vietnam).

Renewal of the International Accord

In November 2023, brands—including Inditex—and trade unions renewed their commitments for another three years, and agreed an automatic renewal for a further three years after that, making it the longest Accord pledge to date. This enduring commitment reflects the conviction of the signatory brands and trade unions regarding the Accord's impact on workplace health and safety through independent factory inspections, remediation, safety training and an effective worker grievance mechanism.

7.2.6. Resilience

GRI 3-3; AF5

Resilience

Goal
Contributing to create preventive, adaptive and transformative capacities for development

Main lines of work

/ Social protection

/ Just transition and the future of work

/ Prosperous livelihoods

Related SDGs

Related human rights

/ Right to freedom of assembly

/ Rights of protection for the child

/ Right to equality before the law, equal protection of the law, and rights of non-discrimination

/ Right to social security, including social insurance

/ Right to a family life

/ Right to education

/ Right to a clean, healthy and sustainable environment

/ Right to health

Alliances and partnerships

/ ASA (Action for Social Advancement)

/ East China University of Political Science and Law (ECUPL)

/ International Labour Organization (ILO)

/ *İyi Pamuk Uygulamaları Derneği* – IPUD

/ RISE: *Reimagining Industry to Support Equality*

/ *Swasti*

2023 Key indicators

/ 20,492 people reached

/ 85 suppliers and factories involved

/ China, India, Pakistan, Türkiye, Uzbekistan, Vietnam

The global economic, social, climate and political context is dynamic, and the associated changes affect the resilience of the supply chain, including that of workers and communities that depend on it directly or indirectly. In this Priority Impact Area we analyse megatrends and work alongside suitable partners to create more resilient suppliers and communities. These commitments must be developed while also anticipating effects such as those arising from climate change or the impact of technology on the future of work, and without overlooking support for proper social security systems to ensure that no one is left behind. This would also involve exploring ways of securing prosperous livelihoods, including the production of raw materials.

a) Social protection

We are engaged in ensuring access to adequate and sufficient social security coverage in the supply chain, regularly evaluating the compliance levels of factories and suppliers and, where necessary, implementing and monitoring corrective action plans.

We also took part in the Covid-19: Action in the Global Garment Industry initiative, which emerged in 2020 as a joint response to the effects of covid-19, and which calls 'to work together to establish sustainable systems of social protection for a more just and resilient garment industry'.

Main initiatives in 2023

/ Happiness for All (India).
/ Covid-19: Action in the Global Garment Industry (global).
/ Training on social security-related benefits (China).

b) Just transition and the future of work

We want to ensure that a human rights-based approach is systematically incorporated into Inditex's climate commitments. Human rights experience and practice are combined with environmental plans and actions, thereby ensuring that the social impact is taken into account. We also endeavour to understand how jobs and skills are set to evolve.

Main initiatives in 2023

/ Rise Foundations project (China, Vietnam).

c) Prosperous livelihoods

In this line of action, we focus primarily on the livelihoods of people involved in the production of raw materials, including those in the agricultural sector.

While raw materials, both natural and man-made, are pivotal components in the creation of end products, their supply chain is highly complex and involves challenges linked to labour conditions, as well as development, prosperity and resilience. These challenges must be addressed both locally and globally, so a holistic approach is called for. This approach must encompass traceability, due diligence and a commitment to respect for and promotion of human and labour rights.

Main initiatives in 2023

/ Public-private partnership with the International Labour Organization (India, Pakistan, Uzbekistan).
/ Collaboration projects for promoting regenerative agricultural practices (India).
/ Child & Women Friendly Mobile Areas project (Türkiye).

7.3. Communities

Material topic: Value creation in the community

ⓘ More information in the *Community Investment Policy,* available on Inditex's corporate website.

7.3.1. Our community investment strategy

GRI 2-23; 2-28; 3-3; 203-1; 413-1; 413-2; AF33

We see community investment as an opportunity to contribute to sustainable development through voluntary activities that go beyond the limits of our value chain and the boundaries of our sector.

All these activities are based on our **Community Investment Policy,** which develops the content on community investment set out in the Code of Conduct, the Sustainability Policy and the Policy on Human Rights.

Our Community Investment Policy was updated in 2022 to incorporate best practices and recommendations. Accordingly, we aligned our initiatives not only with our corporate strategy, but with the Paris Agreement and the Sustainable Development Goals (SDGs), established in the United Nations 2030 Agenda. In fact, the SDGs are the foundation of our community investment programme.

ⓘ More information in the *Community Investment Policy,* available on Inditex's corporate website.

Our approach to corporate community investment

We aim to bring about a lasting impact in the community, which is why we focus our efforts on supporting long-term strategic projects, subject to an exhaustive monitoring and accountability process, instead of making sporadic contributions to social or environmental causes.

To achieve this, we invest monetary or in-kind resources or hours—such as our people's time spent volunteering—in an array of **non-profit initiatives**.

Accordingly, we currently support projects focused on:

/ **Education:** actions aimed at safeguarding the right to quality education throughout life and generating opportunities for decent work grounded on inclusion and equity.

/ **Emergency relief:** initiatives to safeguard the lives, health and well-being of forced migrants and refugees, as well as other vulnerable groups facing humanitarian emergency situations—natural disasters, armed conflicts or similar circumstances—.

/ **Environment:** activities aimed at conserving and restoring ecosystems, fostering regenerative practices, supporting the circular economy and using resources efficiently.

The importance of gender equality

We see gender equality as a transversal priority in our strategy. Accordingly, the initiatives we support promote respect for diversity and equality between men and women in all spheres (economic, social, cultural, labour, political, etc.). This approach addresses the root causes of the problem and helps to solve it.

How we monitor our investment

We believe it is crucial to rigorously measure the results and impacts achieved. To do this, we use, among others, the Business for Societal Impact (B4SI) measurement methodology, based on allocating contributions in the community, measuring achievements and evaluating the impact of the various components of the project.

Our Corporate Community Investment in **2023**

In 2023 we supported 910 community and environmental projects with an investment of more than 112 million euros. These initiatives, focused on SDGs linked to our activity, have directly benefited more than 4.3 million people[64].

Among the new initiatives launched this year, the following stand out:

/ Development of emergency relief programmes, in response to the earthquakes in Türkiye and Morocco, as well as Hurricane Otis in Mexico, in collaboration with national organisations like the Red Cross and the Red Crescent.

/ Strengthening stable collaboration in emergency relief, starting with support for the Emergency Unit of *Médecins Sans Frontières* and its programmes to assist refugees and migrants in Bangladesh and Mexico.

/ Establishing a strategic partnership with Conservation International to develop the Regenerative Fund for Nature to support the transition from fashion-related raw materials production to regenerative agricultural practices.

/ Promoting development cooperation through the Every Mother Counts programme extension, in order to provide pre-natal care to pregnant women in Bangladesh and the United States, as well as renewing the *Missão Paz* programme for welcoming and supporting the integration of immigrants and refugees in Brazil.

/ Strengthening social action in Spain based on collaboration with *FAD Juventud* to provide quality jobs to young people in Spain, in particular women, in technological professions with good future prospects, as well as raising awareness for young people in addiction prevention.

/ Strengthening of community programmes in the area of Inditex's main headquarters, based on, among others, renewal of the *"A Flote"* emergency relief programme for persons in a situation or risk of social exclusion in A Coruña, in partnership with the Municipal Government and *Fundación Emalcsa*, and the collaboration with the Galicia Regional Government to launch the 'Fund for the integrated recovery of the Galician territory affected by wildfires in 2022'.

/ Inauguration of the first for&from store in Portugal, under the Zara Home retail format, in collaboration with *Associação VilacomVida*.

/ Promoting research talent in the university environment, with the renewal of the inMOTION Predoctoral Residency Grant Programme in collaboration with the University of A Coruña.

/ Renewal of the three-year agreement with Tsinghua University School of Economics and Management (China) for student placements abroad, grants for low-income students and traineeships for students in connection with support for vulnerable people.

Our target 2022-2025

In 2022 we undertook to help 10 million people through our community investment programme between 2022 and 2025. In 2023 alone we helped 4.3 million people.

[64] Inditex's community investment is recorded under heading 6. Operating expenses of the Consolidated Income Statement.

Our Corporate Community Investment in 2023*

Impacts / What has improved?

Impact on people - Depth ***

7% experienced limited changes

82% benefited from an improvement in their lives

11% experienced a fundamental change

Impact on people - Type ***

31% obtained behaviour or attitude changes

1% acquired new skills

96% improved their quality-of-life

Impact on community-based organizations****

94 % improved or new services

88 % improved management processes

95 % increased their capability to take on more staff or volunteers

100 % increased their profile

Impact on employee participants*****

99 % improved personal skills

99 % improved personal well-being

99 % experienced a positive change in their behaviour

(*) Data calculated in accordance with B4SI methodology based on voluntary expenditure by Inditex on Corporate Community Investment projects during the financial year 2023. The average exchange rate of financial year 2023 was used to convert contributions into euros. (**) Additional resources contributed to a community organisation or activity that come from sources other than the Company -employees, suppliers and customers, among others-. (***) Impact assessment carried out on 4,059,696 direct beneficiaries. (****) Impact assessment carried out on 275 community organizations supported by Inditex. (*****) Impact assessment carried out on a 225 employees volunteering in 18 countries.

Inputs / What's contributed?

112.6 M€
Invested
in social and environmental programmes

8.9 M
Articles
from our collections donated

338 k
Hours devoted
by employeed to CCI acivities during working hours

Outputs / What happens?

4.3 M
direct
Beneficiaries

476
Community organizations
supported

910
Initiatives
implemented

107.8 M€
Leverage **

2023 Corporate Community Investment

Increase in the investment

Collaboration beyond cash contributions

13%

increase in garment donations for social causes with respect to **2022**

8%

increase in employee time contributions with respect to **2022**

We have boosted our in-kind contributions, exceeding 8.9 million items donated over the course of 2023, as well as time contributions from employees during working hours, which reached 338k annual hours.

28%

increase in Corporate Community Investment (CCI) with respect to 2022.

We have significantly increased our Corporate Community Investment, reaching 112.6 million euros.

Maximising the effectiveness of contributions

Focus on strategic community projects

For yet another year, we have focused investment in proactive strategic projects (community investment and commercial initiatives in the community), as opposed to charitable gifts for community organisations' general purposes.

98%

of contributions to strategic projects.

By adopting a strategic approach, we maximise the effectiveness and impact of our community programmes.

Alignment with SDGs and our corporate strategy

We focus our investment to increase impact

SDGs

88% of CCI is focused in initiatives primarily targeting SDGs 3, 4, 5, 8, 10, 12 and 15.

Issue addressed

79% of investment in the priority action areas defined by the Community Investment Policy: emergency relief, education and environment.

88%

of CCI focused in 7 SDGs.

79%

of CCI focused in 3 priority issues.

Increase in the scope

Increase in the number of direct beneficiaries

30%
People

In addition to the increase in the number of initiatives developed, in 2023, the community investment programme benefited 30% more people than in the previous year.

26%

increase in the number of CCI projects developed.

In 2023, 910 community projects have been developed, representing an increase of 26% compared to the previous year.

Increasing leverage

Maximising effectiveness in unlocking additional resources for community

In million euros

In 2023, the additional resources leveraged by our programmes as a result of the contributions made from sources other than the Company—employees, customers, suppliers, etc.—amounted to 107.8 million euros, which represents a 43% increase on the previous year.

43%

increase in additional funds raised or contributions leveraged from other sources.

Making greater impact

Maximising the impact on people

5,200,042 positive changes experienced by direct beneficiaries of CCI projects, who have gained in quality of life, skills development and improved attitude, compared to 3,535,872 in the previous year.

24%

increase in the number of positive impacts on direct beneficiaries.

7.3.2. Inputs

GRI 3-3; 203-1; 203-2; 413-1; 413-2; AF34

In 2023, our Company invested 112.6 million euros in Corporate Community Investments, in various ways:

/ **Cash contributions**: the aggregate monetary amount invested in supporting social and environmental programmes.

/ **Time contributions:** the proportional cost of our employees' paid time spent on social or environmental activities during working hours.

/ **In-kind contributions:** donations of products—garments, mainly—to non-profit organisations.

/ **Management costs:** estimated expenses incurred for the general management of the programmes.

In 2023, we have significantly increased monetary contributions. Additionally, in keeping with the strategy outlined in our Community Investment Policy, we have notably boosted in-kind and time contributions devoted by our employees to CCI initiatives during their working hours. Management costs meanwhile remained stable compared to previous years.

On aggregate, we have provided 62 million euros in cash contributions, we have donated **8.95** million articles from our collections and our employees have dedicated **338,940** of their working hours to social or environmental initiatives.

These contributions are further divided into three categories:

/ **Charitable gifts**: one-off institutional contributions to support the general goals of non-profit organisations.

/ **Community investment:** long-term strategic commitment to collaborations with the community to support specific activities.

/ **Commercial initiatives to the community:** initiatives of social interest directly related to the Company's activity.

It is worth noting that 98% of the total investment in 2023 was channelled to support initiatives that we consider strategic: community investment and commercial initiatives in the community.

This enabled us to maximise the efficacy of our contributions and to broaden the impact of key projects.

How we increase our contribution

Corporate Community Investment evolution (€ M)		
	2023	**2022**
Total investment in Corporate Community Investment	112.6	87.9
By form of contribution (management costs included)		
Cash	62.0	46.3
Time	10.2	9.4
In-kind	38.5	30.3
Management costs	2.0	1.9
By category (management costs excluded)		
Charitable gifts(1)	2.4	1.8
Community investment(2)	71.7	58.7
Commercial initiatives in the community(3)	36.6	25.5

(1) One-off institutional donations to the general goals of charities.

(2) Long-term strategic commitment to support specific social activities.

(3) Initiatives of social interest directly related to the Company's commercial activity.

The nature of our contributions

79% of our community investment was earmarked for priority **action areas**: education, emergency relief and environment.

With regard to the **geographic scope,** we prioritise regular investment in the areas in which we conduct our activity. Specially, in the so-called Inditex's clusters.

Accordingly, our brands and subsidiaries operate locally and/or nationally when it comes to supporting community and environmental projects. This allows us to maximise the positive impact within our communities.

Lastly, we have also identified the primary SDG (and the secondary SDG where applicable) relating to the initiatives we have implemented this year. This analysis tells us that, in keeping with our activity, the investment has significantly contributed to SDGs 8, 10, 12 and 15 and, in addition, to SDGs 3, 4 and 5. The 88% of our contributions were in support of initiatives with one or more of these SDGs as their main objectives.

ⓘ More information in section *8.3. Supplier relations* of this Report.

How we contribute	
Distribution of Corporate Community Investment in 2023	
By issue addressed	
Emergency relief	41%
Environment	23%
Education	15%
Other (social welfare, health, economic development, art and culture)	21%
By geographic area	
Europe ex-Spain	24%
Spain	35%
Americas	21%
Asia and rest of the world	21%
By SDG	
SDG 3. Good health and well-being	7%
SDG 4. Quality education	7%
SDG 5. Gender equality	8%
SDG 8. Decent work and economic growth	10%
SDG 10. Reduced inequality	20%
SDG 12. Responsible consumption and production	25%
SDG 15. Life on land	11%
Others	12%

7.3.3. Outputs

GRI 3-3; 203-1; 413-1; 413-2

The 910 community and environmental initiatives we supported in 2023 have directly benefited more than **4.3** million people in a variety of different circumstances:

Who we help	
Distribution of the people benefited by community projects in 2023 on the basis of their situation	
Living in developing countries	23%
Low income	31%
Refugees	20%
In situation of vulnerability	5%
Victims of a natural disaster or catastrophe	15%
People who are unemployed	1%
Other profiles(1)	5%

(1) 'Other profiles' refers to people with a disability or who are homeless, among other circumstances.

As for the **number of organisations** supported by Inditex in 2023, we have made contributions to a total of 476 such entities. In 2022 the number of benefiting community organisations was 469.

Furthermore, it is important to consider the **amount of additional investment leveraged:** the additional resources that our investment programmes have leveraged as a result of contributions by third parties —employees, customers, etc.

In 2023 this leveraged investment amounted to 107.8 million euros, raised mainly through the collaboration with Water.org -through the additional capital released by microfinance institutions-, the Moda Re- project -through the collection of garments-, and donations from our employees from their pay checks.

7.3.4. Impact

GRI 3-3; 203-1; 413-1; 413-2

To gauge the effectiveness of the projects we support, we measure the impact of our investments on both the community (direct beneficiaries and community-based organisations) and the Company (our employees and the company).

a) Community

Impact on people

In 2023 we assessed the impact generated on 4,059,696 people through our corporate community investment programme, as compared with 3,283,404 people in 2022.

To gauge the impact of these actions on their lives, we measure the degree to which people are better off as a result (impact depth) and what kind of changes they have experienced (type of impact).

Which degree of improvement have the people experienced?

We use three mutually exclusive parameters to measure this:

/ **Connection:** represents the number of people who have reported some limited change as a result of their participation in the project.

/ **Improvement:** includes the people who have reported some substantial improvement in their lives as a result of the project.

/ **Transformation:** encompasses the number of people who have reported an enduring change in their circumstances as a result of the improvements made.

What kind of changes have they experienced?

Beneficiaries may experience one or more types of changes, which we classify into the following categories:

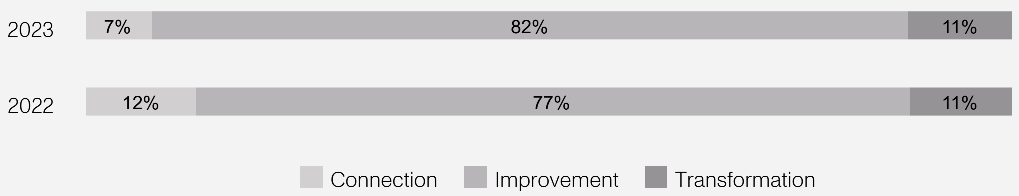
/ **Behaviour or attitude change:** when the activity has helped people make behavioural changes that can improve the person's life. It can also mean that the programme has challenged negative attitudes or preconceptions, enabling them to make better choices.

/ **Skills or personal effectiveness:** meaning that the initiative has helped people to develop new or improve existing abilities to develop academically, in the work place and socially.

/ **Quality of life or well-being:** meaning that the activity has helped people to be healthier or happier, by improving their physical, emotional or social well-being.

Impact on people

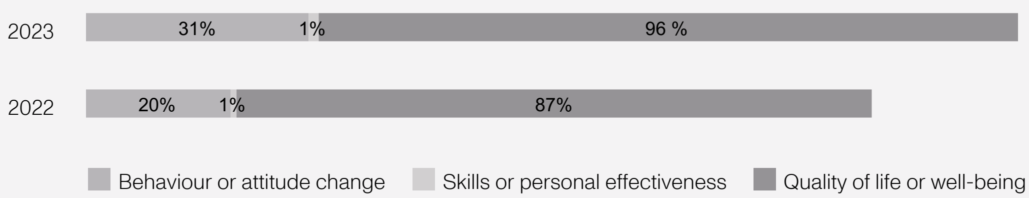
Depth of the impact



4,059,696
direct beneficiaries

3,283,404
direct beneficiaries

Impact type



Impact on community-based organisations

In addition to the analysis of the impact on people, we also assess the effects on the beneficiary non-profit organisations. In 2023, the analysis covered a total of 275 entities (255 in 2022).

b) Company

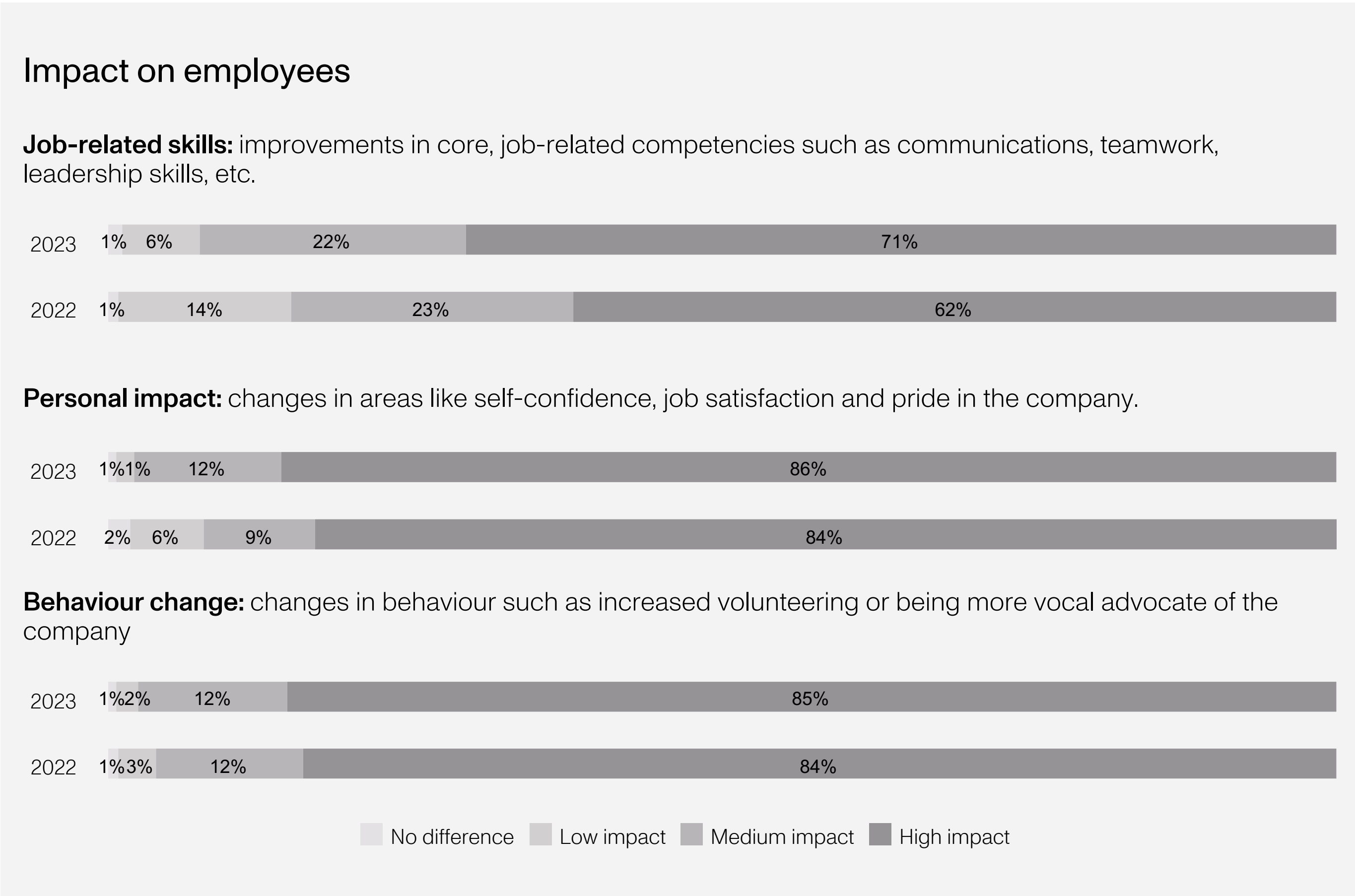
In addition to assessing the impact of the investment on people and community organisations we also analyse the return on the investment for our employees and the Company itself.

Impact on employees

We measure the impact on our people by gauging the change they experience following their involvement in corporate volunteering initiatives. To do this, in 2023 we surveyed 225 employees in 18 countries, as compared with 181 employees in 16 countries in 2022.

The surveys were based on three key indicators:

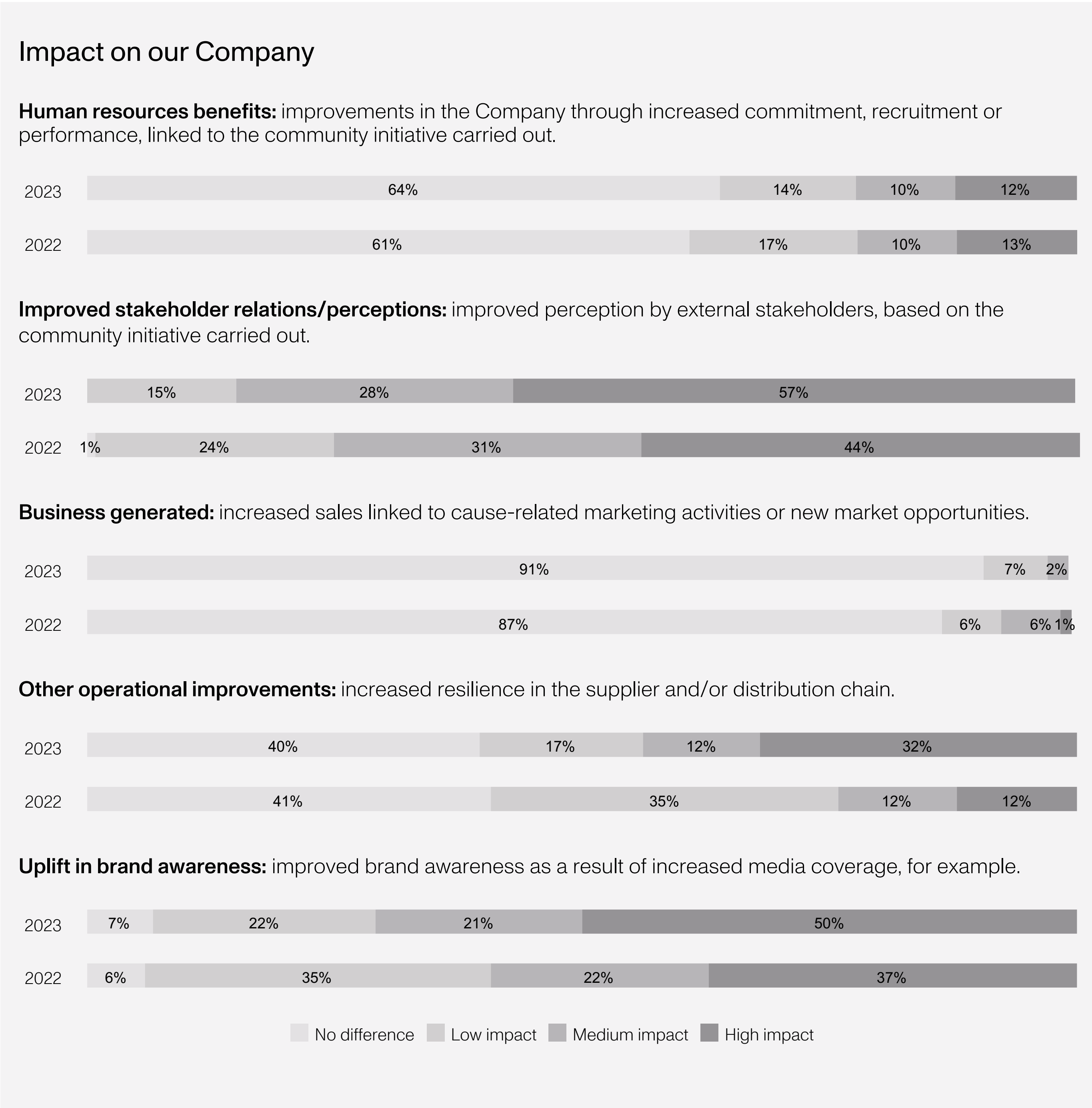
/ Job-related skills.
/ Personal impact.
/ Behaviour change.



Impact on our Company

In 2023 we analysed the impact on the Company itself of the 910 initiatives implemented, based on five parameters:

/ Human resources benefits.
/ Improved stakeholder relations/perceptions.
/ Business generated.
/ Other operational improvements
/ Uplift in brand awareness



7.3.5. Key programmes

GRI 3-3; 203-2; 413-1; 413-2

Education

GO (Generating Opportunities: education and inclusion for a sustainable world)

GO is a cooperation programme in collaboration with Entreculturas aimed at offering education and professional training to persons at risk of exclusion. This is a new three-year programme, with 24 projects in 12 countries: Argentina, Brazil, Bolivia, Ecuador, Spain, Lebanon, Mexico, Paraguay, Peru, South Africa, Uruguay and Venezuela. 2023 was the programme's first year, in which it helped more than 59,536 direct beneficiaries, in particular vulnerable girls and women. Through various projects, we have contributed to bridging the education and digital divide, nurturing decent and sustainable livelihoods and protecting victims of forced migration. Since 2001, Inditex's social investment in Entreculturas' educational and community development projects has exceeded 64 million euros and has directly benefited 1.5 million people.

Inditex Chair of Refugees and Forced Migrants in the Comillas Pontifical University

This chair was created in 2016 to further academic research into migration, improve aid to migrants and refugees on the ground and raise social awareness. It also conducts projects for the integration of refugees in European cities.

In 2023**, we renewed our collaboration with the Comillas Pontifical University for the period 2023-2025**, with the aim of continuing to promote doctoral scholarships for researchers to study the reality of the processes of incorporation, welcoming and, in particular, social integration of refugees in Spain and Europe. The Chair also offers students of the official Cooperation and Migration programmes at Comillas Pontifical University professional internships at national and international organisations working directly with refugees.

TEMPE-APSA Chair of Disability and Employability at Miguel Hernández University in Elche

We helped to create this Chair in 2015 to nurture multi-disciplinary research and training in the field of disabilities. Legal experts, economists and psychologists study the most suitable formulae for increasing the employability of people with disabilities. Furthermore, the Diploma in Auxiliary Shop Tasks strengthens the skills and competencies of people with disabilities to access the labour market.

Inditex Chair of Spanish Language and Culture at the University of Dhaka (Bangladesh)

With the collaboration of the universities of Santiago de Compostela and A Coruña, this Chair has been promoting Spanish language and culture and fostering academic exchange between Spain and Bangladesh since 2011. High-performing Bangladeshi students have the opportunity to take part in intensive Spanish courses in Spain. At the same time, cultural activities open to Bangladeshi University students are carried out to promote Spanish culture in Dhaka.

Collaboration programme with Tsinghua University

In 2019, Tsinghua University and Inditex set up the Sustainable Development Fund, aimed at supporting this Chinese institution in its efforts to promote research, dissemination and social support for Sustainable Development Practices. So far, the fund has sponsored 34 projects linked to environmental protection and management, low-carbon cities and sustainable development, smart sustainability, ESG corporate management/low-carbon transformation and sustainable energy and green growth. Looking ahead to the future, with Inditex's financial backing, the Fund will continue to support the innovative research and practice of students and faculty at the University of Tsinghua in connection with the environment and sustainable development, to promote research, dissemination and social support for Sustainable Development Practices.

The collaboration programme also involves research trips to A Coruña for the university's students to broaden their knowledge and experience in fashion, logistics, environmental protection and sustainable development through Inditex and other companies. The collaboration also envisages the professional development of academic staff and the promotion of cultural activities in the Tsinghua campus.

Collaboration programme with the Massachusetts Institute of Technology (MIT)

The collaboration with MIT in education and research is structured around various action areas: creating Inditex chairs in areas such as operational research and sustainability; research and enhancement of knowledge in fields such as artificial intelligence, machine learning or data science; and the development of research lines in areas such as textile recycling or the creation of new fibres using sustainable technologies.

Collaboration programme with the University of A Coruña (UDC)

The following projects are executed under this programme: Inditex-UDC Sustainability Chair to promote a space for community reflection, academic training and applied research on sustainability and social innovation; InTalent Programme that enables scientists with extensive international experience to conduct their innovation programmes at UDC's research centres; and InMotion Grant Programme to fund pre-doctoral residencies abroad, enabling them to complete their PhDs internationally.

In 2023, we reinforced our support for InMotion by renewing the programme for the next five years. Since its launch in 2013, 274 students from UDC PhD programmes have completed placements abroad thanks to Inditex's support. Their chosen destinations cover a total of 33 countries, distributed over five continents, mainly Europe and America.

Employment and Training Programme in Spain

Inditex has been supporting the Caritas Employment Programme since 2011, whose aim is to promote access to decent employment for persons in a situation of vulnerability. This initiative, to which we have contributed 18.3 million euros since the collaboration began, is structured around various lines of action: promotion of social economy enterprises; support for self-employment; and the improvement of professional training. Thanks to this programme, extended in January 2023 with a contribution of 5 million euros for the next three years, 10,594 people in or at risk of exclusion have improved their employability and 4,332 people have found a job.

FAD Juventud Programme

In 2023, Inditex and the non-profit organization FAD Juventud started a three-year cooperation that materialises in the development of the "GOESkills" and "Prevención a Medida" projects. These initiatives aim to provide quality employment for women in Spain, in professions with future prospects in the field of technology, and to carry out awareness-raising activities for young people on addiction prevention. As a result of this collaboration, 1,700 people have participated in initial diagnoses on addiction prevention or have improved their job search skills.

for&from

for&from is a social/workplace integration programme for people with disabilities that is based on launching retail establishments under the image of the Inditex's different brands. These stores are managed by non-profit organisations and staffed by people with disabilities. Inditex makes an initial outlay to build the store and, from then on, the community organisations manage a self-sustaining model through the sale of products from previous seasons. The proceeds go entirely to the managing organisations to fund projects that help people with disabilities. The programme currently has 16 stores, including the openings in 2023 of the first Zara Home for&from store in Portugal and the new Tempe for&from store in Madrid, which have created job opportunities for more than 750 personas and 8 million euros in economic benefits for the managing organizations.

Salta

Salta is an employment integration programme of Inditex that offers training and employment opportunities to people at risk or in a situation of social exclusion. The aim is to integrate vulnerable persons in the teams of our stores, factories or logistics centres. More than 1,800 people have been trained and joined Inditex through Salta. The programme currently operates in 16 markets: Germany, Brazil, South Korea, Spain, the United States, France, Greece, India, Italy, Kazakhstan, Mexico, Poland, Portugal, the United Kingdom, Romania and Türkiye.

Emergency relief

Emergency programmes in the wake of the earthquakes in Türkiye and Syria

In response to the earthquakes that hit Türkiye and Syria in February 2023, Inditex launched an emergency relief programme aimed at supporting those affected. This programme has resulted in the following lines of action:

/ Economic contribution: donation of 3 million euros from Inditex to the Turkish Red Crescent to cover short-term basic needs.

/ In-kind contributions by Inditex to supply warm clothing to those affected: Inditex, with the support of its local suppliers, made available to the Red Crescent and AFAD/TIM (the Turkish Disaster and Emergency Management Authority, in collaboration with the exporters association), more than 1 million warm garments and articles from Zara Home.

/ Medical aid: deployment of the Emergency Unit of Médecins Sans Frontières, financed on a stable basis by Inditex, in Türkiye and Syria to detect the medical needs arising from the catastrophe and thus deploy its resources to provide aid to the people affected.

/ Support for supply chain workers: acquisition and deployment of 200 temporary homes to house textile factory and supply chain workers (and their families) whose homes were lost in the earthquake. This initiative, implemented through an agreement with ITKIB (Istanbul Textile and Apparel Exporter Associations), was rolled out in the industrial areas of Kahramanmaraş, Adıyaman, Malatya and Hatay.

Earthquake Emergency Programme in Morocco:

In the aftermath of the Morocco earthquake in September, Inditex activated an emergency relief programme to address the urgent basic needs of the people affected by the quake. This programme has resulted in the following lines of action:

/ Economic contribution: donation of 3 million euros to the Moroccan Red Crescent to cover short-term basic needs.

/ In-kind contributions by Inditex to supply warm clothing to those affected through the Association *Elghaith*.

/ Medical assistance: supply of healthcare in collaboration with the NGO Medicus Mundi, funded on a stable basis in Morocco by Inditex, with the aim of providing medical care to victims, distributing hygiene kits to women affected and giving those affected psychological support.

Hurricane Otis Emergency Relief Programme in Mexico:

In the wake of Hurricane Otis, which hit the Mexican coast in and around Acapulco in October, Inditex launched an emergency relief programme in collaboration with the Mexican Red Cross to meet the basis needs of those affected. Specifically, under this programme, activities included the distribution of basic grain packages to recover part of the damaged crops; the supply of basic healthcare materials; the supply of materials to guarantee adequate water storage by installing rainwater collection systems; and the renovation of some schools in the path of the hurricane, with the aim of guaranteeing a safe return to the classroom.

MSF Programme

Médecins Sans Frontières (MSF) and Inditex have been working together since 2008 in developing numerous medical-humanitarian response projects in various parts of the world. As a result of this cooperation, to which Inditex has channelled 37 million euros over this period, nine million people threatened by armed conflict, epidemics, diseases or natural disasters have received medical care.

Supporting the MSF Emergency Unit

In 2011 we began collaborating with MSF with the aim of guaranteeing an immediate response to medical-humanitarian crises anywhere in the world. Since then we have helped provide assistance to more than seven million vulnerable people without access to medical care in around 86 countries. In 2023, we funded the Barcelona-based Emergency Unit structure, which has been deployed in Sudan, Chad, Ukraine and Palestine, among other regions, as well as part of the regional emergency teams based in the Democratic Republic of Congo and the Central African Republic.

Access to healthcare for the Rohingya community in Bangladesh

In response to the medical and humanitarian needs of the Rohingya community in Bangladesh, Inditex has been supporting Médecins Sans Frontières' projects there since 2017. Hundreds of thousands of people have been helped through this cooperation, especially women and children under five. In particular, thanks to the support in 2023, MSF teams have carried out, among other activities, outpatient clinics (paediatrics, gynaecology, obstetrics, mental health), paediatric emergencies, paediatric hospitalisation, nutrition and paediatric intensive care. Furthermore, drinking water and sanitation infrastructure management for refugee camps was improved.

Access to healthcare for the migrant population crossing Mexico

Inditex supports MSF in humanitarian relief projects to assist people from Central America attempting to cross Mexico to gain entry into the United States. Specifically, in 2023 and thanks to Inditex's support, Médecins Sans Frontières is present in several hostels and stopover points for migrants along the way, offering basic medical and psychological care. Furthermore, MSF has mobile clinics that go to the areas most frequented by migrants where, in addition to medical and psychological care, they also distribute hygiene products, water and blankets. The organisation also has a Comprehensive Care Centre in Mexico City where specialised medical care is offered to migrants and refugees.

UNHCR Programme

For the fourth year running, Inditex and UNHCR, the United Nations High Commissioner for Refugees, implemented their ambitious programme of in-kind donations to help clothe refugees and internally displaced people. Through this initiative, which is rolled out in conjunction with various suppliers, Inditex supports UNHCR in its task of sheltering refugees who have been forced to abandon their homes and all their possessions, and helping to restore their dignity. In 2023 more than 1.2 million articles from our collections were donated to UNHCR to help clothe refugees in Uganda and Greece, among other countries. Humanitarian emergency assistance was also provided in response to the war in Ukraine. Additionally, in 2023 we welcomed Filippo Grandi, United Nations High Commissioner For Refugees, on an official visit to our offices to highlight our partnership and share the present and future challenges facing refugees.

Assistance to displaced people in South America

Since 2009 we have been working with Entreculturas on a programme to tackle the situation of people forced to flee in Colombia and on its borders (Panama, Ecuador and Venezuela), due to the armed conflict which over this period has caused the exodus of millions of Colombians from the region. For this purpose we established a partnership with the Jesuit Refugee Service Latin America and the Caribbean (JRS LAC), which has helped around 110,000 refugees or displaced persons, especially young people at risk of being linked to, used or forcibly recruited by armed groups, as well as refugees and displaced persons with disabilities, ethnic minorities, black and indigenous communities and women-headed households with children. In 2023, given the humanitarian situation as a result of the current context in Venezuela, the programme focused on assisting displaced persons in that country, as well as in Colombia, Ecuador and Brazil.

A Flote

The Emalcsa Foundation, A Coruña City Council and Inditex have been working together since 2017 in the A Flote social integration and social benefits programme in the proximity of Inditex's main headquarters. In 2023, 372 emergency social benefits were handled, 277 requested by women and 95 by men. These emergency benefits were used mainly for help with housing, school meals and sheltering aid for Ukrainian refugees. In addition, a welcome service for Ukrainian refugees (translation, counselling, employment support, etc.) was set up, helping dozens of families. Renewal of the agreement for the 2023-2025 period enabled us to tackle new integration and support actions to address vulnerability, aimed mainly at young people with significant difficulties in finding employment, and to provide social support and emotional tools with a community approach to young people and adolescents engaged in mild or moderate self-harming.

Every Mother Counts Programme

This programme supplies prenatal and maternity care to pregnant women in Bangladesh and the United States. The support of Inditex has enabled Every Mother Counts to partner with the HOPE Foundation for Women and Children in the south-eastern Bangladeshi district of Cox's Bazar. In the United States, it has also provided access to prenatal and post-partum care for thousands of low-income women at risk of social exclusion and their babies. In 2023, we renewed our collaboration with Every Mother Counts for the 2023-2025 period, with the aim of further developing maternal and paediatric health activities in various parts of the world.

Medicus Mundi Programme

Medicus Mundi and Inditex have been working together in Morocco since 2015 to improve the well-being of garment workers in the Tangier-Fes-Guercif-Taza and Casablanca-Settat regions. The new phase of collaboration between Medicus Mundi and Inditex, which began in 2022, is making strides in the implementation of measures to prevent harassment, as well as to continue promoting health and occupational risk prevention among female workers in the industry, improving the socio-occupational integration of vulnerable groups and supporting the local public healthcare system. In September 2023, the programme also carried out various activities to help victims of the earthquake that hit the Marrakesh region, providing health and psychological care and strengthening the capacity for intervention of civilian society in the affected areas.

Environment

Moda Re-

Moda Re- is a programme run by Caritas and promoted by Inditex dedicated to collecting used textiles in order to recover and reuse them through a sustainable business model based on the circular economy. Its purpose is to generate employment for vulnerable people through the collection, recycling, and reuse of used garments. Thanks to Inditex's support for this initiative, 2.6 million articles have been donated to vulnerable people; 3,520 sensor-equipped clothing collection containers of used garments have been installed in Spain, more than 121,000 tonnes of clothing have been collected, and 108 second-hand clothing stores have been opened or refurbished. The programme currently generates more than 1,400 jobs, 700 of them the result of insertion initiatives. Likewise, the initiative has become a benchmark in the process of dignifying the free delivery of clothes to those most in need, based on donations made through the 142 solidarity stores that currently make up the Moda Re- network. In January 2023, Inditex renewed its support for this programme on the basis of a contribution of 3.5 million euros in the 2023-2025 period.

Water.org programme

We have been working with Water.org since 2015 to improve access to drinking water and sanitation for vulnerable families through microloans in countries such as Bangladesh, Cambodia or India. Thereby, people on low incomes are provided with access to affordable loans to cover their water and sanitation needs. In 2023, from the contribution made by Inditex and the additional capital mobilised by local financial institutions, 305,000 loans were granted. As a result, more than 1 million people have improved their access to water and sanitation in 2023.

#BRINGYOUROWNBAG (#TRAETUBOLSA)

In 2021, Inditex began promoting the use of reusable bags at its stores to reduce the consumption of raw materials, water and energy associated with bags and envelopes offered to customers for their purchases. To encourage customers to bring their own bags, Inditex also started charging for the bags and envelopes it provides, a measure that was extended in 2023 to most of the markets where it operates.

The proceeds from this initiative, from which Inditex does not obtain any profit, were used to support projects in 21 countries aimed at protecting and restoring ecosystems, saving natural resources and fostering regenerative practices.

WWF Programme

By means of the collaboration with WWF, with which Inditex also carries out transformational work focusing on the impacts of its activity and of the fashion industry, we have financed projects for the protection and restoration of forest and fresh water ecosystemsin different countries in North Africa, Europe, Asia and Latin America. These interventions take the form of actions such as the recovery of native species and removal of invasive species; the promotion of sustainable management, environmental education and training; and the involvement of local communities.

Water & Climate Fund by Water.org

We continue to support Water.org's Water & Climate Fund, aimed at developing projects to improve water and sanitation infrastructure globally, boosting efficiency and savings, and enhancing local communities' access to clean water. With Inditex's support for this fund, in 2023 Water.org carried out climate-friendly interventions in Brazil, Indonesia, the Philippines, Kenya, Mexico, India and Malawi.

Agreement on fire prevention in Galicia

Inditex was the first company to join the new public-private fund to mitigate the risk of forest fires, set up by the Galicia Regional Government in 2023. This project, aimed at intervening in the areas most affected by wildfires in Galicia (Spain), will work on the restoration of affected areas, but mainly on prevention, including the creation of fire breaks in the vegetation and tree mass, preventive forestry management and species diversification, while also promoting sustainable farming and forestry activities to support the local population.

Sustainable Forestry and Demonstration Forests

In 2023, forest restoration and demonstration forest activities, which we started in 2018 with the one in Pico Sacro, extended to two new forests in Galicia (Spain), together with the Galician Forestry Association, and two in Portugal, alongside Forestis. These projects employ forestry management models aimed at improving the resilience and sustainability of these forest ecosystems, through the use of native species, supporting research and dissemination of best practices in this regard.

Fostering regenerative practices in the fashion industry

In 2023 we gave renewed impetus to our commitment to regenerative practices through our membership of Conservation International's Regenerative Fund for Nature, focused on the transition to regenerative practices, for the benefit of biodiversity and communities, in production areas connected to materials used in the fashion world. In 2023, this support was channelled to cotton projects in India and Pakistan, and a project to promote regenerative cattle grazing in Argentina. We also continued our collaboration with Action for Social Advancement (ASA), the Laudes Foundation, IDH - The Sustainable Trade Initiative and WWF India, to promote regenerative agriculture, ecosystem restoration and community well-being in a 300,000 hectare area in the Indian states of Madhya Pradesh and Odisha.

Other issues addressed

In addition to the programmes described above, in 2023 we allocated 21% of our corporate community investment to initiatives linked to social welfare, environment, social and economic development, healthcare, art and culture.

Likewise, in 2023 we have continued to support research institutions such as *Fundación Pro CNIC, Real Instituto Elcano and Fundación Carolina*, among others. Inditex's links to art and culture are embodied by collaborations with institutions such as the Royal Spanish Academy, Reina Sofía National Museum of Art and the Royal Theatre opera house, among others.

Likewise, Inditex makes charitable gifts at corporate level and from the Group brands and subsidiaries to help further the general aims of non-profit organisations. We earmarked 2.39 million euros in 2023 for charitable gifts in connection with requests from non-profit organisations, which were distributed among more than 150 entities.

7.4. Our customers

Material topic: Transparency and quality of the information; Health, safety and well-being

7.4.1. A unique and integrated model

GRI 3-3; 417-1

Customer relations and the continuous improvement of their experience at our stores and online platforms are among the pillars of the Inditex model. This contact before, during and after sales is unique and integrated through different channels.

In this relationship, demand for fashion with a responsible approach is subject to the same premises, namely omnichannel and integration of physical and online points of sale, at all the Group's brands. Accordingly, providing a response that matches customers' requirements at the right time and place constitutes what we consider to be a differential shopping experience.

More than 700 designers work side by side with the sales and product teams to identify trends, analysing on a daily basis the qualitative and quantitative information gleaned from our stores and online channels.

The conceptualisation and development of the collections for each of the brands, as well as their distribution to the point of sale, is an agile process based on decisions reached by consensus. This is also helped by a policy of integration at every stage of our value chain —design, manufacturing, logistics and distribution, stores/online, use and end of life— and their proper and accurate operation.

The final step in this creative flow prior to contact with customers is the creative production of these collections at the point of sale -both in stores and online-. It is here, with the aim of maximising the possibilities of our collections, that the image and coordination teams come into play, proposing the garments' styling and defining their creative production in a choral process involving stylists, models, photographers and audiovisual producers.

The other facet of the creative production of our collections is the design and development of the store concept and its tailoring to the specific characteristics of the various building and retail premises where they are located.

This approach responds to a common premise of continuous improvement of retail spaces encompassing unique, innovative and accessible stores, in which technology allows customers to interact with the brand at any time and from any device, as well as increasing the availability of collections and products. At the same time, the technologies that stores place at the service of customers adapt to the specific characteristics and needs of each brand.

Stand-out examples of this paradigm are the new store concepts implemented by Inditex brands throughout the year in new openings, refurbishments and expansions worldwide: from Zara, with its boutique spaces, self-checkout cash registers and smart terminals for online orders and returns; to Massimo Dutti, with its Style Advisor personalised shopping experience and Shop&Go, for payment from anywhere inside the store; including Bershka's virtual fitting rooms using augmented reality and the possibility of creating personalised content for social media, among numerous other examples. With its experiential technology component, Inditex brands' stores and online platform is aimed at fostering contact with fashion in an innovative and welcoming environment that boosts the availability of collections and makes for a more direct relationship with customers when, how and wherever they choose.

Providing a response that matches customers' requirements at the right time and place constitutes what we consider to be a differential shopping experience.

At the same time, our integrated and global platform of physical and online stores allows our collections to reach more than 210 markets. This capacity makes us mindful of the impact and notoriety of our products and the image they convey. It also encourages us to ensure that the image of the models and campaigns we produce convey a diverse, multicultural and positive reality that celebrates the product by presenting it in a detailed way that is true to its properties and qualities.

In this regard, our brands' websites are the other major setting—along with the stores—for the creative production of our collections. In 2023, the Inditex website received more than 6,500 million visits, implying an average of 18 million visits a day to our online stores and accumulated more than 250 million followers on social networks.

Our commitment to customers is not confined to the sales transaction and any derivative requirements, but rather extends to spheres such as diversity, sustainability and transparency. Consequently, content regarding our projects and progress in environmental and social sustainability has its own dedicated space and prominence in our online stores. In addition, projects like Changemakers and Diversity Champions, or the for&from network of community stores managed by people with disabilities, are aimed at achieving a positive impact for our people and our customers alike.

ⓘ More information in section *7.1. Our people* of this Report.

7.4.2. Response to our customers

GRI 3-3; 417-1

Inditex has a relationship with customers from more than 210 markets worldwide. Thanks to the multiple options for contact offered by our physical and online stores, we endeavour to make this relationship close, seamless, effective and safe. Accordingly, our customer services teams receive continuous training on product knowledge, their sustainability features, store processes, customer orientation and respect for diversity and inclusion, among other aspects. Furthermore, customer services are provided in the languages of the markets in which we have a retail presence.

Accessibility is another premise of Inditex in our relationship with the customer. Hence, stores meet architectural accessibility standards to enable people with disabilities to access and move around the stores and to ensure they have a satisfactory shopping experience. In the digital environment, our websites are compliant with the General Accessible Design Principles established by the Web Accessibility Initiative (WAI), a part of the World Wide Web Consortium (W3C). In addition, thanks to the project in conjunction with EqualWeb, their home pages feature digital accessibility menus with voice, browsing, colour and content settings to ensure a more inclusive customer experience.

In 2023, the quality of customer services at five Inditex brands (Pull&Bear, Massimo Dutti, Bershka, Oysho and Zara Home) obtained certification to ISO 18295:2 international standard. This certification underpins the customer service strategy throughout their shopping experience and interaction with each brand, the operations and protocols for customer service through the various contact channels, as well as the standards of service quality and satisfaction of our customers.

7.4.2.1. Big Store: customer service from the store

The continuous improvement of our customer relations from an innovation standpoint led Inditex to launch Big Store, a project that harnesses our store teams' experience and know-how for use in digital tasks relating to the business.

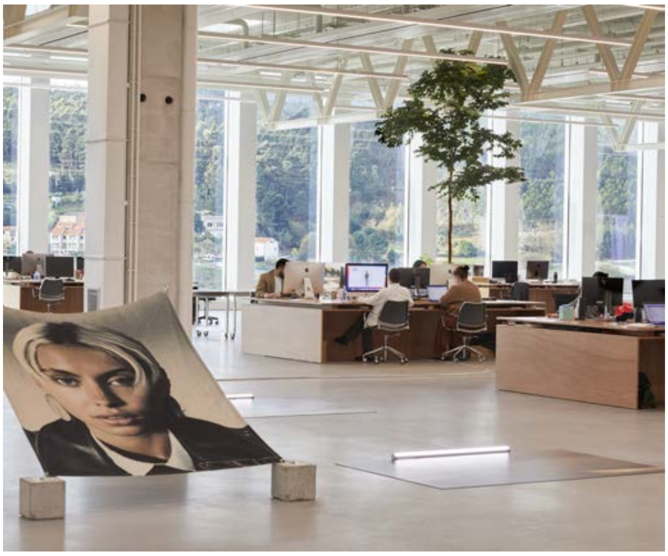
The store teams taking part in Big Store are trained in the digital version of their in-store functions and they develop them over the course of their working day. Thus, sales assistants take part in managing the customer service channels (calls, chats, WhatsApp, social media and e-mails) during their working hours dedicated to Big Store, using their know-how and experience from in-person customer service for the purpose of these digital tasks. This way of working, which also fosters our teams' professional development, makes for a more efficient management of customer services and relations.

7.4.3. Customer service channels: contacts and service level

GRI 2-4; 2-27; 3-3; 403-7; 416-1; 416-2; 417-1

In 2023 the customer service areas of the Group's brands fielded a total of 45,443,721 customer contacts (calls, e-mails, WhatsApp conversations and messages via social media profiles), concerning questions on products, the purchasing process, shipments, incidents or current issues affecting the brands, among other matters. In this regard, the progression of online sales has shifted the weight of customer contacts according to the purchase channel, so that enquiries about order status, delivery times or the online operation itself make up a very significant part of the total.

Service level (meaning the percentage of contacts resolved over the total and weighted in accordance with the contacts of each brand) was 98% in 2023.



Response to our customers

	2023			2022 (1)		
	No. of contacts	Service Level	No. of services fulfilled	No. of contacts	Service Level	No. of services fulfilled
ZARA	33,880,077	98%	33,226,717	30,912,182	98%	30,255,700
ZARA HOME	2,125,901	98%	2,080,181	2,210,179	98%	2,172,645
PULL&BEAR	2,017,911	96%	1,938,711	2,009,604	98%	1,960,396
Massimo Dutti	2,609,950	99%	2,591,799	3,085,342	99%	3,049,565
BERSHKA	2,486,545	94%	2,341,947	2,577,340	98%	2,520,885
STRADIVARIUS	2,432,427	98%	2,384,001	2,280,492	97%	2,223,326
OYSHO	893,573	99%	880,365	842,844	99%	833,635
TOTAL	**46,446,384**	**98%**	**45,443,721**	**39,768,580**	**98%**	**38,866,749**

(1) Zara's data on contacts, services fulfilled and level of service reported in 2022 have been restated to take into account the improvement in the quality of the information reported. The modification also affects the Inditex Group's global data on contacts, level of service and services attended.

7.4.3.1. Type of cases handled: pre-purchase, post-purchase, customer service and complaints mechanisms

In the relationship with the customer before, during and after the transaction takes place, our teams field a wide range of queries related to our products, the purchase process or possible incidents that may occur. In this process, each brand independently sorts the reasons for customer contacts, according to their specific needs, although these reasons may be grouped into four broad areas: pre-purchase (issues prior to the purchase); post-purchase (related to an order or purchase at the store); customer service (regarding contact channels, web and app); and complaints and claims.

In 2023, our brands handled 38 million cases through Customer Services in all the markets where we have a commercial presence (29 million in 2022). This data also includes the complaint forms and claims processed in Spain through the official consumer complaint and response mechanisms.

In 2023 a total of 5,840[65] cases were processed (6,289 claims handled in Spain in 2022). The main reason for these complaint forms is related to product returns and exchanges, and store and online sales.

Type of cases handled	2023	2022
Pre-purchase (product availability, special collections, customisation, purchasing process, checkout and sustainability, among others)	19.5%	22.7%
Post-purchase (order status, shipments, delivery times, changes and returns, gift cards, among others)	76.4%	72.3%
Customer Service (customer account, web/app, channels, social networks, among others)	4.1%	4.8%
Complaints (includes any customer feedback, as well as formal complaints)	0.02%	0.2%

7.4.3.2. Health and safety claims

The health and safety of our products is paramount to Inditex. Accordingly, we have standards, training plans and prevention and control programmes devised to ensure that our products comply with the strictest requirements and guidelines in all the markets where we operate.

Our product health and safety teams are fully coordinated with customer service teams, store staff and any other area of the Company where information about incidents and/or complaints may be received. At the same time, any notification from our customers, from community organisations or supervisory bodies is forwarded to our technical experts for evaluation and follow-up. If there are signs that a product may be unsafe for consumers, it is withdrawn from the market, customers are notified through the relevant channels and all units sold are recalled, according to our internal procedure.

In 2023, one product was recalled[66] for health and safety reasons. When this happens, we also launch programmes to identify the root cause of the incident and prevent it from recurring. In the previous year there were a total of two product recalls.

ⓘ More information in section *6.4.3. Health and safety of products* of this Report.

[65] Thanks to the digitalisation project, complaints form data will be reported from 2023 on a financial year basis.

[66] During 2023 there were no breaches of regulations or voluntary codes related to the health and safety of our products that give rise to fines or penalties.

8
Governance

8.1. Corporate ethical culture and solid Compliance architecture
8.2. Information security and privacy
8.3. Supplier relations
8.4. Tax responsibility and transparency

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

Compliance.
The
how
matters

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.

ⓘ 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.

ⓘ 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 topic[67]

	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 Ethis 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, Tra!n, 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)

	2023		2022	
Job classification	**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 Yepez:** 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 (Tra!n). 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 suppliers[68] in 45 markets, who created our products at 8,123 factories[69] 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 2023[70]

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.

ⓘ 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.

ⓘ 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.

ⓘ 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.

ⓘ 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.

ⓘ 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.

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 materials[71], 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.

[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.

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 auditors[72], 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 audits[73] (81 audits in 2022).

In 2023, 6,892 social audits were carried out[74] 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 out[75]

	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

	2023		2022	
Classification	**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	Over 90%	Over 90%	Over 90%	Over 90%	Over 90%
No work by youths or child labour[(1)]	Over 90%	Over 90%	Over 90%	Over 90%	Over 90%
No discrimination	Over 90%	Over 90%	Over 90%	Over 90%	Over 90%
Respect for freedom of association and collective bargaining	Between 70% and 90%	Over 90%	Over 90%	Over 90%	Over 90%
No harsh or inhumane treatment	Over 90%	Over 90%	Over 90%	Over 90%	Over 90%
Hygiene at work	Between 50% and 70%	Between 70% and 90%	Between 50% and 70%	Between 50% and 70%	Between 50% and 70%
Wage compliance	Between 70% and 90%	Between 70% and 90%	Less than 50%	Between 70% and 90%	Between 70% and 90%
Working hours	Over 90%	Over 90%	Less than 50%	Less than 50%	Over 90%
Environmental awareness	Over 90%	Over 90%	Over 90%	Over 90%	Over 90%
Regular work	Between 70% and 90%	Over 90%	Over 90%	Between 50% and 70%	Over 90%
Implementation of the Code[(2)]	Less than 50%	Between 70% and 90%	Between 50% and 70%	Less than 50%	Between 50% and 70%

(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.

Over 90% | Between 70% and 90% | Between 50% and 70% | Less than 50%

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 audits[76] 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 verifications[77] (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.

ⓘ 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.

ⓘ 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

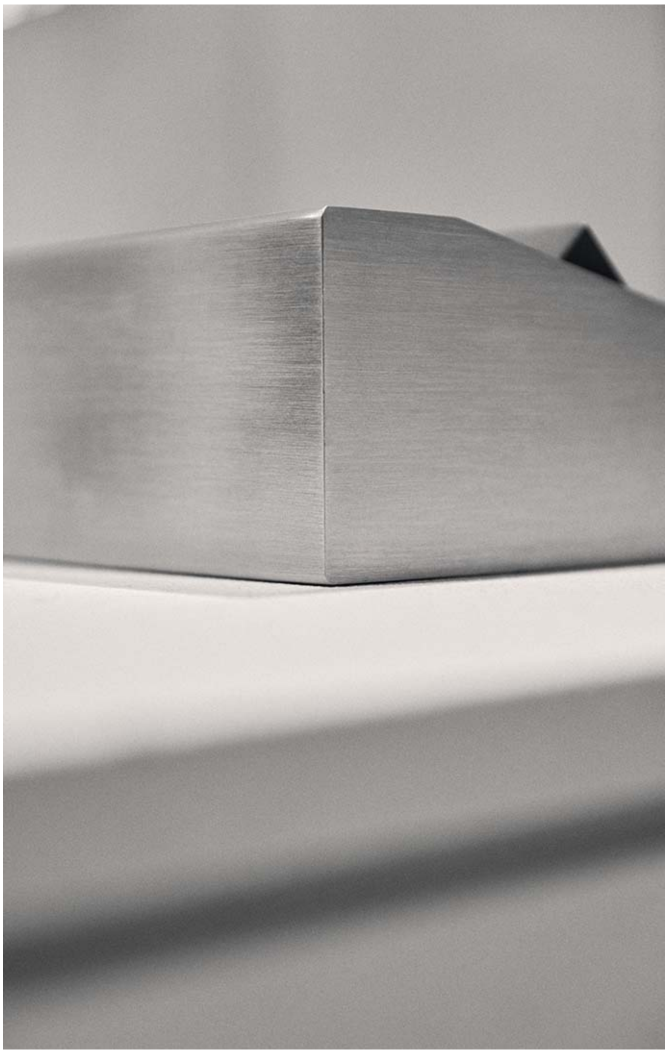
For Inditex, **strict compliance with tax obligations in all the markets in which it operates** is a core principle of its tax policy. We see the application of good tax practices as an extension of our commitment to sustainability and corporate social responsibility.

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 Macau 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.

Tax contribution

8,680M€
total tax contribution

3,660M€
direct taxes

5,020M€
collected taxes

2,231M€
Spain

2023 Taxes	Dir*	Coll**
Total	**1,048**	**1,183**

4,451M€
Europe (ex-Spain)

2023 Taxes	Dir*	Coll**
Germany	36	357
Belgium	31	130
France	166	503
Greece	17	169
Italy	99	485
The Netherlands	289	151
Poland	21	149
Portugal	31	251
United Kingdom	132	269
Romania	13	102
Switzerland	126	20
Türkiye	266	109
Other	108	421
Total	**1335**	**3116**

1,496M€
Americas

2023 Taxes	Dir*	Coll**
Brazil	168	115
Canada	97	51
United States	333	198
Mexico	335	123
Other	52	24
Total	**985**	**511**

502M€
Asia and rest of the world

2023 Taxes	Dir*	Coll**
Australia	17	26
China	57	84
South Korea	40	17
Japan	37	38
Kazakhstan	30	10
Other	111	35
Total	**292**	**210**

* Direct taxes
** Collected taxes

	Direct taxes paid (in million euros)		Taxes collected (million euros)	
Markets	**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**

9
Annexes

9.1. Additional indicators

9.1.1. European taxonomy of sustainable activities

Regulatory context

The Inditex Group is subject to Regulation (EU) 2020/852 on EU Taxonomy (hereinafter 'Taxonomy')[79], which stipulates a series of obligations with regard to the disclosure of information relating to 'environmentally sustainable' activities. Since 2021, we have been reporting information concerning the Taxonomy in accordance with the applicable regulations, the scope of which has increased since that date with the publication of Delegated Regulation (EU) 2021/2139 (the Climate Delegated Act), Delegated Regulation (EU) 2021/2178 (the Disclosures Delegated Act) and Delegated Regulation (EU) 2023/2486 (the Environmental Delegated Act).

The Environmental Delegated Act, approved in 2023 by the European Commission, introduces new activities with their respective technical screening criteria of contribution to the remaining four environmental objectives[80], along with those of climate change mitigation and adaptation included in the Climate Delegated Act. Furthermore, this Delegated Act is supplemented by six annexes that establish technical screening criteria for specific sectors and activities. In line with the obligations emanating from this updated regulatory framework, in 2023 the Company reports information on:

/ the proportion of eligibility and alignment for total business volume indicators (turnover), investments in fixed assets (CapEx) and operating expenditure (OpEx) for the climate change mitigation and adaptation objectives;

/ the proportion of eligibility for turnover, CapEx and OpEx key indicators for the remaining environmental objectives;

/ mandatory complementary qualitative information[81].

It is important to highlight that, given the continuous development of new legislation and guidelines in the context of the Taxonomy, companies remain exposed to the need to adapt to new requirements and periodically analyse their activities and internal management systems. The purpose of this is to ensure that the information provided is thorough and adequately complies with regulations.

In this context, after evaluating the activities in accordance with the Taxonomy for the third consecutive year, it is confirmed that for now the Group's main activity –the distribution and sale of fashion items– is not currently included in the applicable regulatory framework. Nevertheless, there are other activities linked to the Group's business model that are included, as outlined below.

Scope and assessment of Inditex's activities

The scope of the information on Taxonomy includes all the companies over which the Inditex Group has control or joint control (listed in *Annex I* of the Consolidated Annual Accounts). Within this scope, the Group has conducted an analysis of its accounting information in order to determine which activities are associated with those described in the Taxonomy in relation to each of the six targets.

This analysis is grounded upon the current level of understanding of the descriptions and technical screening criteria included in the Taxonomy, which, as we discuss below, in some cases has implied updating the assessment criteria applied in 2022.

[79] The EU Taxonomy is structured around the Regulation (EU) 2020/852, and is supported by three delegated acts: Delegated Regulation (EU) 2021/2139 (the Climate Delegated Act), Delegated Regulation (EU) 2023/2486 (the Environmental Delegated Act) specify the technical screening criteria to determine taxonomy-aligned activities; and the Delegated Regulation (EU) 2021/2178 (Disclosures Delegated Act), which specifies the content, methodology and presentation of information to be disclosed by companies with regard to sustainable economic activities.
[80] The sustainable use and protection of water and marine resources (WTR), the transition to a circular economy (CE), pollution prevention and control, and the protection (PPC) and restoration of biodiversity and ecosystems (BIO).
[81] The Disclosures Delegated Act requires certain qualitative information to be specified in detail concerning accounting policies, the assessment of compliance with the regulations, in addition to contextual information thereon.

Methodology and results

To assess the contribution to each of the objectives established by the Taxonomy, we applied the following methodology:

1) **Eligibility analysis by type of activity:** analysing the accounting items linked to the three key indicators and how they match the descriptions of the Taxonomy activities included in Annexes I and II of the Climate Delegated Act and I to IV of the Environmental Delegated Act.
2) **Analysis of alignment by type of activity:** we assessed, for all the activities considered eligible, compliance with the established:
    - Technical screening criteria for substantial contribution.
    - The criteria of 'Do No Significant Harm' (DNSH) to the rest of environmental objectives.
    - Compliance with minimum social guarantees.
3) **Calculating the indicators and results:** considering the eligible activities aligned with the Taxonomy in accordance with the conclusions drawn from points 1 and 2.

1. Eligibility analysis of the activities carried out by Inditex

As a result of the assessment of its accounting information, eligible activities were identified within the framework of the climate change mitigation (CCM), climate change adaptation (CCA) and circular economy (CE) objectives.

These activities may be encompassed in the three main groups according to the activity type considered by Inditex: **store refurbishments and openings, construction and renovation of the Group's corporate headquarters and logistics centres, and wind-generated electricity.**

The main conclusions of this analysis in connection with the three key indicators (turnover, CapEx and OpEx) are presented below.

Turnover: Inditex is mainly dedicated to the distribution and sale of fashion items, and this activity is its main source of revenue. Since this activity is not currently included in the Taxonomy, no turnover items have been identified that could be considered eligible.

OpEx: According to the definition of this indicator provided in Taxonomy, the percentage of eligible OpEx of the Inditex Group for 2023 has been considered to be approximately 0%.

CapEx: A core portion of the Group's CapEx corresponds to investments undertaken in relation with store **refurbishments and openings.** However, in most cases these actions are linked to the design and refurbishment of retail spaces, mainly leased premises, which only exceptionally involve the building's envelope or insulation (which is what has the capacity to influence its energy efficiency). This means that only in these exceptional cases are the Group's activities considered to be eligible in accordance with the description of the 'renovation of existing buildings' activity corresponding to the activity codes 7.2. CCM/CCA, for the climate change mitigation and adaptation objective, and 3.2. CE, for the circular economy objective. In this regard, it is worth noting that both activities describe the activity of renovation of existing buildings identically.

Another significant part of CapEx refers to the **construction and refurbishment of the Group's corporate headquarters and logistics centres.** In this case, with regard to the eligibility of the 'acquisition and ownership of buildings' activity corresponding to activity code 7.7. CCM/CCA, for the climate change mitigation and adaptation objectives. Activities with the capacity to influence the energy efficiency of the buildings analysed have been considered to be eligible.

The Company also carries out investments to foster self-consumption through the **generation of electricity using wind power** at its own facilities. These investments are considered to be eligible in the framework of activity 4.3. CCM/CCA, 'electricity generation from wind power', in terms of both climate change mitigation and adaptation.

Furthermore, the Inditex Group undertakes **other investments** linked, among others, with the installation, maintenance and repair of the energy efficiency equipment in stores, headquarters and logistics centres, software development and data processing, and the implementation and operation of systems that oversee and optimise energy consumption to achieve greater efficiency, which could be considered to be eligible in the framework of activities 7.3. CCM/CCA (installation, maintenance and repair of energy efficiency equipment), 7.5. CCM/CCA (installation, maintenance and repair of instruments and devices for measuring, regulation and controlling energy performance of buildings), 7.6. CCM/CCA (installation, maintenance and repair of renewable energy technologies) and 8.1. CCM/CCA (data processing, hosting and related activities), respectively. However, these activities represent an insignificant proportion of approximately 0% of the Group's CapEx in financial year 2023. Compared to the information reported in financial year 2022, the taxonomic CapEx disclosed in 2023 do not include actions related to activity 7.3. CCM/CCA due to current limitations in tracking significant accounting items to the necessary level of detail.

In the reporting year, and as a result of the eligibility analysis of the new activities in connection with all of the environmental objectives, new taxonomic activities in which the Group is investing were identified. These notably include: Activity 5.3. CE (preparation for re-use of end-of-life products and product components), activity 5.4. CE (sale of second-hand goods) for the circular economy objective. However, these activities also represent an insignificant proportion of approximately 0% of the Group's CapEx in 2023.

According to the analysis carried out, the Group considers the following activities to be eligible in 2023 (exclusively in terms of CapEx):

Type of activity	Taxonomy objectives	Description of the activity	Inditex Group activities
Renovation of existing buildings	Climate change mitigation (7.2. CCM) Climate change adaptation (7.2. CCA) Circular economy (3.2. CE)	Construction and civil engineering works or preparations for such works	Renovation of stores, headquarters and logistics centres when it is possible to upgrade the building envelope
Acquisition and ownership of buildings	Climate change mitigation (7.7. CCM) Climate change adaptation (7.7. CCA)	Buying real estate and exercising ownership of that real estate	Ownership of headquarters and logistics centres provided there is a possibility of influencing the energy efficiency of the buildings analysed
Electricity generation from wind power	Climate change mitigation (4.3. CCM) Climate change adaptation (4.3. CCA)	Construction or operation of wind-generated electricity facilities	Electricity generation activities in wind power plants

2. Analysis of the alignment of activities by type of activity

For each of the eligible activities previously described, an assessment was carried out of the technical criteria in the climate change mitigation and adaptation objectives, specifically for CapEx. As a result, it was observed that the Group's activities contribute solely to the mitigation objective. This is because the actions identified in relation to the taxonomic activities mentioned are not carried out with the purpose of being 'adaptation solutions' in keeping with the requirements for these activities pursuant to the criterion of substantial contribution to climate change adaptation.

Accordingly, below is a detailed breakdown of the analysis of compliance with the technical screening criteria for the specific activities relating to the **climate change mitigation objective (CCM):**

/ **Renovation of existing buildings** (activity 7.2. CCM), which is reported as CapEx in accordance with point 1.1.2.2. a) of the Disclosures Delegated Act, explains the assessment of compliance with the technical criteria relating to substantial contribution and DNSH specific to this activity;

/ **Acquisition and ownerhip of buildings** (activity 7.7. CCM), which is reported as CapEx and in the investment plan in accordance with points 1.1.2.2.a) and 1.1.2.2. b) of the Disclosures Delegated Act, respectively, as well as explaining the assessment of compliance with the technical criteria and DNSH applicable in the first case, and, for the second case, explaining the criteria considered in the investment plan;

/ **Electricity generation from wind power** (activity 4.3. CCM), reported via the CapEx Plan, in line with the applicable criteria;

/ Analysis of compliance with **DNSH criteria for the climate change adaptation objective** and for the **minimum social safeguards,** assessed jointly for the various groups of activities.

/ Renovation of existing buildings (Activity 7.2. CCM)

In 2023, one action related to the comprehensive refurbishment of one of the Group's stores was identified as being aligned with the Taxonomy under activity 7.2. CCM, as explained below:

i. Compliance with the technical screening criteria for substantial contribution

With respect to the substantial contribution to the climate change mitigation objective, through the review of the works technical project, it was observed that the action identified in this context implies the intervention on the building's facade and, accordingly, on at least 25% of its envelope, in keeping with the Taxonomy's requirements.

ii. Compliance with the technical screening criteria of 'Do No Significant Harm' (DNSH) specific to the activity

- **Climate change adaptation:** no material physical climate risks were identified that might affect the performance of the reported activity pursuant to the provisions of Annex A of the Climate Delegated Act. The detailed breakdown of compliance with this technical criterion is provided in the transversal section 'Compliance with the technical screening criterion of Do No Significant Harm (DNSH) to the climate change adaptation objective'.

- **Sustainable use and protection of water and marine resources:** the building analysed has been refurbished entirely, including sanitary fittings such as taps, basins and toilets that meet the minimum requirements as regards maximum water flow and maximum flush volume established by the Taxonomy. It is compliant with the technical guidelines followed by the Inditex Group in connection with plumbing and sanitation in the works it undertakes, which include caps on water flows in the plumbing systems of sanitary facilities in line with the Taxonomy's requirements, promoting a more conscious use of water resources.

- **Transition towards a circular economy:** the actions identified are compliant with the requirements of the Taxonomy, including that at least 70% of non-hazardous construction and demolition waste generated in the work should be recovered. This compliance is reflected in the store's Construction and Demolition Waste Management Plan, which includes building practices that support circularity; in addition to the construction waste management certificates, which confirm that 100% of the waste generated is recovered.

- **Prevention and control of pollution:** the construction components and materials used comply with the Taxonomy's requirements as per the record of the relevant responsible declarations and emission tests. This includes the requirements linked to substances in Annex C of the Climate Delegated Act, formaldehyde and volatile organic components (VOCs). In addition, the building complies with the Group's technical guidelines on indoor air quality and noise, which meet the Taxonomy requirements.

/ Acquisition and ownership of buildings (Activity 7.7. CCM)

(a) Investments in corporate headquarters

With regard to investments in headquarters, we identified the investment linked to the construction of a new corporate building, which will be a part of the complex of facilities that make up the Group's Arteixo headquarters. This action is presented by means of an investment plan, approved by the Inditex Management, which details all the measures in place to ensure that these investments match the Taxonomy requirements within the framework of the climate change mitigation objective through activity 7.7.

Compliance with the technical screening criteria through the investment plan

In accordance with the provisions of the Disclosures Delegated Act, it is possible to present aligned activities by means of a investment plan that evidences that the investment is earmarked for an activity that will be aligned with the Taxonomy within a maximum period of five years. Such a plan must meet a series of requirements as per the provisions of the Disclosures Delegated Act and the guidelines in the FAQ documents published in 2022 by the European Commission[82].

The plan concerning the corporate building includes a detailed set of measures—with their related expense, status of progress of implementation dates—that must be carried out to ensure that the action complies with the technical screening criteria of activity 7.7. CCM. More specifically, the document details the measures to be adopted for compliance with the requirements concerning energy efficiency[83], Life Cycle Analysis[84] and the Study of Air Tightness and Thermal Integrity of the Envelope[85] applicable to large non-residential buildings built from 2020 onwards. Meanwhile, the detailed breakdown of compliance with DNSH is provided in the section 'Compliance with the technical screening criterion of Do No Significant Harm (DNSH) to the climate change adaptation objective'.

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82 Commission Notice on the interpretation and implementation of certain legal provisions of the EU Taxonomy Regulation and links to the Sustainable Finance Disclosure Regulation of 19/12/2022, more specifically in the answer to question 26.

83 Obtaining an Energy Efficiency Certificate showing that primary non-renewable energy consumption is at least 10% below the energy consumption thresholds established for Nearly Zero-Energy Buildings (NZEB); design and calculation of the climate control installation based on the requirements of the Regulation of Thermal Installations in Buildings (RITE); installation of a Building Management System (BMS) to allow the building to be efficiently managed through energy efficiency control and assessment.

84 Calculation of the average yearly Global Warming Potential (GWP) for a reference study period of 50 years, resulting from the construction in each stage of the building's life cycle and in accordance with EN 15978 Standard.

85 Performance of an air tightness and thermal integrity study of the building in accordance with EN 13187 and EN 13829 or equivalent standards.

Construction of this project is scheduled for completion in 2024. Once the execution has been completed, the Group undertakes to periodically assess compliance with the relevant technical criteria in this context and to conduct the related adjustments to its calculations and disclosures where necessary.

(b) Investments in logistics centres

This year investments were undertaken at four of the Group's logistics centres that are considered to be aligned with the Taxonomy under activity 7.7. CCM, as outlined below:

i. Compliance with the technical screening criteria for substantial contribution

The aforementioned logistics centres, built after 2020, present non-renewable primary energy consumption of at least 10% below the energy consumption thresholds established for non-residential buildings in accordance with the Basic Document HE, Energy Savings (*'DB HE Ahorro de energía'*).

Two of the logistics centres cover a surface area of more than 5,000m^2 and during their construction were subject to robust and traceable quality control processes. These buildings are efficiently operated through the continuous oversight and assessment of their energy performance as provided in the Taxonomy for this purpose. Moreover, the Life Cycle Analysis report of these buildings states that the Global Warming Potential (GWP) resulting from their construction was calculated at each stage of their life cycle in accordance with the relevant standards. Inditex formally undertakes to disclose this GWP to investors and/or customers who so request.

ii. Compliance with the technical screening criteria of 'Do No Significant Harm' (DNSH) specific to the activity

- **Adaptation to climate change:** no material physical climate risks have been identified that could affect the performance of the reported activity in accordance with the provisions of Appendix A of the Climate RD. The details of compliance with this technical criterion are set out in detail in the cross-cutting section ''Compliance with the technical criterion of no significant detriment (DNSH) to the climate change adaptation objective''.

/ Electricity generation from wind power (Activity 4.3. CCM)

With regard to activity 4.3 CCM, one wind-generated electricity project was identified: the Punta Langosteira Outer Port Wind Facility. This project is aimed at achieving self-consumption between the Inditex Arteixo headquarters and the A Coruña Port Authority, and it will enter into operation in early 2026, so it is reported through an investment plan.

Compliance with the technical screening criteria through the investment plan

As previously explained in connection with the requirements pertaining to the CapEx Plan for the Punta Langosteira Outer Port Wind Facility, measures are envisaged to ensure that the infrastructure is compliant with the technical screening criteria applicable to activity 4.3 CCM. Specifically, the purpose of electricity generation from wind power is included in the Technical Construction Report, which shows that the purpose of this facility is to generate wind power for self-consumption. Furthermore, an Environmental Impact Study is planned as is the compilation of a document outlining the availability of highly durable, recyclable and easily dismantlable equipment and parts for the installation, so as to comply with the applicable biodiversity and circular economy DNSHs, respectively. Meanwhile, the detailed breakdown of compliance with DNSH is provided in the section 'Compliance with the technical screening criterion of Do No Significant Harm (DNSH) to the climate change adaptation objective'

Construction of this project is scheduled for completion in 2026. Once the execution has been completed, the Group undertakes to periodically assess compliance with the relevant technical criteria in this context and to conduct the related adjustments to its calculations and disclosures where necessary.

/ Analysis of compliance with the climate change adaptation DNSH and minimum social safeguards

Compliance with the technical screening criterion of Do No Significant Harm (DNSH) to the climate change adaptation objective

The Inditex Group has analysed the potential impacts in connection with climate change risks, both physical and transition risks, using five emissions pathways aligned with the socioeconomic forecasts of the Intergovernmental Panel on Climate Change (IPCC's Shared Socioeconomic Pathways - SSPs), and considering short (0-5 years), medium (5-10 years) and long (more than 10 years) time frames. For physical risks, the Group has considered seven sources of risk that are relevant to Inditex's business. After identifying and assessing the potential impacts deriving from the sources of climate risks (including the most significant ones associated with a disruption of operations at key facilities, damages to physical assets or disruptions to the supply of raw materials), no material risks were detected that affect the reported Taxonomy activities. Furthermore, the Group has defined adaptation measures aimed at reducing its exposure to risks, thereby adapting to the consequences of climate change.

For more information on the assessment of climate risks, see section 6.1.5 Risks and opportunities arising from climate change of this Report.

Compliance with the criteria for minimum social safeguards

For any economic activity to be considered to be aligned, it must be carried out in accordance with the OECD Guidelines for Multinational Enterprises and the United Nations Guiding Principles on Business and Human Rights.

The Group applies to its operations and business decisions an approach based on the development of due diligence processes, which enables the Group to identify, prevent, mitigate and remedy if applicable the impacts on the economy, the environment and people (including those related to human rights). In this regard, the Group's Human Rights Strategy is consistent with the UN Guiding Principles on Business and Human Rights and based on three pillars for integrating the promotion of and respect for human rights throughout the value chain: the Group's Policy on Human Rights, due diligence and grievance mechanisms. There are also policies and procedures in connection with competition, anti-corruption, responsible business, conflicts of interest and fiscal responsibility. It is worth highlighting the Code of Conduct, aimed at ensuring a professional, ethical and responsible commitment from the Group and everyone belonging to it in the course of their activities, as a basic element of the business culture.

ⓘ More information in sections 5.1.2. Human rights due diligence and 8.1. Corporate ethical culture and solid compliance architecture of this Report.

3. Calculation of indicators and results

Having assessed the eligibility and alignment of the activities identified, the next step was to calculate the related indicators (turnover, CapEx and OpEx) for each of them. The process of calculating these key performance indicators involves analysing the Group's consolidated information, excluding intercompany transactions and avoiding double-counting through the processing of accounting information, bearing in mind the adjustments made in the consolidation process, using a single source of information to avoid considering the same item twice, and checking the traceability and accuracy of the information. The Group's Annual Accounts are used to analyse the turnover and OpEx key performance indicators.

The turnover, CapEx and OpEx key performance indicators represent the proportion of the Group's turnover, investments in assets and operating expenditure, respectively, that adheres to, whether in the form of eligibility or alignment, the requirements outlined in the Taxonomy. To construct the numerators of the three key performance indicators, the corresponding items identified as eligible or aligned as per the Taxonomy are considered. With regard to the denominators:

- **Turnover:** the denominator includes the ordinary revenue in the year. Revenue from Group companies, grants or gifts, among others, are not taken into account. Specifically, the figure is taken from the information on additions reported in Inditex's Consolidated Annual Accounts *(Note 4)*.
- **CapEx:** the denominator includes additions to assets, including those derived from business combinations and rights of use. Therefore, the Group considers all additions to property, plant and equipment, intangible assets and rights of use in accordance with IFRS 16. Specifically, the figure is taken from the information on additions reported in Inditex's Consolidated Annual Accounts *(Notes 14, 15 and 16)*.
- **OpEx:** the denominator includes the expenses associated with research and development, building renovation measures, short-term leases and maintenance or repairs that ensure the proper functioning of the assets.

The results obtained for each of these key performance indicators are shown below, alongside the respective conclusions.

/ Turnover

In keeping with the previous information, no items of turnover have been identified that could be considered eligible as per the current Taxonomy. This means that the eligible turnover results in 2023 are approximately 0%. Therefore, this key performance indicator has not experienced any changes with regard to the previous financial year.

/ CapEx

The Inditex Group considers eligible accounting items[86] linked to the following investment types within the framework of the mitigation and adaptation objectives:

- **Renovation of existing buildings** (Activity 7.2. CCM)
- **Acquisition and ownership of buildings** (Activity 7.7. CCM)
- **Electricity generation from wind power** (Activity 4.3. CCM)

The percentage of investment in environmentally sustainable activities in 2023 (3.41%), increases compared to that reported in 2022 (0.65%). The difference between the two results lies mainly in the inclusion of the items linked to the construction actions at logistics centres, as well as those related to the new corporate building and Punta Langosteira Outer Port Wind Facility projects, analysed above.

As explained above, and as shown at the historical level, no significant accounting items linked to the CCM 7.3. activity have been identified in 2023. This activity represented a 0.12% share of Taxonomy-eligible but not environmentally sustainable CapEx in 2022.

Likewise, and in contrast to what was reported in 2022 (0.35%), in 2023 there are no eligible activities under the taxonomy that are not environmentally sustainable. This is because all eligible investments are environmentally sustainable activities that comply with the taxonomy. As with the eligibility results, this difference is due to the Group's efforts to implement measures aimed at guaranteeing the current and future alignment of the actions linked to the acquisition and ownership of buildings (activity 7.7. CCM) and with electricity generation from wind power (activity 4.3. CCM) with the Taxonomy's technical screening criteria.

[86] As indicated, items linked to activities 7.7 CCM and 4.3 CCM are included in the numerator through the investment plan, as explained previously.

It is also due to the high degree of alignment of the remaining items linked to the acquisition and ownership of buildings, owing to the Group's work to create an internal management framework to facilitate the adaptation of the way of working, purchasing and reporting of the teams linked to this activity in accordance with the Taxonomy's technical screening criteria.

/ OpEx

Consistent with the foregoing, the criterion for calculating OpEx is unchanged with respect to the previous year. Consequently, eligible OpEx is observed to be approximately 0% of the Inditex Group's total OpEx in 2023. Therefore, this key performance indicator has not experienced any changes with regard to the previous financial year.

Turnover		2023		Substantial Contribution Criteria						DNSH criteria ('Does Not Significantly Harm')									
Economic activities	Code(s) (1)	Turnover	Proportion of Turnover, year 2023	Climate Change Mitigation	Climate Change Adaptation	Water	Pollution	Circular Economy	Biodiversity	Climate Change Mitigation	Climate Change Adaptation	Water	Pollution	Circular Economy	Biodiversity	Minimum safeguards	Proportion of Taxonomy-aligned (A.1.) or -eligible (A.2.) turnover, year 2022	Category enabling activity	Category transitional activity
		M€	%	Y; N; N/EL (2)	Y; N; N/EL (2)	Y; N; N/EL (2)	Y; N; N/EL (2)	Y; N; N/EL (2)	Y; N; N/EL (2)	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	%	E	T
A. TAXONOMY-ELIGIBLE ACTIVITIES																			
A.1. Environmentally sustainable activities (Taxonomy-aligned)																			
Turnover of environmentally sustainable activities (Taxonomy-aligned) (A.1)		**0.00 M€**	**0.00%**	**0.00%**	**0.00%**	**0.00%**	**0.00%**	**0.00%**	**0.00%**								**0.00%**		
Of which Enabling		0.00 M€	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%								0.00%	E	
Of which Transitional		0.00 M€	0.00%	0.00%													0.00%		T
A.2 Taxonomy-eligible, but not environmentally sustainable activitles (not Taxonomy-aligned activities)																			
		M€	%	EL; N/EL (3)	EL; N/EL (3)	EL; N/EL (3)	EL; N/EL (3)	EL; N/EL (3)	EL; N/EL (3)										
Turnover of Taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned activities) (A.2)		**0.00 M€**	**0.00%**	**0.00%**	**0.00%**	**0.00%**	**0.00%**	**0.00%**	**0.00%**								**0.00%**		
A. Turnover of Taxonomy-eligible activities (A.1+A.2)		**0.00 M€**	**0.00%**														**0.00%**		
B. TAXONOMY NON-ELIGIBLE ACTIVITIES																			
Turnover of Taxonomy-non-eligible activities		**35,947 M€**	**100%**																
TOTAL		**35,947 M€**	**100%**																

(1) The Code constitutes the abbreviation of the relevant objective to which the economic activity is eligible to make a substantial contribution, as well as the section number of the activity in the relevant Annex covering the objective, i.e.:

— Climate Change Mitigation: CCM.
— Climate Change Adaptation: CCA.
— Water and Marine Resources: WTR.
— Circular Economy: CE.
— Pollution Prevention and Control: PPC.
— Biodiversity and ecosystems: BIO.

(2) Y – Yes, Taxonomy-eligible and Taxonomy-aligned activity with the relevant environmental objective.
N – No, Taxonomy-eligible but not Taxonomy-aligned activity with the relevant environmental objective.
N/EL – Not eligible, Taxonomy-non-eligible activity for the relevant environmental objective.

(3) EL – Taxonomy-eligible activity for the relevant objective.
N/EL – Taxonomy-non-eligible activity for the relevant objective.

CapEx

Economic activities	Code(s) (1)	CapEx (2023)	Proportion of CapEx, year 2023	Substantial Contribution Criteria: Climate Change Mitigation	Climate Change Adaptation	Water	Pollution	Circular Economy	Biodiversity	DNSH criteria ('Does Not Significantly Harm'): Climate Change Mitigation	Climate Change Adaptation	Water	Pollution	Circular Economy	Biodiversity	Minimum safeguards	Proportion of Taxonomy-aligned (A.1.) or eligible (A.2.) CapEx, year 2022	Category enabling activity	Category transitional activity
		M€	%	Y; N; N/EL (2)	Y; N; N/EL (2)	Y; N; N/EL (2)	Y; N; N/EL (2)	Y; N; N/EL (2)	Y; N; N/EL (2)	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	%	E	T
A. TAXONOMY-ELIGIBLE ACTIVITIES																			
A.1. Environmentally sustainable activities (Taxonomy-aligned)																			
Electricity generation from wind power	CCM 4.3.	4.46 M€	0.10%	Y	N	N/EL	N/EL	N/EL	N/EL	Y	Y	Y	Y	Y	Y	Y	0.00%		
Renovation of existing buildings	CCM 7.2.	11.44 M€	0.25%	Y	N	N/EL	N/EL	N (5)	N/EL	Y	Y	Y	Y	Y	Y	Y	0.30%		T
Acquisition and ownership of buildings	CCM 7.7.	142.98 M€	3.07%	Y	N	N/EL	N/EL	N/EL	N/EL	Y	Y	Y	Y	Y	Y	Y	0.00%		
CAPEX of environmentally sustainable activities (Taxonomy-aligned) (A.1)		**158.89 M€**	**3.41%**	**3.41%**	**0.00%**	**0.00%**	**0.00%**	**0.00%**	**0.00%**	**Y**	**Y**	**Y**	**Y**	**Y**	**Y**	**Y**	**0.30%**		
Of which Enabling		0.00 M€	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	Y	Y	Y	Y	Y	Y	Y	0.00%	E	
Of which Transitional (4)		11.44 M€	7.20%	7.20%						Y	Y	Y	Y	Y	Y	Y	100.00%		T
A.2 Taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned activities)																			
		M€	%	EL; N/EL (3)	EL; N/EL (3)	EL; N/EL (3)	EL; N/EL (3)	EL; N/EL (3)	EL; N/EL (3)										
Installation, maintenance and repair of energy efficiency equipment	CCM 7.3.	0.00 M€	0.00%	EL	N/EL (6)	N/EL	N/EL	N/EL	N/EL								0.12%		
Acquisition and ownership of buildings	CCM 7.7.	0.00 M€	0.00%	EL	N/EL (6)	N/EL	N/EL	N/EL	N/EL								0.23%		
CAPEX of Taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned activities) (A.2)		**0.00 M€**	**0.00%**	**0.00%**	**0.00%**	**0.00%**	**0.00%**	**0.00%**	**0.00%**								**0.35%**		
A. CapEx of Taxonomy-eligible activities (A.1+A.2)		**158.89 M€**	**3.41%**	**3.41%**	**0.00%**	**0.00%**	**0.00%**	**0.00%**	**0.00%**								**0.65%**		
B. TAXONOMY-NON-ELIGIBLE ACTIVITIES																			
CapEx of Taxonomy-non-eligible activities		**4,503 M€**	**96.59%**																
TOTAL		**4,662 M€**	**100%**																

(1) The Code constitutes the abbreviation of the relevant objective to which the economic activity is eligible to make a substantial contribution, as well as the section number of the activity in the relevant Annex covering the objective, i.e.:

— Climate Change Mitigation: CCM.

— Climate Change Adaptation: CCA.

— Water and Marine Resources: WTR.

— Circular Economy: CE.

— Pollution Prevention and Control: PPC.

— Biodiversity and ecosystems: BIO.

(2) Y – Yes, Taxonomy-eligible and Taxonomy-aligned activity with the relevant environmental objective.

N – No, Taxonomy-eligible but not Taxonomy-aligned activity with the relevant environmental objective.

N/EL – Not eligible, Taxonomy-non-eligible activity for the relevant environmental objective.

(3) EL – Taxonomy-eligible activity for the relevant objective.

N/EL – Taxonomy-non-eligible activity for the relevant objective.

(4) The denominator used for the calculation of the percentages corresponds to the CapEx of environmentally sustainable activities (which comply with the taxonomy) (A.1).

(5) For the reporting exercise relating to the financial year 2023, it is not yet necessary to report on the alignment of activities related to the circular economy objective. However, this activity is eligible for the circular economy objective.

(6) Activities 7.3 and 7.7 reported for the CapEx of activities eligible according to the taxonomy but not environmentally sustainable (activities not aligned to the taxonomy) (A.2), do not include the climate change adaptation objective as they refer to the financial year 2022 reporting, where their eligibility for that objective was not reported.

	Proportion of CapEx/ Total CapEx	
Targets	**Taxonomy-aligned per objective**	**Taxonomy-elegible per objective**
CCM	3.41%	3.41%
CCA	0%	3.41%
WTR	0%	0%
CE	0%	0.25%
PPC	0%	0%
BIO	0%	0%

OpEx

Economic activities	Code(s) (1)	OpEx	Proportion of OpEx, year 2023	Substantial Contribution Criteria: Climate Change Mitigation	Climate Change Adaptation	Water	Pollution	Circular Economy	Biodiversity	DNSH criteria ('Does Not Significantly Harm'): Climate Change Mitigation	Climate Change Adaptation	Water	Pollution	Circular Economy	Biodiversity	Minimum safeguards	Proportion of Taxonomy aligned (A.1.) or eligible (A.2.) OpEx, year 2022	Category enabling activity	Category transitional activity
		2023																	
		M€	%	Y; N; N/EL (2)	Y; N; N/EL (2)	Y; N; N/EL (2)	Y; N; N/EL (2)	Y; N; N/EL (2)	Y; N; N/EL (2)	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	%	E	T
A. TAXONOMY ELIGIBLE ACTIVITIES																			
A.1. Environmentally sustainable activities (Taxonomy-aligned)																			
OpEx of environmentally sustainable activities (Taxonomy-aligned) (A.1)		**0.00 M€**	**0.00%**	**0.00%**	**0.00%**	**0.00%**	**0.00%**	**0.00%**	**0.00%**								**0.00%**		
Of which Enabling		0.00 M€	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%								0.00%	E	
Of which Transitional		0.00 M€	0.00%	0.00%													0.00%		T
A.2 Taxonomy-eligible, but not environmentally sustainable activities (not Taxonomy-aligned activities)																			
		M€	%	EL; N/EL	EL; N/EL	EL; N/EL	EL; N/EL	EL; N/EL	EL; N/EL										
OpEx of Taxonomy-eligible, but not environmentally sustainable activities (not Taxonomy-aligned activities) (A.2)		**0.00 M€**	**0.00%**	**0.00%**	**0.00%**	**0.00%**	**0.00%**	**0.00%**	**0.00%**								**0.00%**		
A. OpEx of Taxonomy eligible activities (A.1+A.2)		**0.00 M€**	**0.00%**														**0.00%**		
B. TAXONOMY NON-ELIGIBLE ACTIVITIES																			
OpEx of Taxonomy-non-eligible activities		**1,443 M€**	**100%**																
TOTAL		**1,443 M€**	**100%**																

(1) The Code constitutes the abbreviation of the relevant objective to which the economic activity is eligible to make a substantial contribution, as well as the section number of the activity in the relevant Annex covering the objective, i.e.:

— Climate Change Mitigation: CCM.

— Climate Change Adaptation: CCA.

— Water and Marine Resources: WTR.

— Circular Economy: CE.

— Pollution Prevention and Control: PPC.

— Biodiversity and ecosystems: BIO.

(2) Y – Yes, Taxonomy-eligible and Taxonomy-aligned activity with the relevant environmental objective.

N – No, Taxonomy-eligible but not Taxonomy-aligned activity with the relevant environmental objective.

N/EL – Not eligible, Taxonomy-non-eligible activity for the relevant environmental objective.

(3) EL – Taxonomy-eligible activity for the relevant objective.

N/EL – Taxonomy-non-eligible activity for the relevant objective.

Other information related to taxonomy

Information on nuclear and fossil gas activities in Annex III of Delegated Regulation 2022/1214.

Nuclear energy related activities		
1	The undertaking carries out, funds or has exposures to research, development, demonstration and deployment of innovative electricity generation facilities that produce energy from nuclear processes with minimal waste from the fuel cycle.	No
2	The undertaking carries out, funds or has exposures to construction and safe operation of new nuclear installations to produce electricity or process heat, including for the purposes of district heating or industrial processes such as hydrogen production, as well as their safety upgrades, using best available technologies.	No
3	The undertaking carries out, funds or has exposures to safe operation of existing nuclear installations that produce electricity or process heat, including for the purposes of district heating or industrial processes such as hydrogen production from nuclear energy, as well as their safety upgrades.	No
Fossil gas related activities		
4	The undertaking carries out, funds or has exposures to construction or operation of electricity generation facilities that produce electricity using fossil gaseous fuels.	No
5	The undertaking carries out, funds or has exposures to construction, refurbishment, and operation of combined heat/cool and power generation facilities using fossil gaseous fuels.	No
6	The undertaking carries out, funds or has exposures to construction, refurbishment and operation of heat generation facilities that produce heat/cool using fossil gaseous fuels.	No

9.1.2. Indicators for management of the supply chain

GRI 3-3; 308-1; 308-2; 414-1; 414-2; AF7; AF8; AF16; AF17

a) Supplier clusters

	2023
Spain	
Number of suppliers with purchases in the year	138
Number of sewing factories associated with suppliers with purchases	76
Number of factories for other processes associated with suppliers with purchases[(1)]	284
Workforce of manufacturers working for Inditex in Spain	19,513
Portugal	
Number of suppliers with purchases in the year	114
Number of sewing factories associated with suppliers with purchases	366
Number of factories for other processes associated with suppliers with purchases[(1)]	325
Workforce of manufacturers working for Inditex in Portugal	39,761
Morocco	
Number of suppliers with purchases in the year	216
Number of sewing factories associated with suppliers with purchases	348
Number of factories for other processes associated with suppliers with purchases[(1)]	37
Workforce of manufacturers working for Inditex in Morocco	94,563
Türkiye	
Number of suppliers with purchases in the year	186
Number of sewing factories associated with suppliers with purchases	847
Number of factories for other processes associated with suppliers with purchases[(1)]	758
Workforce of manufacturers working for Inditex in Türkiye	330,926
India	
Number of suppliers with purchases in the year	122
Number of sewing factories associated with suppliers with purchases	146
Number of factories for other processes associated with suppliers with purchases[(1)]	298
Workforce of manufacturers working for Inditex in India	454,558
Bangladesh	
Number of suppliers with purchases in the year	150
Number of sewing factories associated with suppliers with purchases	273
Number of factories for other processes associated with suppliers with purchases[1]	209
Workforce of manufacturers working for Inditex in Bangladesh	965,797
Vietnam	
Number of suppliers with purchases in the year	11
Number of sewing factories associated with suppliers with purchases	108
Number of factories for other processes associated with suppliers with purchases[(1)]	59
Workforce of manufacturers working for Inditex in Vietnam	142,857
Cambodia	
Number of suppliers with purchases in the year	2
Number of sewing factories associated with suppliers with purchases	130
Number of factories for other processes associated with suppliers with purchases[(1)]	21
Workforce of manufacturers working for Inditex in Cambodia	126,171

China	
Number of suppliers with purchases in the year	367
Number of sewing factories associated with suppliers with purchases	1,304
Number of factories for other processes associated with suppliers with purchases(1)	1,684
Workforce of manufacturers working for Inditex in China	580,279
Pakistan	
Number of suppliers with purchases in the year	69
Number of sewing factories associated with suppliers with purchases	85
Number of factories for other processes associated with suppliers with purchases(1)	100
Workforce of manufacturers working for Inditex in Pakistan	497,524

(1) This includes factories assigned to suppliers in orders for the 2023 summer and winter campaigns. Includes raw materials processing, cutting, dyeing and washing, finishing non-textile product processes. For factories performing more than one process, their main process was considered.

b) Supply chain assessment

Audits by region in 2023

Geographic area	Traceability	Pre-assessment	Environmental pre-assessment	Social	Environmental	Other audits(1)	Total
Africa	4,206	64	11	324	70	157	4,832
Americas	105	25	3	48	8	30	219
Asia	5,512	1,590	233	4,209	1,208	1,199	13,951
Europe outside the EU	1,500	173	21	1,259	295	156	3,404
European Union	777	259	33	1,052	287	47	2,455
Total	**12,100**	**2,111**	**301**	**6,892**	**1,868**	**1,589**	**24,861**

Internal and external audits in 2023

	Traceability	Pre-assessment	Environmental pre-assessment	Social	Environmental	Other audits(1)	Total
Internal	179	16	0	195	33	1,083	1,506
External	11,921	2,095	301	6,697	1,835	506	23,355
Total	**12,100**	**2,111**	**301**	**6,892**	**1,868**	**1,589**	**24,861**

(1) Previously reported as ‘special audits’. Includes audits carried out to verify the application of Inditex audit methodology (71 audits), verifications in specific areas such as those performed to assess the progress of corrective action plans or those related to various aspects of the CCMS (697 verifications) and Workers at the Centre programme monitoring visits (821 visits).

Social ranking and production volume of suppliers with purchase[(1)(2)]

	2023			2022		
	No. of suppliers	% of suppliers	% of production	No. of suppliers	% of suppliers	% of production
A	761	44%	42%	650	38%	37%
B	928	54%	57%	1,018	59%	61%
C	9	1%	0%	10	1%	0%
Subject to CAP	26	2%	1%	30	2%	1%
PR	9	1%	0%	21	1%	0%
Total	**1,733**	**100%**	**100%**	**1,729**	**100%**	**100%**

(1) Supplier A: Complies with the Code of Conduct. Supplier B: Does not comply with some non-relevant aspect of the Code of Conduct. Supplier C: Does not comply with some sensitive, but not conclusive, aspect of the Code of Conduct. CAP Supplier: Supplier in Corrective Action Plan. Supplier PR: Undergoing an auditing process.

(2) Figures include suppliers with more than 20,000 production units in the 2023 summer and winter campaign. Suppliers whose production is less than 20,000 units are excluded.

Social ranking and purchase volume of suppliers by region[(1)(2)]

	2023			2022		
Africa	No. of suppliers	% of suppliers	% of production	No. of suppliers	% of suppliers	% of production
A	177	74%	76%	144	72%	68%
B	55	23%	24%	44	22%	25%
C	2	1%	0%	1	0%	0%
Subject to CAP	3	1%	0%	4	2%	2%
PR	1	0%	0%	8	4%	4%
Total	**238**	**100%**	**100%**	**201**	**100%**	**100%**

	2023			2022		
Americas	No. of suppliers	% of suppliers	% of production	No. of suppliers	% of suppliers	% of production
A	8	80%	92%	9	82%	95%
B	2	20%	8%	2	18%	5%
C	0	0%	0%	0	0%	0%
Subject to CAP	0	0%	0%	0	0%	0%
PR	0	0%	0%	0	0%	0%
Total	**10**	**100%**	**100%**	**11**	**100%**	**100%**

	2023			2022		
Asia	No. of suppliers	% of suppliers	% of production	No. of suppliers	% of suppliers	% of production
A	329	34%	37%	267	28%	32%
B	629	65%	63%	675	71%	67%
C	2	0%	0%	5	1%	0%
Subject to CAP	4	0%	1%	6	1%	0%
PR	0	0%	0%	2	0%	0%
Total	**964**	**100%**	**100%**	**955**	**100%**	**100%**

Europe outside the EU	2023 No. of suppliers	2023 % of suppliers	2023 % of production	2022 No. of suppliers	2022 % of suppliers	2022 % of production
A	54	26 %	28 %	47	20 %	23 %
B	135	65 %	67 %	160	70 %	71 %
C	5	2 %	0 %	4	2 %	0 %
Subject to CAP	13	6 %	5 %	18	8 %	5 %
PR	2	1 %	0 %	1	0 %	0 %
Total	**209**	**100%**	**100%**	**230**	**100%**	**100%**

European Union	2023 No. of suppliers	2023 % of suppliers	2023 % of production	2022 No. of suppliers	2022 % of suppliers	2022 % of production
A	193	62 %	61 %	183	55 %	57 %
B	107	34 %	38 %	137	41 %	42 %
C	0	0 %	0 %	0	0 %	0 %
Subject to CAP	6	2 %	0 %	2	1 %	0 %
PR	6	2 %	0 %	10	3 %	1 %
Total	**312**	**100%**	**100%**	**332**	**100%**	**100%**

(1) Supplier A: Complies with the Code of Conduct. Supplier B: Does not comply with some non-relevant aspect of the Code of Conduct. Supplier C: Does not comply with some sensitive, but not conclusive, aspect of the Code of Conduct. CAP Supplier: Supplier in Corrective Action Plan. Supplier PR: Undergoing an auditing process.

(2) Figures include suppliers with more than 20,000 production units in the 2023 summer and winter campaign. Suppliers whose production is less than 20,000 units are excluded.

c) Continuous improvement of the supply chain

Corrective Action Plans in the social area in 2023 at factories incurring in sensitive breaches of the Code of Conduct

Geographic area	Factories that have begun an improvement process	Factories that have improved their compliance	Factories in the process of improving	% CAPs completed successfully[1]
Africa	9	1	7	50%
Americas	3	2	1	100%
Asia	208	35	138	50%
Europe outside the EU	247	33	173	45%
European Union	23	6	12	55%
Total	**490**	**77**	**331**	**48%**

Corrective Action Plans in the environmental area in 2023 in factories incurring in sensitive breaches of the Green to Wear standard

Geographic area	Factories that have begun an improvement process	Factories that have improved their compliance	Factories in the process of improving	% CAPs completed successfully[1]
Africa	16	0	16	0%
Americas	2	0	2	0%
Asia	187	51	117	73%
Europe outside the EU	70	15	49	71%
European Union	52	2	43	22%
Total	**327**	**68**	**227**	**68%**

(1) The percentage of successfully completed corrective action plans is measured in terms of CAPs that have been initiated and completed during 2023. If we were to consider those completed in 2023 irrespective of their start date, the success rate does not change for this year.

9.1.3. Health and safety indicators of our products

GRI 3-3; 416-1; 416-2

Results of the Picking programme

The Picking Programme enables us to verify that our products comply with the Group's Clear to Wear (CtW), Physical Testing Requirements (PTR) and Safe to Wear (StW) health and safety standards. In 2023, initial compliance with our standards in our textile articles reached 98.2%. In cases of initial non-compliance (1.8%), we apply re-operation protocols that allow these products to be properly corrected, eliminating the presence of restricted substances and improving parameters such as colour fastness to achieve compliance.

Degree of initial compliance[87]

	2023	2022
CtW – Chemical substances	99.2%	99.2%
PTR	99.3%	99.4%
CtW(1)	**98.5%**	**98.7%**
StW – Parameters	99.9%	99.9%
StW – Design	99.7%	99.8%
StW	**99.6%**	**99.7%**
CtW + StW	**98.2%**	**98.4%**

(1) The CtW category takes into consideration compliance in both chemicals included in CtW and parameters included in PTR.

Degree of initial compliance by geographic area

Africa	**2023**	**2022**
CtW	99.4%	99.2%
StW	98.6%	99.0%
CtW+StW	98.0%	98.3%

Americas	**2023**	**2022**
CtW	100.0%	98.4%
StW	100.0%	100.0%
CtW+StW	100.0%	98.4%

Asia	**2023**	**2022**
CtW	98.3%	98.4%
StW	99.8%	99.8%
CtW+StW	98.1%	98.3%

European Union	**2023**	**2022**
CtW	99.5%	99.7%
StW	99.6%	99.7%
CtW+StW	99.1%	99.3%

Europe outside the EU	**2023**	**2022**
CtW	98.0%	99.3%
StW	100.0%	99.7%
CtW+StW	98.0%	98.9%

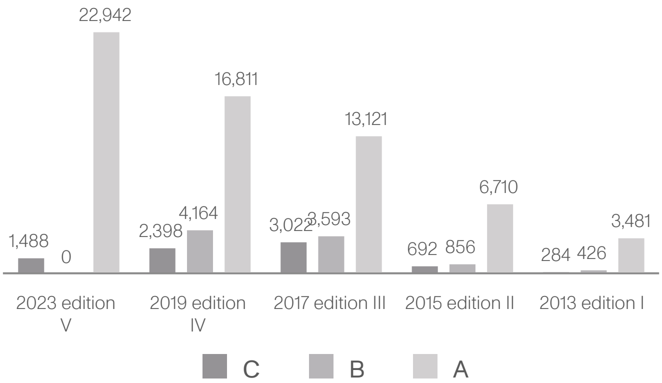
[87] The initial degree of compliance was calculated as the ratio of the number of items meeting each of the Group's standards (CtW, PTR, StW) to the total number of items, in both cases corresponding to the 2023 summer/winter campaign. The information used for this calculation is available in the Company's systems, and is obtained from laboratory analyses carried out as part of our product health and safety control procedure.

The List, by Inditex programme

The List, by Inditex contains a register of commercially available chemical products used in the manufacturing processes of textile and leather goods. In 2023 we carried out the upgrade of the 5th Edition of the programme, with a total of 20,747 analyses, allowing 24,430 chemical products to be classified. In this update, category B was removed and B products were reclassified into categories A and C, becoming a positive and negative list of chemicals..

	5th edition	4th edition	3rd edition	2nd edition	1st edition
Manufacturers	27	24	22	15	10
No. of manufacturer requests	122	98	78	5	10
(acceptance %)	3%	4%	13%	100%	100%
No. of chemical products classified	24,430	23,373	19,736	8,258	4,191
No. of analyses	20,747	83,257	34,605	8,289	1,774

The total number of products from The List, by Inditex is included. The calculation methodology includes primary data obtained through statements from the service provider.



Chemical products "A": their use is permitted in Inditex production with no further analysis by the institutions that use them.

Chemical products "B" (I to IV edition): their use in the Inditex supply chain is subject to further analyses during production, as indicated in the Green to Wear standard.

Chemical products "C": the use of these chemicals is prohibited in Inditex production.

9.1.4. Corporate community investment indicators

GRI 201-1; 203-1; 203-2

	2023	2022
Corporate Community Investment (in euros)	112,620,940	87,870,420

Form of contribution (in euros)	2023	% 2023	2022	% 2022	
Cash	61,989,093	55%	46,280,569	53%	Management costs included
Time	10,165,198	9%	9,413,346	11%	
In-kind	38,471,409	34%	30,266,626	34%	
Management costs	1,995,239	2%	1,909,879	2%	
Total	**112,620,940**	**100%**	**87,870,420**	**100%**	

Category (in euros)	2023	% 2023	2022	% 2022	
Charitable gifts	2,385,311	2%	1,753,555	2%	Management costs excluded
Community investment	71,656,411	65%	58,720,596	68%	
Commercial initiatives in the community	36,583,978	33%	25,486,390	30%	
Total	**110,625,701**	**100%**	**85,960,541**	**100%**	

Issue addressed (in euros)	2023	% 2023	2022	% 2022	
Education	16,793,714	15%	14,094,888	16%	Management costs excluded
Health	8,155,823	7%	6,564,862	8%	
Economic development	3,896,099	4%	3,992,003	5%	
Environment	25,342,750	23%	19,385,452	23%	
Arts and culture	995,682	1%	891,955	1%	
Social welfare	9,782,036	9%	9,191,329	11%	
Emergency relief	45,659,596	41%	31,840,052	37%	
Others	0	0%	0	0%	
Total	**110,625,701**	**100%**	**85,960,541**	**100%**	

Location of the activity (in euros)	2023	% 2023	2022	% 2022	
Spain	38,485,619	35%	28,355,155	33%	Management costs excluded
Europe ex-Spain	26,187,705	24%	22,569,569	26%	
Americas	23,043,128	21%	13,774,978	16%	
Asia and rest of the world	22,909,248	21%	21,260,838	25%	
Total	**110,625,701**	**100%**	**85,960,541**	**100%**	

SDG (in euros)	2023	% 2023	2022	% 2022	
1. No poverty	4,983,326	4.5%	3,750,457	4.4%	
2. Zero hunger	139,171	0.1%	99,188	0.1%	
3. Good health and well-being	8,235,576	7.4%	7,670,746	8.9%	
4. Quality education	8,190,421	7.4%	7,182,324	8.4%	
5. Gender equality	8,546,153	7.7%	5,122,683	6.0%	
6. Clean water and sanitation	1,351,753	1.2%	2,597,186	3.0%	
7. Affordable and clean energy	2,500	0.0%	2,500	0.0%	
8. Decent work and economic growth	11,014,539	10.0%	7,931,367	9.2%	
9. Industry, innovation and infrastructure	2,274,924	2.1%	2,501,301	2.9%	% management costs excluded
10. Reduced inequality	21,637,113	19.6%	17,760,641	20.7%	
11. Sustainable cities and communities	850,340	0.8%	722,389	0.8%	
12. Responsible consumption and production	27,727,459	25.1%	22,531,480	26.2%	
13. Climate action	2,327,147	2.1%	7,089,561	8.3%	
14. Life below water	159,993	0.1%	250,180	0.3%	
15. Life on land	12,036,912	10.9%	131,635	0.2%	
16. Peace, justice and strong institutions	338,392	0.3%	155,344	0.2%	
17. Partnerships for the goals	809,979	0.7%	461,558	0.5%	
Total	**110,625,701**	**100%**	**85,960,541**	**100%**	

Output indicators	2023	2022
Number of hours spent by employees on social initiatives during working hours	338,940	313,778
Number of social initiatives implemented	910	725
Number of garments donated to social causes	8,954,380	7,894,590
Number of direct beneficiaries	4,342,254	3,352,138
Number of community organisations supported	476	469

	2023	2022
Number of children with access to education	39,436	20,230
Number of people receiving professional training	11,777	16,143
Number of migrants, refugees and displaced persons served	968,630	1,861,489
Number of people receiving medical care	1,679,023	1,037,184
Number of employments created through community investment projects	6,841	6,234
Number of people accessing water and sanitation	1,065,990	753,616
Number of people benefiting from environment-related initiatives	59,502	—

	2023	2022
Leverage (in euros)	107,800,304	75,306,852

Impact indicators	2023	2022
Number of direct beneficiaries where results were measured	4,059,696	3,283,404

Depth of impact (number of beneficiaries that...)	2023	2022
Made a connection as a result of the initiative	294,863	403,097
Made an improvement as a result of the initiative	3,314,730	2,529,808
Made a transformation as a result of the initiative	450,103	350,499

Type of impact (number of beneficiaries that...)	2023	2022
Experienced a direct positive change in their behaviour or attitude	1,253,831	653,145
Developed new skills or an increase in their personal well-being	49,056	30,606
Experienced a positive impact on their quality of life	3,897,155	2,852,121

Social cash flow (in millions of euros)	2023	2022
Cash received from the sale of products and services	35,947	32,569
Flow received from financial investments	380	105
Cash received for sales of assets	0	0
Total value added flow	36,328	32,674

Distribution of value added flow (in millions of euros)	2023	2022
Remuneration to employees for their services	5,357	4,753
Tax on profits paid	1,460	1,176
Return of financial debt	-3	17
Dividends paid to shareholders	3,744	2,914
Corporate Community Investment	113	88
Cash retained for future growth	1,377	705
Payments made outside the Group for the purchase of goods, raw materials and services	22,464	21,666
Payments made for investment in new productive assets	1,816	1,355
Total distribution of value added flow	**36,328**	**32,674**

9.1.5. Inditex's contribution to the SDGs. Key indicators

SDGs	Targets	Section	Main indicator or related content (2016 GRI version if not stated otherwise)
1 NO POVERTY	1.2	Communities	GRI 203-2
	1.4	Communities	GRI 203-2
2 ZERO HUNGER	2.1	Communities	GRI 203-2
	2.4	Communities	GRI 203-2
3 GOOD HEALTH AND WELL-BEING	3.4	Our people	GRI 403-2 (2018)
	3.4	Supplier relations	Supply chain workers benefiting from health and safety programmes
	3.8	Communities	GRI 203-2
	3.9	The transition to a circular economy: resources, products and waste	Chemical substances included in the Manufacturing Restricted Substances List (MRSL)
	3.9	Climate change	GRI 305-1; GRI 305-2; GRI 305-3
4 QUALITY EDUCATION	4.4 and 4.5	Our people	GRI 404-1
	4.4 and 4.5	Communities	GRI 203-2
5 GENDER EQUALITY	5.1	Our people	GRI 401-3; GRI 405-1; GRI 405-2
	5.1	Supplier relations	Supply chain workers benefiting from diversity, equality and inclusion programmes
			GRI 406-1
	5.1	Communities	GRI 203-2
	5.1	Corporate ethical culture and solid Compliance architecture	GRI 405-1
	5.2	Supplier relations	GRI 414-2
	5.5	Corporate ethical culture and solid Compliance architecture	GRI 2-9 (2021)

SDGs	Targets	Section	Main indicator or related content (2016 GRI version if not stated otherwise)
6 CLEAN WATER AND SANITATION	6.1	Communities	GRI 203-2
	6.4	Supplier relations	Number of environmental audits carried out and the resulting corrective action plans
	6.4	Water management	GRI 303-3 (2018)
	6.4	Communities	GRI 203-2
7 AFFORDABLE AND CLEAN ENERGY	7.2	Climate change	GRI 302-1
	7.2	Communities	GRI 203-2
	7.3	Climate change	GRI 302-4
8 DECENT WORK AND ECONOMIC GROWTH	8.5	Our people	GRI 2-7 (2021); GRI 405-2
	8.5	Supplier relations	Workers involved in the Workers at the Centre 2023-2025 programmes
	8.5	Communities	GRI 203-2
	8.5	Corporate ethical culture and solid Compliance architecture	Policies formalizing Inditex's commitment to decent work
	8.6	Our people	GRI 401-1
	8.6	Communities	GRI 203-2
	8.7	Supplier relations	GRI 408-1; GRI 409-1
	8.8	Our people	GRI 2-30 (2021)
	8.8	Supplier relations	Actions taken for the protection of workers in the supply chain within the framework Workers at the Centre 2023-2025
			GRI 407-1
	8.8	Communities	GRI 203-2
9 INDUSTRY, INNOVATION AND INFRASTRUCTURE	9.2	Tax responsibility and transparency	GRI 201-1
	9.4	The transition to a circular economy: resources, products and waste	Initiatives developed by the Sustainability Innovation Hub
	9.4	Climate change	LEED y BREEAM certifications in own distribution centres, headquarters and stores
	9.4	Communities	GRI 203-1
	9.5	Information security and privacy	Technology-related information security initiatives
10 REDUCED INEQUALITIES	10.2	Communities	GRI 203-2
	10.3	Our people	GRI 405-2
	10.7	Supplier relations	Workers benefiting from protection of migrants and refugees programmes

SDGs	Targets	Section	Main indicator or related content (2016 GRI version if not stated otherwise)
11 SUSTAINABLE CITIES AND COMMUNITIES	11.1	Communities	GRI 203-1
12 RESPONSIBLE CONSUMPTION AND PRODUCTION	12.2	The transition to a circular economy: resources, products and waste	GRI 301-1; GRI 301-2
	12.2	Climate change	GRI 302-2
	12.2	Supplier relations	Traceability and supply chain management
	12.2	Communities	GRI 203-2
	12.4	The transition to a circular economy: resources, products and waste	GRI 301-2; GRI 306-1 (2020)
	12.5	The transition to a circular economy: resources, products and waste	GRI 306-3 (2020); GRI 306-4 (2020)
	12.8	Our customers	Number of enquires received by the various customer service channels
13 CLIMATE ACTION	13.1	Climate change	GRI 302-1; GRI 305-5
	13.1	Supplier relations	GRI 308-1
	13.1	Communities	GRI 203-2
	13.1	Corporate governance	GRI 201-2
14 LIFE BELOW WATER	14.1	The transition to a circular economy: resources, products and waste	Actions within the framework of the commitment to Zero Discharge of Hazardous Chemicals (ZDHC)
	14.3	Climate change	GRI 305-1
	14.3	Communities	GRI 203-2
15 LIFE ON LAND	15.1	The transition to a circular economy: resources, products and waste	Projects with recycled raw materials with less impacts
	15.1	Biodiversity and ecosystems	GRI 304-2
	15.2	Communities	GRI 203-2

SDGs	Targets	Section	Main indicator or related content (2016 GRI version if not stated otherwise)
16 PEACE, JUSTICE AND STRONG INSTITUTIONS	16.3	Communities	GRI 203-2
	16.3	Corporate ethical culture and solid Compliance architecture	Grievance mechanisms
	16.5	Corporate ethical culture and solid Compliance architecture	GRI 205-1
	16.7	Stakeholders	Requests attended by the individual shareholders' department
	16.7	Corporate ethical culture and solid Compliance architecture	GRI 2-10 (2021)
17 PARTNERSHIPS FOR THE GOALS	17.3	Communities	GRI 203-2
	17.16	Our people	Cooperation relationship with international entities
	17.16	The transition to a circular economy: resources, products and waste	Cooperation relationship with international entities
	17.16	Climate change	Cooperation relationship with international entities
	17.16	Supplier relations	Cooperation relationship with international entities
	17.16	Communities	GRI 203-2
	17.16	Corporate ethical culture and solid Compliance architecture	Cooperation relationship with international entities
	17.17	Supplier relations	Public-private partnerships
	17.17	Communities	GRI 203-2

KEY:
Indicators selected by Inditex based on the guidelines in: *Business Reporting on the SDGs: An Analysis of Goals and Targets.*
Indicators established by Inditex that correspond to disclosures present in the GRI standards.
Internal indicators established by Inditex.

9.2. Content indexes

9.2.1. Index of the contents required by Act 11/2018

Index of the contents required by Act 11/2018[88]

Information requested by Act 11/2018	Materiality	Pages of the Report where response is given	Reporting criteria: GRI (2016 version unless otherwise indicated)
General information			
A brief description of the business model that includes its business environment, its organisation and structure	Material	117-120, 131-132, 166-169	GRI 2-6 (2021)
Markets in which it operates	Material	112-113, 166-168	GRI 2-1 (2021) GRI 2-6 (2021)
Organisation's objectives and strategies	Material	105, 107-108, 139-144, 166-175, 190-193, 234-235, 237-240, 283-287	GRI 2-22 (2021)
Main factors and trends that may affect its future development	Material	105, 107-108, 127, 150-172	GRI 3-3 (2021) GRI 2-22 (2021)
Reporting framework used	Material	124-127	GRI 1 (2021)
Materiality principle	Material	183-187	GRI 3-1 (2021) GRI 3-2 (2021)
Environmental issues			
Management approach: description and results of policies relating to these issues, as well as the main risks related to these issues related to the group's activities	Material	166-175, 190-192, 225, 230, 234-240	GRI 3-3 (2021)
Detailed general information			
Detailed information on the current and foreseeable effects of the company's activities on the environment and, where applicable, health and safety	Material	192-199, 241-242	GRI 3-3 (2021)
Environmental assessment or certification procedures	Material	199-201, 236-240, 344-345,	GRI 3-3 (2021)
Resources dedicated to the prevention of environmental risks	Material	199-202	GRI 3-3 (2021)
Application of the principle of precaution	Material	192-193, 197, 231-233	GRI 2-23 (2021) and GRI 3-3 (2021), with regard to the application of the principle of precaution
Amount of provisions and guarantees for environmental risks	Material	127, 192-193, 197	GRI 3-3 (2021)

[88] In addition to the selected GRI reporting contents, the linked contents of the Draft Apparel and Footwear (AF) Sector Supplement to the Global Reporting Initiative's G4 Guidelines are shown in the table.

Information requested by Act 11/2018	Materiality	Pages of the Report where response is given	Reporting criteria: GRI (2016 version unless otherwise indicated)
Pollution			
Measures to prevent, mitigate or repair emissions which severely affect the environment; taking into account any form of atmospheric pollution specific to an activity	Material	190-194, 199-202	GRI 3-3 (2021) GRI 305-7
Including noise and light pollution	Non-material	183-187	Not applicable
Circular economy and waste prevention and management			
Prevention, recycling and reuse measures, and other forms of recovery and disposal of waste	Material	169-171, 234-236, 243-247	GRI 3-3 (2021) GRI 301-3 with regard to recovered packaging products for reuse and recycling GRI 306-1 to 306-2 (2020) GRI 306-3 with regard to waste generated at the headquarters, logistics centres and own factories GRI 306-4 to 306-5 (2020)
Actions to fight against food waste	Non-material	183-187	Not applicable
Sustainable use of resources			
Water consumption and water supply according to local limitations	Material	225-226	GRI 303-1 to 303-3 (2018) GRI 303-5 (2018) with regard to total water consumption from own sources
Consumption of raw materials and measures taken to improve the efficiency of their use	Material	236-243	GRI 301-1 to 301-3 AF18, AF20
Direct and indirect energy consumption	Material	197-199	GRI 302-1 GRI 302-3
Measures taken to improve energy efficiency	Material	169-175, 192-202	GRI 3-3 (2021) GRI 201-2
Use of renewable energies	Material	192-193, 198-202	GRI 302-1 AF21
Climate change			
Greenhouse gas emissions generated as a result of the company's activities, including the use of the goods and services it produces	Material	192-199	GRI 305-1 GRI 305-2 GRI 305-3 GRI 305-4
Measures taken to adapt to the consequences of climate change	Material	139-144, 172-175, 190-224	GRI 3-3 (2021) GRI 201-2
Voluntary reduction targets set for the medium and long term to reduce greenhouse gas emissions and the means implemented for this purpose	Material	190-202	GRI 3-3 (2021) GRI 305-5
Biodiversity protection			
Measures taken to preserve or restore biodiversity	Material	230-233, 236-238, 314	GRI 3-3 (2021) GRI 304-3 with regard to measures taken to preserve biodiversity
Impacts caused by the activities or operations in protected areas	Material	197, 230-233, 243	GRI 3-3 (2021) GRI 304-1 GRI 304-2
Social issues concerning staff			
Management approach: description and results of policies relating to these issues, as well as the main risks related to these issues related to the group's activities	Material	250-282	GRI 3-3 (2021)

Information requested by Act 11/2018	Materiality	Pages of the Report where response is given	Reporting criteria: GRI (2016 version unless otherwise indicated)
Employment			
Total number and distribution of employees by country, gender, age and occupational classification	Material	250-253	GRI 2-7 (2021), regarding employees by labor contract and type, by gender GRI 405-1
Total number and distribution of employment contract modalities and annual average of permanent contracts, temporary contracts and part-time contracts by gender, age and occupational classification	Material	254-255	GRI 2-7 (2021), regarding employees by labor contract and type, by gender
Number of dismissals by gender, age and occupational classification	Material	255-256	GRI 3-3 (2021) GRI 401-1
Average salaries and their evolution broken down by gender, age and occupational classification or equal value	Material	264-265	GRI 3-3 (2021)
Wage gap, equal or average remuneration of jobs in the society	Material	264	GRI 3-3 (2021) GRI 405-2 with regard to the remuneration of women compared to men by gender, age and occupational classification
Average remuneration of directors and officers, including variable remuneration, allowances, indemnities, payment to long-term savings pension schemes and any other payment broken down by gender	Material	138-139	GRI 3-3 (2021)
Implementation of policies to disconnect from work	Material	274	GRI 3-3 (2021)
Number of employees with disabilities	Material	262-263	GRI 3-3 (2021) GRI 405-1
Organisation of work			
Organisation of working hours	Material	266	GRI 3-3 (2021)
Number of hours of absenteeism	Material	280	GRI 3-3 (2021) GRI 403-9 with regard to absenteeism hours
Measures designed to facilitate the enjoyment of amicable settlement and to promote the corresponding exercise of these by both parents	Material	273-274	GRI 3-3 (2021) GRI 401-3
Health and safety			
Occupational health and safety conditions	Material	274-282, 294-295	GRI 3-3 (2021) GRI 403-1 to 403-8 (2018)
Work-related accidents, in particular their frequency and severity, as well as occupational diseases; broken down by gender	Material	278-280	GRI 403-9 (2018) with regard to occupational accident injuries GRI 403-10 (2018) with regard to work-related ill health
Labour Relations			
Organisation of social dialogue including procedures for informing, consulting and negotiating with staff	Material	265-266	GRI 3-3 (2021)
Mechanisms and procedures the company has to promote the involvement of workers in the management of the company, in terms of information, consultation and participation	Material	265-266	GRI 3-3 (2021)
Percentage of employees covered by a collective bargaining agreement by country	Material	266	GRI 2-30 (2021)

Information requested by Act 11/2018	Materiality	Pages of the Report where response is given	Reporting criteria: GRI (2016 version unless otherwise indicated)
Assessment of collective bargaining agreements, particularly in the field of health and safety at work	Material	265-266	GRI 3-3 (2021) GRI 403-4 (2018)
Training			
Policies implemented in the field of training	Material	268-272	GRI 404-2
Total number of training hours by occupational category	Material	268-270	GRI 3-3 (2021) GRI 404-1
Universal accessibility			
Universal accessibility for people with disabilities	Material	262-263	GRI 3-3 (2021)
Equality			
Measures taken to promote equal treatment and equal opportunities between women and men	Material	258-261	GRI 3-3 (2021)
Equality plans, measures taken to promote employment, protocols against sexual and gender-based harassment	Material	258-261, 266, 273-274	GRI 3-3 (2021)
Policy against all types of discrimination and, where applicable, diversity management	Material	256-263	GRI 3-3 (2021)
Respect for human rights			
Management approach: description and results of policies relating to these issues, as well as the main risks related to these issues related to the group's activities	Material	144-146, 176-179, 181-185, 283-297, 322-334	GRI 3-3 (2021)
Application of due diligence procedures			
Application of due diligence procedures in the field of human rights and prevention of the risks of human rights violations and, where applicable, measures to mitigate, manage and repair potential abuses committed	Material	144-146, 176-182, 283-297, 346-350	GRI 2-23 (2021) GRI 2-24 (2021) GRI 2-26 (2021) AF16
Allegations of cases of human rights violations	Material	331	GRI 3-3 (2021) GRI 406-1 AF12, AF13, AF14, AF16
Measures implemented to promote and comply with the provisions of the ILO fundamental conventions relating to respect for freedom of association and the right to collective bargaining; eliminating discrimination in employment and occupation; the elimination of forced or compulsory labour; the effective abolition of child labour	Material	144-146, 176-182, 265-266, 287-297, 322-334	GRI 3-3 (2021) GRI 407-1 GRI 408-1 GRI 409-1
Fight against corruption and bribery			
Management approach: description and results of policies relating to these issues, as well as the main risks related to these issues related to the group's activities	Material	322-334	GRI 3-3 (2021)
Measures adopted to prevent corruption and bribery	Material	322-334	GRI 3-3 (2021) GRI 2-23 (2021) GRI 2-24 (2021) GRI 2-26 (2021) GRI 205-1 to 205-3

Information requested by Act 11/2018	Materiality	Pages of the Report where response is given	Reporting criteria: GRI (2016 version unless otherwise indicated)
Measures to fight money laundering	Material	322-334	GRI 3-3 (2021) GRI 2-23 (2021) GRI 2-24 (2021) GRI 2-26 (2021) GRI 205-1 to 205-3
Contributions to foundations and non-profit entities	Material	181-182, 298-305, 415	GRI 2-28 (2021) GRI 201-1 with regard to community investment GRI 415-1
Information on the company			
Management approach: description and results of policies relating to these issues, as well as the main risks related to these issues related to the group's activities	Material	166-172, 283-319, 341-350, 351	GRI 3-3 (2021)
Company commitments to sustainable development			
The impact of the company's activity on employment and local development	Material	298-314	GRI 3-3 (2021) GRI 203-2
The impact of the company's activity on local populations and on the territory	Material	283-314	GRI 3-3 (2021) GRI 413-1 GRI 413-2
Relations maintained with local community actors and the modalities of dialogue with them	Material	176-182, 283-314	GRI 2-29 (2021) GRI 413-1
Partnership or sponsorship actions	Material	181-182, 283-314, 378-380	GRI 3-3 (2021) GRI 201-1 with regard to community investment
Subcontracting and suppliers			
Inclusion of social, gender equality and environmental matters in the procurement policy	Material	144-146, 290-291, 341-350	GRI 3-3 (2021) GRI 308-1 GRI 414-1 AF6, AF7
Consideration of its social and environmental responsibility in relations with suppliers and subcontractors	Material	236-238, 296-297, 341-350	GRI 2-6 (2021) GRI 308-1 GRI 414-1
Monitoring and audit systems and their results	Material	241-242, 346-349, 372-375	GRI 2-6 (2021) GRI 308-2 GRI 414-2 AF2, AF3, AF8, AF12, AF13, AF14, AF16
Consumers			
Measures for consumer health and safety	Material	241-242, 319, 376-377	GRI 3-3 (2021) GRI 416-1
Claims systems, complaints received and their resolution	Material	318-319	GRI 3-3 (2021) GRI 418-1
Tax information			
The benefits obtained country by country	Material	352	GRI 3-3 (2021) GRI 207-4 (2019)
Tax on profits paid	Material	352-355	GRI 3-3 (2021) GRI 207-4 (2019)
Public subsidies received	Material	353	GRI 201-4

Regulation (EU) 2020/852 - Taxonomy	Materiality	Pages of the Report where response is given	Reporting criteria
Qualitative information			
Accounting policy	Material	358-364	Regulation (EU) 2020/852 Regulation (EU) 2021/2178
Assessment of compliance with Regulation (EU) 2020/852	Material	358-371	Regulation (EU) 2020/852 Regulation (EU) 2021/2178
Contextual information	Material	358-371	Regulation (EU) 2020/852 Regulation (EU) 2021/2178
Quantitative information			
Taxonomy-eligible and aligned turnover	Material	365-366	Regulation (EU) 2020/852 Regulation (EU) 2021/2178 Regulation (EU) 2021/2139 Regulation (EU) 2023/2486
Taxonomy-eligible and aligned CapEx	Material	367-368	Regulation (EU) 2020/852 Regulation (EU) 2021/2178 Regulation (EU) 2021/2139 Regulation (EU) 2023/2486
Taxonomy-eligible and aligned OpEx	Material	369-370	Regulation (EU) 2020/852 Regulation (EU) 2021/2178 Regulation (EU) 2021/2139 Regulation (EU) 2023/2486

9.2.2. SASB reference table

Topic	Accounting Metric	Code	Disclosure
Management of Chemicals in Products	Discussion of processes to maintain compliance with restricted substances regulations	CG-AA-250a.1	Pages 236-242, 349, 376-377
	Discussion of processes to assess and manage risks and/or hazards associated with chemicals in products	CG-AA-250a.2	Pages 236-242, 343-344, 349, 376-377
Environmental Impacts in the Supply Chain	Percentage of tier 1 supplier facilities and supplier facilities beyond tier 1 in compliance with wastewater discharge permits and/or contractual agreement	CG-AA-430a.1	In 2023, 100% of the suppliers and 98% of the factories under the scope of our Green to Wear environmental standard had authorization for all their hydric resources; 100% of suppliers and 99% of the factories had wastewater discharge(1) permits and in 100% of suppliers and 98% of factories the direct or indirect discharge complies with the legal limits or the limits agreed with the External Effluent Treatment Plant. On the other hand, 88% of the suppliers and 92% of the factories under the scope of our Green to Wear environmental standard, meet the Foundational level of ZDHC in its direct discharges. Also, in line with our commitment to ZDHC, 80% of suppliers and 67% of factories comply with ZDHC limits applicable to the substances included in ZDHC Wastewater Guidelines v.1.1 in its direct and indirect discharges. As a consequence of the environmental audits, Corrective Action Plans are carried out in those cases in which it is necessary. During these plans, Inditex teams support suppliers and/or factories to correct the non-compliances detected, in accordance with the Company's philosophy of continuous improvement of the supply chain.
	Percentage of tier 1 supplier facilities and supplier facilities beyond tier 1 that have completed the Sustainable Apparel Coalition's Higg Facility Environmental Module (Higg FEM) assessment or an equivalent environmental data assessment	CG-AA-430a.2	All of our suppliers and manufacturers are audited against our Code of Conduct for Manufacturers and Suppliers, which includes a section on environmental compliance. Specifically, 95% of the suppliers and 93% of the factories active in 2023 which carried out any wet process, and that therefore are under the scope of our Green to Wear standard, have been environmentally audited(2). These facilities process a large majority of the products that include any of these wet processes. More information on pages 343, 349-350, 373-375

(1) Includes suppliers and factories assigned to suppliers with more than 20,000 purchasing units in the summer and winter 2023 seasons, which are subject to an environmental audit. Calculated as those suppliers and factories whose last environmental audit conducted during the reporting year meets the water discharge criteria included in our Green to Wear standard.

(2) Includes suppliers and factories assigned to suppliers with more than 20,000 purchasing units in the summer and winter 2023 seasons that are under environmental audit scope. Calculated as the quotient of the number of suppliers/factories that have been environmentally audited (GtW or EPA) over the total number of suppliers/factories under environmental audit scope.

Topic	Accounting Metric	Code	Disclosure
Labor Conditions in the Supply Chain	Percentage of tier 1 supplier facilities and supplier facilities beyond tier 1 that have been audited to a labor code of conduct, percentage of total audits conducted by a third-party auditor	CG-AA-430b.1	All our suppliers and manufacturers are audited against our Code of Conduct for Manufacturers and Suppliers. This verification is carried out initially through a pre-assessment audit –carried out to all companies before they can become part of our supply chain– and subsequently periodically through social audits. Specifically, 57% of the suppliers and 58% of the factories active in the year 2023 were audited either through a pre-assessment or social audit during this same period(3). To contextualise this data, it is necessary to take into account that the periodicity of the social audits varies depending on the ranking obtained in the previous audit. In this sense, the interval between audits of suppliers or manufacturers with A or B rankings will be longer than in those with a C or D ranking. In financial year 2023, 97% of suppliers active were ranked A o B. In 2023, 2,111 pre-assessment audits were carried out (99% carried out by external auditors), and 6,892 social audits (97% carried out by external auditors). Regardless of whether the audits are performed by internal or external auditors, the methodology used is both Inditex's own audit methodology and SLCP's. More information on pages 343, 346-348, 373-375
	Priority non-conformance rate and associated corrective action rate for suppliers' labor code of conduct audits	CG-AA-430b.2	Pages 343-348, 373-375
	Description of the greatest labor and environmental, health, and safety risks in the supply chain	CG-AA-430b.3	Pages 150-161, 286-297
Raw Materials Sourcing	List of priority raw materials; for each priority raw material: environmental and/or social factor(s) most likely to threaten sourcing, discussion on business risks and/or opportunities associated with environmental and/or social factors, and management strategy for addressing business risks and opportunities	CG-AA-440a.3	Pages 150-161, 206-211, 226-228, 231-233, 236-242, 296-297, 343-345
	Amount of priority raw materials purchased, by material, and (2) amount of each priority raw material that is certified to a third-party environmental and/or social standard, by standard	CG-AA-440a.4	Pages 239
Activity Metrics	Number of tier 1 suppliers and suppliers beyond tier 1	CG-AA-000.A	In 2023, Inditex's supply chain comprised 1,733 suppliers - equivalent to tier 1 and defined as direct suppliers with which Inditex maintains a commercial relationship –which, in turn, used 8,123 factories for the Group's productions– equivalent to suppliers beyond tier 1. Fashion item suppliers with production of over 20,000 units in the summer and winter 2023 campaigns are included. Suppliers with lower productions account for 0.19% of total production. Factories declared by suppliers in the product traceability systems for the orders of the summer and winter 2023 campaigns are included.

(3) Including suppliers and factories allocated to suppliers with more than 20,000 purchasing units in the summer and winter 2023 seasons. Calculated as those suppliers and factories with a pre-assessment or social audit performed during the reporting period.

9.2.3. GRI Content Index

Statement of use	INDITEX has reported in accordance with the GRI Standards for the period 01/02/2023 to 31/01/2024
GRI 1 used	GRI 1: Foundation 2021
Applicable GRI Sector Standards	Not applicable

GRI Standard	Disclosure	Page number(s) and/or direct answer	Omissions	External Assurance	Global Compact principle
GENERAL DISCLOSURES					
GRI 2: GENERAL DISCLOSURES 2021					
	THE ORGANIZATION AND ITS REPORTING PRACTICES				
	2-1 Organizational details	166, 180 Industria de Diseño Textil, S.A. For further information about the nature and legal form of the Company, refer to the 2023 Annual Corporate Governance Report available at the corporate web page of Inditex, Investors section, Good Corporate Governance heading. As for the location of the Company's headquarters, it is as follows: Avenida de la Diputación s/n Edificio Inditex, Arteixo, A Coruña, Spain Information about the location of the operations is available at the Annex I of the Annual Accounts: 'Composition of the Inditex Group', available at the corporate web page of Inditex, Investors section, Financial Information heading.			
	2-2 Entities included in the organization's sustainability reporting	124 For further information about the entities included in the consolidated financial statements, refer to the Annex I of the Annual Accounts: 'Composition of the Inditex Group', available at the corporate web page of Inditex, Investors section, Financial Information heading.			

GRI Standard	Disclosure	Page number(s) and/or direct answer	Omissions	External Assurance	Global Compact principle
	2-3 Reporting period, frequency and contact point	124 The Annual Report provides an account of Inditex Group's economic, social and environmental performance during financial year 2023, which runs from 1 February 2023 to 31 January 2024. It is a report which is published annually, and its date of publication for this financial year is 13/03/2024. Contact Details Individual Shareholders' Department accionistas@inditex.com Tel.: +34 901 33 02 12 Fax: +34 981 18 53 65 Investors Relations ir@inditex.com Tel.: +34 981 18 53 64 Fax: +34 981 18 53 65 Communication and Corporate Affairs press@inditex.com Tel.: +34 981 18 54 00 Inditex S.A. Edificio Inditex Avda. de la Diputación, s/n 15143 Arteixo, A Coruña, Spain +34 981 18 54 00 www.inditex.com			
	2-4 Restatements of information	183-187, 194, 197, 198, 226, 250, 268, 274, 281, 318, 331 In respect of information presented for a different time horizon or covering a different entity than in previous reporting periods, the nuances of such changes are disclosed alongside the indicator in question.			
	2-5 External assurance	126, 418-421			
	ACTIVITIES AND WORKERS				
	2-6 Activities, value chain and other business relationships	113, 117-120, 145-146, 166-169, 176-182, 341-342, 372-373		√ Pg. 418-421	

GRI Standard	Disclosure	Page number(s) and/or direct answer	Omissions	External Assurance	Global Compact principle
	2-7 Employees	250-255 The employee breakdown by type of contract (permanent/ temporary) by region is: the Americas, 18,535 people - 93% permanent (1,428 people - 7% temporary), in Spain, 41,712 people - 87% permanent (6,049 people - 13% temporary), Europe (ex- Spain,) 61,350 people - 79% permanent (16,681 people - 21% temporary) and in Asia and rest of the world, 9,624 people - 62% permanent (5,902 people - 38% temporary). By region is: the Americas, 6,710 people - 34% full-time (13,253 people - 66% part-time), in Spain, 24,838 people - 52% full-time (22,923 people - 48% part-time), in Europe (ex-Spain), 27,798 people - 36% full-time (50,233 people - 64% part-time) and in Asia and rest of the world, 8,146 people – 52% full-time (7,380 people - 48% part-time). This data represents 100% of our employees. The employees with no guaranteed hours represent 2,378 people - 1.5% of the total workforce (1,744 women - 1.5% of the total, and 635 men - 1.5% of the total), and the 2.5% of the part-time employees (2.4% women and 3% men). This group is concentrated in markets in Asia and rest of the world. This data represents 100% of our employees.		√ Pg. 418-421	Principle 6
	2-8 Workers who are not employees		Information on non-employee workers is not available in the Company's systems with the required breakdown. Inditex is working on improving its systems to report this information.		
	GOVERNANCE				
	2-9 Governance structure and composition	130-141, 322-324 For further information about the Company's governance structure and practices, refer to the 2023 Annual Corporate Governance Report, available at the corporate web page of Inditex, Investors section, Corporate Governance heading.			
	2-10 Nomination and selection of the highest governance body	130-132 For further information about the Company's governance structure and practices, refer to the 2023 Annual Corporate Governance Report, available at the corporate web page of Inditex, Investors section, Corporate Governance heading.			

GRI Standard	Disclosure	Page number(s) and/or direct answer	Omissions	External Assurance	Global Compact principle
	2-11 Chair of the highest governance body	131 For further information about the Company's governance structure and practices, refer to the 2023 Annual Corporate Governance Report, available at the corporate web page of Inditex, Investors section, Corporate Governance heading.			
	2-12 Role of the highest governance body in overseeing the management of impacts	130-133, 139-141, 176-178, 184, 323-332 For further information about the Company's governance structure and practices, refer to the 2023 Annual Corporate Governance Report, available at the corporate web page of Inditex, Investors section, Corporate Governance heading.			
	2-13 Delegation of responsibility for managing impacts	130-141 For further information about the Company's governance structure and practices, refer to the 2023 Annual Corporate Governance Report, available at the corporate web page of Inditex, Investors section, Corporate Governance heading.			
	2-14 Role of the highest governance body in sustainability reporting	124 The Board of Directors is the body responsible for reviewing and authorising the issuance of the Annual Report which includes the Statement on Non-Financial Information.			
	2-15 Conflicts of interest	323-326 For further information about the related-party transactions and conflicts of interest, refer to the 2023 Annual Corporate Governance Report, available at the corporate web page of Inditex, Investors section, Corporate Governance heading.			
	2-16 Communication of critical concerns	139-141, 176-179 For further information, refer to the 2023 Annual Corporate Governance Report, available at the corporate web page of Inditex, Investors section, Corporate Governance heading.			
	2-17 Collective knowledge of the highest governance body	132-139 For further information about the Company's governance structure and practices, refer to the 2023 Annual Corporate Governance Report, available at the corporate web page of Inditex, Investors section, Corporate Governance heading.			
	2-18 Evaluation of the performance of the highest governance body	139-144 For further information about the evaluation of the highest governance body's performance, refer to the 2023 Annual Corporate Governance Report, available at the corporate web page of Inditex, Investors section, Corporate Governance heading.			

GRI Standard	Disclosure	Page number(s) and/or direct answer	Omissions	External Assurance	Global Compact principle
	2-19 Remuneration policies	138-144, 264-265 For further information, refer to the Annual Report on Remuneration of Directors for 2023 and the 2023 Annual Corporate Governance Report, available at the corporate web page of Inditex, Investors section, Corporate Governance heading.			
	2-20 Process to determine remuneration	138-144, 264-265 For further information, refer to the Annual Report on Remuneration of Directors for 2023 and the 2023 Annual Corporate Governance Report, available at the corporate web page of Inditex, Investors section, Corporate Governance heading.			
	2-21 Annual total compensation ratio	138-144, 264-265 For further information, refer to the 2023 Annual Corporate Governance Report, available at the corporate web page of Inditex, Investors section, Corporate Governance heading.			
	STRATEGY, POLICIES AND PRACTICES				
	2-22 Statement on sustainable development strategy	105, 107-108			
	2-23 Policy commitments	130-134, 139, 144-146, 147, 168, 169-175, 191-192, 230-232, 260, 274, 285, 298, 299, 325, 327, 343-344, 351 Code of Conduct, available at the corporate web page of Inditex, Group section, Ethical Commitment heading.			Principle 10
	2-24 Embedding policy commitments	130-134, 139-142, 144-146, 147-148, 169-175, 191-193, 257-263, 274, 323-334, 343-350, 351			Principle 10
	2-25 Process to remediate negative impacts	144-146, 326-334			Principle 10
	2-26 Mechanism for seeking advice and raising concerns	329-334			Principle 10
	2-27 Compliance with laws and regulations	197, 319 During 2023, Inditex Group did not receive any significant fines or non-monetary sanctions for non-compliance with laws or regulations applicable to it through any of the channels available to that end.			
	2-28 Membership associations	171, 181-182, 229, 235-236, 242, 287, 300-301, 343, 310-314			

GRI Standard	Disclosure	Page number(s) and/or direct answer	Omissions	External Assurance	Global Compact principle
	STAKEHOLDER ENGAGEMENT				
	2-29 Approach to stakeholder engagement	176-184			
	2-30 Collective bargaining agreements	265-266			Principle 3
MATERIAL TOPICS					
	3-1 Process to determine material topics	183-185			
	3-2 List of material topics	185-187			
CLIMATE CHANGE					
GRI 3: MATERIAL TOPICS 2021					
	3-3 Management of material topics	105, 107-108, 183-187, 190-224 Inditex has a dedicated Energy Strategy and is working to minimise its impact on climate change all along its value chain. To that end we are streamlining our logistics processes, promoting energy efficiency in our facilities and making progress on our commitment to using renewable sources of energy. Further information about Inditex Global Energy Strategy is available at the corporate web page of Inditex, Sustainability section, Reporting heading.			
GRI 302: ENERGY 2016					
	302-1 Energy consumption within the organization	197-203		√ Pg. 418-421	Principle 7 y 8
	302-2 Energy consumption outside of the organization	194, 197-203		√ Pg. 418-421	Principle 8
	302-3 Energy intensity	197-203			Principle 8
	302-4 Reduction of energy consumption	197-203		√ Pg. 418-421	Principle 8 y 9
	302-5 Reductions in energy requirements of products and services	197-203			Principle 8 y 9
GRI 305: EMISSIONS 2016					
	305-1 Direct (scope 1) GHG emissions	193-197		√ Pg. 418-421	Principle 7 y 8
	305-2 Energy indirect (scope 2) GHG emissions	193-197		√ Pg. 418-421	Principle 7 y 8

GRI Standard	Disclosure	Page number(s) and/or direct answer	Omissions	External Assurance	Global Compact principle
	305-3 Other indirect (scope 3) GHG emissions	193-197		√ Pg. 418-421	Principle 7 y 8
	305-4 GHG emissions intensity	193-197			Principle 8
	305-5 Reduction of GHG emissions	193-197, 198		√ Pg. 418-421	Principle 8 y 9
OTHER DISCLOSURES: ENERGY					
	AF21 Amount of energy consumed and percentage of the energy that is from renewable sources	198		√ Pg. 418-421	
POLLUTION					
GRI 3: MATERIAL TOPICS 2021					
	3-3 Management of material topics	105, 107-108, 183-187, 190-192, 199-203, 225-229, 234-247			
GRI 303: WATER AND EFFLUENTS 2018					
	303-2 Management of water discharge-related impacts	201, 225-229, 346, 349-350 The water supplied to all workplaces, whether for processing or consumption, is withdrawn from authorised public supply networks, so that Inditex does not have any impact on protected habitats. Moreover, all of its water supply comes from areas experiencing low or no water stress.			Principle 8
GRI 305: EMISSIONS 2016					
	305-6 Emissions of ozone-depleting substances (ODS)	199-202, 343 We have plans in place to replace air conditioning units in headquarters, distribution centres and stores with more efficient Class A units which enable us to avoid the emission of ozone-depleting substances. In addition, though the different measures implemented in our facilities, such as the renovation of climate control systems for example, the energy performance and efficiency is boosted. These actions to foster energy efficiency, coupled with the materialisation of our commitment to renewable energy, are key in our commitment to reducing the GHG emissions associated with our business activities.			Principle 7 y 8

GRI Standard	Disclosure	Page number(s) and/or direct answer	Omissions	External Assurance	Global Compact principle
	305-7 Nitrogen oxides (NOx), sulfur oxides (SOx), and other significant air emissions	201	Not applicable. We do not disclose information about other air emissions as they are considered non-material due to the characteristics of the devices and the equipment review frequency stipulated in prevailing legislation (controls are not necessary). The emission of particles deriving from transportation is generated by outsourced carriers so that this indicator is not applicable to the Group. Nevertheless, Inditex fosters enhanced emissions management and control in its value chain through the tool that enables calculation of emissions in accordance with the GHG Protocol, coupled with the definition of action plans.		Principle 7 y 8
GRI 306: WASTE 2020					
	306-5 Waste directed to disposal	246-247	The Company's systems are not currently capable of producing disclosures about the waste diverted from disposal in its proprietary stores and construction and refurbishment works with the level of detail required. Inditex has a number of projects underway with the aim of being able to comply with this disclosure requirement in future years.	√ Pg. 418-421	Principle 8

GRI Standard	Disclosure	Page number(s) and/or direct answer	Omissions	External Assurance	Global Compact principle
WATER MANAGEMENT					
GRI 3: MATERIAL TOPICS 2021					
	3-3 Management of material topics	105, 107-108, 160, 183-187, 223-229 The Global Water Management Strategy (available at the corporate web page of Inditex, Sustainability section, Reporting heading) constitutes a roadmap for sustainable and rational water management, working towards better conservation of the environmental quality of river and marine ecosystems. Inditex is also committed to achieving zero discharge of unwanted substances, which contributes to the sustainability of water resources.			
GRI 303: WATER AND EFFLUENTS 2018					
	303-1 Interactions with water as a shared resource	225-229			Principle 7 y 8
	303-3 Water withdrawal	225-227			Principle 8
	303-4 Water discharge	225-227 Further information about water discharges, available at the corporate web page of Inditex, Sustainability section, Reporting heading.			
	303-5 Water consumption	226 Inditex discloses information about water consumption at all of its offices, own factories, own logistics centres and all its own stores worldwide. The water supplied to all workplaces, whether for processing or consumption, is withdrawn from authorised public supply networks. Moreover, all of its water supply comes from areas experiencing low or no water stress.	The disclosure of water consumption in areas experiencing water stress is not applicable as Inditex's business is to distribute fashion garments (clothing, footwear and accessories) and home textile products, which it procures as finished products from its suppliers. In short, water consumption is not material on account of its business model and all of its water supply is sourced from areas that present low or no water stress. As for its suppliers, the Company has a number of policies and assessment and improvement programmes (e.g., Code of Conduct for Manufacturers and Suppliers, Green to Wear, etc.) designed to drive environmental sustainability across its supply chain.	√ Pg. 418-421	

GRI Standard	Disclosure	Page number(s) and/or direct answer	Omissions	External Assurance	Global Compact principle
BIODIVERSITY AND ECOSYSTEMS					
GRI 3: MATERIAL TOPICS 2021					
	3-3 Management of material topics	105, 107-108, 183- 187, 230-233 In the Code of Conduct, Inditex pledges to minimise the environmental impact of its products in respect of their entire life cycle. Inditex' Biodiversity Policy (available at the corporate web page of Inditex, Sustainability section, Reporting heading) sets down its biodiversity protection and conservation targets, which it defined following the principles established in the United Nations Convention on Biological Diversity and acknowledging the work of the International Union for Conservation of Nature (IUCN). To guarantee application of this strategy, these principles are layered into the master plans of each of the key areas comprising the business model. The Inditex Group applies responsible production standards in relation to the use of products of animal origin. Inditex has a dedicated animal welfare policy, included in the Sustainability Policy, and a Biodiversity Strategy, which establish management criteria throughout the value chain, both documents available at the corporate web page of Inditex, Sustainability section, Reporting heading.			
GRI 304: BIODIVERSITY 2016					
	304-1 Operational sites owned, leased, managed in, or adjacent to, protected areas and areas of high biodiversity value outside protected areas		Not applicable. The sites owned by Inditex are neither adjacent to nor located within protected areas or areas of high biodiversity value, so that its activities do not have a significant impact in biodiversity.		Principle 8
	304-2 Significant impacts of activities, products and services on biodiversity	160, 230-233			Principle 8

GRI Standard	Disclosure	Page number(s) and/or direct answer	Omissions	External Assurance	Global Compact principle
	304-3 Habitats protected or restored	230-233 Inditex is committed to protecting and nurturing biodiversity by means of responsible and sustainable management of natural resources. For further information, refer to the Group's Biodiversity Strategy and Forest Product Policy, available at the corporate web page of Inditex, Sustainability section, Reporting heading.	Not applicable. Inditex's business is to distribute fashion garments (clothing, footwear and accessories) and home textiles, which it procures as finished products from its suppliers; as a result there are no habitats protected or restored as a result of its business activities.		Principle 8
	304-4 IUCN Red List species and national conservation list species with habitats in areas affected by operations	Inditex is committed to protecting and nurturing biodiversity by means of responsible and sustainable management of natural resources. For further information, refer to the Group's Biodiversity Strategy and Forest Product Policy, available at the corporate web page of Inditex, Sustainability section, Reporting heading.	Not applicable. Inditex's business is to distribute fashion garments (clothing, footwear and accessories) and home textiles, which it procures as finished products from its suppliers; as a result the organisation's operations have no direct impact on any habitats. As for its suppliers, the Company has a number of programmes (e.g., The List by Inditex, Green to Wear, etc.) designed to drive environmental sustainability across its supply chain.		Principle 8
CIRCULAR ECONOMY AND EFFICIENT USE OF RESOURCES					
GRI 3: MATERIAL TOPICS 2021					
	3-3 Management of material topics	105, 107-108, 183- 187, 234-247			
GRI 301: MATERIALS 2016					
	301-1 Materials used by weight or volume	236-237 In terms of the materials used in the packaging of our products, the Group reports information by weight for those that are collected at our logistics centres. This data does not include packaging that is generated in the stores or that may reach the customer. We are working to be able to report this information in future years.		√ Pg. 418-421	Principle 7
	301-2 Recycled input materials used	234-240		√ Pg. 418-421	Principle 8

GRI Standard	Disclosure	Page number(s) and/or direct answer	Omissions	External Assurance	Global Compact principle
	301-3 Reclaimed products and their packaging materials	243-245		√ Pg. 418-421	Principle 8
GRI 306: WASTE 2020					
	306-1 Waste generation and significant waste-related impacts	234-240, 243-247			Principle 8
	306-2 Management of significant waste-related impacts	234-236, 243-247			Principle 8
	306-3 Waste generated	245-247 None of the waste generated is disposed of by deep well injection or stored on site.	The Company's systems are not currently capable of producing disclosures about the waste diverted from disposal in its proprietary stores and construction and refurbishment works with the level of detail required. Inditex has a number of projects underway with the aim of being able to comply with this disclosure requirement in future years.	√ Pg. 418-421	Principle 8
	306-4 Waste diverted from disposal	246-247	The Company's systems are not currently capable of producing disclosures about the waste diverted from disposal in its proprietary stores and construction and refurbishment works with the level of detail required. Inditex has a number of projects underway with the aim of being able to comply with this disclosure requirement in future years.	√ Pg. 418-421	Principle 8
OTHER DISCLOSURES: MATERIALS					
	AF18 Programs to replace organic-based adhesives and primers with water-based adhesive and primers	237-240, 243-245			

GRI Standard	Disclosure	Page number(s) and/or direct answer	Omissions	External Assurance	Global Compact principle
	AF20 List of environmentally preferable materials used in apparel and footwear products	236-240			
FAIR WORKING CONDITIONS					
GRI 3: MATERIAL TOPICS 2021					
	3-3 Management of material topics	105, 107-108, 144-146, 183-187, 250-274, 283-297			
GRI 401: EMPLOYMENT 2016					
	401-1 New employee hires and employee turnover	Voluntary turnover at the Inditex Group was 43% (43% in women, 42% in men and 110% in non-binary people). By age category, turnover was 66% among the under 30s, 19% among those aged between 30 and 40; and 9% for those over the age of 40. Turnover varied considerably by region, reaching 92% in Asia, followed by the Americas with a 65%, 44% in Europe (excluding Spain); and 16% in Spain. Non voluntary turnover was 50% (50% in women, 47% in men and 16% in non-binary people). By age category, turnover was 75% among the under 30s, 22% among those aged between 30 and 40; and 13% for those over the age of 40. Turnover varied considerably by region, reaching 85% in Spain, followed by Europe (excluding Spain) with a 41%, 25% in the Americas, and 16% in Asia. During 2023, 2,616 people have joined Inditex (excluding the Russia, Argentina and Uruguay effect), of which 32% are women and 68% are men. 100% of the hires are over the age of 40. Most of them took place in Spain, with 58%; followed by Asia, with 39% and the Americas, with 3% of new employees.		√ Pg. 418-421	Principle 6
	401-2 Benefits provided to full-time employees that are not provided to temporary or part-time employees	The Group provides the same benefits to temporary and part-time workers as it does to full-time workers.			
	401-3 Parental leave	273-274	Information relating to all the markets of the Group.	√ Pg. 418-421	Principle 6

GRI Standard	Disclosure	Page number(s) and/or direct answer	Omissions	External Assurance	Global Compact principle
GRI 402: LABOR/MANAGEMENT RELATIONS 2016					
	402-1 Minimum notice periods regarding operational changes	The collective bargaining agreements in force do not include a minimum notice period for officially communicating significant operational changes at Inditex. However, whenever a significant development takes place, it is notified with the advance notice stipulated in prevailing legislation (article 41 of the Spanish Workers' Statute).			Principle 3
GRI 407: FREEDOM OF ASSOCIATION AND COLLECTIVE BARGAINING 2016					
	407-1 Operations and suppliers in which the right to freedom of association and collective bargaining may be at risk	145, 283-291, 348 Inditex's Code of Conduct specifically addresses the right to freedom of association and collective bargaining. That Code applies to all of the Group's operations. The Code of Conduct for Manufacturers and Suppliers, which applies to all of the Group's suppliers, also enshrines this right. The programme for supervising compliance with Inditex's Code of Conduct for Manufacturers and Suppliers assesses compliance with workers' right to freedom of association.			Principle 3
GRI 408: CHILD LABOR 2016					
	408-1 Operations and suppliers at significant risk for incidents of child labor	145, 292-293, 346-348 The programme for supervising compliance with Inditex's Code of Conduct for Manufacturers and Suppliers, which applies to all of the Group's operations and suppliers, assesses the level of compliance with prohibition of child labour, as stated in said Code.			Principle 5
GRI 409: FORCED OR COMPULSORY LABOR 2016					
	409-1 Operations and suppliers at significant risk for incidents of forced or compulsory labor	145, 292-293, 346-348 The programme for supervising compliance with Inditex's Code of Conduct for Manufacturers and Suppliers, which applies to all of the Group's operations and suppliers, assesses the level of compliance with prohibition of forced labour, as stated in said Code.			Principle 4
OTHER DISCLOSURES: CODE OF CONDUCT					
	AF1 Code of conduct content and coverage	322-323, 343-344 For further information, refer to the Code of Conduct and the Code of Conduct for Manufacturers and Suppliers, both available at the corporate web page of Inditex, Sustainability section, Reporting heading.			
	AF7 Number and locations of workplaces covered by code of conduct	323, 374-375, The Code of Conduct for Manufacturers and Suppliers applies to 100% of Inditex's suppliers and manufacturers. For further information about supply chain identification, refer to the corporate web page of Inditex, Sustainability section, Reporting heading.		√ Pg. 418-421	
OTHER DISCLOSURES: NON-COMPLIANCE FINDINGS					
	AF9 Incidents of non-compliance with legal requirements or collective bargaining agreements on wages	348			

GRI Standard	Disclosure	Page number(s) and/or direct answer	Omissions	External Assurance	Global Compact principle
	AF10 Incidents of non-compliance with overtime standards	348			
	AF11 Incidents of non-compliance with standards on pregnancy and maternity rights	348			
	AF12 Incidents of the use of child labor	348		√ Pg. 418-421	
	AF13 Incidents of non-compliance with standards on gender discrimination	348		√ Pg. 418-421	Principle 6
	AF14 Incidents of non-compliance with code of conduct	348		√ Pg. 418-421	
OTHER DISCLOSURES: REMEDIATION					
	AF16 Remediation practices to address non-compliance findings	349-350, 375		√ Pg. 418-421	
OTHER DISCLOSURES: EMPLOYMENT					
	AF22 Policy and practices regarding the use of employees with non-permanent and non-fulltime status	254-255			
	AF23 Policy regarding the use of home working	273-274			
	AF24 Policy on the use and selection of labor brokers including adherence to relevant ILO Conventions	144, 265-266, 292-293, 343 Inditex analyses and controls compliance with its Sustainability Strategy by its suppliers by means of a specific Code of Conduct for Manufacturers and Suppliers compliance programme.			

GRI Standard	Disclosure	Page number(s) and/or direct answer	Omissions	External Assurance	Global Compact principle
OTHER DISCLOSURES: WAGER AND HOURS					
	AF25 Policy and practices on wage deductions that are not mandated by law	Inditex does not apply wage deductions that are not mandated by law.			
	AF26 Policy on working hours, including definition of overtime, and actions to prevent excessive and forced overtime	265-266 According to the Group's Code of Conduct, weekly working hours and overtime cannot exceed the limits stipulated in each country's labour legislation. Overtime is in all instances voluntary and remunerated as set down in applicable regulations. Furthermore, the Inditex Group's Policy on Human Rights sets down its zero tolerance stance towards forced or compulsory labour, as defined in ILO Convention 29. All of the foregoing applies to its own employees and its supply chain workers and any other natural and/or legal person related with Inditex. Moreover, the Code of Conduct sets down how the Group upholds and fosters compliance with human and labour rights, expressly committing to apply applicable regulations and best practices in the areas of employment terms and occupational health and safety, forbidding all forms of violence, harassment and abuse in the workplace.			Principle 4
OTHER DISCLOSURES: LABOR/MANAGEMENT RELATIONS					
	AF29 Percentage of workplaces where there is one or more independent trade union(s)	265-266 44% of Inditex's workplaces have trade union representation (47% in 2022).			
	AF30 Percentage of workplaces where, in the absence of a trade union, there are worker-management committees, broken down by country	The Group does not participate in worker-management committees in the absence of a trade union.			
HEALTH, SAFETY AND WELL-BEING					
GRI 3: MATERIAL TOPICS 2021					
	3-3 Management of material topics	105, 107-108, 183-187, 241-242, 274-282, 294-295, 319, 343-349, 373-377			
GRI 403: OCCUPATIONAL HEALTH AND SAFETY 2018					
	403-1 Occupational health and safety management system	275			

GRI Standard	Disclosure	Page number(s) and/or direct answer	Omissions	External Assurance	Global Compact principle
	403-2 Hazard identification, risk assessment, and incident investigation	274-282			
	403-3 Occupational health services	277-278			
	403-4 Worker participation, consultation, and communication on occupational health and safety	274-282 The committees in place represent all workers to the same degree (management and employees) and all agreements are endorsed by management. All of the committees reach agreements related with worker health and safety. During the reporting period, Inditex had agreements in effect with unions at the local and international levels which address aspects such as personal protection gear, regular inspections, skills training and education, and grievance mechanisms, among others.			
	403-5 Worker training on occupational health and safety	275-276			
	403-6 Promotion of worker health	277-278, 294-295			
	403-7 Prevention and mitigation of occupational health and safety impacts directly linked by business relationships	274-282, 294-295, 319, 343			
	403-8 Workers covered by an occupational health and safety management system	274-276, 294-295			
	403-9 Work-related injuries	278-280		√ Pg. 418-421	
	403-10 Work-related ill health	278-280		√ Pg. 418-421	

GRI Standard	Disclosure	Page number(s) and/or direct answer	Omissions	External Assurance	Global Compact principle
GRI 416: CUSTOMER HEALTH AND SAFETY 2016					
	416-1 Assessment of the health and safety impacts of product and service categories	241-242, 319, 376-377		√ Pg. 418-421	
	416-2 Incidents of non-compliance concerning the health and safety impacts of products and services	241-242, 319, 376-377		√ Pg. 418-421	
OTHER DISCLOSURES: MATERIALS					
	AF19 Practices to source safer alternative substances to those on the restricted substances list, including description of associated management systems	241-242, 343, 346			
OTHER DISCLOSURES: OCCUPATIONAL HEALTH AND SAFETY					
	AF31 Initiatives and programs to respond to, reduce, and prevent the occurrence of musculoskeletal disorders	278			
DIVERSITY, EQUALITY AND INCLUSION					
GRI 3: MATERIAL TOPICS 2021					
	3-3 Management of material topics	105, 107-108, 134-137, 183-187, 250-251, 256-265, 292-293			
GRI 405: DIVERSITY AND EQUAL OPPORTUNITY 2016					
	405-1 Diversity of governance bodies and employees	134-137, 250-252, 254-256, 258, 262 For further information about diversity on the Board of Directors, refer to the 2023 Annual Corporate Governance Report, available at the corporate web page of Inditex, Investors section, Corporate Governance heading.		√ Pg. 418-421	Principle 6

GRI Standard	Disclosure	Page number(s) and/or direct answer	Omissions	External Assurance	Global Compact principle
	405-2 Ratio of basic salary and remuneration of women to men	138-139, 264-265 At Inditex there is wage parity between men and women: in 2023, in total salary, women have been paid 0.5% more than men. Should there be any situation where this is not met, specific action plans would be established for each situation: specific and more focused pay equity analysis, communication and awareness.raising plans aimed at those responsible for the corresponding market/brand, provision of an additional budget to make the necessary pay adjustments, etc.		√ Pg. 418-421	Principle 6
GRI 406: NON-DISCRIMINATION 2016					
	406-1 Incidents of discrimination and corrective actions taken	331		√ Pg. 418-421	Principle 6
OTHER DISCLOSURES: DIVERSITY AND EQUAL OPPORTUNITY					
	AF27 Policy and actions to protect the pregnancy and maternity rights of women workers	273-274, 292-293			
	AF32 Actions to address gender discrimination and to provide opportunities for the advancement of women workers	258-261, 264-265, 292-293			Principle 6
TALENT MANAGEMENT					
GRI 3: MATERIAL TOPICS 2021					
	3-3 Management of material topics	105, 107-108, 183-187, 267-272			
GRI 404:TRAINING AND EDUCATION 2016					
	404-1 Average hours of training per year per employee	268-270 The average number of training hours for the year 2023 has been 17,2 hours/employee (17,1 hours for women, 17,4 hours for men, 30,9 hours for non-binary people, and 38,3 for unspecified gender-other). The data pertaining to the number of training hours broken down by gender is available for all markets, representing 100% of the Group's employees.		√ Pg. 418-421	Principle 6
	404-2 Programs for upgrading employee skills and transition assistance programs	250-259, 267-272 91% of Group employees are under the age of 45, such that the Group does not face the prospect of having to deploy programmes for upgrading employee skills or transition assistance programmes in the near future.			

GRI Standard	Disclosure	Page number(s) and/or direct answer	Omissions	External Assurance	Global Compact principle
	404-3 Percentage of employees receiving regular performance and career development reviews	All of our people's performance is evaluated at least once a year and each brand conducts that process in keeping with its management model. Performance dialogue with store staff is continuous and centres around each person's contribution to store-specific objectives with a focus on career development, in line with one of our hallmark characteristics: internal promotion. In the case of office staff, target delivery and performance are reviewed with each person at least once a year, and objectives are set for the following year. Employee engagement includes dialogue aimed at fostering career development and getting feedback about employee concerns. Variable remuneration is fully tied to the Company's results and each person's contribution to their delivery. For further information about the annual performance review programme, refer to the 2023 Annual Corporate Governance Report, available at the corporate web page of Inditex, Investors section, Corporate Governance heading.			Principle 6
INFORMATION SECURITY AND PRIVACY					
GRI 3: MATERIAL TOPICS 2021					
	3-3 Management of material topics	105, 107-108, 183-187, 335-340			
GRI 418: CUSTOMER PRIVACY 2016					
	418-1 Substantiated complaints concerning breaches of customer privacy and losses of customer data	In 2023 there have been 17 cases where data protection authorities have contacted the company requesting customer-related information (8 in 2022). Of these, 11 cases remain open at year-end (one of them is a pending case from 2018 due to the processing times of the local authority). Throughout this financial year, the Spanish Data Protection Agency imposed a financial penalty of 5,000 euros on the Group Massimo Dutti, S.A. for an issue related to cookies. In addition, during 2023, there has been one case affecting the security of personal data that the Company has deemed necessary to notify the data protection authorities (two in 2022), and in which the affected parties were also contacted to inform them of the situation. Moreover, the Inditex Group did not receive any significant fines concerning breaches of customer privacy or losses of customer data through any of the channels available to that end in 2023.		√ Pg. 418-421	
VALUE CREATION IN THE COMMUNITY					
GRI 3: MATERIAL TOPICS 2021					
	3-3 Management of material topics	105, 107-108, 183-187, 298-314, 351-355			

GRI Standard	Disclosure	Page number(s) and/or direct answer	Omissions	External Assurance	Global Compact principle
GRI 201: ECONOMIC PERFORMANCE 2016					
	201-1 Direct economic value generated and distributed	352, 353, 380 In the financial year 2023 the direct economic value generated by the Inditex Group was: 35,947 million euros (consisting of the Group's revenues); the distributed economic value has been composed, among others, of personnel expenses (5,357 million euros), taxes on profits (1,475 million euros), dividends paid to shareholders (3,736 million euros), and investment in the community (112 million euros). The retained economic value would be the difference between the generated and the distributed.			
	201-2 Financial implications and other risks and opportunities due to climate change	160, 169-175, 203-224			
	201-3 Defined benefit plan obligations and other retirement plans	130, 139-144			
	201-4 Financial assistance received from government	353		√ Pg. 418-421	
GRI 203: INDIRECT ECONOMIC IMPACTS 2016					
	203-1 Infrastructure investments and services supported	301-309, 378-380			
	203-2 Significant indirect economic impacts	304-305, 310-314, 378-380			
GRI 207: TAX 2019					
	207-1 Approach to tax	351-355 Inditex's Tax Policy is available at the corporate web page of Inditex, Group section, Ethical Commitment heading.			
	207-2 Tax governance, control, and risk management	351-355 Inditex's Tax Policy is available at the corporate web page of Inditex, Group section, Ethical Commitment heading.			
	207-3 Stakeholder engagement and management of concerns related to tax	351-355 Inditex's Tax Policy is available at the corporate web page of Inditex, Group section, Ethical Commitment heading.			

GRI Standard	Disclosure	Page number(s) and/or direct answer	Omissions	External Assurance	Global Compact principle
	207-4 Country-by-country reporting	351-355 Inditex's Tax Policy is available at the corporate web page of Inditex, Group section, Ethical Commitment heading.			
GRI 413: LOCAL COMMUNITIES 2016					
	413-1 Operations with local community engagement, impact assessments, and development programs	274-287, 298-314			Principle 1
	413-2 Operations with significant actual and potential negative impacts on local communities	241-242, 298-314, 341-342			Principle 1 y 2
OTHER DISCLOSURES: COMMUNITY INVESTMENT					
	AF33 Priorities in community investment strategy	298-299			
	AF34 Amount of investment in worker communities broken down by location	304-305			
TRANSPARENCY AND QUALITY OF THE INFORMATION					
GRI 3: MATERIAL TOPICS 2021					
	3-3 Management of material topics	105, 107-108, 183-187, 315-319 For further information about the Corporate Governance, refer to the 2023 Annual Corporate Governance Report, available at the corporate web page of Inditex, Investors section, Corporate Governance heading.			
GRI 417: MARKETING AND LABELING 2016					
	417-1 Requirements for product and service information and labeling	238, 315-319 The Group's product health and safety standards are compulsory across the entire production chain (100%).			
	417-2 Incidents of non-compliance concerning product and service information and labeling	The Inditex Group did not record any significant incidences of non-compliance with regulations and voluntary codes concerning product information and labelling through any of the channels available to that end in 2023.			

GRI Standard	Disclosure	Page number(s) and/or direct answer	Omissions	External Assurance	Global Compact principle
	417-3 Incidents of non-compliance concerning marketing communications	The Inditex Group did not record any significant incidents of non-compliance concerning marketing communications through any of the channels available to that end in 2023.			
GOOD GOVERNANCE AND INTEGRITY					
GRI 3: MATERIAL TOPICS 2021					
	3-3 Management of material topics	105, 107-108, 130-132, 140-144, 176-179, 183-187, 322-334 For further information about the Corporate Governance, refer to the 2023 Annual Corporate Governance Report, available at the corporate web page of Inditex, Investors section, Corporate Governance heading.		√ Pg. 418-421	
GRI 205: ANTI-CORRUPTION 2016					
	205-1 Operations assessed for risks related to corruption	322-323 The Code of Conduct addresses the prevention of corruption in all its manifestations. This Code is applicable to 100% of the Group's business units and is available at the corporate web page of Inditex, Group section, Ethical Commitment heading.			Principle 10
	205-2 Communication and training about anti-corruption policies and procedures	332-334		√ Pg. 418-421	Principle 10
	205-3 Confirmed incidents of corruption and actions taken	331		√ Pg. 418-421	Principle 10
GRI 206: ANTI-COMPETITIVE BEHAVIOR 2016					
	206-1 Legal actions for anti-competitive behavior, anti-trust, and monopoly practices	331			
GRI 415: PUBLIC POLICY 2016					
	415-1 Political contributions	Inditex's Policy on Donations and Sponsorships expressly prohibits the making of donations to political parties both directly and indirectly. This prohibition is also included in the Code of Conduct of the company, and adds that, as a general rule, no Inditex person may offer, grant, request or accept, directly or indirectly, gifts or invitations, whatever their nature, to or from any authorities or public officials.			Principle 10

GRI Standard	Disclosure	Page number(s) and/or direct answer	Omissions	External Assurance	Global Compact principle
OTHER DISCLOSURES: GRIEVANCE PROCEDURES					
	AF4 Policy and procedures for receiving, investigating, and responding to grievances and complaints	329-331			
RESPONSIBLE MANAGEMENT OF THE SUPPLY CHAIN AND TRACEABILITY					
GRI 3: MATERIAL TOPICS 2021					
	3-3 Management of material topics	105, 107-108, 183-187, 283-297, 341-350			
GRI 308: SUPPLIER ENVIRONMENTAL ASSESSMENT 2016					
	308-1 New suppliers that were screened using environmental criteria	346, 349-350 373		√ Pg. 418-421	Principle 8
	308-2 Negative environmental impacts in the supply chain and actions taken	160, 193-197, 349-350, 373-375		√ Pg. 418-421	Principle 8
GRI 414: SUPPLIER SOCIAL ASSESSMENT 2016					
	414-1 New suppliers that were screened using social criteria	346-348, 373-375		√ Pg. 418-421	Principle 2
	414-2 Negative social impacts in the supply chain and actions taken	346-350, 373-375			Principle 2
OTHER DISCLOSURES: AUDIT PROCESS					
	AF2 Parties and personnel engaged in code of conduct compliance function	283-287, 346			
	AF3 Compliance audit process	346-349			

GRI Standard	Disclosure	Page number(s) and/or direct answer	Omissions	External Assurance	Global Compact principle
	AF8 Number of audits conducted and percentage of workplaces audited	346-349, 373-375		√ Pg. 418-421	
OTHER DISCLOSURES: CAPACITY BUILDING					
	AF5 Strategy and scope of efforts to strengthen capacity of management, workers and other staff to improve in social and environmental performance	146, 259, 266, 267-272, 287-297, 333-334, 344			
OTHER DISCLOSURES: BUSINESS INTEGRATION					
	AF6 Policies for supplier selection, management, and termination	341-350 Inditex's Code of Conduct for Manufacturers and Suppliers stipulates the standards and requirements to which suppliers looking to form part of Inditex's supply chain are bound. It is available at the corporate web page of Inditex, Group section, Ethical Commitment heading.		√ Pg. 418-421	
	AF17 Actions to identify and mitigate business practices that affect code compliance	346-350, 375			
OTHER DISCLOSURES: NON-COMPLIANCE FINDINGS					
	AF15 Analysis of data from code compliance audits	348			

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Independent Verification Report of the Non-financial Information Statement

GRI 2-5

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INDEPENDENT LIMITED ASSURANCE REPORT OF THE CONSOLIDATED NON-FINANCIAL STATEMENT

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

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

Pursuant to article 49 of the Code of Commerce we have performed a verification, with a limited assurance scope, of the accompanying Consolidated Non-Financial Information Statement (hereinafter NFS) for the year ended January 31, 2024 (hereinafter year 2023), of Industria de Diseño Textil, S.A. and subsidiaries (hereinafter, the Group), which is part of the Group's Consolidated Directors Report.

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

Responsibility of the Board of Directors

The preparation of the NFS included in the Consolidated Directors Report of the Group and its content is the responsibility of the Board of Directors of Industria de Diseño Textil, S.A. The NFS was prepared in accordance with the content required by prevailing mercantile regulations and in accordance with *Global Reporting Initiative Sustainability Reporting Standards* (GRI standards), as well as those other criteria described according to what is mentioned for each subject in table "Index of contents required by Act 11/2018" and the contents subject to external verification included in table "GRI Content Index" of the NFS.

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

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

Our independence and quality management

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

Our firm applies current international quality standards and maintains, consequently, a quality system that includes policies and procedures related to compliance with ethical requirements, professional standards and legal provisions and applicable regulations.

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

Our responsibility

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

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

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

- Meetings with Group personnel to know the business model, policies and management approaches applied, the main risks related to these matters and obtain the necessary information for our external review.
- Analysis of the scope, relevance and integrity of the content included in the NFS for the year 2023 based on the materiality analysis made by the Group and described in section "Materiality analysis", considering the content required by prevailing mercantile regulations.
- Analysis of the processes for gathering and validating the data included in the 2023 NFS.
- Review of the information on the risks, policies and management approaches applied in relation to the material aspects included in the 2023 NFS.
- Check, through tests, based on a selection of a sample, the information related to the content of the 2023 NFS and its correct compilation from the data provided by the information sources.
- Obtaining a representation letter from the Board of Directors and Management.

Emphasis paragraph

Regulation (EU) 2020/852 of the European Parliament and of the Council of 18 June 2020 on the establishment of a framework to facilitate sustainable investments, as well as the Delegated Acts enacted in accordance with the provisions of that Regulation, settle the obligation to disclose information on how and to what extent the company's activities are associated with eligible economic activities in relation to the environmental objectives of sustainable use and protection of water and marine resources, transition to a circular economy, pollution prevention and control, and protection and restoration of biodiversity and ecosystems (the other environmental objectives), and for certain new activities included in the climate change mitigation and adaptation objectives, for the first time for the financial year 2023, in addition to the information on eligible and aligned activities already required in the 2022 financial year in relation to the climate change mitigation and climate change adaptation objectives. As a result, no comparative information on eligibility has been included in the attached NFIS in relation to the other environmental objectives listed above or to the new activities included in the climate change mitigation and adaptation objectives. On the other hand, to the extent that the information relating to the financial year 2022 was not required with the same level of detail as in the financial year 2023, the disaggregated information in the attached NFIS is also not strictly comparable. In addition, it should be noted that the directors of Industria de Diseño Textil, S.A. have incorporated information on criteria that, in their opinion, allow better compliance with the aforementioned obligations and that are defined in the Section "European Taxonomy of Sustainable Activities" of the attached NFIS. Our conclusion has not been modified in relation to this matter.

Conclusion

Based on the limited assurance procedures conducted and the evidence obtained, no matter has come to our attention that would cause us to believe that the Group NFS for the year 2023 has not been prepared, in all material respects, in accordance with the contents required by prevailing company law and in accordance with GRI standards' criteria as well as other criteria, described as explained for each subject matter in table "Index of contents required by Act 11/2018" and the contents subject to external verification included in table "GRI Content Index" of the NFS.

Use and distribution

This report has been prepared as required by current mercantile regulations in Spain, thus it may not be suitable for any other uses or jurisdiction.

ERNST & YOUNG, S.L.

(Signed on the original in Spanish)

____

Hildur Eir Jónsdóttir

March 13, 2024

Report on Internal Control Systems (ICFR)

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AUDITOR´S REPORT ON THE "INFORMATION RELATED TO THE SYSTEM OF INTERNAL CONTROL OVER FINANCIAL REPORTING (ICFR)"

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

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

In accordance with the request from the Board of Directors of Industria de Diseño Textil, S.A. (hereinafter the Entity) and our engagement letter dated January 16, 2024, we have performed certain procedures on the "ICFR related information" attached in section F of the 2023 Annual Corporate Governance Report of Industria de Diseño Textil, S.A., which summarizes the internal control procedures of the Entity in relation to the annual financial information.

The Board of Directors is responsible for adopting the appropriate measures in order to reasonably guarantee the implementation, maintenance and supervision of an adequate internal control system as well as developing improvements to that system and preparing and establishing the content of the accompanying ICFR related information attached.

It should be noted that irrespective of the quality of the design and operability of the internal control system adopted by the Entity in relation to its annual financial information, it can only provide reasonable, rather than absolute assurance with respect to the objectives pursued, due to the inherent limitations to any internal control system.

In the course of our audit work on the financial statements and pursuant to the Technical Auditing Standards, the sole purpose of our assessment of the entity´s internal control was to enable us to establish the nature, timing and extent of the audit procedures to be applied to the Entity´s financial statements. Therefore, our assessment of the internal control performed for the purposes of the audit of the financial statements was not sufficiently extensive to enable us to express a specific opinion on the effectiveness of the internal control over the regulated annual financial information.

For the purpose of issuing this report, we exclusively performed the specific procedures described below and indicated in the Guidelines on the Auditors' report relating to information on the Internal Control over Financial Reporting of Listed Companies, published by the Spanish National Securities Market Commission (CNMV) on its website, which establishes the work to be performed, the minimum scope thereof and the content of this report. Given that the scope of these procedures was limited and substantially less than that of an audit or a review of the internal control system, we do not express an opinion on the effectiveness thereof, or its design or operating effectiveness, in relation to Entity's annual financial information for 2023 described in the ICFR related information attached. Consequently, had we performed additional procedures to those established by the Guidelines mentioned above or had we carried out an audit or a review of the internal control over the regulated annual financial reporting information, other matters might have come to our attention that would have been reported to you.

Likewise, since this special engagement does not constitute an audit of the financial statements in accordance with prevailing audit regulations in Spain, we do not express an audit opinion in the terms provided for therein.

The procedures performed were as follows:

1. Read and understand the information prepared by the Entity in relation to the ICFR - which is provided in the Annual Corporate Governance Report disclosure information included in the Consolidated Directors' Report- and assess whether such information addresses all the required information which will follow the minimum content detailed in section F, relating to the description of the ICFR, as per the model established by CNMV Circular nº 5/2013 dated June 12, 2013 and subsequent amendments, the most recent one being CNMV Circular 3/2021 of September 28, 2021 (hereinafter, the CNMV Circulars).

2. Make enquiries of personnel in charge of preparing the information described in point 1 above in order to: (i) Obtain an understanding of the process followed in its preparation; (ii) Obtain information which will allow us to assess whether the terminology used is adapted to the definitions provided in the reference framework; (iii) Obtain information on whether the control procedures described are implemented and in use by the Entity.

3. Review the explanatory documentation supporting the information described in point 1 above, which should basically include that which is provided directly to those responsible for preparing the ICFR descriptive information. In this respect, the aforementioned documentation includes related reports prepared by the Internal Audit Department, senior management, and other internal and external experts providing support to the Audit and Compliance Committee.

4. Compare the information described in point 1 above with our knowledge of Entity's ICFR obtained as a result of performing the external audit procedures within the framework of the audit of the financial statements.

5. Read the minutes of the meetings held by the Board of Directors, Audit and Compliance Committee and other entity committees in order to assess the consistency between the ICFR issues addressed therein and the information provided in point 1 above.

6. Obtain the representation letter related to the work performed, duly signed by the personnel in charge of preparing the information discussed in point 1 above.

As a result of the procedures performed, no inconsistencies or issues were observed that might have an impact on ICFR related information.

This report was prepared exclusively within the framework of the requirements stipulated in article 540 of the Consolidated text of the Corporate Enterprises Act and CNMV Circulars on ICFR description in Annual Corporate Governance Reports.

ERNST & YOUNG, S.L.

(signed on the original version In Spanish)

Hildur Eir Jónsdóttir

March 13, 2024

ANNUAL CORPORATE GOVERNANCE REPORT (ACGR) **2023**

INDITEX

Issuer identification details

Year end-date:

31/01/2024

Tax ID (CIF):

A15075062

Company name:

INDUSTRIA DE DISEÑO TEXTIL, (INDITEX, S.A.)

Registered office:

Avda. de la Diputación, Edificio Inditex, Arteixo (A Coruña)

In this Annual Corporate Governance Report, the board of directors of INDUSTRIA DE DISEÑO TEXTIL, S.A. (INDITEX, S.A.) ("**Inditex**" or the "**Company**") has included all the relevant information for financial year 2023, which commenced on 1 February 2023 and ended on 31 January 2024, except where other dates of reference are specifically mentioned.

This Report has been drawn up by the Audit and Compliance Committee in free format in accordance with the provisions of Circular 3/2021 of 28 September of the Spanish National Securities Market Commission ("CNMV" [*Spanish acronym*]) that amends, inter alia, Circular 5/2013, that sets forth the standard form of the annual corporate governance report for listed public limited companies, saving banks and other entities that issue securities admitted to trading on official securities markets

Notwithstanding the foregoing, the contents of this Report meet the minimum requirements laid down in applicable regulations, as provided in section 540 of the Spanish Companies Act (the "Companies Act" or LSC" [*Spanish acronym*]) and in Order ECC/461/2013 of 20 March and is accompanied by the relevant statistical Appendix.

This Annual Corporate Governance Report will be released as other relevant information ("OIR" [*Spanish acronym*]) contemporaneously with the release of the Annual Report on Remuneration of Directors and will be made available on Inditex's corporate website and on CNMV's website.

REGULATORY FRAMEWORK

A) STATUTORY PROVISIONS AND RECOMMENDATIONS

The revised text of the Spanish Companies Act approved by Real Decreto Legislativo 1/2010 of 2 July , substantially amended by Act 31/2014 of 3 December to improve corporate governance and by Act 5/2021 of 12 April as regards encouragement of long-term shareholder engagement in listed companies (**"Act 5/2021**"), represents the basic legal framework of corporate governance in Spain.

In addition, the Good Governance Code of Listed Companies ("**GGC**" or "**Good Governance Code**"), approved by CNMV in February 2015 and amended in part by CNMV's board on 25 June 2020, lists a set of principles and practices that must govern corporate governance in listed companies.

B) INTERNAL REGULATIONS FRAMEWORK

Inditex's corporate governance rules are established in the Articles of Association, the Board of Directors' Regulations, the Regulations of the General Meeting of Shareholders, the terms of reference of board committees, the Internal Regulations of Conduct in the Securities Markets (IRC), the Code of Conduct, the Regulations of the Social Advisory Board, the Regulations of the Cybersecurity Advisory Committee and other corporate policies, as explained in greater detail below:

Articles of Association: this regulation was approved at the Annual General Meeting in July 2000. This is Inditex's core regulation that seeks to determine the proceedings of the General Meeting of Shareholders and covers, inter alia, shareholders' rights and obligations and the basic rules of the organization and the proceedings of the board and its committees.

They have been amended on several occasions, and for the last time on 13 July 2021.

Board of Directors' Regulations: approved by the Board of Directors in July 2000. This set of rules seeks to determine the principles of operation of the Board of Directors, the basic rules for its organization and proceedings and the rules governing the conduct of its members. It provides, inter alia, rules regarding the appointment and removal of directors, their rights and duties and the relations of the Board of Directors with the shareholders, the markets and the external auditor, all with the aim of achieving the highest possible degree of efficiency. This term of reference has been amended several times. The last amendment to this set of rules was approved by the board of directors on 6 June 2023. All said amendments are addressed in greater detail in section C.1.15 below.

Regulations of board committees (Audit and Compliance Committee, Nomination Committee, Remuneration Committee and Sustainability Committee, jointly "**board committees**"):

The terms of reference of the Audit and Compliance Committee, the Nomination Committee, and the Remuneration Committee were approved by the Board of Directors at the meeting held on 9 June 2015. The board of directors approved the Sustainability Committee's Regulations at the meeting held on 16 July 2019 following the committee's formation.

These terms of reference seek to govern the proceedings of board committees as regards their powers, membership, notice, quorum, decision-making and relationship with the remaining governing bodies of the Company.

The latest amendments to the terms of reference of board committees were approved by the board at the meeting held on 12 May 2022. With regard to the terms of reference of the Audit and Compliance Committee, their latest amendment was approved by the board of directors on 6 June 2023.

Regulations of the General Meeting of Shareholders: This set of rules was approved at the Annual General Meeting on 18 July 2003. Its aim is to govern the proceedings of the General Meeting of Shareholders as regards notices, meetings' preparation, information, attendance, proceedings and exercise of voting rights, and to inform shareholders of their rights and duties relating to said body. They have been amended several times, to adapt their provisions to the successive updates of the Articles of Association, and for the last time on 13 July 2021

Internal Regulations of Conduct in the Securities Markets (the "**Internal Regulations of Conduct**" or "**IRC**"): this document provides, inter alia, the rules for processing, safeguarding and disclosing inside information and other relevant information of the Company, the system that governs transactions in Inditex securities and financial instruments carried out by the persons included in its scope, the provisions on prohibition of market manipulation and Inditex's policy on treasury shares.

Originally approved in 2000, the new IRC was approved in 2016 for the purposes of adapting its contents to the European regulatory framework to fight market abuse, made up of Regulation (EU) No 596/2014 of 16 April 2014 on market abuse, Directive 2014/57/EU of 16 April 2014, and their respective implementing regulations..

The IRC has been amended several times. Its latest amendment was approved by the board of directors on 3 November 2022.

Inditex Group's Code of Conduct: the update of the Inditex Group's Code of Conduct has been completed in 2023. The new Code of Conduct was approved by the board of directors at the meeting held on 6 February 2024, following a report from the Audit and Compliance and Sustainability Committees . This Code sets out the ethical commitments of the Group and the principles of action that must guide the way that anyone at Inditex must interact with their colleagues as well as their interaction with the different stakeholders anywhere in the world.

Regulations of the Social Advisory Board: The Social Advisory Board is Inditex's advisory body in the field of social and environmental sustainability. In December 2002, the board of directors authorised its creation and approved its Regulations, which determine the principles of action, the basic rules governing its organization and proceedings and the rules of conduct of its members.

The Regulations of the Social Advisory Board have been amended several times, and for the last time on 16 July 2019 for the purposes of establishing its functional reporting line to the Sustainability Committee.

Regulations of the Cybersecurity Advisory Committee: the Cybersecurity Advisory Committee is Inditex's advisory body in the field of cybersecurity. Its formation and terms of reference were officially approved by the board of directors in November 2023. These Regulations set out its principles of action, the basic rules of its organization and proceedings and the rules of conduct for its members .

Other corporate Policies:

In addition, the board of directors has also approved the following policies:

- The Remuneration Policy for Directors for FY2021, FY2022 and FY2023 (in effect until 31 January 2024) and the new Remuneration Policy for Directors for FY2024, FY2025 and FY2026.
- The Diversity of Board of Directors Membership and Director Selection Policy, approved on 9 December 2015 and last amended on 8 June 2021.
- The Policy on Communication and Contact with Shareholders, Institutional Investors and Proxy Advisors, approved on 9 December 2015.
- The Policy on Disclosure of Economic-Financial, Non-Financial and Corporate Information, approved on 14 December 2020.
- The Enterprise Risk Management Policy, approved on 9 December 2015 and last amended on 14 December 2020.
- The Sustainability Policy, approved on 9 December 2015 and last amended on 3 November 2022.
- The Tax Policy and Strategy. Both of them were approved on 9 December 2015.

Inditex regularly evaluates the appropriateness of the Company's corporate governance system to ensure that it fulfils its mission of promoting the corporate interest and that it considers, where applicable, the legitimate interests of the Group's stakeholders.

To achieve this, Inditex further reviews on a regular basis its internal regulations to encompass every legislative development and ensure their alignment with national and international recommendations and best practices in the field of good corporate governance.

The full text of all the aforementioned documents, as amended, is available on the corporate website: (i) under the "Investors" tab "Corporate Governance" section "Reports & Regulations" subsection, and (ii) under the "Group" tab "Ethical commitment" section.

A. Ownership structure

A.1. Complete the following table on share capital and voting rights attached to shares, including those corresponding to shares with a loyalty vote as of year-end, where appropriate:

Indicate whether articles of association contain the provision of double loyalty voting:

Yes No x

Indicate whether the company has awarded votes for loyalty:

Yes No x

Date of the last share capital change	Share capital (€)	Number of shares	Number of voting rights (not including additional votes for loyalty)	Number of additional voting rights attached to shares with a loyalty vote	Total number of voting rights, including additional votes attached to loyalty shares
20/07/2000: AGM resolution	€93,499,560	3,116,652,000 shares	3,116,652,000	-	3,116,652,000

Indicate whether there are different classes of shares with different rights attached:

Yes No x

Class	Number of shares	Par value	Number of voting rights	Rights and obligations conferred
-	-	-	-	-

All shares are of the same class and series, represented by the book-entry method and are fully paid-up and subscribed.

INDITEX has been listed on the four different Spanish Stock Exchanges since 23 May 2001 and has been part of the selective Ibex 35 index since July 2001. In addition, it has been part of the Euro Stoxx 50 index since September 2011, the MSCI index since November 2001, the Dow Jones Sustainability index since September 2002 and the FTSE4Good index since October 2002.

A.2. List the company's significant direct and indirect shareholders as of year-end, including directors with a significant shareholding:

The Company issues shares represented by the book-entry method. In addition, pursuant to the provisions of section 497 LSC, Inditex has a contract with Sociedad de Gestión de Sistemas de Registro, Compensación y Liquidación de Valores, S.A. (Iberclear) [*Spanish Central Securities Depositary in charge of the Register of Securities, and the Clearing and Settlement of all trades*] for the daily share ownership notification service.

According to the Company's Shareholders Register, the significant direct and indirect shareholders as of 31 January 2024 including directors with a significant shareholding, were those shown below:

Name or company name of shareholder	% of voting rights attached to the shares (including votes for loyalty)		% of voting rights through financial instruments		% of total voting rights	From the total number of voting rights attributed to the shares, indicate, where appropriate, the additional votes attributed corresponding to the shares with a loyalty vote	
	Direct	Indirect	Direct	Indirect		Direct	Indirect
Mr Amancio Ortega Gaona	- %	59.294 %	- %	- %	59.294 %	- %	- %
Ms Sandra Ortega Mera	- %	5.053 %	- %	- %	5.053 %		

Breakdown of the indirect shareholding:

Name or company name of the indirect owner	Name or company name of the direct owner	% of voting rights attached to the shares (including votes attached to loyalty shares)	% of voting rights through financial instruments	% of total voting rights	From the total number of voting rights attached to the shares, indicate, where appropriate, the additional votes attached to loyalty shares	
Mr Amancio Ortega Gaona	Pontegadea Inversiones, S.L. (*)	50.010 %	- %	50.010 %	-	-
	Partler Participaciones, S.L.U.	9.284 %	- %	9.284 %	-	-
Ms Sandra Ortega Mera	ROSP CORUNNA PARTICIPACIONES EMPRESARIALES, S.L.	5.053 %	- %	5.053 %	-	-

Remarks
(*) Mr Amancio Ortega Gaona owns a 59.294% stake in Inditex's share capital through the companies styled Pontegadea Inversiones, S.L. and Partler Participaciones, S.L.U. Mr Amancio Ortega Gaona and Pontegadea Inversiones, S.L., represented by Ms Flora Pérez Marcote, sit on Inditex's board of directors as proprietary directors.

Indicate the most significant changes in the shareholder structure during the year:

The Company has not received any notices regarding any significant movements in shareholder structure over the year.

A.3. Give details of the stake at financial year-end, of the members of the board of directors who are holders of voting rights attached to shares of the company or through financial instruments, irrespective of the percentage, excluding the directors who have been identified in Section A.2 above:

As at 31 January 2024, the following directors had a stake in the Company:

Name or company name of director	% Voting rights attached to shares		% Voting rights through financial instruments		% Total voting rights	From the total number of voting rights attached to shares, indicate, where appropriate, the additional votes attached to shares with a loyalty vote	
	Direct	**Indirect**	**Direct**	**Indirect**		**Direct**	**Indirect**
Ms Marta Ortega Pérez	0.0014 %	-	-	-	0.0014 %	-	-
Mr Óscar García Maceiras	0.0013 %	-	-	-	0.0013 %	-	-
Mr José Arnau Sierra	0.0010 %	-	-	-	0.0010 %	-	-
Bns Denise Patricia Kingsmill	- %	-	-	-	- %	-	-
Ms Anne Lange	- %	-	-	-	- %	-	-
Ms Pilar López Álvarez	0.0002 %	-	-	-	0.0002 %	-	-
Mr José Luis Durán Schulz	0.0001 %	-	-	-	0.0001 %	-	-
Mr Rodrigo Echenique Gordillo	0.0006 %	-	-	-	0.0006 %	-	-
TOTAL	**0.0046 %**				**0.0046 %**		

Total % of voting rights held by the board of directors	59.299%

Total % of voting rights represented on the board of directors	59.299%

A.4. Where applicable, indicate any family, commercial, contractual or corporate relationships that exist among significant shareholders to the extent that they are known to the company, unless they are insignificant or arise in the ordinary course of business, with the exception of those reported in section A.6:

Name or company name of related party	Type of relationship	Brief description
- Ms Sandra and Mr Marcos Ortega Mera.	Family	Ms Sandra and Mr Marcos Ortega Mera are the offspring of Mr Amancio Ortega Gaona, director and indirect shareholder.
- Mr Amancio Ortega Gaona		Mr Amancio Ortega Gaona is an indirect shareholder and the beneficial owner of Inditex via significant shareholders Pontegadea Inversiones, S.L. and Partler Participaciones, S.L.U. and Ms Sandra and Mr Marcos Ortega Mera are indirect shareholders of the Company via significant shareholder Rosp Corunna Participaciones Empresariales, S.L. (where Mr Ortega Mera has a minority shareholding).

The Company has not received notice of any family, commercial, contractual or corporate relationships existing between the owners of significant holdings that are of a relevant nature or that do not arise from the ordinary course of business.

A.5. Where applicable, indicate any commercial, contractual or corporate relationships that exist between significant shareholders and the company and/or its group, unless they are of little relevance or arise in the ordinary course of business:

To conduct its physical retail activity in accordance with the Group's commercial strategy, based on its positioning in prime locations and strategic shopping areas, Inditex and the companies in its Group have several lease agreements in place over business premises owned by its significant shareholders: Pontegadea Inversiones, S.L., Partler Participaciones, S.L.U, and Rosp Corunna Participaciones Empresariales, S.L., and/or any company in their respective groups.

Prior to their execution and approval by Inditex's board of directors, the terms of such lease agreements have been reviewed first by the Audit and Compliance Committee, on the basis of valuation reports issued by independent experts. The committee seeks to establish that these transactions have been carried out on an arm's length basis, are fair and reasonable from the Company's perspective and in the interest of the Company. Likewise, such lease agreements have been disclosed in the relevant annual report on related party transactions that the Company issues every year in accordance with Recommendation 6 GGC.

Furthermore, refurbishment works agreed in 2020 between a non-profit organization related to Mr Ortega and the Group subsidiary engaged in the refurbishment of the stores of the different brands are currently being implemented. The purpose of such works is to build and set in train seven all around care centres to cater to dependent elderly people in the Autonomous Community of Galicia..

The detail of these lease agreements and refurbishment works, among other transactions, the significant shareholder of the Company they are associated with (for the purposes of the provisions of section 529*tervicies* LSC and the amounts accrued in the year, can be found in the Notes to the Consolidated Annual Accounts.

Aside from these lease agreements and construction works, there have been no other commercial, contractual or corporate relationships between significant shareholders and the company that are of a relevant nature or that do not arise from the ordinary course of business.

A.6. Describe the relationships, unless of little relevance to both parties, existing between significant shareholders or shareholders represented on the Board and directors, or their representatives in the case of directors that are legal persons.

Explain, where applicable, how the significant shareholders are represented. Specifically, indicate the directors appointed to represent significant shareholders, those whose appointment was proposed by significant shareholders, or who are linked to significant shareholders and/or companies in their group, specifying the nature of those relationships or ties. In particular, mention the existence, identity and position of any directors of the listed company, or their representatives, who are in turn members or representatives of members of the Board of Directors of companies that hold significant shareholdings in the listed company or in group companies of these significant shareholders.

Name or company name of related director or representative	Name or company name of related significant shareholder	Company name of the group company of the significant shareholder	Description of relationship/position
Mr Amancio Ortega Gaona	PONTEGADEA INVERSIONES, S.L.	PONTEGADEA INVERSIONES, S.L.	Chair of the Board
	PONTEGADEA INVERSIONES, S.L.	PONTEGADEA INMOBILIARIA, S.L.U.	Chair of the Board
	PARTLER 2006, S.L.	PARTLER 2006, S.L.	Chair of the Board
	PARTLER 2006, S.L..	PARTLER PARTICIPACIONES, S.L.U.	Chair of the Board
Ms Marta Ortega Pérez	PONTEGADEA INVERSIONES, S.L.	PONTEGADEA INVERSIONES, S.L.	Ordinary member
	PARTLER 2006, S.L.	PARTLER 2006, S.L.	1st Deputy Chair
	PARTLER 2006, S.L.	PARTLER PARTICIPACIONES, S.L.U.	1st Deputy Chair
Mrs Flora Pérez Marcote (Legal representative of PONTEGADEA INVERSIONES S.L.)	PONTEGADEA INVERSIONES, S.L.	PONTEGADEA INVERSIONES, S.L.	1st Deputy Chair
	PONTEGADEA INVERSIONES, S.L.	PONTEGADEA INMOBILIARIA, S.L.U.	1st Deputy Chair
Mr José Arnau Sierra	PONTEGADEA INVERSIONES, S.L.	PONTEGADEA INVERSIONES, S.L.	2nd Deputy Chair
	PONTEGADEA INVERSIONES, S.L.	PONTEGADEA INMOBILIARIA, S.L.U.	2nd Deputy Chair

PONTEGADEA INVERSIONES, S.L.	PONTEGADEA ESPAÑA, S.L.U.	Joint Director
PONTEGADEA INVERSIONES, S.L.	ESPARELLE 2016, S.L.	Sole Director (Legal representative of PONTEGADEA INMOBILIARIA, S.L.U.)
PONTEGADEA INVERSIONES, S.L.	PONTEGADEA DIECIOCHO, S.L.	Sole Director (Legal representative of PONTEGADEA INVERSIONES, S.L.)
PONTEGADEA INVERSIONES, S.L.	SOBRADO FORESTAL 2014, S.L.	Sole Director
PONTEGADEA INVERSIONES, S.L.	PONTEGADEA LUXEMBOURG Sarl	Ordinary member
PONTEGADEA INVERSIONES, S.L.	PONTEGADEA FRANCE S.A.S.	Legal representative of the Chair of the Company, PONTEGADEA INMOBILIARIA, S.L.U.
PONTEGADEA INVERSIONES, S.L.	MONTAIGNE REAL ESTATE S.A.S.	Sole Director
PONTEGADEA INVERSIONES, S.L.	PRIMA CINQUE S.p.A.	Chair of the Board
PONTEGADEA INVERSIONES, S.L.	PG REAL ESTATE INTEREST Ltd.	Ordinary member
PONTEGADEA INVERSIONES, S.L.	PONTEGADEA INMOBILIARIA S.A. de C.V.	Chair of the Board
PONTEGADEA INVERSIONES, S.L.	PONTEGADEA CANADA Inc.	Chair of the Board
PONTEGADEA INVERSIONES, S.L.	PG COMPASS CANADA Inc.	Chair of the Board
PONTEGADEA INVERSIONES, S.L.	PONTEGADEA KOREA Inc.	Ordinary member
PONTEGADEA INVERSIONES, S.L.	PONTEGADEA USA Inc.	Chair of the Board
PONTEGADEA INVERSIONES, S.L.	PONTEGADEA IRELAND Ltd	Ordinary member
PONTEGADEA INVERSIONES, S.L.	FIF HOLDINGS PROTEONIC Sarl	Ordinary member
PONTEGADEA INVERSIONES, S.L.	POLAR ROOSENDAL LOGISTICS PROPCO B.V.	Sole Director (Legal representative of FIF HOLDINGS PROTEONIC Sarl)
PONTEGADEA INVERSIONES, S.L.	FIF PROPERTY IRELAND 1 Ltd.	Ordinary member
PONTEGADEA INVERSIONES, S.L.	FIF PROPERTY IRELAND 2 Ltd.	Ordinary member
PARTLER 2006, S.L.	PARTLER 2006, S.L.	2nd Deputy Chair
PARTLER 2006, S.L.	PARTLER PARTICIPACIONES, S.L.U.	2nd Deputy Chair
PARTLER 2006, S.L.	FONGADEA RECOLETOS 7-9, S.L.	Sole Director (Legal representative of PARTLER 2006, S.L.)
PARTLER 2006, S.L.	PONTE GADEA PORTUGAL - INVESTIMENTOS IMOBILIARIOS E HOTELEIROS S.A.	Chair of the Board
PARTLER 2006, S.L.	PONTEGADEA AMOREIRAS - SOCIEDADE IMOBILIARIA S.A.	Chair of the Board
PARTLER 2006, S.L.	ALMACK Ltd.	Ordinary member
PARTLER 2006, S.L.	BOXER US Inc	Chair of the Board

Remarks:

As stated in sections A.2 and A.4 above, Mr Amancio Ortega Gaona is an indirect shareholder of Inditex through two significant shareholders: Partler Participaciones, S.L.U. and Pontegadea Inversiones, S.L. This latter is a member of Inditex's board of directors, with Ms Flora Pérez Marcote, the spouse of Mr Amancio Ortega Gaona, as its legal representative. Director and board chair, Ms Marta Ortega Pérez is the daughter of Mr Ortega and Ms Pérez. In turn, Mr Ortega, Ms Ortega and Ms Pérez sit on the board of directors of significant shareholder Pontegadea Inversiones, S.L. and the former two are also members of the board of directors of Partler Participaciones, S.L.U., as explained in the table above.

A.7. Indicate whether the company has been notified of any shareholders' agreements that may affect it, in accordance with the provisions of Articles 530 and 531 of the Spanish Companies Act (LSC). If so, describe them briefly and list the shareholders bound by the agreement:

Yes No x

Indicate whether the company is aware of any concerted actions amongst its shareholders. If so, provide a brief description::

Yes No x

The Company has not received any notices regarding the making of shareholders' agreements nor does it have any proof of the existence of concerted actions amongst its shareholders.

A.8. Indicate whether any individual or company exercises or may exercise control over the company in accordance with Article 5 of the Securities Market Act. If so, identify them:

Yes x No

Name or company name
Mr Amancio Ortega Gaona

Remarks:

Mr Amancio Ortega Gaona owns a 59.294% stake in Inditex's share capital through PONTEGADEA INVERSIONES, S.L. and PARTLER PARTICIPACIONES, S.L.U.

A.9. Complete the following table with details of the company's treasury shares: At the close of the year:

Number of direct shares	Number of indirect shares	Total percentage of share capital
3,582,419	-	0.115 %

Explain any significant changes during the year:

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

The incentive for the second cycle (2020-2023) of the 2019-2023 Long-Term Incentive Plan was paid in 2023. Such Plan (the "2019-2023" Plan), addressed to the management and other employees of the Inditex Group was approved at the Annual General Meeting held on 16 July 2019.. The part of the incentive in shares was delivered to the beneficiaries of the Plan charged against treasury stock held by the Company as at the delivery date. 1,350,095 shares representing 0.043% of the share capital were delivered.

Consequently, as at 31 January 2024, the Company owned 3,582,419 treasury stock representing 0.115% of the share capital.

A.10. Provide a detailed description of the conditions and terms of the authority given to the Board of Directors to issue, buy back, or transfer treasury shares.

As at the date of this report, the authorisation granted to the board of directors at the Annual General Meeting held on 11 July 2023 to acquire treasury shares remains in force. Said authorisation superseded the previous authorisation approved at the Annual General Meeting held on 16 July 2019.

The resolution passed at the AGM held on 11 July 2023 above-mentioned regarding agenda item 8 is transcribed below:

"To grant authority to the board of directors so that it may, in accordance with the provisions of sections 146 and 509 LSC proceed to the acquisition on the market of own shares, either directly or through any subsidiaries in which the Company is the controlling company, observing the statutory limits and requirements and under the following conditions:

a) *Methods of acquisition: the acquisition shall be done, once or several times, through purchase and sale, exchange, dación en pago [acceptance in lieu of payment], or as otherwise permitted in statute.*

b) *Maximum number of treasury stock to be acquired: shares with a nominal value wich, added to that of those shares, directly or indirectly in the possession of the Company, do not exceed 10% of the share capital.*

c) *Maximum and minimum prices: the minimum share acquisition price shall be their nominal value and the maximum price shall be up to 105% of their market value at the date of purchase.*

d) *Purpose: for the purposes of the provisions of section 146.1(a) LSC, it is hereby stated that shares acquired under this authority may be used by the Company, inter alia, to be delivered to employees or directors of the Company, either directly or as result of the exercise of the option right they may hold, under remuneration schemes for employees of the Company or its Group. Likewise, shares acquired under this authority may be disposed of or depreciated, in full or in part, or be used, in full or in part, to achieve potential corporate or business transactions or decisions, as well as any other purpose legally permitted.*

e) *Duration of the authorisation: five (5) years from the date of this resolution. This authorisation supersedes the authority approved at the Annual General Meeting held on 16 July 2019".*

As provided in section A.9 above, the board of directors approved on 12 July 2022, under the authorisation conferred at the Annual General Meeting as described above, a temporary share buy-back programme for the Company to fulfil the requirements of shares delivery to the beneficiaries of the second cycle of the 2019-2023 Plan as well as of the first cycle, and if appropriate, the second cycle of the 2021-2025 Plan. approved at the Annual General Meeting held on 13 July 2021. The description of such Plan is included in the Annual Report and in the Annual Report on Remuneration of Directors.

A.11. Estimated free float:

	%
Estimated free float	35.5334 %
For these purposes, 0.0046% of the share capital owned by Inditex directors listed in section A.3 is not included as part of the free float.	

A.12. Indicate whether there are any restrictions (articles of association, legislative or of any other nature) placed on the transfer of shares and/or any restrictions on voting rights. In particular, indicate the existence of any type of restriction that may impede a takeover of the company through acquisition of its shares on the market, as well as any regimes for preliminary authorisation or notification that may be applicable, under sector regulations, to acquisitions or transfers of the company's financial instruments.

Yes No x

All Company shares carry the same voting and economic rights, and there are no legal or by-law restrictions on the acquisition or transfer of shares.

As regards the exercise of voting rights, the only restriction is that provided in section 83.1 LSC, according to which any shareholder who is in arrears regarding any outstanding payments may not exercise their voting right.

There are no restrictions either to absentee voting, as any shareholder can exercise this right.

A.13. Indicate whether the General Meeting of Shareholders has resolved to adopt measures to neutralise a takeover bid by virtue of the provisions of Act 6/2007.

Yes No x

A.14. Indicate whether the company has issued shares that are not traded on a regulated EU market.

Yes No x

B. General Meeting of Shareholders

The General Meeting of Shareholders duly convened and with a quorum present in accordance with all statutory requirements and those provided in the Articles of Association and its own Regulations, is the supreme and sovereign body of expression of the will of the company. Its resolutions are binding on all shareholders, including absent or dissenting ones, without prejudice to any remedies they may have in law.

In accordance with the Articles of Association and the Regulations of the General Meeting of Shareholders, the General Meeting is authorised to pass all kinds of resolutions concerning the Company. In particular, subject to any other powers vested by the applicable regulations, the exercise of the following powers is reserved to this body:

a) To resolve on the individual annual accounts of the Company and, where appropriate, on the consolidated accounts of the Company and its Group, as well as on the distribution of the income or loss;

(b) To approve the statement on non-financial information;

(c) To appoint, re-elect and dismiss directors, as well as to confirm or revoke the interim appointments of directors made by the Board of Directors, and to review their management;

(d) To approve the adoption of remuneration systems consisting of granting either shares or stock options, as well as any other remuneration system linked to the value of the shares, for the benefit of directors;

(e) To approve the remuneration policy for directors pursuant to statutory terms;

(f) To conduct, as a separate agenda item, an advisory say-on-pay vote on the Annual Report on Remuneration of Directors;

(g) To authorise the release of the directors from the duty of preventing conflicts of interest and of the prohibitions arising from the duty of loyalty, when the authorisation to release them is attributed by statute to the General Meeting of Shareholders, as well as from the obligation not to compete with the Company;

(h) To authorise the Board of Directors to increase the Company's share capital, or to proceed to the issue of bonds convertible into Company's shares;

(i) To resolve the issue of bonds convertible into Company shares or that allow bondholders to participate in the company's earnings, the increase or the reduction of the share capital, the exclusion or restriction of the pre-emptive right, the transformation, merger, split-off or winding-up of the Company, the global assignment of assets and liabilities, the approval of the final balance sheet of liquidation, the transfer of the registered office abroad, as well as any other amendment whatsoever of the Articles of Association;

(j) To authorise treasury share buy-back;

(k) To approve the related-party transactions that the General Meeting must approve pursuant to statute;

(l) To approve the transactions that entail a structural amendment in the Company, namely: (i) the transformation of listed companies into holding companies, through "*subsidiarization*" or the assignment to subsidiaries of core activities theretofore carried out by the Company, even though the Company retains full control of those entities; (ii) the acquisition, disposal or contribution to another company of essential assets; and, (iii) any transactions that entail an effective amendment of the corporate objects and those having an effect equivalent to the liquidation of the Company;

(m) To appoint, re-elect and remove the statutory auditor;

(n) To appoint and remove, where appropriate, the Company's liquidators;

(o) To approve the Regulations of the General Meeting of Shareholders and any subsequent amendment thereof;

(p) To resolve on the matters submitted to it by a resolution of the Board of Directors;

(q) To give directions to the Board of Director or submit to the General Meeting of Shareholders' prior authorisation, the passing by the Board of Directors of decisions or resolutions on certain management matters; and

(r) To grant to the Board of Directors any powers it may deem suitable for dealing with unforeseen issues.

The board of directors must call the Annual General Meeting once a year, within the first six months of the closing of each financial year, in order to, at least, review the company's management, approve, where appropriate, the accounts of the previous year and resolve on the distribution of income or loss.

Pursuant to sections 168 and 495.2(a) LSC, the Extraordinary General Meeting shall meet when the board of directors so resolves or when a number of shareholders representing at least three percent (3%) of the share capital so request, expressing in the request the business to be transacted. In this latter case, the General Meeting of Shareholders shall be called within the term provided in the applicable regulations and the agenda of the meeting must include the businesses that were the subject of the request.

In the notice calling the General Meeting of Shareholders, the board of directors shall require the presence of a Notary to take up the minutes of the General Meeting.

General Meetings must be convened by the board of directors by notice published in the Official Gazette of the Companies Register or in one of the newspapers with the largest circulation in Spain, on the Company's website and on CNMV's website, at least one (1) month in advance of the day scheduled for the meeting to be held, or within any longer period required by statute, where appropriate, on account of the scope of the resolutions submitted for deliberation. The notice must state the name of the Company, the day, time and method to conduct the general meeting and, if appropriate, the venue where the meeting will be held, as well as the date on which, if appropriate, the General Meeting shall be held on second call. There must be at least a 24-hour period between the first and the second calls. The notice shall likewise state, clearly and precisely, all the business to be transacted therein.

Where the board of directors resolves this possibility and it is announced in the notice, attendance at the Annual General Meeting may be in person or remote, or even, where circumstances so advise, a virtual-only general meeting can be called. In any case, remote attendance shall be subject to ensuring that the identity of shareholders and proxy holders is duly guaranteed and that all attendees can effectively participate at the general meeting, both to exercise, in real time, the relevant rights to speak, to receive information, raise proposals and vote they are entitled to, and to follow the participation of the other attendees by the above-mentioned means. In these cases, the board of directors shall implement in the notice calling the meeting the procedure to exercise shareholders' rights.

No later than the date of publication, or in any case, on the business day that immediately follows, the Company shall send the notice calling the meeting to CNMV, and to the Governing Organisations of the Stock Exchanges where the company's shares are listed for its insertion in the relevant Listing Bulletins. The text of the notice shall also be available on the Company's website.

Notwithstanding the above, the General Meeting shall be deemed to have been duly called and a quorum shall be deemed to be present to discuss any matter, whenever the whole share capital is present and all those attending unanimously agree to hold the meeting.

The Annual General Meeting was held on 11 July 2023 on first call, with shareholders and proxy holders attending and participating both in person and remotely, with means enabling remote and real-time connection having been made available. All of which is in accordance with article 15 and 15*bis* of the Articles of Association and section 11*bis* of the Regulations of the General Meeting of Shareholders.

All members of the board of directors attended the 2023 Annual General Meeting except for Mr Amancio Ortega Gaona. Directors attended the AGM in person, except for Bns. Denise Patricia Kingsmill, who attended remotely.

In 2023, an external facilitator has carried out a comprehensive legal analysis of the documentation to establish that it is consistent and that all applicable regulations have been met.

B.1. Indicate whether there are any differences between the minimum quorum regime established by the Spanish Companies Act (LSC) for General Meetings of Shareholders and the quorum set by the company, and if so give details.

Yes x No

	% required for quorum if different than that set out in section 193 LSC for general matters	**% required for quorum if different than that set out in section 194 LSC for special cases therein described**
Quorum required on 1st call	50% of the subscribed voting stock	— %
Quorum required on 2nd call	— %	— %

Description of differences:

Article 18.1 of the Articles of Association and section 16 of the Regulations of the General Meeting provide that a quorum shall be present at the General Meeting on first call when shareholders attending in person or by poxy represent at least 50% of the subscribed voting stock. On second call, generally, a quorum will be present at the General Meeting irrespective of the capital attending the same. However, if the General Meeting of Shareholders is called to decide on an increase or a reduction of the share capital, the issue of bonds convertible into Company shares or that entitle bondholders to participate in the company's earnings, the exclusion or restriction of the pre-emptive right, the transformation of the Company, the merger by creation of a new company or by absorption of the Company by another entity, its spin-off in whole or in part, the global assignment of assets and liabilities, the substitution of the company's objects as well as any other amendment whatsoever to the Articles of Association, the attendance of 25% of the subscribed voting stock on second call shall be required.

Therefore, the only difference between said rules and the provisions of the Companies Act lies in the quorum required to hold the General Meeting on first call: under the Articles of Association and the Regulations of the General Meeting of Shareholders, a quorum will be present at the General Meeting to validly pass any resolution when shareholders present or represented by proxy represent at least 50% percent of the subscribed voting stock, whereas in accordance with sections 193 and 194 LSC, said quorum will only be required to be present on first call for the General Meeting to pass resolutions on the matters described in section 194 exclusively.

This qualified quorum may not be deemed a restriction on Company control, as it is only applicable to first calls.

This is expressly permitted by section 193 LSC, which provides that a higher quorum may be established in the articles of association.

B.2. Indicate whether there are any differences between the company's manner of adopting corporate resolutions and the regime provided in the Spanish Companies Act (LSC) and, if so, give details:

Yes No x

B.3. Indicate the rules for amending the company's articles of association. In particular, indicate the majorities required for amendment of the articles of association and any provisions in place to protect shareholders' rights in the event of amendments to the articles of association.

Pursuant to the provisions of sections 285 *et seq*. LSC, it is incumbent on the General Meeting of Shareholders to resolve on any amendment to the Articles of Association.

Rules applicable to the amendment of the company's by-laws are provided in the Articles of Association and the Regulations of the General Meeting of Shareholders. Article 18 of the Articles of Association and section 16 of the Regulations of the General Meeting of Shareholders provide a special quorum for the first call of the Annual General Meeting that is to address any amendment to the Articles of Association. In particular, section 16 of the Regulations of the General Meeting of Shareholders reads as follows:

"*A quorum shall be present at the General Meeting of Shareholders on first call when shareholders who are present or represented by proxy hold at least fifty (50) percent of the subscribed share capital with the right to vote. In general, on second call, a quorum shall be present at the General Meeting, regardless of the share capital attending same. However, if the General Meeting of Shareholders is convened to decide on an increase or a reduction of the share capital, the issue of bonds convertible for shares in the Company, or bonds that confer on bondholders a stake in the company's earnings, the exclusion or restriction of the pre-emptive right, the transformation of the Company, the merger by establishment of a new company or by absorption of the Company by another entity, its split-off in whole or in part, the global assignment of assets and liabilities, the transfer of the registered office abroad, the substitution of the company objects as well as any other amendment whatsoever of the Articles of Association, attendance of twenty-five (25) percent of the subscribed share capital with the right to vote shall be required on second call."*

Pursuant to the terms of section 285 LSC, as an exception to the provisions above, it is incumbent on Inditex's board of directors to relocate the registered office within the national territory, as no stipulation to the contrary is provided in the Articles of Association.

In turn, section 6.(i) of the Regulations of the General Meeting of Shareholders expressly assigns to the General Meeting of Shareholders the power to approve any amendment to the Articles of Association: *"In accordance with the provisions of the Articles of Association, the General Meeting of Shareholders is authorised to pass all kinds of resolutions concerning the Company, the following powers being namely reserved thereto, without prejudice to any other powers vested by the applicable regulations: [...] (i) To resolve the issue of bonds convertible into Company's shares or that allow bondholders to participate in the company's earnings, the increase or the reduction of the share capital, the exclusion or restriction of the pre-emptive right, the transformation, merger, split-off or winding-up of the Company, the global assignment of assets and liabilities, the approval of the final balance sheet of liquidation, the transfer of the registered office abroad, as well as any other amendment whatsoever of the Articles of Association*"

B.4. Give details of attendance at General Meetings of Shareholders held during the reporting year and the two previous years:

	Attendance data				
			% absentee voting		
AGM Date	% physically present	% present by proxy	Electronic voting	Others	Total
13/07/2021	0.07 %	88.35 %	0 % (1)	0,31 % (1)	88.73 %
Of which float	0.07 %	24.00 %	0 %	0.31 %	24.38 %
12/07/2022	0.01 %	87.53 %	0 % (2)	0,54 % (2)	88.08 %
Of which float	0.01 %	23.18 %	0 %	0.54 %	23.73 %
11/07/2023	0.02 %	86.83 %	0 % (3)	2,10 % (3)	88.95 %
Of which float	0.02 %	22.49 %	0 %	2.10 %	24.61 %

(1) 187 shareholders cast absentee vote through distance communication means, by post, or electronic vote.

(2) 312 shareholders cast absentee vote through distance communication means, by post, or electronic vote.

(3)355 shareholders cast absentee vote through distance communication means, by post, or electronic vote.

B.5. Indicate whether there were any items on the agenda that were not approved by shareholders for any reason, for all general meetings that took place in the year.

Yes No x

None of the agenda items subject to deliberation at the Annual General Meeting held on 11 July 2023 was rejected or not approved for any other reason. All agenda items were approved with the percentages and in the manner shown in the vote results available on the Company's corporate website.

B.6. Indicate whether the articles of association contain any restrictions requiring a minimum number of shares to attend General Meetings of Shareholders, or to cast absentee votes:

Yes No x

Number of shares required to attend General Meetings	**1**
Number of shares required to cast absentee vote	**1**

B.7. Indicate whether it has been established that certain decisions, other than those established by statute, entailing an acquisition, disposal or contribution to another company of essential assets or other similar corporate transactions must be submitted for approval to the General Meeting of Shareholders.

Yes No x

The General Meeting of Shareholders has no powers other than those established by statute.

In accordance with the Articles of Association and the Regulations of the General Meeting of Shareholders, the latter is authorised to pass all kinds of resolutions concerning the Company and, in particular, subject to any other powers vested by the applicable regulations, the exercise of the powers listed at the beginning of section B above is reserved to this body.

B.8. Indicate the address and manner of accessing on the company's website information pertaining to corporate governance and other information regarding General Meeting of Shareholders that must be made available to shareholders through the company website.

The most relevant information on the Company's corporate governance system (Articles of Association, Regulations of the General Meeting of Shareholders, Board of Directors' Regulations, the terms of reference of each board committee, the IRC, as well as board and committees' membership, the Annual Corporate Governance Report and the Annual Report on Remuneration of Directors) can be found in the "Investors" tab, "Corporate Governance" section, "Reports & Regulations" subsection on the corporate website (https://www.inditex.com/itxcomweb/en/investors/corporate-governance/reports-and-regulations).

In that same section, information on the General Meeting is provided in the "Annual General Meeting" subsection, where a tab is available for each Annual General Meeting. Shareholders have access to all mandated or recommended information from the date the meeting is called so that they can duly exercise their rights to information and participation at the General Meeting. The Annual General Meeting is webcast live, and a link is provided for that purpose on those tabs. Once the meeting has been held, information on the resolutions passed and the votes results is also posted on the website.

C. Company Management Structure

C.1. Board of Directors

Except for any matters exclusively within the purview of the shareholders at the General Meeting of Shareholders, the board of directors is the highest decision-making, supervisory and monitoring body of the Company, as it is entrusted with its administration, management and representation, delegating as a general rule the management of the day-to-day business of the Company to the executive bodies and the management team and focusing on the general supervisory function, which includes guiding Inditex's policy, monitoring the management bodies, assessing the officers' management, making the most relevant decisions for the Company and liaising with shareholders.

It is also incumbent on the board of directors to ensure that the Company enforces its social and ethical duties, and its duty to act in good faith with regard to its relationship with its employees and with third parties, as well as to ensure that no individuals or small groups of individuals have decision power within the company that has not been subject to counterweights and controls, and that no shareholder receives a more privileged treatment than the others.

The board of directors carries out its duties in accordance with corporate interests, which are understood to be the viability and maximisation of the company's value in the long term, in the interest of all the shareholders, which shall not prevent taking into account the rest of the legitimate interests, either public or private, that concur in the undertaking of each business activity, especially those of the other "stakeholders" of the Company (employees, customers, manufacturers and suppliers, business partners and the communities where the Group operates), determining and reviewing its business and financial strategies pursuant to said criterion, striving to achieve a reasonable balance between the proposals chosen and the risks taken.

C.1.1. Maximum and minimum number of directors established in the articles of association and the number set by the general meeting:

Maximum number of directors	12
Minimum number of directors	5
Number of directors set by the general meeting	10

C.1.2. Complete the following table on board members:

Name or company name of director	Representative	Directorship type	Position on the board	Date first appointed to the board	Date of last appointment	Election procedure
Ms Marta Ortega Pérez		Proprietary	Non-Executive Chair	29/11/2021[1]	12/07/2022	AGM
Mr Óscar García Maceiras González		Executive	CEO	29/11/2021	12/07/2022	AGM
Mr Amancio Ortega Gaona		Proprietary	Ordinary member	12/06/1985	11/07/2023	AGM
Mr José Arnau Sierra		Proprietary	Deputy Chair	12/06/2012	13/07/2021	AGM
PONTEGADEA INVERSIONES, S.L.	Ms Flora Pérez Marcote	Proprietary	Ordinary member	09/12/2015	14/07/2020	AGM
Bns Denise Patricia Kingsmill		Independent	Ordinary member	19/07/2016	14/07/2020	AGM
Ms Anne Lange		Independent	Ordinary member	10/12/2019	14/07/2020	AGM
Ms Pilar López Álvarez		Independent	Ordinary member	17/07/2018	12/07/2022	AGM
Mr José Luis Durán Schulz		Independent	Ordinary member	14/07/2015	11/07/2023	AGM
Mr Rodrigo Echenique Gordillo		Independent	Lead Independent Director	15/07/2014	12/07/2022	AGM
Total number of directors					**10**	

[1] Effective as of 01/04/2022

Indicate any removals, whether through resignation or by resolution of the general meeting, that have occurred on the board of directors during the reporting period:

Name or company name of director	Directorship type at the time of removal	Date of last appointment	Date of termination	Specialized committees of which he/she was a member	Indicate whether the director left before the end of his or her term of office
Mr Emilio Saracho Rodríguez de Torres	Affiliate	16/07/2019	11/07/2023	Executive Committee Audit and Compliance Committee Remuneration Committee Sustainability Committee	Yes (end of his term of office: 16/07/2023)

Reason for removal when this occurs before the end of the term of office and other observations; information on whether the director has sent a letter to the remaining members of the board and, in the case of removal of non-executive directors, explanation or opinion of the director dismissed by the general meeting:

July 2022 marked the 12th anniversary of the election of Mr Emilio Saracho Rodríguez de Torres to the board of directors. As he no longer qualified as independent director, being instead an "affiliate" director, he tendered his resignation to the board, pursuant to applicable internal regulations,

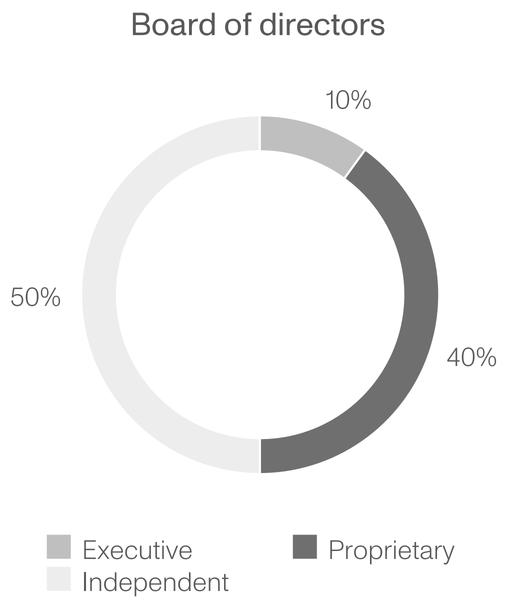
At the meeting held on 7 June 2022, the board of directors resolved to retain Mr Saracho as a member of the board, with the category of "affiliate" until the end of his tenure (16/07/ 2023). The decision was made as it was deemed convenient to ensure a high level of stability and balance on the board at such a transition time.

Since his term of office expired only a few days after the Annual General Meeting, scheduled to be held on 11 July 2023 on first call, Mr Saracho announced his decision to step down from the board, its committees and the Executive Committee effective as of 11 July 2023 in a letter sent to the Chair of the board.

The board of directors acknowledged the resignation tendered by Mr Saracho at the meeting held on 6 June 2023 and resolved to raise to shareholders at the Annual General Meeting the resolution about the reduction in the number of board seats, fixing it at 10, within the limits set in the Articles of Association. Such reduction was approved at the Annual General Meeting on 11 July 2023.

C.1.3. Complete the following tables on the members of the board and their directorship type:

The structure of the board of directors is addressed in detail in the sections below



1) EXECUTIVE DIRECTORS

Name or company name of the director	Position within the company's organization chart	Profile
Mr Óscar García Maceiras	CEO	(1)

Total number of executive directors	1
% of all directors	10.00 %

Remarks
N/A

2) NON-EXECUTIVE PROPRIETARY DIRECTORS

Name or company name of director	Name or corporate name of the significant shareholder whom they represent or who has proposed their appointment	Profile
PONTEGADEA INVERSIONES, S.L.	Mr Amancio Ortega Gaona	(2)
Mr Amancio Ortega Gaona	Mr Amancio Ortega Gaona	(2)
Mr José Arnau Sierra	Mr Amancio Ortega Gaona	(2)
Ms Marta Ortega Pérez	Mr Amancio Ortega Gaona	(2)

Total number of proprietary directors	4
% of all directors	40.00 %

Remarks
– Pursuant to First Transitional Provision of Act 5/2021, Pontegadea Inversiones, S.L., represented by Ms Flora Pérez Marcote, will remain a member of Inditex board of directors until the end of its tenure, i.e., at the Annual General Meeting scheduled to be held in July 2024. – The relationship of Ms Marta Ortega Pérez, Ms Flora Pérez Marcote, legal representative of Pontegadea Inversiones, S.L. and Mr Amancio Ortega Gaona has been explained in section A.6 above.

3) NON-EXECUTIVE INDEPENDENT DIRECTORS

Name of director	Profile
Mr José Luis Durán Schulz	(3)
Mr Rodrigo Echenique Gordillo	(3)
Bns Denise Patricia Kingsmill	(3)
Ms Anne Lange	(3)
Ms Pilar López Álvarez	(3)

Total number of independent directors	5
% of all directors	50.00 %

State whether any independent director receives from the company or any company in the group any amount or benefit other than compensation as a director, or has or has had a business relationship with the company or any company in the group during the past year, whether in his/her own name or as a significant shareholder, director or senior manager of a company that has or has had said relationship.

Except as explained below, no independent director receives any amount or benefit other than the compensation as a director, nor has or has had during the past year any business relationship with the Company or any company in the Group, either in his/her own name or as significant shareholder, director or senior manager of an entity that maintains or has maintained said relationship.

If so, include a reasoned statement by the Board explaining why it believes that the director in question can perform his or her duties as an independent director.

Name or company name of director	Description of the relationship	Reasoned statement
– Ms Pilar López Álvarez – Mr Rodrigo Echenique Gordillo	Inditex has been engaged for years in a business relationship with Microsoft and Banco Santander in the ordinary course of business.	Pursuant to section 229 LSC and section 34.1(d) of the Board of Directors' Regulations, the board of directors has considered that neither of the business relationships with such companies compromises the independence of its directors, as neither of them takes part in the negotiation and execution of the relevant agreements, as at present neither Ms López nor Mr Echenique exert a significant influence on the line of business of Microsoft or Banco de Santander, respectively, companies with which Inditex has business relationships. From the perspective of the Company, neither of such relationships can be deemed to be a significant or relevant business relationship, within the meaning of section 529*duodecis*(4)(e)LSC.

4) AFFILIATE DIRECTORS

Identify affiliate directors, indicate the reasons why they cannot be considered either proprietary or independent, and detail their ties with the company or its management or shareholders:

Name or company name of director	Reasons	Company, manager or shareholder to which or to whom the director is related	Profile
-	-	-	-

Total number of affiliate directors	-
% of all directors	—%

Indicate any changes that have occurred during the period in each directorship type:

Name or company name of director	Date of change	Previous directorship type	Current directorship type
-		-	-

Remarks
As indicated in section C.1.2, above, the board of directors acknowledged at the meeting held on 6 June 2023 the resignation tendered by Mr Saracho. who stepped down form the board, its committees and the Executive Committee, effective as of the date of the Annual General Meeting held on 11 July 2023.

The following is a brief description of the profile of:

1) Executive directors

2) Proprietary directors

3) Independent directors

4) Affiliate directors

1) EXECUTIVE DIRECTORS

Mr Óscar García Maceiras

Chief Executive Officer (CEO) since November 2021.

He is a law graduate from Universidade de A Coruña and holds a PhD in Law from Universidad San Pablo CEU.

From 2001 through 2005, he worked as Abogado del Estado [*Spanish State Attorney*]. in his home town.

In 2005 he joined Banco Pastor as Head of Legal and was subsequently appointed General Counsel and Secretary of the Board.

In 2012 he was elected Deputy Secretary of the Board of Directors and Head of Institutional Service of Banco Popular Group. That same year, he joined SAREB where he served as General Counsel and Secretary of the Board, in addition to being Head of Corporate Development and Legal Affairs.

In 2016 he joined Banco Santander where he was Group General Counsel and Deputy Secretary of the Board of Directors. In 2021, he joined Inditex as General Counsel and Secretary of its board. He remained in such position until his appointment as CEO of the Inditex Group..

He is the direct owner of 41,548 shares of the Company.

2) PROPRIETARY DIRECTORS

Ms Marta Ortega Pérez

Non-executive Chair since April 2022.

Ms Ortega has built her entire career within the Inditex Group, which she joined in 2007 after she graduated in International Business from Regent's University London. During her first years at the company she carried out her professional duties in several international branches and business areas, later joining the Zara Woman design and product development team. In recent years she has focused on defining Zara's brand and product strategy. She sits on the boards of directors of Pontegadea Inversiones S.L. and Partler Participaciones, S.L.U., both significant shareholders of Inditex.

Ms Marta Ortega, daughter of Mr Amancio Ortega Gaona, founder and majority shareholder of Inditex and of Ms Flora Pérez Marcote – both of whom sit on this Board of Directors–, has been a member of the Amancio Ortega Foundation Board of Trustees since 2015, and its First Deputy Chair since 2023. She also chairs the Fundación MOP - MOP Foundation since its establishment in 2022, with the mission of promoting artistic, cultural and educational activities

She is the direct owner of 42,511 shares of the Company.

Mr Amancio Ortega Gaona

Mr Ortega began his business career in the textile manufacturing sector in 1963. In 1972 he founded Confecciones Goa, S.A., the first garment-making factory of Inditex and 3 years later he founded Zara España, S.A. the first retailing company of the Group. He chaired Inditex's board of directors until 2011. He currently chairs the boards of directors of Pontegadea Inversiones, S.L. and Partler 2006, S.L.

He was re-elected to the board of directors at the Annual General Meetings held on 30 June 1990, 31 July 1995, 20 July 2000, 15 July 2005, 13 July 2010, 14 July 2015, 16 July 2019 and 11 July 2023.

He is the controlling shareholder of the Company where he owns 1,848,000,315 shares through Pontegadea Inversiones S.L. and Partler Participaciones, S.L.U.

Pontegadea Inversiones S.L.

The company is represented on Inditex's board of directors by Ms Flora Pérez Marcote. It owns 1,558,637,990 shares of the Company, which represents a 50.01% stake in its share capital.

Ms Flora Pérez Marcote is the legal representative of Pontegadea Inversiones S.L., where she holds the position of First Deputy Chair. She has spent her entire career within the Inditex Group, where she held different positions in areas relating to both design and production. She has served as a director at Group companies since 1992. She has been a member of Inditex's board of directors since 2005, representing Pontegadea Inversiones, S.L. She has also been a member of the Board of Trustees of Fundación Amancio Ortega since March 2003 and its Chair since August 2023.

She was appointed to the board of directors on 9 December 2015, ratified at the Annual General Meeting on 19 July 2016 and re-elected at the Annual General Meeting held on 14 July 2020.

Mr José Arnau Sierra

Deputy Chair since June 2012. Non-executive proprietary director since 2012, representing the founder, Mr Amancio Ortega Gaona.

A law graduate of the University of Santiago de Compostela and State Tax Inspector, he has been the chief executive of the Pontegadea Group since 2001.

He was the head of the Tax Department and a member of Inditex's Management Committee from 1993 to 2001 and served on its board of directors from 1997 to 2000. He had previously held various positions within the Tax Administration. He has been a member of various boards of directors as legal representative of Pontegadea Inversiones, S.L. From 1993 to 1996, he taught Tax Law at the University of A Coruña. He has been a member of the Board of Trustees of Fundación Amancio Ortega from inception and its Second Deputy Chair..

He was appointed to the board of directors in June 2012, ratified at the Annual General Meeting held on 17 July 2012 and re-elected at the Annual General Meetings held on 18 July 2017 and 13 July 2021.

He is the direct owner of 30,000 shares.

3) NON-EXECUTIVE INDEPENDENT DIRECTORS

Mr José Luis Durán Schulz

Independent director since July 2015.

He holds a degree in Economics and Management from ICADE. From 1987 through 1990, he was an auditor at Arthur Andersen. In 1991, he joined the Carrefour Group, where he held the following positions: Head of Management Control (Spain, Europe and Latin America) (1991-1997); Chief Financial Officer for Spain (1997-2001); Group Chief Financial Officer (2001-2005) and Group Chief Executive Officer (2005-2008).

In July 2009, he joined Maus Frères International Group, based in Switzerland, where he held the following positions, until January 2015: Chief Executive Officer of Lacoste, Executive Chairman of Gant and Board member of Aigle, S.A. Until 4 October 2015, he was member of the Governance, Remuneration and Nomination Committee at Unibail-Rodamco, and member of the Board of Directors of said company. Until 30 June 2017, he was an independent director and member of the Audit Committee of Orange. At present, he is the CEO of Value Retail Management.

He was elected to the board of directors at the Annual General Meeting held on 14 July 2015 and re-elected at the Annual General Meetings held on 16 July 2019 and 11 July 2023.

He is the direct owner of 3,106 shares.

Mr Rodrigo Echenique Gordillo

Independent director since July 2014.

He is a law graduate from the Complutense University of Madrid and Spanish State Attorney.

At present, he is the Chair of Fundación Banco Santander and non-executive director of Directorio Santander Chile.

He is a member of the Board of Trustees of Fundación Consejo España-EE.UU, Deputy-Chair of the Board of Trustees of Teatro Real, member of the Board of Trustees of Escuela Superior de Música Reina Sofia and of Fundación ProCNIC.

From 1987 through 2020, he served on the board of directors of Banco Santander, S.A. He has been CEO, Deputy Chairman and Executive Director of Banco Santander, S.A., and has chaired Santander España and Banco Popular. He also served as Deputy Chairman of Banco Banif, S.A., Chairman of Allfunds Bank, and of SPREA. He has been a member of the board of directors of Santander Investment. He has been an Ordinary Member of the board of directors of various industrial and financial companies, such as Ebro Azúcares y Alcoholes, S.A., Industrias Agrícolas, S.A., SABA, S.A. and Lar, S.A.

He chaired the Social Advisory Board of the University Carlos III of Madrid. Additionally, he was first a member and then Chairman of the Advisory Board of Accenture, S.A., Lucent Technologies, and Quercus y Agrolimen, S.A. He has been the Chairman of Vallehermoso, S.A., Vocento, S.A., NH Hotels Group, Metrovacesa, S.A., and Merlin Properties SOCIMI, S.A.

He was elected to the Board of Directors at the Annual General Meeting held on 15 July 2014 and re-elected at the Annual General Meetings held on 17 July 2018 and 12 July 2022.

He is the direct owner of 20,000 shares.

Bns Denise Patricia Kingsmill

Independent director since July 2016.

In 2000 Baroness Kingsmill was awarded a CBE for services to Employment Law and Competition. In June 2006, she was appointed to the House of Lords as a Labour Peer. She is a member of the International Agreements Committee in the House of Lords.

After a 20-year legal career, she became deputy chair of the former Competition Commission between 1996 and 2004. She has 5 honorary Doctorates from universities in the United Kingdom.

Baroness Kingsmill has been a Chair/member of the Remuneration committees of many international companies. As a lawyer, she has advised in relation to remuneration schemes. In 2001 she was invited by the Government to head a task force looking at women's employment and remuneration in the UK.

In 2003 she was appointed Chair of the Department of Trade and Industry's Accounting for People task force. She headed a second Government enquiry ("Accounting for People") into how companies should evaluate and measure the contribution of their work forces and specifically as to how they should communicate their progress in the area of "Human Capital Management" to all their stakeholders. In 2013 she was the co-chair of the Design Commission report into Design and Public Services ("Re-starting Britain").

Until May 2018, Baroness Kingsmill was the Chair of Monzo Bank and a Member of the Supervisory Board of E.ONSE. At present, she is a member of the International Advisory Board at IESE Business School. She has recently been appointed a UK representative on the NATO Parliamentary Assembly.

Baroness Kingsmill has been an adviser to a number of international companies and has been a non-executive director of various British, European and American boards, including International Consolidated Airlines Group, S.A. and Telecom Italia.

A diverse and varied career spanning fashion and design, law and regulation, as well as politics and people have given Baroness Kingsmill a unique perspective on the contemporary boardroom.

She was elected as a director on 19 July 2016 at the Annual General Meeting and re-elected at the Annual General Meeting held on 14 July 2020.

Ms Anne Lange

Independent director since 2019.

A French citizen, Ms Anne Lange is an entrepreneur and a sought-after C-level business advisor with over 25 years of experience in technology innovation, in both private & public sectors. She is a graduate of French Grandes Écoles, Institut d'Etudes Politiques in Paris and École Nationale d'Administration (ENA).

Her career began at the French Prime Minister's office as head of department for state-owned broadcasting companies until she joined Thomson, a high-tech champion, where she built up a new generation of consumer internet access devices. She worked in various global executive positions with Cisco since 2004, based out of France and Silicon Valley. As a C-level executive, her engagements centred on adopting and innovating technological, organisational and business processes to drive business transformation. Ms Lange is the co-founder and former CEO of Mentis Services, an IoT Data Intelligent Software provider of urban space services. She is currently the founder and managing partner of Adara, a consulting company that provides senior-level advice in transformation strategy and an investor in start-ups.

She currently serves on the executive boards of Orange (French leading service provider), Pernod-Ricard (second largest wine and spirits company in the world) and FFP (Peugeot's family holding).

She was appointed independent director by the Board of Directors at the meeting held on 10 December 2019 and ratified at the Annual General Meeting held on 14 July 2020.

Ms Pilar López Álvarez

Independent director since July 2018.

She has a Bachelor of Science in Business Administration and a Major in Finance from ICADE. She has worked in a variety of roles at J.P. Morgan in Madrid, London and New York (1993-1999). She joined Telefónica in 1999, where she held the following positions: Head of Management Planning and Control (1999-2001), Financial Controller in Telefónica Móviles (2001-2006), Strategy Director in Telefónica de España (2006-2007), Chief Financial Officer of O2 Plc., based in the UK (2007-2011) and for Telefónica Europa based in Madrid (2011-2014), and Head of the Operational Simplification Program of Grupo Telefónica (2014-2015).

She has served on the board of Telefónica Czech Republic AS (2007-2014), and as Vice Chair of the board of Telefónica Deutschland Holding AG (2012-2015). She was a member of the board of Tuenti Technologies and non-executive director of Ferguson Plc (2013-2018). She was a member of the Board of Trustees of Fundación ONCE, and a member of the board of directors of Asociación para el Progreso de la Dirección (APD).

She joined Microsoft in 2015 as Country Manager for Spain. In 2021 she was appointed as Vice President for Sales, Marketing and Operations in Western Europe. At present, she is Vice President of the strategic partnership with the London Stock Exchange Group (LSEG), with a focus on transforming capital markets globally.

She was elected as a director on 17 July 2018 at the Annual General Meeting and re-elected at the Annual General Meeting held on 12 July 2022.

She is the direct owner of 7,000 shares of the Company.

4) AFFILIATE DIRECTORS

As at 31 January 2024 and as at the date of this report, Inditex has no affiliate directors sitting on its board.

C.1.4. Complete the following table with information relating to the number of female directors at the close over the last 4 years, as well as their directorship type:

	Number of female directors					% of total director of each type				
	FY2023	FY2022	FY2021	FY2020	FY2019	FY2023	FY2022	FY2021	FY2020	FY2019
Executive	0	0	0	0	0	— %	— %	— %	— %	— %
Proprietary	2	2	1	1	1	50.0 %	50.0 %	33.3 %	33.3 %	33.3 %
Independent	3	3	3	3	3	60 %	60 %	50 %	50 %	50 %
Affiliate	0	0	0	0	0	— %	— %	— %	— %	— %
Total	**5**	**5**	**4**	**4**	**4**	**50 %**	**45 %**	**36 %**	**36 %**	**36 %**

Remarks

C.1.5. Indicate whether the company has diversity policies in relation to its Board of Directors on such questions as age, gender, disability, education and professional experience. Small and medium-sized enterprises, in accordance with the definition set out in the Spanish Auditing Act, will have to report at least the policy that they have implemented in relation to gender diversity.

Yes x No Partial policies

If so, describe these diversity policies, their objectives, the measures and the way in which they have been applied and their results over the year. Also indicate the specific measures adopted by the Board of Directors and the nomination and remuneration committee to achieve a balanced and diverse board membership.

If the company does not apply a diversity policy, explain the reasons why.

Description of the policies, objectives, measures, how they have been enforced and the results achieved

The Inditex Group has a Diversity of Board of Directors Membership and Director Selection Policy ("**Diversity of Board of Directors Membership and Director Selection Policy**") which was originally approved by the board of directors at its meeting held on 19 December 2015 and amended in part first at the board meeting held on 14 December 2020 primarily to align its provisions with the language of the revised GGC approved by CNMV's board on 25 June 2020 and then at the board meeting held on 8 June 2021 exclusively to align its wording with the new section 529*bis* LSC introduced by Act 5/2021. Pursuant to such section, only natural persons can serve as board members.

The Policy provides guidelines to guide the board of directors and the Nomination Committee's proceedings in the field of director selection and thus (i) ensure that search and selection processes as well as proposals on the appointment, re-election or ratification of directors are based on a prior analysis of the needs of the Company and the competences required by the board; (ii) favour diversity of directors' knowledge, skills, experience, geographic origin, age and gender; (iii) ensure an appropriate membership on the board and its committees, facilitating the appropriate discharge of the duties they are called upon to perform; and, (iv) contribute to talent attraction in the Inditex Group, making efforts to ensure that the best professionals serve on its governing bodies. The Policy observes and follows both GGC Recommendations and the overarching principles and guidelines of CNMV's Technical Guide 1/2019 on nomination and remuneration committees ("**Technical Guide 1/2019**").

With regard to gender diversity, the female representation target on the board of directors provided in Recommendation 15 GGC is covered in the Policy. The Company has thus endorsed the commitment to ensure that the number of female directors should account for at least 40% of all board seats by the end of 2022 and in the future.

In addition, in accordance with the provisions of the Policy and applicable best practices, the Company relies on a Board Skills Matrix where the competences of members of the board are identified in terms of education and professional experience as well as origin, age, gender, tenure etc., The board skills matrix is a useful tool that allows to identify the yardsticks and priorities to be considered in the re-election and/or selection of directors' process, to ensure an appropriate and diverse board membership and the possibility of considering other candidates.

This engagement to diversity also applies to board committees. Their respective terms of reference address the board of directors' commitment to encouraging a diverse membership on each committee in terms of professional experience, competences, personal skills, sector-specific knowledge, international experience or origin, age and gender, taking into account the limits resulting from their smaller size.

In addition, the Inditex Group also relies on a Diversity and Inclusion (D&I) Policy, originally approved by the Board of Directors on 12 December 2017 and amended in part at the meeting held on 14 December 2020.

The D&I Policy seeks to fully endorse the regulatory requirements, recommendations and best practices in the area of diversity and inclusion, and mark Inditex's commitment to diversity and multiculturalism at the workplace, in all positions and levels within the company, including on the board of directors.

Meanwhile, discrimination in any form or shape is not acceptable under the Inditex Group's Code of Conduct and its implementing regulations. The Code enshrines the principles of respect, dignity and justice, taking into account the diversity and unique cultural background of each individual..

Considering the foregoing, several actions were taken in 2023 to ensure a balanced and diverse membership on the Company's governing bodies including, without limitation, in terms of age, gender, disability, training and professional experience.

In this regard, mention should be made of the fact that, as explained in section C.1.2 above, Mr Saracho had announced to the Company his intention to step down from the board and its committees at the 2023 Annual General Meeting.

Considering Mr Saracho's upcoming end of service on the board, the Nomination Committee assessed at the meeting held on 13 February 2023 several alternatives with regard to the board vacancy, with the collaboration of an independent external expert.

One of such options was the possibility of eliminating the vacant position. In this regard, ,the Nomination Committee assessed the resulting downsized board against Inditex's specific needs and applicable hard and soft law recommendations and the market practices and expectations of institutional investors and proxy advisors.

In the process, the committee considered first the results of the previous year's evaluation. In such evaluation, directors were satisfied with the proceedings of the board and considered the number of members to be adequate in light of the size and complexity of the organization, considering that it was aligned with the size of boards in comparable companies. They also pointed out the flexibility to reduce its number.

The Nomination Committee also assessed if a downsized board would affect its balanced and diverse membership as a whole; if directors' backgrounds were aligned with the strategy of the company or if, conversely, gaps were found in terms of tasks and skills that needed to be filled.

A comparative review of the indicators that would result from a downsized board was carried out, by considering the aggregate competences, backgrounds, experience of board members, as well as their origin, age, seniority, etc., as shown in the Board Skills Matrix, leaving out Mr Saracho's skills and competences.

In the above referred assessment, the committee also considered the competences, experience and merits of the directors eligible for re-election at the AGM 2023: Mr Amancio Ortega Gaona and Mr José Luis Durán Schulz.

Further to the above referred assessment, the Nomination Committee ended proposing to the board of directors the elimination of the vacant seat, as in its view, a downsized board would not affect its proceedings or balanced and diverse membership, since:

/The number of board members would be fixed at ten (10), within the 5-15 range outlined in Recommendation 13 GGC.

/ A balanced membership would be kept with regard to directorship types: (i) a large majority of non-executive directors would remain on the board, in accordance with Recommendation 15 GGC; (ii) 50% of all board seats would be filled by independent directors, in line with Recommendation 17 GGC, even though Inditex has a controlling shareholder (who owns approx. 60% of its share capital) to which the rule that at least a third of its directors should be independent applies; (iii) the ratio of proprietary to non-executive directors (4 out of 9) would not be higher than the proportion between the capital they represent on the board and the remainder of capital, as provided in Recommendation 16 GGC.

/ Parity between men and women would be reached a the top governing body, surpassing the female representation target set in the internal regulations.

/ The average seniority of independent directors would be reduced in one year. The average age of directors would also be slightly lesser

/ The board of directors would continue having, as a whole accredited abilities, competences, experience and merits: (i) about the Company, the Group and the retail sector; (ii) in economy and finances, accounting, audit or risk management matters, including both financial and non-financial risks; (ii) in sustainability, regulatory compliance and corporate governance matters; (iv) in the digital and new technologies sector; (v) in different geographical markets; and, (vi) in management, leadership and business strategy, as well as (vii) the requirement for each board member to be highly qualified and trustworthy, both as a person and as a professional, and available for the necessary dedication to the position.

The findings of the Nomination Committee's assessment were written up in a report dated 5 June 2023 and ratified in the explanatory report issued by the Board of Directors on 6 June. This last report also evaluated the quality of the work and the dedication to the position of the two directors eligible for re-election.

In the view of the Nomination Committee and the board itself, all of the above contributed to consolidating diversity on the governing bodies in every relevant aspect, i.e., as regards directorship type, professional experience and education, age, gender, etc.

Considering the foregoing, the board of directors resolved at its meeting held on 6 June 2023 to submit to shareholders at the Annual General Meeting scheduled to be held on 11 July 2023 on first call the proposal to downsize the board of directors, fixing the number of its members at ten (10), as a result of the elimination of the board seat left by Mr Saracho.

The Annual General Meeting held on 11 July 2023 resolved: (i) to reduce by one the current number of board members, which will be set at 10, within the maximum and minimum values provided in article 23 of the Articles of Association, and (ii) to re-elect Mr Ortega and Mr Durán to the board as proprietary and non-executive independent director, respectively

Based on all the foregoing, the Nomination Committee has considered that Inditex meets the diversity targets and its commitment to diversity provided in the Diversity of Board of Directors Membership and Director Selection Policy and the remaining internal regulations.

C.1.6. Describe the measures, if any, agreed upon by the nomination committee to ensure that selection procedures do not contain hidden biases that impede the selection of female directors and that the company deliberately seeks and includes women who meet the target professional profile amongst potential candidates, making it possible to achieve a balance between men and women. Also indicate whether these measures include encouraging the company to have a significant number of female senior managers:

Pursuant to section 529*bis*(2) LSC, the board of directors shall ensure that diversity, including of age, gender and professional experience, is encouraged in directors' recruitment processes, which should not suffer from any implicit bias that may entail any discrimination and particularly, that selection of female directors is fostered in a number that can ensure a balanced presence of women and men on the board.

As explained in detail in section C.1.5 above, the Group relies on several policies and tools aimed at ensuring that diversity is encouraged, in particular gender diversity, as well as the absence of any form of discrimination, in particular, on account of gender.

The role that the Nomination Committee plays in this field is summarised below.

Pursuant to the provisions of section 16.2(b) of the Board of Directors' Regulations, and section 5.3(b) of the Nomination Committee's Regulations, one of the responsibilities of the Nomination Committee shall be: *"to seek an appropriate composition and a diverse membership on the board of directors and its committees in terms of professional experience, competences, personal skills, sector-specific knowledge, international experience or geographic origin, age and, in particular, gender."*

According to the Diversity of Board of Directors Membership and Director Selection Policy, the Nomination Committee must set a representation target for the least represented gender on the board and provide guidance on how to meet such target. According to section 6(d) of its terms of reference and the Diversity of Board of Directors Membership and Director Selection Policy, the Nomination Committee should strive to ensure that by the end of 2022 female directors would account for at least 40% of board seats. Under no circumstances shall such percentage be less than 30% at any given time before the expiry of such term.

Likewise, section 22.1. of the Board of Directors Regulations and section 6 (c) of the Nomination Committee's Regulations provide that both the board and such committee shall ensure that upon filling new vacancies or upon appointing new directors, selection procedures shall ensure the absence of any manner of discrimination.

Meanwhile, pursuant to section 13.2 of the Board of Directors' Regulations, section 5.3.(b) of the Nomination Committee's Regulations and the provisions of the Diversity of Board of Directors Membership and Director Selection Policy, the Nomination Committee is responsible for seeking an appropriate composition and a diverse membership on the board of directors and its committees in terms of professional experience, competences, personal skills, sector-specific knowledge, international experience or geographic origin, age and in particular, gender, taking into account the restrictions that are a result of the smaller size of the committee.

On the other hand, both the D&I Policy and the Conduct of Conduct show the Company's engagement to promoting a culture of inclusion, equality and respect, aimed at offering fair work environments within the framework of a zero-tolerance policy towards any form of discrimination. This also applies to the board of directors. In line with Recommendation 14 GGC, the company's commitment to promoting diversity among senior managers, in particular, gender diversity, is also addressed in the terms of reference of the Nomination Committee, in addition to the Policy itself. In this regard, both the board of directors and the Nomination Committee will strive to encourage the presence of a significant number of female senior managers.

The principles and action lines of the D&I Policy govern all the proceedings of the Company, in particular in the area of human resources: recruitment and selection of candidates, compensation and benefits, promotions, transfers, skills enhancement, professional development and training, etc.,

The Group's commitment to diversity and inclusion must be driven by the board of directors, being ultimately responsible for the company's management and for guiding its policies. Thus, being the driving force behind this high-level commitment, it shall ensure that action is taken to ensure compliance with the D&I Policy at all levels within the organization and by all employees.

The Nomination Committee has driven the fulfilment of the Company's commitment to promote diversity across its governing bodies, in particular as regards gender diversity. It has made sustained efforts to achieve the highest levels of female representation on the board and its committees (see C.1.4. above) In its assessment of the size and membership on the board over the past years, to establish that they are appropriate to cater to the needs of the company, the Nomination Committee has deemed it a priority in the director selection process to drive the election of women to sit on the board and its committees, without overlooking the core principle that every director should be elected following a merit-based approach.

The 30% target for the least represented gender set out in the D&I Policy, in line with the recommendations of the then current Good Governance Code of Listed Companies was exceeded in 2019. In 2022, the new target for female representation set at 40% in 2020 was also exceeded, as Inditex had at the time 5 women on the board.

As indicated in section C.1.5. above, in 2023 the Nomination Committee evaluated if the resulting size and membership on the board would be appropriate in the event of the elimination of the position left by Mr Saracho on the board. Among other things, the Committee considered that following such elimination, the percentage of female representation on the board would increase, and gender parity would be reached.

The committee also appreciated that the percentage of female representation on the board currently exceeds the target set both in Directive (EU) 2022/2381 of the European Parliament and of the Council of 23 November 2022 on improving the gender balance among directors of listed companies and related measures (that sets a 40% target for the least represented gender as regards non-executive directors - at Inditex, 5 of the 9 non-executive directors are women, thus this percentage stands at 55% - and 33% target for all board members to be achieved by 30 June 2026), and in Recommendation 15 GGC, as well as in the internal regulations of the Company. In this regard, Inditex is above the average of Ibex 35 companies.

C.1.7. Explain the conclusions of the nomination committee regarding verification of compliance with the policy aimed at promoting an appropriate composition of the Board of Directors.

In 2023, the Nomination Committee has reviewed compliance with the Diversity of Board of Directors Membership and Director Selection Policy. The findings of such review were written up in a report issued on 6 February 2024.

This annual check has been performed considering two different stages in 2022 and 2023 respectively:

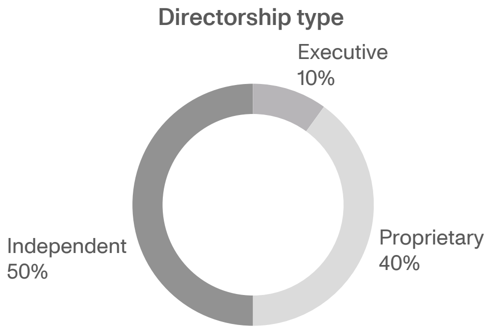
- The first one concerns the resolution passed by the board on 7 June 2022 to retain Mr Saracho as a director until the end of his board tenure, with the qualification of "affiliate" director, having ceased to qualify as independent director on account of his more than 12 straight years of service on the board; and
- The second stage corresponds to the consideration given by the Committee to the different options available to address the board vacancy resulting from Mr Saracho's departure. The Nomination Committee was assisted by an external facilitator in this process..

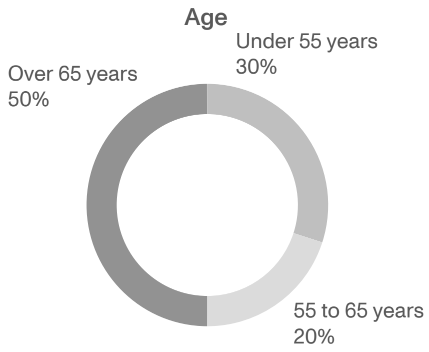
As explained in detail in section C.1.5 above, the Nomination Committee resolved to propose to the board of directors the elimination of the vacant position as in its view a downsized board would not affect its effectiveness nor its balanced and diverse membership,

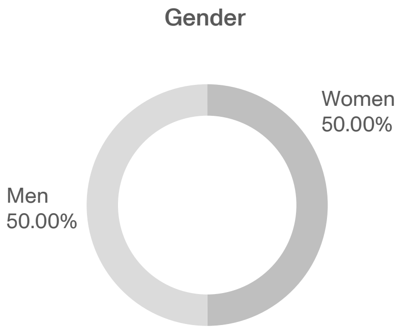
In its assessment, the Nomination Committee considered that upon evaluating the different alternatives and with regard to the subsequent decisions made until the approval at the AGM held on 11 July 2023 of the resolutions regarding the downsized board and the re-election of the two directors, the provisions of the Diversity of Board of Directors Membership and Director Selection Policy have been met, since: (i) both the process to identify and search for board candidates and the proposals on (a) the elimination of the position and subsequent reduction of the number of directors, and (b) the re-election of the two directors were based on the prior analysis of the Company's needs, with the scope described in section C.1.5. above; (ii) the process has been carried on the basis of the Board Skills Matrix; and (iii) an external facilitator has been engaged to assist with the search and evaluation of prospective directors.

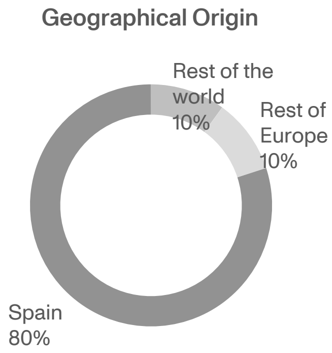
The principles and goals of the Policy have been observed since the proposal for the elimination of the position and for the re-election of directors has contributed to ensuring an appropriate membership on the board of directors (and on its committees) and to encouraging diversity of backgrounds, skills, experiences, and in particular gender on the board of directors, allowing to exceed the 40% target set for the underrepresented gender on such governing body.

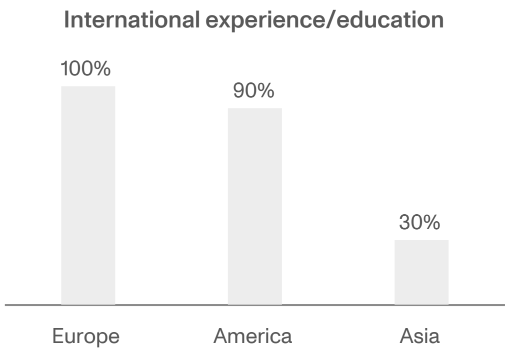
The main indicators of board diversity resulting on the board skills matrix following the elimination of the vacant seat are outlined below:

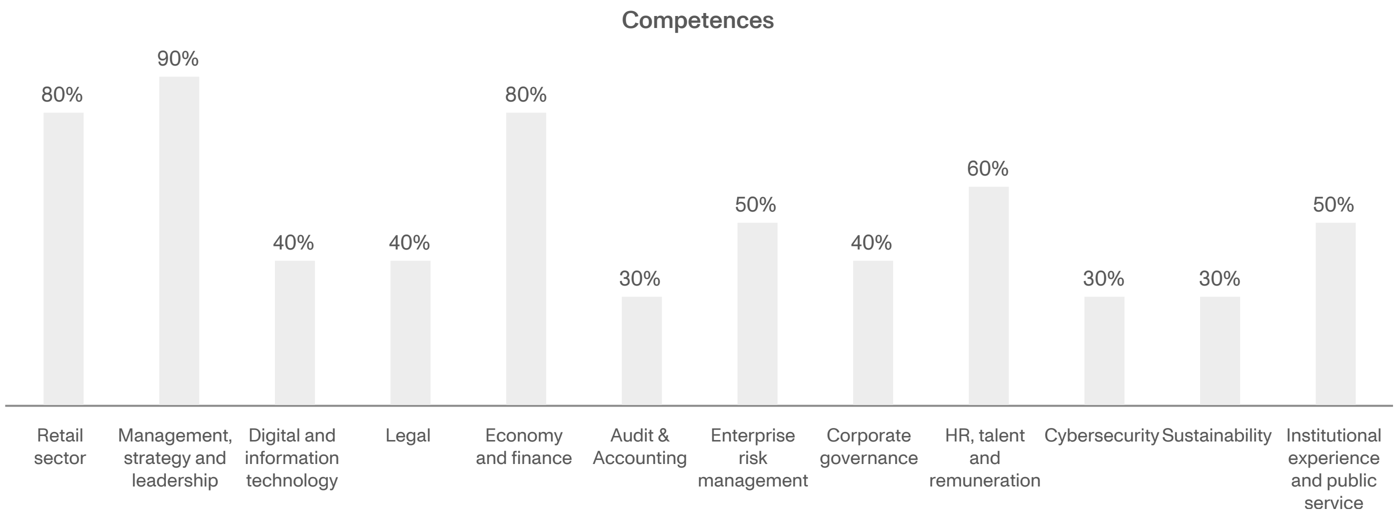












C.1.8. Where applicable, explain the reasons for the appointment of any proprietary directors at the request of shareholders with less than a 3% equity interest:

No proprietary directors have been appointed at the request of shareholders with less than a 3% equity interest.

Name or company name of shareholder	Reason
—	—

Indicate whether the Board has declined any formal requests for presence on the Board from shareholders whose equity interest is equal to or greater than that of others at whose request proprietary directors have been appointed. If so, explain why the requests were not granted:

Yes No x

Name or company name of shareholder	Explanation
—	—

C.1.9. Indicate the powers, if any, delegated by the Board of Directors to directors or Board committees:

Mr Óscar García Maceiras	CEO

The CEO, Mr Óscar García Maceiras has been delegated a number of wide powers which, as a general rule, shall be exercised individually, except for those powers that entail undertaking in excess of a given amount or disposal of funds in excess of a given amount. In such case, the executive director must act jointly with another person who, by virtue of any legal title, has also been granted the power in question.

In any case, the prior resolution of the Board of Directors or, where delegated, of the Executive Committee, will be required in the event of transactions, proceedings or agreements which (i) entail the acquisition, disposal or encumbrance of real property of the company, or of any manner of industrial or intellectual property rights of the company, or of shares or interests held by the Company, above a given amount; or which (ii) regardless of their nature, entail the assumption of payment commitments in excess of a given amount. Certain types of financial or treasury transactions, proceedings or agreements are excepted from the requirement of a resolution of the Board, as the joint action mentioned above will suffice.

The requirement of joint action and/or of a prior resolution of the Board of Directors shall not apply when it involves transactions, proceedings or agreements which are, regardless of the amount involved, carried out or awarded between companies belonging to the Inditex Group, understanding as such those companies, whether Spanish or foreign, in which Inditex holds, whether directly or indirectly through other investee companies, at least 50% of the share capital, in which case the CEO may act individually, for and on behalf of the company, irrespective of the amount involved in the matter in question.

Additionally, as described in section C.2.1 below, the Executive Committee holds in delegation all the powers of the board of directors, except for those that cannot be delegated by statute or pursuant to the Articles of Association and those that are necessary for the responsible exercise of the general supervisory function that is incumbent on the board of directors.

C.1.10. Identify any members of the Board who are also directors, representatives of directors or managers in other companies forming part of the listed company's group:

As at 31 January 2024, none of Inditex's directors were managers or sat on the governing body of Group companies.

C.1.11. List the positions of director, administrator or representative thereof, held by directors or representatives of directors who are members of the company's board of directors in other entities, whether or not they are listed companies:

Identity of the director or representative	Company name of listed or unlisted company	Position	Paid or unpaid
Ms Marta Ortega Pérez	Pontegadea Inversiones S.L.	Director	Paid
	Partler 2006 S.L.	First Deputy Chair	Paid
	Pontegadea GB2020 S.L.	Ordinary member	Paid
	Partler Participaciones, S.L.U.	First Deputy Chair	Unpaid
	Fundación Amancio Ortega Gaona	First Deputy Chair	Unpaid
	Fundación MOP.- The MOP Foundation	Chair	Unpaid
Mr Amancio Ortega Gaona	Pontegadea Inversiones S.L.	Chair	Paid
	Pontegadea Inmobiliaria S.L.U.	Chair	Paid
	Partler 2006 S.L.	Chair	Paid
	Pontegadea GB2020 S.L.	Chair	Paid
	Partler Participaciones, S.L.U.	Chair	Unpaid
	Fundación Amancio Ortega Gaona	Ordinary member	Unpaid
Ms Flora Pérez Marcote	Pontegadea Inversiones S.L.	First Deputy Chair	Paid
	Pontegadea Inmobiliaria S.L.U.	First Deputy Chair	Paid
	Pontegadea GB2020 S.L.	First Deputy Chair	Paid
	Fundación Amancio Ortega Gaona	Chair	Unpaid
	Fundación MOP.- The MOP Foundation	Ordinary member	Unpaid
Mr José Arnau Sierra	Pontegadea Inversiones S.L.	Second Deputy Chair	Paid
	Pontegadea Inmobiliaria, S.L.U.	Second Deputy Chair	Paid
	Partler 2006 S.L.	Second Deputy Chair	Paid
	Pontegadea GB2020 S.L.	Second Deputy Chair	Paid
	Pontegadea España, S.L.U.	Joint Director	Unpaid
	Partler Participaciones S.L.	Second Deputy Chair	Unpaid
	Esparelle 2016, S.L.	Sole Director, legal representative of Pontegadea Inmobiliaria S.L.U.	Unpaid
	Pontegadea Dieciocho S.L.	Sole Director, legal representative of Pontegadea Inversiones S.L.	Unpaid
	Sobrado Forestal 2014, S.L.	Sole Director	Unpaid

Identity of the director or representative	Company name of listed or unlisted company	Position	Paid or unpaid
	Pontegadea France, S.A.S.	Chair, legal representative of Pontegadea Inmobiliaria S.L.U.	Unpaid
	Prima Cinque, S.p.a.	Chair	Unpaid
	PG Real Estate Interests Ltd.	Ordinary member	Unpaid
	Pontegadea Inmobiliaria, S.A. de CV	Chair	Unpaid
	Pontegadea Canada, Inc.	Chair	Unpaid
	PG Compass Canada, Inc.	Chair	Unpaid
	Pontegadea Korea, Inc.	Ordinary member	Unpaid
	Ponte Gadea USA, Inc.	Chair	Unpaid
	Hills Place, Sarl	Ordinary member	Unpaid
	Pontegadea UK, Ltd.	Ordinary member	Unpaid
	Almack Ltd.	Ordinary member	Unpaid
	Ponte Gadea Portugal – Investimentos Imobiliários e Hoteleiros, S.A.	Chair, appointed by Partler 2006 S.L.	Unpaid
	Pontegadea Amoreiras – Sociedade Imobiliária, S.A.	Chair, appointed by Partler 2006 S.L.	Unpaid
	Proherre Internacional- Sociedade Imobiliária, Lda	Joint and Several Director	Unpaid
	Pontegadea Luxembourg Sarl	Ordinary member	Unpaid
	Pontegadea Real Estate, S.A.S.	Chair, legal representative of Pontegadea Inmobiliario S.L.U.	Unpaid
	Montaigne Real Estate, S.A.S.	Sole Director	Unpaid
	Fongadea Recoletos 7-9, S.L.	Sole Director, legal representative of Partler 2006, S.L.	Unpaid
	Boxer US Inc	Ordinary member	Unpaid
	Pontegadea Ireland, Ltd.	Ordinary member	Unpaid
	FIF Holding Proteonic Sarl	Ordinary member	Unpaid
	FIF Property Ireland 1	Ordinary member	Unpaid
	FIF Property Ireland 2	Ordinary member	Unpaid
	Polar Roosendaal Logistics Propco BV	Legal representative of FIF Holding Proteonic Sarl	Unpaid
	Daimar de Inversiones S.L.	Sole Director	Unpaid
	Fundación Amancio Ortega Gaona	Second Deputy Chair	Unpaid
	Fundación Kertor	Trustee	Unpaid
	Fundación Santiago Rey Fernández Latorre	Trustee	Unpaid
	Fundación Bal y Gay	Trustee	Unpaid
Ms Anne Lange	Pernod-Ricard, S.A.S.	Non-executive director	Paid
	Peugeot Invest	Non-executive director	Paid
	Orange, S.A.	Non-executive director	Paid
Mr Rodrigo Echenique Gordillo	Banco Santander Chile	Non-executive director	Paid
	Fundación Banco Santander	Chair	Unpaid
	Fundación Consejo España-EE.UU.	Trustee	Unpaid
	Fundación del Teatro Real	Deputy Chair	Unpaid
	Fundación Escuela Superior de Música Reina Sofia	Trustee	Unpaid
	Fundación ProCNIC	Trustee	Unpaid

Remarks

Indicate, where appropriate, the other remunerated activities of the directors or directors' representatives, whatever their nature, other than those indicated in the previous table.

Identity of the director or representative	Other paid activities
Ms Anne Lange	Managing Partner at ADARA: a consulting firm that provides senior-level advice to start-ups and in the field of innovation.
Ms Pilar López Álvarez	VP strategic partnership with LSEG at Microsoft Ibérica S.R.L, Unipersonal
Mr Rodrigo Echenique Gordillo	Advisor to Banco Santander (Santander Group)
Mr José Luis Durán Schulz	CEO at VALUE RETAIL MANAGEMENT and consultant at JLD Advise.

C.1.12. Indicate whether the company has established rules on the maximum number of company boards on which its directors may sit, explaining, if necessary, and identifying where this is regulated, where applicable:

Yes x No

Explanation of the rules and identification of the document where this is regulated

Pursuant to section 22.2 of the Board of Directors' Regulations, the Board of Directors may not propose or appoint in order to fill a position of director, anyone who holds the office of director in more than 4 listed companies other than the Company at the same time.

C.1.13. Indicate the remuneration received by the Board of Directors as a whole for the following items:

Remuneration accruing in favour of the Board of Directors in the financial year (thousands of euros)	13,462
Funds accumulated by current directors for long-term savings systems with consolidated economic rights (thousands of euros)	0
Funds accumulated by current directors for long-term savings systems with unconsolidated economic rights (thousands of euros)	-
Pension rights accumulated by former directors (thousands of euros)	10,273

The amount stated as "Remuneration accruing in favour of the Board of Directors in the financial year (thousands of euros)" corresponds to the aggregate amount shown in section C.1.c) "Summary of remunerations (thousands of euros)" of the Annual Report on Remuneration of Directors for 2023. Included therein are the fixed remuneration items of directors in their status as such, and the fixed and short and long-term variable remunerations earned by the CEO, Mr Óscar García Maceiras for the performance of his executive functions. In particular, the following is included:

The amounts of the remuneration earned by Mr Óscar García Maceiras, as director and for the performance of executive functions (fixed remuneration and annual and multi-year variable remuneration) from 1 February 2023 through 31 January 2024.

With regard to long-term or multi-year variable remuneration: included in the above referred global remuneration for directors are the amounts of €3,971 thousand accrued by the CEO under the first cycle (2021-2024) of the 2021-2025 LTIP. The 2021-2025 LTIP materializes in (i) an incentive in cash in the aggregate amount of €1,183 thousand for the CEO, and (ii) an incentive in shares equivalent to a total number of 68,562 shares corresponding to the amount of €2,788 thousand for the CEO.

The increase in the long-term variable remuneration accrued is due to the excellent operating performance of the Company during the accrual period of the first cycle (2021-2024) of the 2021-2025 LTIP, which has led to an appreciation of Inditex's stock price over 50%.

It bears mention that for the purposes of quantifying the part of the incentive to be delivered in shares, Inditex share price at the close of trading on the last trading day of the week before the board meeting where the level of target achievement for the first cycle of the 2021-2025 LTIP (i.e., €40.67 on 8 March 2024) has been assessed and approved, was considered. The incentive in cash and in shares will be delivered within the month following the release of the annual accounts for 2023.

With regard to the *"Funds accumulated by current directors for long-term savings systems with consolidated economic rights (thousands of euros)*", the amount shown corresponds to the accumulated funds of Mr Pablo Isla Álvarez de Tejera's Pension Plan as long-term saving system of which he was a participant since 2015.

C.1.14. Identify members of senior management who are not also executive directors and indicate their total remuneration accrued during the year:

Name or company name	Position
Ms Lorena Alba Castro	Chief Logistics Officer
Mr José Pablo del Bado Rivas	Director of PULL & BEAR - Management Committee
Ms María Begoña Costas Méndez	Director of ZARA Kids
Mr Miguel Díaz Miranda	Chief Financial Officer & Chief Operating Officer of ZARA - Management Committee
Mr Raúl Estradera Vázquez	Chief Communication Officer
Mr Ignacio Fernández Fernández	Chief Financial Officer - Management Committee
Mr Antonio Flórez de la Fuente	Director of BERSHKA
Mr Javier García Torralbo	Chief Digital Officer - Management Committee
Ms Begoña López-Cano Ibarreche	Chief People Officer - Management Committee
Mr Abel López Cernadas	Head of Import, Export and Transport
Mr Marcos López García	Capital Markets Director
Mr Juan José López Romero	Chief Infrastructure and Services Officer
Mr Javier Losada Montero	Chief Sustainability Officer - Management Committee
Mr Javier Monteoliva Díaz	General Counsel and Secretary of the Board
Ms María Lorena Mosquera Martín	Director of ZARA HOME
Ms Paula Mouzo Lestón	Chief Audit Officer
Ms María Beatriz Padín Santos	Director of ZARA Woman - Management Committee
Mr Jorge Pérez Marcote	Director of MASSIMO DUTTI - Management Committee
Mr Óscar Pérez Marcote	Director of ZARA - Management Committee
Mr Javier Romero Portela	Director of Man ZARA
Ms Carmen Sevillano Chaves	Director of OYSHO
Mr Jordi Triquell Valls	Director of STRADIVARIUS

Mr Gabriel Moneo Marina was the Chief IT Officer of the Group from 1 February 2023 to 31 December 2023.

Number of women in senior management	7
Percentage out of all senior managers	31.82 %
Total remuneration of senior management (thousands of euros)	116,471

Included in the amount stated as "Aggregate remuneration for senior managers" is the fixed remuneration and the variable remuneration accrued by senior managers in financial year 2023, both short-term variable remuneration and long-term variable remuneration for the first cycle (2021-2024) of the 2021-2025 LTIP.

Under such cycle, the amount of €52,076 thousand were accrued by senior managers as at 31 January 2024 in the framework of the 2021-2025 LTIP, materialized in: (i) an incentive in cash in the aggregate amount of €17,866 thousand, and (ii) an incentive in shares equivalent to a total number of 841,162 shares, which correspond to the amount of €34,210 thousand.

The incentive in cash and in shares will be delivered within the month following the release of the annual accounts for financial year 2023.

Likewise, included in said amount are the remunerations earned in 2023 by senior managers in office in the year, including the relevant compensation.

The increase in the Senior Managers' total remuneration versus the previous year is primarily due to to the strong increase in the long-term variable remuneration as a result of the excellent operating performance of the Company in the performance period of the objectives and accrual of the first cycle (2021-2024) of the 2021-2025 Long-Term Incentive Plan that is being settled and the subsequent appreciation of Inditex' stock price by approximately 50%, from €25.88 price/share at the beginning of the cycle (1 February 2021) to €38.76 at the end of the cycle (31 January 2024).

In this same sense, in accordance with the criteria adopted by the Company, the share price taken into account for the quantification of the part of the incentive that is delivered in shares corresponds to the share price at the close of trading on the last trading day of the week before the meeting of the Board of Directors at which the level of achievement of the cycle in question is assessed and approved. Thus, the listed value of the Inditex shares on 10 March 2023 that was taken into account for the settlement of the second cycle (2020-2023) of the Long-Term Incentive Plan 2019-2023 (and which was reported in the Annual Report on Remuneration of Directors for financial year 2022), was €29.27, compared to €40 reached on 8 March 2024, taken as a reference for the settlement of the first cycle (2021-2024) of the 2021-2025 Long-Term Incentive Plan.

C.1.15. Indicate whether the Board regulations were amended during the year:

Yes x No

The Board of Directors approved on 6 June 2023, following a favourable report from the Audit and Compliance Committee, the partial amendment to its terms of reference. Such amendment sought to:

/ A first group of amendments answered the need to cover the recent changes to some internal bodies as well as the existence of the new Cybersecurity Advisory Committee.

/ A second group of amendments sought to reinforce the commitment to a diverse board membership and remove any discriminatory bias (such as, the current age limit to be a company director at Inditex), in line with the current Diversity of Board of Directors Membership and Director Selection Policy.

/ On the other hand, the opportunity was seized to introduce certain technical and editorial improvement into the Regulations.

The amendments made are addressed below:

- Amendment to section 15 ("The Audit and Compliance Committee ") in Chapter IV ("Structure of the board of directors)

  Any reference to the Compliance Office is replaced with a reference to the Transparency Market Committee (formerly, the "Compliance Supervisory Board") and the General Counsel's Office, being the ones responsible for overseeing and managing, respectively, compliance with the Internal Regulations of Conduct in the Securities Markets ("IRC"). The wording of this section is thus aligned with the latest amendments approved regarding the organization, operations and the wording of the IRC in November 2022.

  On the other hand, a new subsection (o) is added to paragraph 2 of this section, to address the assignment by the board of directors of oversight duties regarding the new Cybersecurity Advisory Committee to the Audit and Compliance Committee. This addition has entailed the necessary renumbering of the section.

- Amendment to section 18 ("The Social Advisory Board") in Chapter IV ("Structure of the board of directors")

  The existence of a new body, the Cybersecurity Advisory Committee that advises the Audit and Compliance Committee in the field of cybersecurity has been included in this section, as both the Social Advisory Board and this new Committee are similar in nature.

  The amendment reflects the need for the Audit and Compliance Committee and the new Cybersecurity Advisory Committee to be engaged in an effective and continuous dialogue.

  It is further clarified that the Social Advisory Board reports to the board of directors via the Sustainability Committee.

  The opportunity has been taken to point out that, although both the Social Advisory Board and the Cybersecurity Advisory Committee are internal bodies, external members outside the Group sit on them, with information and advisory non-executive powers.

- Amendment to section 25 ("Resignation and removal of Directors") in Chapter V ("Proceedings of the board of directors")

  The provision that directors should vacate office upon reaching 68 years of age (65 in case of the CEO or the Managing Director) has been removed.

  Thus, any limit whatsoever associated with the age of directors was removed, thus boosting diversity and avoiding any bias that prevents a balanced board membership.

  Likewise, certain editorial improvements were made to clarify that pursuant to its new wording, it will be incumbent on the board of directors to determine, in each case and at its own behest, whether or not the director in question should offer their resignation.

  Additionally, a general obligation has been established for directors to apprise the board, as soon as they become aware of them, of any circumstance which may lead to their termination, where the Company would not have otherwise become aware of the same.

- Amendment to section 36 ("Non-public information") in Chapter IX ("Directors' duties")

  Paragraph 4 is deleted as it has the same wording as paragraph 2.

C.1.16. Specify the procedures for selection, appointment, re-election and removal of directors. List the competent bodies, steps to follow and criteria applied in each procedure.

The system for the selection, appointment and re-election of members of the board of directors constitutes a formal and transparent procedure that is expressly covered in the Articles of Association, the Board of Directors' Regulations and the Nomination Committee's Regulations.

Additionally, the Diversity of Board of Directors Membership and Director Selection Policy referred to in section C.1.5 above provided guidance on selection of directors for the purposes of guiding the proceedings of the Board of Directors and the Nomination Committee in this area.

The Policy is informed by GGC Recommendations and the overarching principles and guidelines of CNMV's Technical Guide 1/2019. According to the Policy, the process to appoint, ratify and re-elect directors shall be guided by the following overarching principles: (i) favouring diversity and search for excellence within the board of directors; (ii) the selection process for prospective directors shall not be tainted by any kind of discrimination and shall follow the merit-based approach; (iii) fulfilling the corporate interest; and (iv) transparency in the process to select prospective directors.

In this regard, the Policy sets forth that the selection, appointment, ratification and re-election of directors shall be based on a prior analysis of the needs of the Company and the Group, and of the competences required by the board of directors itself. This analysis shall be carried out by the board of directors on the advice of the Nomination Committee. The board of directors has its own organization and internal proceedings, including: (i) the co-option of directors to fill board vacancies, on the proposal or following a favourable report of the Nomination Committee, as the case may be; and (ii) the election, on the proposal or following report of the same committee, of internal positions and of members of board committees. In turn, the Nomination Committee is responsible for the process of selecting prospective directors. Pursuant to the Articles of Association, the Board of Directors' Regulations, and its own terms of reference, directors shall be appointed either by the General Meeting of Shareholders or the board of directors, pursuant to applicable laws and the company' regulations on corporate governance.

The proposals on the appointment, ratification or re-election of directors submitted by the board of directors to shareholders at the Annual General Meeting, and the appointment resolutions passed by the board of directors via the co-option system in use of the powers it is entrusted by statute shall be made following: (i) a proposal raised by the Nomination Committee, as regards independent directors; or, (ii) a report of the Nomination Committee for all other directorship types.

To ensure the appropriate board membership at all times, the structure, size and membership on the board and its committees shall be regularly reviewed.

To this end, efforts should be made to ensure that the board of directors has a balanced membership with regard to the different directorship types, with a large majority of non-executive directors and an appropriate mix of proprietary and independent directors, and an appropriate balance of profiles, knowledge, skills, careers and experiences so that multiple viewpoints are contributed to the discussion of the business transacted and the decision-making process is enriched. In addition, consideration should be given to ensuring a progressive and orderly board refreshment to achieve the objectives set out in the Policy.

As provided in the Policy, the findings of the above-mentioned prior analysis shall be written up in an explanatory report issued by the Nomination Committee, to be posted on the corporate website upon calling the General Meeting to which the nomination, ratification or re-election of any director is submitted.

Prospective directors of the Company shall meet at all times the following requirements:

- Be honest, respectable persons of well-known ability, competence, professional background and experience and merits.
- Be law-abiding and respectful of good marketing practices both in their lives and professional careers and observe the provisions of applicable regulations.
- Be trustworthy professionals whose conduct and career are aligned with the principles and duties set out in Inditex's internal regulations–in particular, in the Code of Conduct–and with the views and values of the Inditex Group.
- Be committed to their duties as directors and available to dedicate sufficient time and efforts to meet their board responsibilities.

In the process for the selection of prospective directors, those individuals who meet the requirements laid down in the Policy and who, given their profile and qualities favour diversity of knowledge, skills, experiences, origin, age and gender on the board of directors, shall be considered, and any implicit bias which might entail any manner of discrimination and specifically hamper selection of female directors shall be prevented.

In order to define the duties and required skills of prospective directors, the Nomination Committee shall review the competences, knowledge, experience and other occupations of current directors serving on the board, as well as the existing board skills matrix, , based upon which it shall define the duties and skills required from candidates who have to fill each vacancy and evaluate the required time and dedication for them to effectively meet their board responsibilities.

Those persons who are involved in any legal grounds of disqualification to be a company director or who fail to meet the requirements set forth by the Company's corporate governance rules to be a director, shall not be eligible to be a director.

In particular, neither the committee nor the board of directors can propose or appoint as member of the board of directors anyone who serves as a director at the same time in more than four listed companies other than the Company.

The Nomination Committee shall take into account the proposals submitted by any director, provided that the prospective candidate meets the requirements to be eligible and the provisions of the Diversity of Board of Directors Membership and Director Selection Policy are observed. To do so, it shall take all necessary measures and make all appropriate enquiries to ensure that the candidates are not involved in any of the scenarios described in the foregoing paragraphs.

Likewise, the Company may rely on external advisors to carry out the prior analysis of the needs of the company, and to assess the competences required by the board of directors and the Inditex Group, as well as to search or assess prospective directors or evaluate their performance and/or suitability. It is incumbent upon the Nomination Committee to establish and ensure the effective independence of the above-mentioned experts.

The proposals or reports on the appointment of directors shall be prepared by the Nomination Committee and include the directorship type assigned to the director. This classification must be duly supported.

Proposal on the election of directors submitted by the board of directors to shareholders at the Annual General Meeting shall be accompanied by an explanatory report issued by the board of directors assessing the qualifications, experience and merits of the proposed candidate; such report shall be attached to the minutes of the board meeting. Additionally, with regard to the ratification or re-election of directors, the explanatory report shall assess the quality of the director's work and their dedication to office during their tenure as well as their observance of the company's corporate governance rules. In any case, the Nomination Committee shall take into account the need for progressive board refreshment.

Where the board of directors departs from the proposals and reports of the Nomination Committee, it must state the reasons for its actions and place them on record.

With regard to the representation target for the least represented gender on the board and to the guidance on how to meet it, the company has updated the female representation target on the board of directors, in line with Recommendation 15 GGC, as provided in section 5.1.1 of the Diversity of Board of Directors Membership and Director Selection Policy and in section 6 (d) of the Nomination Committee's Regulations. The company endorsed the commitment to ensure that the number of female directors should account for at least 40% of all board seats by the end of 2022.

The Nomination Committee shall, on an annual basis, establish compliance with the Diversity of Board of Directors Membership and Director Selection Policy and inform the board of directors thereof, and the board shall disclose said information in the Annual Corporate Governance Report.

With regard to the removal and dismissal of directors, directors shall vacate office upon expiry of their term of office, or at any time further to a resolution of the General Meeting of Shareholders.

The board of directors may only propose to the General Meeting the removal of an independent director before the expiry of their term of office when a just cause arises, where the director has incurred in any grounds for dismissal or resignation pursuant to applicable regulations or to the Company's corporate governance rules. Said just cause must be considered by the board, following a favourable report from the Nomination Committee.

In particular, pursuant to section 25.3 of the Board of Directors' Regulations, a just cause will exist when a director holds new positions or assumes new obligations preventing them from making sufficient time available for board meetings and other duties inherent in the office of director; is in breach of the duties inherent in the office or is involved in any of the circumstances leading to them no longer qualifying as independent directors, pursuant to the provisions of applicable regulations. Likewise, removal of a director may be proposed as a result of takeover, mergers or other similar corporate transactions that entail a change in the shareholding structure of the Company, where said change entails in turn another in the structure of the board of directors on account of the ratio of proprietary directors.

Furthermore, where a director vacates their office before the end of their term of office through resignation or further to a resolution of the General Meeting of Shareholders, they should state the reasons for the resignation, or with regard to non-executive directors, their opinion on the reasons for the dismissal resolved by the General Meeting of Shareholders, in a letter that must be addressed to all the members of the board of directors. To the extent that this may be relevant for investors, and without prejudice to reporting it in the Annual Corporate Governance Report, the Company, shall announce their departure in the shortest delay with sufficient reference to the reasons or circumstances provided by the director.

In addition, the Nomination Committee must issue a report with regard to the proposal for early termination of independent directors.

When directors tender their resignation, the Nomination Committee must ensure the transparency of the process, gathering the information it may deem necessary to this end.

C.1.17. Explain to what extent the annual evaluation of the Board has given rise to significant changes in its internal organization and in the procedures applicable to its activities:

The Company carries out a self-evaluation process with regard to the performance of the board of directors and its committees, the Chair, the CEO, the Lead Independent Director and the Secretary of the board, as provided in its internal regulations, in accordance with applicable regulations and GGC Recommendations.

In this regard, following each annual evaluation, a number of recommendations are issued, where appropriate, to improve (i) the quality and effectiveness of board proceedings; (ii) the proceedings and membership of its committees, paying special attention to the chairs of the different board committees; (iii) the diversity of board membership and powers; (iv) the performance of the Chair and the CEO; and (v) the performance and input of the Lead Independent Director and the Secretary of the board.

The Nomination Committee approved on 13 February 2023 the action plan resulting from the annual evaluation of the performance of board of directors, its committees, the Chair, the CEO, the Lead Independent Director and the Secretary of the board carried out in 2022.

The measures envisaged in such action plan have been implemented throughout 2023 with regard to the following:

/ Meetings time has been optimized and more time has been dedicated to the big issues.

In 2023, in person and virtual meetings were held. Virtual meetings have allowed a better distribution of business to be transacted, thus facilitating a higher dedication to the main risks that the company faces and allowing for in person meetings to have a lighter agenda .

/ A number of measures aimed at increasing the board's involvement in strategy, succession plans and talent management have been implemented.

/ More meetings of members of the Audit and Compliance Committee with statutory auditors without any member of management being present have been scheduled and arranged.

In this regard, two such annual meetings have been included in the schedule of meeting dates and agenda of business to be transacted by the Audit and Compliance Committee.

All the foregoing has resulted in a substantial improvement of the proceedings of the board and its committees, and the continuous improvement of best practices in the field of corporate governance.

As explained in detail in section C.1.18. below, in accordance with best practices, in 2023 the Nomination Committee resolved to outsource the self-assessment process, which was commissioned from KPMG, an external advisor, whose independence was established by the committee.

The strengths pointed out in the evaluation include the work atmosphere, the adequate discharge of duties and the trust in the management model, the satisfaction with the agenda and the order of business of the meetings, the quality of the information provided, and the follow-up on the action plans resulting from prior evaluations. In their self-assessment, directors have also pointed out, in line with the headway made in recent years, the need to continue improving the Company's corporate governance system.

Describe the evaluation process and the areas evaluated by the board of directors with or without the help of an external advisor regarding the functioning and composition of the Board and its committees and any other area or aspect that has been evaluated.

Pursuant to the provisions of section 7(a) of the Nomination Committee's Regulations, the committee must establish and oversee an annual programme for evaluating the performance of the board of directors, its committees, its Chair, the CEO, the Lead Independent Director and the Secretary of the board and in particular, follow up on attendance of directors at the meetings of the board and the committees where they sit.

The Nomination Committee prepares a programme to evaluate the performance of the board of directors, its committees, its Chair, the CEO, the Lead Independent Director and the Secretary of the board. Such Programme was approved by the committee in December 2015 and subsequently amended in September 2022.

Pursuant to the Programme and applicable best practices, the committee resolved this year and for the first time, to outsource the self-assessment process and engage an external facilitator, KPMG, whose independence was assessed by the committee itself.

For the first time this year, the methodology and structure used has combined: (i) the preparation and distribution of questionnaires with 146 matters subject to assessment, and (ii) raising questions in writing to directors to subsequently interview them separately in a confidential manner.

The self-assessment has covered issues such as organization, membership, effectiveness, proceedings and responsibilities of the main governing bodies and key positions.

The process has also included the review by the external expert of Inditex's practices regarding the expectations of the most relevant external players (proxy advisors and institutional investors).

KPMG has issued a report with the findings reached, based on the directors' insights, both global and for each body and position separately, with qualitative and quantitative information.

On 11 December 2023, the committee reviewed the results of the self-assessment of performance carried out by the external advisor. The overall assessment has been very good as directors consider that the board and its committees are very well run and effective, as are their respective chairs, and that the Chair of the board, the CEO, the Lead Independent Director and the Secretary are very capable.

The strengths pointed out in the evaluation have been noted in the section above. In addition, several areas for improvement have been identified. They must be a priority in 2024.

Based on the results of the evaluation, the committee approved an action plan at the meeting held on 11 December 2023, to be followed up throughout 2024. The committee apprised the board on the results of the evaluation and the action plan at the meeting held on 12 December 2023.

C.1.18. Provide details, for years in which the evaluation was carried out with the help of an external advisor, o f the business relationships that the external advisor or company in its group maintains with the company or any company in its group.

In 2023, Inditex has relied on the advice of external consultant KPMG regarding the self-evaluation of the performance of the board of directors and its committees, the Chair, the CEO, the Lead Independent Director and the Secretary of the board.

Other than this engagement, KPMG has other business relationships with Inditex and other Group companies which do not extend to advice on remuneration and/or selection of directors or key staff for the Company. Therefore, none of such business relationships could lead to a potential conflict of interest as regards the advice given on the self-evaluation process.

C.1.19. Indicate the cases in which directors are required to resign.

Pursuant to section 25 of its terms of reference, the board of directors may urge its members to offer their resignation and will, if appropriate, propose their dismissal to shareholders at the General Meeting of Shareholders in the following cases:

(a) When they cease to hold the executive positions to which their appointment as director was associated.

(b) When they are involved in any of the incompatibility or prohibition cases provided in applicable regulations, the Articles of Association or these Regulations, including if they would happen to hold the office of director in more than four listed companies other than the Company.

(c) When they are seriously admonished by the Audit and Compliance Committee for having breached their duties as directors.

(d) When they are involved in any circumstances affecting them, related or not to their actions within the Company, that may damage the name and reputation of the Company or otherwise jeopardise the Company's interests. For this purpose, they shall report to the board of directors any criminal cases in which they are accused as well as the occurrence of any other procedural milestones..

(e) When the reasons for their appointment cease to exist.

(f) With regard to proprietary directors, when the shareholders they represent dispose of their ownership interest in its entirety or reduce it up to a limit that requires the reduction of the number of proprietary directors.

(g) With regard to independent directors, when they have continuously held the position on the board in the Company for 12 years.

Directors having incurred in any of the circumstances above that the Company could not have become aware of, shall give notice thereof to the board of directors in the shortest delay, offering their resignation to the board.

C.1.20. Are qualified majorities other than those established by statute required for any particular kind of decision?

Yes x No

If so, describe the differences.

Description of requirements
A qualified majority other than that established by statute is exclusively required to amend the Board of Directors' Regulations. Pursuant to section 3.4 thereof, in order for the amendment of said Regulations to be valid, a resolution passed by a majority of two-thirds of the directors present shall be required.

Apart from this, the scenarios of qualified majority for the passing of resolutions by the board of directors are addressed in article 25.4 of the Articles of Association, which reads: "*For resolutions to be passed, an absolute majority of votes by the directors attending the meeting shall be required, except for those cases where a larger majority is required by statute, by these Articles of Association or by the Board of Directors' Regulations. In the case of an equality of votes, the Chair shall have a casting vote.*" Likewise, article 27.2 of the Articles of Association provides that for the permanent delegation of any power of the board of directors to the Executive Committee or the CEO, and for the appointment of the directors who have to hold such offices, it shall be necessary for two-thirds of those making up the board of directors to vote for the proposal, as provided in section 249.2 LSC.

C.1.21. Explain whether there are any specific requirements, other than those relating to directors, for being appointed as chairman of the Board of Directors.

Yes No x

Description of requirements
—

C.1.22. Indicate whether the articles of association or Board regulations establish any limit as to the age of directors:

Yes No x

As explained in section C.1.15. above, the Board of Directors Regulations were amended in part in 2023 for the purposes, inter alia, of removing any age limit for directors, thus boosting diversity and avoiding any manner of bias that would prevent an appropriate board membership.

C.1.23. Indicate whether the articles of association or Board regulations establish any term limits for independent directors other than those required by law or any other additional requirements that are stricter than those provided by law:

Yes No x

Additional requirements and/or maximum number of years of office	-

C.1.24. Indicate whether the articles of association or Board of Directors' regulations establish specific rules for appointing other directors as proxy to vote in Board meetings, if so the procedure for doing so and, in particular, the maximum number of proxies that a director may hold, as well as whether any limit has been established regarding the categories of director to whom votes may be delegated beyond the limits imposed by law. If so, briefly describe these rules.

Article 25.3 of the Articles of Association sets forth that any director can appoint another director as proxy holder in writing for, each meeting, giving written notice thereof to the Chair of the board..

Pursuant to said article and section 20.1 of the Board of Directors' Regulations, non-executive directors may only be represented by another non-executive director.

No maximum number of proxies that a director can hold has been fixed.

In line with this provision, section 20.1 of the Board of Directors' Regulations provides that quorum shall be present on the board of directors when at least half plus one of its members attend either in person or by proxy (or, in case of an uneven number of directors, when a number of directors immediately higher than half of it is in attendance), stating further that the directors shall do their best to attend the meetings of the board of directors, and, when they cannot do so in person, they shall endeavour to grant a proxy to another member of the board giving instructions as to its use and communicating the same to the Chair of the Board of Directors.

C.1.25. Indicate the number of meetings held by the Board of Directors during the year. Also indicate, where applicable, the number of times the Board met without the chairman being present. Meetings where the chairman gave specific proxy instructions are to be counted as attended.

Number of board meetings	8
Number of board meetings held without the chairman's presence	0

Indicate the number of meetings held by the lead independent director with the other directors, where there was neither attendance nor representation of any executive director:

Number of meetings	0

Remarks

Indicate the number of meetings held by each board committee during the year:

Number of meetings held by the Executive Committee	0
Number of meetings held by the Audit and Compliance Committee	7
Number of meetings held by the Nomination Committee	6
Number of meeting held by the Remuneration Committee	4
Number of meetings held by the Sustainability Committee	5

C.1.26. Indicate the number of meetings held by the Board of Directors during the year with member attendance data:

Number of meetings in which at least 80% of directors were present in person	7
Attendance in person as a % of total votes during the year	89.00 %
Number of meetings with attendance in person or proxies given with specific instructions, by all directors	8
Votes cast in person and by proxies with specific instructions, as a % of total votes during the year	100 %

C.1.27. Indicate whether the individual and consolidated financial statements submitted to the Board for issue are certified in advance:

Yes x No

Identify, where applicable, the person(s) who certified the individual and consolidated financial statements of the company for issue by the Board:

The individual and consolidated annual accounts of the Company that are presented to be stated by the board of directors are previously certified by the CEO and the CFO.

Name	Position
Mr Óscar García Maceiras	CEO
Mr Ignacio Fernández Fernández	CFO

C.1.28. Explain the mechanisms, if any, established by the Board of Directors to ensure that the financial statements it presents to the General Meeting of Shareholders are prepared in accordance with accounting regulations.

The Audit and Compliance Committee, mostly made up of non-executive independent directors, meets with external auditors in order to review the Company's annual accounts and certain periodic financial information that the board of directors must provide to the markets and their supervisory boards, overseeing compliance with statutory requirements and the appropriate application of generally accepted accounting principles in the drafting of the financial statements. At the meetings that the Audit and Compliance Committee holds with external auditors (at least twice a year without any member of the management being present), any disagreement or difference of opinion existing between the Company's Management and the external auditors is put forward, so that the board of directors can take the necessary steps to ensure that the annual accounts are stated in accordance with accounting regulations, endeavouring for them to be drafted in such a manner that they do not give rise to qualifications on the part of the auditor.

Furthermore, before drafting the annual, half-yearly or quarterly financial statements, the Company's Management meets with the Audit and Compliance Committee and is subjected by the latter to suitable questions as to, among others, the application of accounting standards and the estimates made in the preparations of the financial statements, topics that are subject to discussion with the external auditors.

In this regard, in line with Recommendation 8 GGC, section 7(d) of the terms of reference of the Audit and Compliance Committee includes the following among the powers of such committee: *"to review the contents of the auditor's reports and, where appropriate, of the reports on limited review of interim accounts, as well as other mandatory reports to be prepared by the statutory auditor, prior to the issue thereof, in order to avoid qualified reports, ensuring that the annual accounts that the Board of Directors presents to the General Meeting of Shareholders are drawn up in accordance with accounting standards and, that in the circumstances where the statutory auditor includes any qualification in the auditor's report, the Chair of the Committee should give a clear explanation at the General Meeting of the committee's opinion regarding the contents and scope of such qualifications, making a summary of that opinion available to the shareholders at the time of the publication of the notice calling the General Meeting of Shareholders along with the rest of the proposals and reports of the board of director*."

Meanwhile, section 45.5 of the Board of Directors' Regulations reads as follows: "*The board of directors shall ensure that the annual accounts are drawn up in accordance with accounting standards, striving for them to be drafted in such a manner that they do not give rise to qualifications on the part of the auditor. However, in the exceptional circumstances where the auditor expresses a qualified opinion and the Board of Directors considers that it must stick to its position, it shall publicly explain the contents and scope of the* *discrepancy. The foregoing without prejudice to the information that the Chair of the Audit and Compliance Committee would make available to the shareholders at the Annual General Meeting.*"

Finally, pursuant to the provisions of section 45.2 of the Board of Directors Regulations, the board shall meet at least once a year with the statutory auditor to receive information on the work done and on the evolution of the accounting and risk situation of the Company.

C.1.29. Is the secretary of the Board also a director?

Yes No x

If the secretary is not a director, complete the following table:

Name or company name of the secretary	Representative
Mr Javier Monteoliva Díaz	—

C.1.30. Indicate the specific mechanisms established by the company to safeguard the independence of the external auditors, and any mechanisms to safeguard the independence of financial analysts, investment banks and rating agencies, including how legal provisions have been implemented in practice.

Section 45 of the Board of Directors' Regulations reads:

1. "*The relations of the Board of Directors with the external auditor of the Company shall be channelled through the Audit and Compliance Committee.*

2. The Board of Directors shall meet at least once a year with the statutory auditor to receive information on the work done and on the evolution of the accounting and risk situation of the Company.

3. The Audit and Compliance Committee shall refrain from proposing to the Board of Directors, and the latter shall refrain from putting forward to the General Meeting of Shareholders, the appointment as statutory auditor of the Company of an audit firm incurring in incompatibility in accordance with the laws on statutory audit as well as any audit firm wherein the fees that the Company expects to pay them for all services are in excess of the limits established in the legislation on statutory audit.

4. The Board of Directors shall publicly disclose the whole of the fees paid by the Company to the audit firm for non-audit services. [...]"

The measures to preserve the independence of external auditors are explained below:

- The Audit and Compliance Committee, mostly made up of non-executive independent directors, which has as a whole the relevant background with regard to the industry to which Inditex belongs, proposes to the board of directors to be subsequently raised to shareholders at the Annual General Meeting: (i) the appointment of the statutory auditors, as such committee is responsible for the auditors selection process pursuant to applicable regulations; as well as (ii) the terms of their engagement; (iii) the scope of their professional mandate; and, where appropriate, (iv) the termination or non-renewal of their appointment.

  With regard to said process for the selection of auditors, mentioned above, and in accordance with the provisions of CNMV's Technical Guide 3/2017 on audit committees at public-interest entities, the Procedure for the Selection of the Statutory Auditor was approved by the Audit and Compliance Committee on 9 September 2019.

  For the purposes of ensuring an unbiased, fair, transparent and efficient and non-discriminating process, the selection criteria to be considered are defined in the Procedure, as well as the various proceedings both for the selection and appointment of external auditors, and for their re-election or replacement.

  In accordance with the Procedure, the process for the selection of auditor must begin with the issue of tender documents for candidate firms, pursuant to a timeline and a request for proposals previously determined. A working team made up of members from different areas and departments will be appointed to assist in the process. This team will be responsible for selecting and inviting candidate firms to tender their proposal to become the statutory auditor of the Inditex Group. Finally, the work team will issue a report evaluating the proposals tendered based upon the predefined criteria.

  On the other hand, the criteria for the re-election or replacement of the statutory auditors are also defined in the Procedure, based upon an annual evaluation of the proceedings of the statutory auditor that will take into account, without limitation, their contribution to the quality of the audit and to the integrity of financial and non-financial information.

- Likewise, the Audit and Compliance Committee is entrusted with the duty of liaising with external auditors in order to receive information on such matters that could compromise their independence and on any other matter related to the carrying out of the statutory audit, as well as on those other communications envisaged by statutory audit legislation and auditing standards. Namely, the Audit and Compliance Committee shall:

  - Receive from the statutory auditors on an annual basis, the statement on their independence regarding the Company or the companies related thereto, directly or indirectly.

  - Oversee the engagement of the statutory auditor for non-audit services as well as the terms and the performance of the contracts entered into with the external auditor of the Company for the rendering of such services.

In this regard, the Company relies on the Policy on statutory auditor contracting for the provision of non-audit services (formerly, the Procedure to Contract an Auditor for the Provision of Additional Non-audit Services, approved by the Audit and Compliance Committee on 18 July 2016). The Policy, as amended, was approved by the board at the meeting held on 15 March 2022, to align it with the new implementing regulations of the Statutory Audit Act.

The Policy regulates the process to be followed so that the Audit and Compliance Committee may be apprised of and approve the contracts entered into by the Company and the entities of its Group with the Statutory Auditor for the provision of non-audit services.

As a general rule, for the purposes of maintaining as much as possible the statutory auditor's independence, the Inditex Group is willing to limit as far as possible the provision of non-audit services by the former, outlining a list of services which they are prohibited to render. In addition, the Policy sets forth that non-audit services shall only be provided by the statutory auditor with the approval of the Audit and Compliance Committee.

According to the Policy, before entering into any contract, the external auditor shall send to the Audit and Compliance Committee a request for approval of non-audit services. Such request must be accompanied by a document appropriately detailing the services requested so that the Audit and Compliance Committee may proceed to a global and effective review of the threats and/or impacts that their engagement might entail to their independence, both individually and as a whole.

However, to ensure a certain flexibility, the Audit and Compliance Committee may pre-approve on an annual basis certain types of services which are recurrent and standard with regard to their purpose. To grant such pre-approval, the potential threats and safeguards that the services might entail to the independence of the statutory auditor must be reviewed and assessed. Following the engagement of such services, the detail thereof must be provided to the Audit and Compliance Committee. Should the terms and conditions of pre-approved services under this system be subject to substantial amendments, this shall be reported and they will be subject to new approval by the Audit and Compliance Committee.

- Additionally, for the purposes of reinforcing the duty to oversee and establish the independence of the statutory auditor, the engagement by Inditex's controlling shareholder (i.e.,Pontegadea Inversiones, S.L.) of non-audit services from such auditor shall be subject to prior approval by Inditex's Audit and Compliance Committee.

- Verify that the Company and the statutory auditor also respect the limits on the concentration of the auditor's business, the rules on professional fees and, generally, all other regulations established to ensure the independence of the auditors.

  In this regard, it shall ensure that the remuneration of the external auditors for their work does not compromise their quality and independence.

- Finally, issue on an annual basis and prior to the issue of the auditor's report, a report setting forth its opinion on whether the independence of the statutory auditor or of the audit firm has been jeopardised. In any case, this report must contain the assessment of the provision by external auditors of each and every additional non-audit service, considered both separately and as a whole, and its opinion regarding the independence system of the auditor pursuant to statutory audit regulations.

- Last, in the event of resignation of the statutory auditor, the Audit and Compliance Committee shall examine the circumstances that may have given rise thereto.

As regards the mechanisms established to ensure the independence of the financial analysts, the Company releases information to the market following the principles of the IRC, especially relating to the obligation that the information must be accurate, clear, quantified and complete, avoiding subjective assessments that lead or could lead to confusion or deceit.

The Company also relies on the Policy on Communication and Contact with Shareholders, Institutional Investors and Proxy Advisors, informed by a set of principles that it must observe upon disclosing information: transparency, accuracy, immediacy and symmetry. Under the policy, the Company is encouraged to keep communication channels that ensure that clear, full, streamlined and simultaneous information is made available to its current and potential shareholders, to assess the performance of the Company and its economic and financial results. This Policy is available on the corporate website.

Likewise, in accordance with Recommendation 4 GGC, the board of directors approved on 14 December 2020, following a report from the Audit and Compliance Committee, the Policy on Disclosure of Economic-Financial, Non-Financial and Corporate Information that seeks to establish a framework for action and define the overarching principles that will govern the disclosure by the Company of Economic-Financial, Non-Financial and Corporate Information via Regulated and non-Regulated Channels.

The Policy is aligned with the provisions of the Company's internal regulations, in particular with the Policy on Communication and Contacts with Shareholders, Institutional Investors and Proxy Advisors.

As the highest supervisory body responsible for overseeing economic-financial, non-financial and corporate information, the board of directors shall ensure the largest circulation and the highest quality of the information provided to the stakeholders and to the markets at large, in accordance with a set of principles, including transparency, objectivity, accuracy, immediacy and symmetry in disclosure of information.

C.1.31. Indicate whether the company changed its external auditor during the year. If so, identify the incoming and outgoing auditors:

Yes No x

The appointment of Ernst & Young, S.L. as statutory auditor to audit the individual annual accounts and directors' report of the Company, and the consolidated annual accounts and directors' report of the Inditex Group for financial years 2022, 2023 and 2024, was approved at the Annual General Meeting held on 12 July 2022, on the proposal of the board of directors, after a favourable report from the Audit and Compliance Committee.

If there were any disagreements with the outgoing auditor, explain their content:

Yes No x

Explanation of disagreements
—

C.1.32. Indicate whether the audit firm performs any non-audit work for the company and/or its group and, if so, state the amount of fees it received for said work and express this amount as a percentage of the total fees invoiced to the company and/or its group for audit work:

Yes x No

	Company	Group companies	Total
Amount invoiced for non-audit services (thousands of euros)	50	62	112
Amount invoiced for non-audit work/Amount for audit work (in %)	9,6 % [1]	0.8 %	1.4 %

1. The count on which this percentage is calculated only includes the statutory audit of Inditex's individual accounts (and the verification of the relevant statement on non-financial information).

C.1.33. Indicate whether the auditors' report on the financial statements for the preceding year contains a qualified opinion. If so, indicate the reasons given to shareholders at the general meeting by the chairman of the audit committee to explain the content and extent of the qualified opinion.

Yes No x

Explanation of the reasons and direct link to the document made available to the shareholders at the time that the general meeting was called in relation to this matter
-

C.1.34. Indicate the number of consecutive years for which the current audit firm has been auditing the company's individual and/or consolidated financial statements. Also, indicate the number of years audited by the current audit firm as a percentage of the total number of years in which the financial statements have been audited:

	Individual	Consolidated
Number of consecutive years	2	2

	Individual	Consolidated
Number of years audited by the current audit firm/number of years in which the company has been audited (in %)	0.05%	0.06%

C.1.35. Indicate whether there is a procedure for directors to be sure of having the information necessary to prepare the meetings of the governing bodies with sufficient time; provide details where applicable:

Yes x No

Details of the procedure

Pursuant to section 19.2 of the Board of Directors' Regulation, the notice calling ordinary meetings shall be given at least 3 days in advance of the meeting, and the order shall always include the agenda of the meeting and shall be accompanied by the duly summarised and prepared relevant information.

In this regard, to help directors effectively prepare meetings, in addition to the documentation relating to agenda items, an executive summary of each of them is made available to them ahead of each meeting, outlining the main business to be transacted, the reports, presentations, sundry supporting documentation, and the minutes of the previous meeting.

The documentation deemed appropriate to prepare the meetings of the board and its committees, according to the agenda, including the relevant presentations is made available to directors in real time via a platform. Said tool gives directors permanent access to the documentation. Additionally, other relevant information for the appropriate performance of their duties is added through the tool (including, without limitation, internal conduct and corporate governance policies, updated membership of governing bodies, information about current resolutions on remuneration or analysts' reports which may be useful for directors), in a confidential and secure environment.

For the purposes of ensuring that Inditex's board members fully understand their duties and responsibilities as well as the proceedings of the Company's governing bodies, a "Directors Handbook" which is kept updated is available to new directors and generally, to directors upon request.

Additionally, section 27 of the Board of Directors' Regulations, recognises the widest powers for directors to garner information about any topic affecting the Company (and its subsidiaries); examine its books, registers, documents and other records of the company's operations and inspect all its facilities; likewise it provides that the exercise of the powers of information shall be channelled through the Chair, the Deputy Chair or (any of the Deputy Chairs, where appropriate), or through the Secretary of the board of directors, who shall attend to the requests made by any director, and directly provide them with the information, facilitate contacts with the appropriate spokespersons at the appropriate level in the organisation or establish such measures as to enable them to conduct the desired examinations on-site.

On the other hand, specific questions on the quality of the information made available to directors and on how early in advance it has been received, are included in the evaluation questionnaire of the board. Additionally, the areas subject to improvement identified in the previous year and the assessment of the directors in respect of the improvement thereof, is subject to annual follow-up. This entails that where directors point out quality of information and/or how in advance they receive it as potential areas subject to improvement, progress can be made regarding submission of information required to prepare the meetings of the board of directors and its committees.

Meanwhile, section 28 of the Board of Directors' Regulations addresses the possibility for directors to seek external advice.

C.1.36. Indicate whether the company has established rules obliging directors to inform the Board of any circumstances, whether or not related to their actions in the company itself, that might harm the company's standing and reputation, tendering their resignation where appropriate. If so, provide details:

Yes x No

Explain the rules

Pursuant to Recommendations 22 and 24 GGC and section 25.2(e) of the Board of Directors' Regulations, the board of directors may urge its members to offer their resignation and, if appropriate, propose their dismissal to shareholders at the General Meeting of Shareholders, when they are involved in any circumstances affecting them, related or not to their actions within the Company, that may harm the name and reputation of the Company or otherwise jeopardise its interests. In this regard, directors shall report to the board of directors any such circumstances in the shortest delay, when the Company could not have become aware of them

Meanwhile, pursuant to section 25.2(d) of the Board of Directors' Regulations, directors shall report to the board of directors any criminal cases in which they are accused as well as the occurrence of any other procedural milestones.

C.1.37. Indicate whether, apart from any special circumstances that may have arisen and been duly noted in the minutes, the Board of Directors has been notified or has otherwise become aware of any situation affecting a director, whether or not related to his or her actions in the company itself, that might harm the company's standing and reputation:

Yes x No

Remarks
The board of directors has not been notified in the year nor has it been made aware of any situation affecting a director, that might harm the company's standing and reputation.

C.1.38. Detail any material agreements entered into by the company that come into force, are modified or are terminated in the event of a change in control of the company following a public takeover bid, and their effects.

Not applicable.

C.1.39. Identify individually as regards directors, and in aggregate form in other cases, and provide details of any agreements between the company and its directors, executives or employees containing indemnity or golden parachute clauses in the event of resignation or dismissal without due cause or termination of employment as a result of a takeover bid or any other type of transaction.

Number of beneficiaries	18

Type of beneficiary	Description of agreement
CEO	The executive director will be entitled to severance pay in a gross amount equivalent to the remuneration of 2 years calculated based upon his annual fixed and variable remuneration for the current year, where his contract is terminated by unilateral decision of the Company, as well as in case of resignation tendered by the CEO based under certain grounds (including the succession in the company or a change in control in the Company that affects more than 50% of the share capital or of the voting rights, provided that a significant refreshment of the governing bodies of the Company or a change in the purpose of the main activity of the Company takes place at the same time, if such request for termination is made within 6 months of the occurrence of such succession or change. For this purpose, no succession or change in control shall be deemed to have taken place in the event of direct or indirect family succession in the ownership of the Company).
Senior managers and officers	Golden parachute clauses are written in the contracts executed with 17 senior managers in the event that their contract, whether ordinary or for executive service, is terminated further to withdrawal by Inditex, wrongful or unreasonable dismissal, or resignation based upon certain grounds, pursuant to the terms and conditions of their contracts. In such cases, the senior manager shall be entitled to severance pay in a gross amount equivalent to the remuneration of 2 years, calculated based upon the fixed and variable remuneration determined for the current year.

Indicate whether, beyond the cases established by law, these agreements have to be communicated and/or authorised by the governing bodies of the company or its group. If so, specify the procedures, the cases concerned and the nature of the bodies responsible for their approval or communication:

	Board of Directors	General Meeting of Shareholders
Governing body authorizing the clauses	x	

	Yes	No
Are these clauses notified to the General Meeting of Shareholders?	x	

The internal system regarding approval of the terms and conditions of the contracts entered into by the Company or any Group company with senior managers and directors, set forth in the Articles of Association, the Board of Directors' Regulations and the specific terms of reference of each board committee, is similar to the statutory system provided in the Companies Act.

The terms and conditions of executive employment contracts are approved by the board of directors, following a favourable report from the Remuneration Committee.

Information about such terms, included in the contract entered into with the CEO, can be found in the Annual Report on Remuneration of Directors for 2023, which will be put to an advisory say-on-pay vote at the following Annual General Meeting as a separate agenda item.

C.2. Committees of the Board of Directors

C.2.1. Provide details of all committees of the Board of Directors, their members, and the proportion of executive, proprietary, independent and other external directors forming them:

EXECUTIVE COMMITTEE

In accordance with the provisions of article 27 of the Articles of Association, an Executive Committee was set up by the Board of Directors on 28 February 1997. It holds in delegation all the powers of the board, except for those that cannot be delegated by statute or pursuant to the Articles of Association and those that are necessary for the responsible exercise of the general supervisory function that is incumbent on the board of directors.

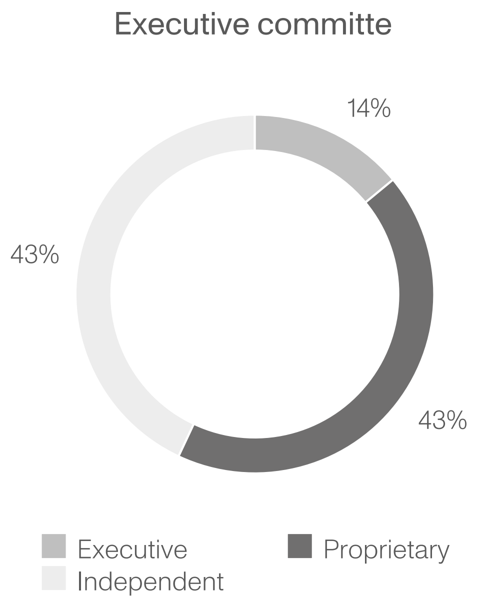
The Executive Committee's membership as at 31 January 2024 is as follows:

Name	Position	Directorship type
Mr Óscar García Maceiras	Chair	Executive
Mr José Arnau Sierra	Deputy chair	Proprietary
Mr Amancio Ortega Gaona	Ordinary member	Proprietary
Ms Marta Ortega Pérez	Ordinary member	Proprietary
Ms Pilar López Álvarez	Ordinary member	Independent
Mr José Luis Durán Schulz	Ordinary member	Independent
Mr Rodrigo Echenique Gordillo	Ordinary member	Independent

% executive directors	14%
% proprietary directors	43%
% independent directors	43%
% affiliate directors	0%

Mr Javier Monteoliva Díaz, General Counsel and Secretary of the Board, acts as Secretary non-member of the Executive Committee.

The structure of the Executive Committee is represented in the image below:



Explain the duties delegated or assigned to this committee, other than those that have already been described in Section C.1.9. and describe the rules and procedures for its organisation and functioning. For each of these functions, briefly describe its most important actions during the year and how it has exercised in practice each of the functions assigned to it by law, in the articles of association or in other corporate resolutions.

a) Membership

Pursuant to section 14.2 of the Board of Directors' Regulations and Recommendation 37 GGC, the Executive Committee is made up of a number of directors being no less than 3 and no greater than 8. At least 2 of the members of the Executive Committee are non-executive directors and at least one of these latter is an independent director.

The CEO will chair the Executive Committee and the Secretary of the Board of Directors, who may be assisted by the Deputy-Secretary, will act as Secretary thereof.

As regards its membership, in 2023 Mr Durán was re-elected to sit on the Executive Committee following his re-election to the board of directors as independent director, resolved at the Annual General Meeting.

In addition, Mr Saracho stepped down from the board, its committees and the Executive Committee. Following his departure and the resulting downsized board, the vacant seat on the Executive Committee was eliminated.

b) Duties

The Executive Committee holds in delegation all the powers of the board, except for those that cannot be delegated by statute or pursuant to the Articles of Association and those that are necessary for the responsible exercise of the general supervisory function that is incumbent on the board of directors.

Pursuant to article 27 of the Articles of Association, for the permanent delegation of any power of the board of directors to the Executive Committee, it shall be necessary for two-thirds of those making up the board of directors to vote for the motion.

c) Activities

No meeting of the Executive Committee was held in 2023.

AUDIT AND COMPLIANCE COMMITTEE

Article 28 of the Articles of Association and section 15 of the Board of Directors' Regulations, as well as the Audit and Compliance Committee's Regulations set out the regulations governing the Audit and Compliance Committee.

Membership

As regards the Audit and Compliance Committee's membership, in 2023 Mr Durán was re-elected to sit on such committee following his re-election to the board as independent director resolved at the Annual General Meeting.

In addition, Mr Saracho stepped down from the board, its committees and the Executive Committee. Following his departure and the resulting downsized board, the vacant seat on the Audit and Compliance Committee was eliminated.

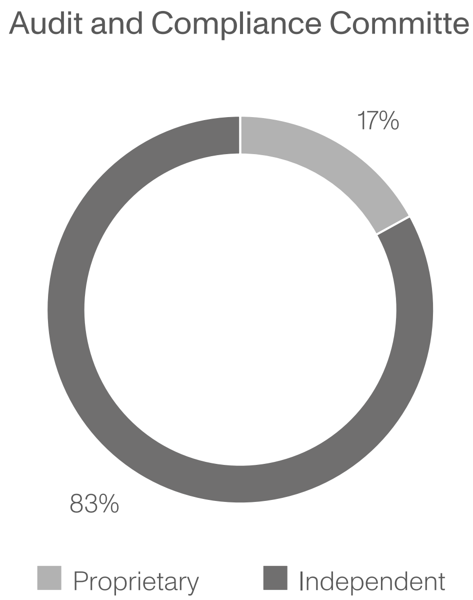
Consequently, the Audit and Compliance Committee's membership as at 31 January 2024 is as follows:

Name	Position	Directorship type
Ms Pilar López Álvarez	Chair	Independent
Bns. Denise Patricia Kingsmill	Ordinary member	Independent
Ms Anne Lange	Ordinary member	Independent
Mr José Arnau Sierra	Ordinary member	Proprietary
Mr José Luis Durán Schulz	Ordinary member	Independent
Mr Rodrigo Echenique Gordillo	Ordinary member	Independent

% executive directors	0 %
% proprietary directors	17 %
% independent directors	83 %
% affiliate directors	0 %

Mr Javier Monteoliva Díaz, General Counsel and Secretary of the Board, acts as Secretary non-member of the Audit and Compliance Committee.

The structure of the Audit and Compliance Committee is represented in the image below:



Pursuant to section 14 of the Audit and Compliance Committee's Regulations, section 15 of the Board of Directors' Regulations and article 28 of the Articles of Association, the Audit and Compliance Committee shall be made up of a minimum of 3 and a maximum of 7 non-executive directors appointed by the board of directors, a majority of whom must necessarily be independent directors.

Members of the Audit and Compliance Committee will be in office for a 4-year term at the end of which they will be eligible for re-election. The Chair of the Audit and Compliance Committee, who needs to be an independent director, will be elected by the Board of Directors for a maximum 4-year term, upon expiry of which they shall be replaced. They may be re-elected one year after the expiry of their term. The board of directors shall appoint a Secretary of the Audit and Compliance Committee, who needs not be a member of said body.

The board of directors shall encourage a diverse committee membership in terms of professional experience, competences, personal skills, sector-specific knowledge, international experience or geographic origin, age and gender, taking into account the restrictions that result from the smaller size of the committee.

All members of the committee and in particular its Chair shall be appointed taking into account their knowledge and experience on accounting, audit, internal control or risks management matters, both financial and non-financial, as well as industry-specific knowledge. Additionally, at least one of them shall be appointed taking into account their knowledge, skills and experience in the matter of information technology.

On the other hand, as part of Inditex's directors' training scheme "ITX Board Academy", in 2023 directors have received training imparted by renowned external advisors on: (i) global trends and risks in the field of Privacy; (ii) geopolitical risks and (iii) significant ESG-related changes – challenges and opportunities – in the current business landscape, most relevant sustainability issues for Inditex and its peers, in particular as regards Climate Transition, and the evolution of expectations on the oversight of sustainability issues by governing bodies.

Explain the duties assigned to this committee and describe the rules and procedures for its organisation and functioning. For each of these duties, briefly describe its most important actions during the year and how it has exercised in practice each of the duties assigned to it by law, in the articles of association or in other corporate resolutions.

a) Duties

The mission and powers of the Audit and Compliance Committee are outlined in article 28 of the Articles of Association, section 15 of the Board of Directors' Regulations and sections 5 to 13 of the Audit and Compliance Committee's Regulations.

In addition to the powers expressly assigned to it pursuant to statute and the Recommendations of the Good Governance Code, the Audit and Compliance Committee shall be expressly entrusted with the following duties:

- Powers relating to Corporate Governance: (i) to review and evaluate the appropriateness of the corporate governance system and to propose to the Board of Directors amendments and updates of the Company's corporate governance regulations; (ii) to oversee the degree of compliance by the Company with generally recognised recommendations on good governance and in particular, with the GGC; (iii) to oversee compliance with the Internal Regulations of Conduct in the Securities Markets, and, in general, with the corporate governance regulations of the Company; (iv) to review recommendations and best practices, both national and international, in the field of corporate governance, and foster compliance with the most stringent standards; (v) to regularly receive information on issues relating to management of treasury stock; and (iv) to prepare and table to the board of directors for approval, the Annual Corporate Governance Report.
- Powers relating to Compliance: (i) to issue reports and oversee compliance with the applicable regulations and the effectiveness of the internal policies and procedures of the Company; (ii) to review recommendations and best practices on Compliance and corporate governance, both domestic and/or international, and to encourage compliance with the most demanding standard; (iii) to oversee compliance with the Annual Compliance Plan and with the Model of Criminal Risk Prevention of the Group; (iv) to ensure that the Compliance Function relies on the necessary resources for the appropriate discharge of its duties; and (v) to receive information, at least every 6 months, on the degree of compliance with the Codes of Conduct and the proceedings of the Ethics Line and the reports received through the relevant channel of any potential breach of the Group Codes of Conduct, of any other internal regulation of the Group and of any potentially relevant irregularities, including of a financial and/or accounting nature, or otherwise relating to the Company.
- Powers relating to tax issues: (i) to receive from the head of tax issues of the Company prior to the statement of the annual accounts and the filing of the Corporate Tax return, information on tax criteria followed by the Company during the financial year, and on the degree of compliance with the Code on Good Tax Practices; and (ii) to apprise the board of directors of the tax policies applied and, in the case of transactions or matters which must be referred to the board of directors for approval, of the tax consequences thereof, when they represent a relevant factor.
- Other powers entrusted to the Committee: (i) to oversee and evaluate in coordination with the Sustainability Committee, where applicable and with regard to issues under its purview, the strategy of communication and relations with shareholders, including small and medium shareholders, investors, proxy advisors and other stakeholders as well as the effective application of the Policy on Disclosure of Economic-Financial, Non-Financial and Corporate Information, and encourage its enhancement; (ii) to oversee and evaluate the process of interaction with the different stakeholders of the company as regards issues under its purview; (iii) to exercise when the Committee so decides all the duties inherent in audit committees from time to time provided in applicable laws, as regards such Group companies that are deemed to be public-interest entities (as defined by applicable regulations) provided that such companies are directly or indirectly wholly-owned by the Company and the administration thereof is not vested in a board of directors; and (iv) to regularly receive from the Cybersecurity Advisory Committee, at least once a year, information on its activities and on the main business transactions, to guide the decision-making process in the event of potential threats, report about critical incidents, security measures, potential risks and control weaknesses and, generally, on the maturity level of the Group's information security system.

- Last, the committee must ensure that risks are kept and managed within the accepted levels of risk tolerance, reassessing at least once a year the most significant financial and non-financial risks and promote a corporate culture wherein risk is a factor considered in decision-making at all levels of the Company and its Group.

b) Organizational and operational rules

The committee shall meet, at least on a quarterly basis, for the purposes of reviewing the periodic financial information to be submitted to the market authorities further to an obligation or of its own accord, as well as the information that the board of directors must approve and include within its annual public documentation. Likewise, it shall meet each time that its Chair calls it. The Chair must call the Audit and Control Committee whenever the board of directors or its Chair would request the issue of a report or the adoption of proposals and, in any case, where this is appropriate for the committee to be effective. The committee shall also meet at the request of at least one third of its members. In such case the meeting shall be called by the Chair to be held within fifteen days of the request.

Likewise, the Chair may arrange other communication channels, working meetings to prepare committee meetings on specific topics apart from the formal meetings of the committee.

Ordinary meetings shall be called by letter, fax, telegram or email, and the meeting notice shall be signed by the Chair or the Secretary. A quorum for committee meetings shall be declared when at least half plus one of its members, present or represented, are in attendance. As provided in section 19 of its terms of reference, the Audit and Compliance Committee may also pass written resolutions in lieu of a meeting.

Committee meetings may be held via videoconference or conference call, or any other equivalent system allowing to recognise and identify attendees, for them to communicate, speak and cast vote, all in real time.

Likewise, for the purposes of making the appropriate arrangements that ensure the achievement of the objectives effectively sought, the committee shall prepare an annual working plan, which shall include, at least, the annual schedule of its ordinary meetings and a tentative agenda of issues under its purview.

In addition, the committee may rely on external advisors to properly carry out its duties. Likewise, the committee may call executive directors, members of Management and any employee of the Company, who shall be bound to attend its meetings and provide it with assistance and access to the information available to them when the committee so requests. The committee may also request the presence at its meetings of the Company's statutory auditor.

The deliberations and the resolutions passed by the committee are recorded in the relevant minutes of the meeting taken by the Secretary thereof.

c) Main activities of the Audit and Compliance Committee in 2023: meetings held, attendance, business transacted and reports

The Audit and Compliance Committee has held seven (7) meetings in 2023, five (5) of which were included in the Schedule of meeting dates and agenda of business to be transacted.

Directors' attendance rate, whether physical or virtual, at the meetings held in 2023 stands at 98%.

In 2023, the Audit and Compliance Committee has held in-person and hybrid meetings (with some directors attending in person and others remotely). Videoconference or conference call systems were used to hold such hybrid meetings.

The duration of committee meetings was changing. Its members have dedicated enough time to the consideration and review of agenda items,

The main proceedings of the Audit and Compliance Committee in the year in furtherance of the responsibilities it has been entrusted with pursuant to article 28 of the Articles of Association and implemented in sections 5 to 13 of the Audit and Compliance Committee's Regulations, are outlined below:

1. Proceedings relating to the supervision of the process to draw up and release the periodic financial information, annual accounts, auditor's report and Statement on Non-Financial Information.

– Preparation and release of financial information

The Audit and Compliance Committee reviews Inditex's economic and financial information before it is approved by the board of directors.

To do so, prior to the stating of the quarterly, half-yearly or annual financial statements, the Audit and Compliance Committee meets with the Company's Management to review, among other things, the enforcement of the accounting principles and the estimates made upon stating the financial statements.

Additionally, the committee, which is entirely made up of non-executive directors, meets with the external auditor for the purposes of reviewing the Company's annual accounts and certain periodic financial information, ensuring compliance with statutory requirements, the appropriate delimitation of the consolidation perimeter and the appropriate use of generally accepted accounting principles upon stating the annual accounts.

The Audit and Compliance Committee reviewed on 13 March 2023 the annual accounts and the directors' report, both consolidated and individual, as well as the auditor's report for FY2022. The Committee verified that an unqualified auditor's report was issued. The board of directors stated the consolidated and individual annual accounts pursuant to the terms indicated by the committee. At that same meeting, in the exercise of the oversight duties inherent in audit committees assumed in respect of Zara España, S.A. ("Zara España"), a wholly-owned subsidiary that meets the requirements to be considered a public-interest entity (PIE), the committee reviewed the results and the Annual Financial Report, comprising the individual annual accounts and directors' report of such company for FY2022.

In accordance with good governance recommendations on transparency, the committee reviewed in the year the interim financial statements for 2023 and the pertaining Results and Press releases at the meetings held on 5 June (1Q), 11 September (1H) and 11 December 2023 (3Q) based upon the CEO and the CFO's reports. Such interim results – and the respective Results Releases and Press Releases – were provided by the board of directors to the market and its supervisory bodies on a quarterly basis pursuant to the Periodic Public Information ("PPI") format.

At the meeting held on 13 March 2023, the external auditor: (i) submitted and explained to the committee the draft auditor's report on the individual annual accounts of the Company and the consolidated annual accounts of the Inditex Group; (ii) provided the additional report that statutory auditors must submit to the committee pursuant to article 11 of Regulation (EU) No 537/2014 of the European Parliament and of the Council, of 16 April 2014 on specific requirements regarding statutory audit of public-interest entities and repealing Commission Decision 2005/909/EC, and pursuant to section 36 of Act 22/2015, of 20 July on Statutory audit; and (iii) reported on the presentation that external auditors would deliver on the following day to the board of directors on the audit opinion and significant issues occurred in 2022.

Last, the committee reviewed on 11 March 2024 the individual and consolidated annual accounts and directors' reports and the auditor's report for FY2023, this latter issued with an unqualified opinion.

– Statement on Non-financial Information

The committee reviewed and gave a favourable report to the draft consolidated Statement on Non-financial Information (SNFI) of the Inditex Group for 2022 at the meeting held on 13 March 2023.

The committee established that the SNFI had been prepared in accordance with the provisions of applicable commercial regulations, following the criteria set forth in Global Reporting Initiative (GRI) standards..

Following best practices on financial reporting, an Integrated Directors' Report was also prepared, covering non-financial and financial information (including corporate governance information)..

The Statement on Non-Financial Information for FY2022 was subject to an independent assurance review by the external auditors. The committee established that the SNFI was issued with an unqualified opinion.

The committee has also overseen in 2023 the process to prepare and release non-financial information and acknowledged the information received on the new regulatory developments with an impact in the field, and the new sustainability reporting standards. At its meeting held on 11 March 2024, the committee reviewed and established that the 2023 Statement on Non-Financial Information, which is part of the consolidated directors' report, has been drawn up in accordance with applicable regulations and standards.

– Report on the Internal Control over Financial Reporting System (ICFR)

The committee oversaw the effectiveness of the Internal Control over Financial Reporting System (ICFR). This is accounted for in section F of the 2022 Annual Corporate Governance Report approved by the board of directors on 14 March 2023. The Company's ICFR has been verified by the statutory auditor, which established that statutory requirements were fulfilled.

2. Powers relating to statutory audit

The relations of the board of directors with the Group's external auditor are channelled through the Audit and Compliance Committee. Without prejudice to the annual meeting between the external auditor and the board of directors (in 2023, on 14 March), the former attends such committee meetings where the Periodic Financial Information which the board of directors approves and discloses on a quarterly basis is reviewed.

In accordance with best practices, the Audit and Compliance Committee meets at least once a year with the external auditor without any member of the management being present. In 2023 it has met with them twice: on 13 March and on 11 September 2023.

The Audit and Compliance Committee, mostly composed of independent directors, raises to the Board of Directors, to be subsequently submitted to shareholders at the Annual General Meeting, the proposals for the appointment and/or re-election of the statutory auditor, being responsible for the selection process, and for the terms of their engagement, the scope of their professional mandate and, where appropriate, their termination or non-renewal. In this regard, in accordance with the provisions of Technical Guide 3/2017, the Audit and Compliance Committee approved at the meeting held on 9 September 2019, the Procedure for the Selection of the Statutory Auditor (amended in 2022 to become a Policy), for the purposes of ensuring an unbiased, fair, transparent, efficient and non-discriminating selection process.

The committee also oversees the enforcement of the audit engagement, evaluates the audit findings and oversees the terms and enforcement of any contracts entered into with the auditors for the performance of non-audit assignments to ensure the auditors' independence.

– Overseeing the effectiveness of the statutory audit and fulfilment of the audit engagement

The audit conducted in 2022 was reviewed by the Audit and Compliance Committee at the meeting held on 13 March 2023, which was attended by the external auditors duly called by the committee's chair to that end.

External auditors audited the consolidated financial statements of the Group as at 31 January 2023 and the individual financial statements of Inditex also as at 31 January 2023. Likewise, the information about Zara España's standalone financial statements was included separately in the audit scope. Unqualified audit reports were issued.

Pursuant to section 36 of the Statutory Audit Act, the auditors addressed at the meeting held on 13 March 2023 the relevant additional reports that they must submit to the committee.

External auditors reported at the meetings held on 5 June and 11 December 2023 on the results of the review of consolidated financial statements for 1Q2023 and 3Q2023, respectively. They were also in attendance at the meeting held by the Audit and Compliance Committee on 11 September 2023 to (i) account for the results of the limited review of consolidated condensed interim financial statements of Industria de Diseño Textil, S.A. and subsidiaries, and (ii) present their work plan for the statutory audit of the Company, the Group and Zara España for 2023.

They were also in attendance at the meetings held on 3 May and 11 December 2023 to address the results of the diagnosis of cybersecurity-related risks and cybersecurity maturity assessment.

Last, at the meeting held on 11 March 2024, the statutory auditors presented their opinion on the consolidated and individual financial statements of Inditex and Zara España for 2023 and the pertaining auditor's reports

– Verifying the statutory auditor's independence

Pursuant to the provisions of the Policy on statutory auditor contracting for the provision of non-audit services originally approved by the Committee on 18 July 2016 as a Procedure and amended in part on 15 March 2022, the Audit and Compliance Committee evaluated and approved at the meetings held on 13 February, 3 May, 5 June, 11 September and 11 December 2023 the engagement by the Company, Group companies and Zara España (where appropriate), of non-audit services from external auditors. It further verified that they met the independence requirements established.

The external auditor also reported to the committee that no circumstances were found that might entail incompatibilities in the field of independence, pursuant to applicable regulations.

On the other hand, after receiving a written confirmation from the statutory auditor of its independence vis-à-vis Inditex and any parties related to Inditex in 2022, the committee approved on 13 March 2023 the report on the external auditor's independence from the Company and from Zara España. Such report covered issues such as rotation and other likely incompatibilities, non-audit services, and fees, transparency and concentration risks. According to the report, no evidence was found which may cast doubt on the auditor's independence and objectivity as statutory auditor of the Group and its subsidiaries and of Zara España.

Pursuant to Recommendation 6 GGC, the report on the independence of the external auditor from the Company was made available to the shareholders on the corporate website at the time the notice of the Annual General Meeting was posted.

On 11 March 2024, the Audit and Compliance Committee reviewed the individual and consolidated annual accounts and directors' reports of the above mentioned companies, as well as the Auditor's Report for 2023. The committee has established that a clean report was issued.

3. Proceedings relating to the Internal Audit Function

The Internal Audit Department, ensures, under the supervision of the Audit and Compliance Committee the smooth running of the information and internal control systems. Internal Audit is a corporate function that reports to the non-executive Chair but has functional reporting line to the Chair of the Audit and Compliance Committee.

The Chief Audit Officer (CAO), being ultimately responsible for the Internal Audit function, regularly apprises the Audit and Compliance Committee of the Internal Audit annual work Plan, including potential changes and deviations, incidents and scope limitations occurred upon implementing such Plan, as well as of the assignments carried out in the different audit areas. The Audit and Compliance Committee oversees the Internal Audit Department and approves its budget, the Internal Audit Plan, the annual activities report and the assets of the Department to carry out its tasks as well as the contents of its proceedings.

In 2023, the CAO attended five (5) meetings of the Audit and Compliance Committee and actively participated in the same.

A number of issues that fall under its purview were addressed at such meetings. The committee oversaw the work plan of the Internal Audit Department (report on the progress of the projects and review of the follow-up on the most critical recommendations in the field of operations, financial, compliance and systems currently in progress). In particular:

- At the meeting held on 13 March 2023 the committee: (i) acknowledged the Internal Audit Annual Activities Report for 2022 and the assignments carried out by the Internal Audit Department in 4Q2022; (ii) approved the 2023 Internal Audit Plan and budget, in accordance with Recommendations 41 and 42 GGC, and (iii) gave a favourable report to the external audit fees for 2022 and the budget for 2023.

- At the meetings held on 5 June, 11 September and 11 December 2023, the committee acknowledged the assignments carried out by Internal Audit in 1Q2023, 2Q2023 and 3Q2023, respectively. It acknowledged the scope, strategic lines and main goals of the 2023-2025 Internal Audit Strategic Plan focused on the Group's critical and significant risks at the meeting held on 5 June 2023.

- At the meeting held on 11 September, the committee: (i) resolved to update the 2023 Internal Audit Plan to align it with the review regularly carried out as a result of the follow-up on the progress of business, operations and new risks in relevant areas; and (ii) acknowledged the degree of implementation of Internal Audit recommendations.

Last, in the annual evaluation of the performance of the board, its committees and key positions for 2023, carried out by an external facilitator, the duties and responsibilities undertaken by the CAO and the Internal Audit function as a whole were also assessed. The questionnaire sent to directors included issues such as level of dialogue, strategic positioning or team recognition and their performance in the year. Both the CAO and the IA function received a high score in such evaluation.

4. Powers relating to Compliance

- Oversight of the Compliance function

The Chief Compliance Officer regularly advises the Audit and Compliance Committee on the enforcement of the Codes of Conduct; the outcome of the supervision of the Model on Criminal Risk Prevention of the Inditex Group and the proceedings to implement the Compliance Model.

At the meeting held on 13 March 2023, the committee approved the 2023 Compliance budget and the Annual Compliance Work Plan.

Likewise, at the meetings held on 13 March and 11 September 2023, it acknowledged the 2022 Annual Compliance Report and the half-yearly Compliance Report for 2023 first half, respectively. The committee further acknowledged the main projects and initiatives carried out by the Compliance function at the meeting held on 11 December 2023.

Last, at the meeting held on 11 March 2024, the Chief Compliance Officer reported on the results of the proceedings to implement and oversee the Global Compliance Model carried out in the reporting period.

- Oversight of the Model of Criminal Risk Prevention and the Ethics Line proceedings: review of the reports issued by the Ethics Committee

The committee acknowledged the Report on the Model of Criminal Risk Prevention for 2022 and for 1H2023 at its meeting held on 13 March and 11 September 2023, respectively. Both reports address the results of the oversight of the Model of Criminal Risk Prevention of the Group, the design and implementation of the new Global Compliance Model, and the proceedings carried out to disclose and disseminate Compliance works, the acceptance of the Code of Conduct and the training in the field.

The committee reviewed and approved at its meeting held on 13 March 2023 the Annual Report of the Ethics Committee covering the main proceedings of such committee regarding the Ethics Line in 2022, and the Half-yearly Report of the Ethics Committee for 1H2023 at its meeting of 11 September 2023. Both reports review the enforcement of the Codes of Conduct, outlining the cases handled by the Ethics Committee, the action taken and the resolutions issued. The committee also acknowledged the follow-up on the evolution of the cases handled and the concerns received via the Ethics Line at the meetings held on 5 June and 11 December 2023.

At the meeting held on 3 May 2023 the committee gave a favourable report to the implementation of the statutory requirements arising from the transposition into the national laws of the different member states of the European Union, in particular to the Spanish Law, of Directive (EU) 2019/1937 on the protection of persons who report breaches of the European law. In particular, the committee gave a favourable report to the implementation of the Internal Reporting System of the Inditex Group and the appointment of the Ethics Committee as the Person in Charge thereof, all of which was approved at the board meeting held on that same day.

- Internal regulations

At the meeting held on 3 May 2023, the committee gave a favourable report to the new Policy on the Internal Reporting Channels of the Inditex Group and the proposal on the amendment to the Ethics Line Procedure and the Regulations of the Ethics Committee. Such sets of rules were approved at the board meeting held on that same day.

On 7 November 2023, the committee gave a favourable report to the new Global Anti-harassment Policy (formerly known as the "Global Sexual Harassment and Sex or Gender identity-based Harassment at the Workplace Prevention Policy"). The Policy was updated to extend its scope to prevent any manner of harassment and outline in line with the new Internal Reporting Channels of the Group, the process to manage and handle reports of harassment and the warranties for reporters. The Policy was approved by the board of directors on 7 November 2023.

5. Proceedings in the field of oversight and evaluation of the Enterprise Risk Management Function

The Audit and Compliance Committee is responsible for verifying the level of risk tolerance and its limits, reviewing them at least once a year and receiving periodic reports on the degree of compliance with the Enterprise Risk Management Policy which will be subsequently raised to the board of directors. In this regard, the committee has taken the following action:

- Risk Map

At the meeting held on 11 December 2023, the Head of the ERM Department apprised the committee of the main risks affecting business development and the control measures established to manage and monitor such risks. The committee gave a favourable report to the 2023 Risk Map update. which was approved by the board of directors on 12 December 2023.

- Assessment of other risks

Pursuant to sections 5.3 (i) of the Audit and Compliance Committee's Regulations, and the provisions of the Enterprise Risk Management Policy, the evaluation of any question regarding "*financial and non-financial risks (including operational, technological, legal, social, environmental, political and reputational risks or those related to corruption*)" is part of the Committee's duty to oversee the effectiveness of risk control systems.

Likewise, pursuant to section 9(h) of the above-mentioned set of rules, the Audit and Compliance Committee may "*Meet with the heads of business units at least once a year, and whenever the Committee deems it appropriate, for the purposes of reporting to the Committee on trends of business and risks associated with the respective areas under their purview*."

The committee has encouraged attendance of company's officers, managers and heads of control areas at its meetings, to keep abreast of the operation of the risk management systems established and the findings reached. In particular, with regard to:

/ Financial risks:

At the meeting held on 11 December 2023, the Head of the ERM Department and the Head of Financial Risk Management reported on the main financial risks of the Group, together with the CFO.

/ Regulatory risk:

At the meeting held on 3 May, the Head of the Corporate Development Department and the Head of the Public Policy area apprised the committee of the scope of the regulatory risk as a result of the increasing regulations in the retail sector.

/ Report of the Data Protection Officer (DPO):

The committee acknowledged on 11 September 2023 the DPO's report covering: (i) the most relevant initiatives of the area in the year aimed at mitigating the main cybersecurity risks and (ii) the current strategy and main action lines in progress.

/ Other risks:

The Head of the ERM Department attended the meetings held on 13 February and 11 September to report on the macroeconomic environment and the geopolitical risk on several markets where the Group operates.

- Information Security

The CISO apprises the committee at least every six months of the action taken by the company to mitigate cyber risks. At the meetings held on 13 March and 11 December 2023 the following issues were broached: (i) the main events of interest noted by the Information Security Committee in 2H2022 and 1H2023,respectively, and the review of the main existing threats; (ii) the most relevant projects and initiatives of the Information Security Department.

Likewise, at the meetings held on 13 March and 11 December 2023, with the external auditors in attendance, the committee was apprised of the results of the assessment of the cybersecurity maturity level and the cyber incident response of the Group.

As part of its oversight duties in the field of information security, the Audit and Compliance Committee gave a favourable report to the annual Information Security Plan for 2023 and its budget.

As part of the shoring-up action of the information security governance structure, which began in 2022 with the reorganization of the Department (including the CISO's administrative reporting to the CEO and the approval of the CISO's Charter) to ensure its objectivity and independence, at the meeting held on 7 November 2023 the committee gave a favourable report to the proposal on the formation of the new Cybersecurity Committee, a permanent advisory and consulting internal body without executive duties, mainly tasked with providing strategic and independent advice in the field of information security, in particular cybersecurity, to the relevant governing bodies, specifically the Audit and Compliance Committee. The board approved the formation of the Cybersecurity Advisory Committee at its meeting held on that same day,

6. Proceedings relating to Corporate Governance

The most relevant proceedings of the committee in 2023 regarding observance of statutory and good governance requirements have been:

- Annual Corporate Governance Report (ACGR)

At the meeting held on 13 March 2023, the Audit and Compliance Committee reviewed and gave a favourable report to the draft 2022 Annual Corporate Governance Report filed in free format, in accordance with CNMV's Circular 5/2013. The ACGR was approved by the board of directors at the meeting held on 14 March 2023, and subsequently disclosed to CNMV as Oher Relevant Information. The ACGR is available on CNMV's website and on the corporate website (www.inditex.com)..

On 11 March 2024, the committee gave a favourable report to the 2023 Annual Corporate Governance Report and raised it to the board of directors for approval.

- Review of the reports of the Market Transparency Committee

The Audit and Compliance Committee reviewed on 13 March and 11 September 2023 the half-yearly reports issued by the General Counsel's Office and approved by the Market Transparency Committee covering: (i) the meetings held by such committee in the reporting period; (ii) control of incidents involving transactions in Inditex shares detected and incidents relating to the enforcement of the IRC; (iii) the summary of "Inside Information" and "Other Relevant Information" disclosed to CNMV; (iv) the black-out periods and the communication of the expiry of the period in which persons subject to the IRC are entitled to carry out personal transactions in Inditex shares; (v) the action taken to share among the parties concerned the obligations arising from the IRC ensuring its enforcement; and (vi) the update of the list of persons subject to the IRC.

Last, at the meeting held on 11 March 2024, the Audit and Compliance Committee reviewed the report on the proceedings carried out in 2H2023, drawn up by the General Counsel's Office and approved by the Market Transparency Committee. in addition to issues broached in previous half-yearly reports, this report included a review of related party transactions carried out in 2023, given the powers delegated by the board of directors to the Market Transparency Committee in this area, pursuant to the provisions of section 529*duovicies* LSC

- Amendment to internal regulations on corporate governance

At the meeting held on 5 June 2023, the committee gave a favourable report to the proposal for a draft of the revised text of the Board of Directors' Regulations and approved its memorandum in support. The proposed amendment to the Board of Directors' Regulations sought: (i) to align its language with the reorganization and changes to some internal bodies and reflect the formation of a new Cybersecurity Advisory Committee; and (ii) to reinforce the commitment to a diverse board membership and remove any discriminatory bias (such as, the current age limit to be a company director at Inditex.

At that same meeting, the committee resolved to give a favourable report to the proposal for a draft of the revised text of the Audit and Compliance Committee's Regulations and approved its memorandum in support. The proposed amendments can be classified as follows: (i) a first group seeks to cover the formation of the Cybersecurity Advisory Committee, (ii) a second group of amendments seeks to align the language of these terms of reference with the new wording of the IRC regarding the current name of the Market Transparency Committee, and the assumption of duties by the General Counsel's Office, now responsible for overseeing compliance with the IRC.

Both sets of rules, as amended, were approved by the board of directors at the meeting held on 6 June 2023.

Last, on 7 November 2023, the committee gave a favourable report to the draft of the new Regulations of the Cybersecurity Advisory Committee, which outlines its organization, proceedings and competences. It was approved at the board meeting held on that same day

- Evaluation of the appropriateness of the corporate governance system

At the meeting held on 13 February 2023, the Audit and Compliance Committee has appreciated that the Company's corporate governance system in 2022 was appropriate, as it considers that it is fully compliant with the regulatory requirements laid down in applicable regulations and with GGC recommendations.

The committee established that the information posted on the company's website is updated and aligned with the information disclosed by the company to CNMV and posted on its website.

With regard to the review of the governance system, in 2023 the committee has been assisted by an independent external consultant, Deloitte Abogados, S.L. which has followed the indicators comprising the Good Corporate Governance Index ("IBGC") of the Asociación Española de Normalización y Certificación [*Spanish Association for Standardization and Certification*] ("AENOR"), version 2.0. IBGC measures good governance compliance based upon 7 variables (composition of the board of directors; functioning and competencies of the board of directors; board committees; directors' compensation; AGM; transparency and other good governance aspects and Compliance) and 34 indicators that include 165 assessment criteria.

- Corporate transactions

At the meeting held on 11 September 2023, the committee acknowledged and gave a favourable report to the terms and conditions of the sale of the entire stake in the Group's subsidiaries in Argentina and Uruguay and their automatic conversion into franchisee companies upon completion of the sale.

- Related party transactions

At the meeting held on 13 March 2023, the Audit and Compliance Committee issued and approved the report on related party transactions carried out by the Inditex Group throughout 2022 .In accordance with Recommendation 6 GGC, such report was made available to shareholders on the corporate website together with the notice of the AGM.

At its meetings held on 3 May, 11 September and 11 December 2023, the committee gave a favourable report to the related party transactions carried out by the Group in 2023. Further to their assessment based upon the reports issued by the committee, such related party transactions were approved by the board of directors.

Last, at the meeting held on 11 March 2024, the committee has issued the report on the related party transactions carried out by the Inditex Group in 2023.

- Report on treasury stock

The Audit and Compliance Committee acknowledged at the meeting held on 13 March 2023 the report on the Group's treasury stock.

- Schedule of meeting dates and agenda of business to be transacted

Pursuant to recommendations of CNMV's Technical Guide 3/2017, the Audit and Compliance Committee approved on 11 December 2023 the schedule of meeting dates and agenda of business to be addressed by the Committee in 2024.

On that same day, pursuant to Recommendation 33 GGC, the committee gave a favourable report to the schedule of meeting dates and the agenda of business to be transacted by the board of directors throughout 2024.

- Report on its proceedings and evaluation report

The committee issued on 5 June 2023 the annual report on its proceedings carried out in 2022. Such report is available on the corporate website (www.inditex.com). It also issued the report on the evaluation of its performance on 11 December 2023.

7. Other actions

- Report on Tax Policies and Follow-up on the Code of Good Tax Practices

In 2017, the board of directors approved the adherence of Inditex and all its subsidiaries to the Code of Good Tax Practices.

Pursuant to the Company's Tax Policy, the committee acknowledged at the meetings held on 13 March 2023 and 11 March 2024 the tax policies followed in 2022 and 2023 respectively, the follow-up on the Strategy, the review of the tax measures and regulations adopted by the European and the Spanish regulator and their impact on the Group, and sundry tax transparency issues in the reporting period

- Assumption of functions of audit committee at Zara España, S.A.

As described above in the relevant sections, the Audit and Compliance Committee carried out duties inherent in the audit committee of Zara España, S.A. in 2023.

– Powers relating to the oversight of the strategy on communication and relationship with shareholders and investors, proxy advisors and other stakeholders

In addition to the CEO's report presented at board meetings on a quarterly basis, members of the committee regularly receive reports from the Capital Markets Department on the roadshows, webinars and/or calls with investors and analysts, covering market's reaction to quarterly results.

Identify the directors who are members of the audit committee and have been appointed taking into account their knowledge and experience in accounting or audit matters, or both, and state the date on which the Chairperson of this committee was appointed.

Names of directors with experience	Ms Pilar López Álvarez, Bns Denise Patricia Kingsmill, Ms Anne Lange, Mr José Arnau Sierra, Mr José Luis Durán Schulz and Mr Rodrigo Echenique Gordillo.
Date of appointment of the chairperson	14/07/2020

NOMINATION COMMITTEE

Article 29 of the Articles of Association, section 16 of the Board of Directors' Regulations and the Nomination Committee's Regulations set out the regulations governing the Nomination Committee.

Membership

As regards the Nomination Committee's membership, in 2023 Mr Durán was re-elected as member and Chair of the Nomination Committee following his re-election to the board as independent director resolved at the Annual General Meeting.

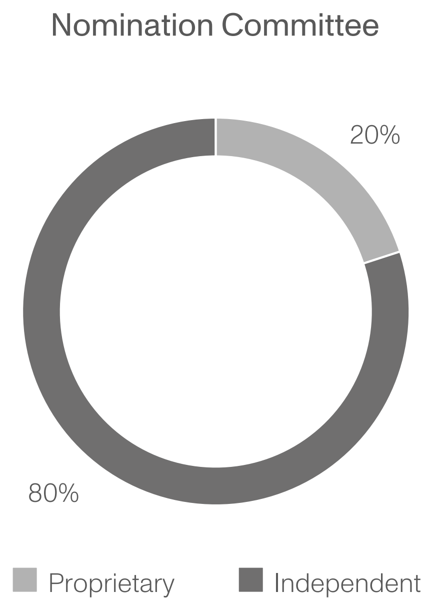
Consequently, the Nomination Committee's membership as at 31 January 2024 is as follows:

Name	**Position**	**Directorship type**
Mr José Luis Durán Schulz	Chair	Independent
Ms Anne Lange	Ordinary member	Independent
Ms Pilar López Álvarez	Ordinary member	Independent
Mr José Arnau Sierra	Ordinary member	Proprietary
Mr Rodrigo Echenique Gordillo	Ordinary member	Independent

% executive directors	0 %
% proprietary directors	20 %
% independent directors	80 %
% affiliate directors	0 %

Mr Javier Monteoliva Díaz, General Counsel and Secretary of the Board, acts as Secretary-non-member of the Nomination Committee.

The structure of the Nomination Committee is represented in the image below:



Pursuant to the provisions of article 29 of the Articles of Association and section 10 of its own terms of reference, the Nomination Committee shall be comprised of a minimum of 3 and a maximum of 7 non-executive directors appointed by the board of directors, a majority of whom must necessarily be independent. The Chair of the Nomination Committee shall be appointed by the board of directors from amongst the independent members of the committee.

Its members shall be elected for a 4-year term at the end of which they may be eligible for re-election.

The board of directors shall encourage a diverse committee membership in terms of professional experience, competences, personal skills, sector-specific knowledge, international experience or geographic origin, age and gender, taking into account the restrictions that result from the smaller size of the committee.

Members of the Nomination Committee shall be elected as a whole and in particular its Chair, considering the appropriate knowledge, qualifications and experience to discharge the duties they are called upon to perform, including on corporate governance issues, analysis and strategic assessment of human resources, selection of directors and senior executives and the assessment of the suitability requirements legally provided for the discharge of senior executive functions. .

Explain the duties assigned to this committee and describe the rules and procedures for its organisation and functioning. For each of these functions, briefly describe its most significant actions during the year and how it has exercised in practice each of the functions assigned to it by law, in the articles of association or in other corporate resolutions.

a) Duties

The mission and powers of the Nomination Committee are provided in article 29.3 of the Articles of Association, section 16 of the Board of Directors' Regulations, and sections 5 to 9 of the Nomination Committee's Regulations.

In addition to the powers expressly assigned to it pursuant to statute and the Recommendations of the Code of Good Governance, the Nomination Committee is entrusted with the following duties:

- With regard to directors' selection: (i) to issue a report on the Diversity of Board of Directors Membership and Director Selection Policy; (ii) to set up and review the criteria that must be adhered to regarding an appropriate and diverse board membership and the selection of prospective candidates; (iii) to ensure that, upon filling new vacancies or upon appointing new directors, selection procedures shall encourage diversity and ensure the absence of any bias as well as follow merit-based approach; and (iv) to be regularly apprised of the succession and career plans of senior managers.
- With regard to the annual evaluation process: (i) to establish and oversee an annual programme to evaluate the performance of the board of directors, its members and its committees, the Chair, the CEO, the Secretary and the Lead Independent Director; (ii) to report on an annual basis to the board of directors on the performance of the board, its members and committees; (iii) to propose an action plan or recommendations to remedy potential weaknesses detected or to enhance the effectiveness of the board and its committees; and (iv) to assess the convenience of discussing with directors the findings of their individual evaluations and, if appropriate, the action to be taken to improve their performance. .

  Additionally, the committee may gather information about the evaluation of senior managers.
- Other powers entrusted to the committee: to design and periodically organise the induction and refresher programmes for directors.

b) Organisational and operational rules.

The Nomination Committee shall meet at least 3 times a year and whenever its Chair calls it. The Chair shall call a committee meeting each time the Board of Directors or its Chair requests the issue of a report or the adoption of proposals and in any case whenever it is appropriate for its effective performance.

Likewise, the Chair may arrange working sessions to prepare committee meetings on specific topics apart from the formal meetings of the committee.

Ordinary meetings shall be called by letter, fax, telegram or email, and the meeting notice shall be signed by the Chair or the Secretary. A quorum for committee meetings shall be declared when at least half plus one of its members attend, in person or by proxy., As provided in section 15 of its terms of reference, the Nomination Committee may also pass written resolutions in lieu of a meeting.

Committee meetings may be held via videoconference or conference call, or any other equivalent system enabling the recognition and identification of attendees, allowing them to communicate, speak and cast votes, all in real time.

Likewise, for the purposes of making the appropriate arrangements that ensure the achievement of the objectives effectively sought, the committee prepares an annual working plan that shall include at least the annual schedule of its ordinary meetings and a tentative agenda of issues under its purview.

The committee may rely on external advisors to duly perform the duties it has been entrusted with. The committee may also call executive directors, members of Management and any employee of the Company, who shall be bound to attend its meetings and provide it with assistance and access to the information available to them upon the committee's request.

The deliberations and the resolutions passed by the committee are recorded in the relevant minutes of the meeting taken by the Secretary thereof.

c) Main activities of the Nomination Committee in 2023: meetings held, attendance, business transacted and reports:

The Nomination Committee has held six (6) meetings in 2023, four (4) of which were included in the Schedule of meeting dates and agenda of business to be t.

Directors' attendance rate whether physical or virtual, at the meetings held in 2023 stands at 90%.

In 2023, the Nomination Committee has held in-person and hybrid meetings (with some directors attending in person and others remotely). Videoconference or conference call systems were used to hold such hybrid meetings.

The duration of committee meetings was changing. Its members have dedicated enough time to the consideration and review of agenda items.

In 2023, the primary activities of the Nomination Committee have revolved around the following areas:

1. Proceedings relating to appointment and removal of officers

Directors

The committee reviewed and considered at its meetings held on 13 February and 3 May 2023 the best alternatives to address the board vacancy that would be created following the imminent departure from the board of former director Mr Emilio Saracho Rodríguez de Torres at the Annual General Meeting held on 11 July 2023. Such review covered, inter alia, the evaluation of quantitative and qualitative aspects relating to the board size and membership, considering the Board Skills Matrix and the results of the 2022 evaluation.

Contemporaneously, a headhunting process was launched to define the qualities sought and search for prospective candidates to fill the board seat as independent director, with the support of an independent advisor. The process was led by the Chair who kept the committee updated on its progress.

As a result of such review, the Nomination Committee issued the report on board needs at the meeting held on 5 June 2023. Such report covered the following proposals: (i) the elimination of the board seat and the subsequent reduction in the number of board members, (ii) the proposal on the re-election of Mr Amancio Ortega Gaona and Mr José Luis Durán Schulz to the board as proprietary and independent director, respectively, and (iii) the update of the Board Skills Matrix. The report also assessed whether the professional profiles of the directors eligible for re-election were appropriate in view of the Company's description, its business and its international dimension, and their directorship type.

The findings of the committee's report were ratified by the board of directors in its explanatory report dated 6 June 2023 which also addressed the quality of the work and the dedication to the position of the two directors whose re-election was proposed.

The report on board needs and the explanatory report issued by the board of directors were made available to shareholders on the corporate website at the time the notice calling the Annual General Meeting was posted, together with the updated Board Skills Matrix.

The proposals on the downsizing of the board of directors, setting the number of directors at ten (10) and on the re-election of the above-mentioned directors were approved at the Annual General Meeting held on 11 July 2023.

Senior managers and other officers

The Nomination Committee is responsible for setting and reviewing the yardsticks that must be used to ensure an appropriate membership on Inditex's governing bodies. It further plays an active role in selection processes for prospective candidates.

At the meeting held on 7 November, the committee gave a favourable report to the appointment of the members to the new Cybersecurity Advisory Committee, on the motion of the Chief Information Security Officer ("CISO") to ensure the existence of an appropriate balance of competences and experiences on such committee as a whole for the effective performance of its advisory duties. Such proposal was approved at the board meeting held on that same day.

2. Proceedings relating to the process to evaluate the performance of the board of directors, its members and committees, the Executive Chairman, the CEO, the Lead Independent Director and the Secretary of the board.

The committee approved on 13 February 2023 the action plan resulting from the annual evaluation of the performance of the board of directors, its members and committees, the Chair, the CEO, the Lead Independent Director, the Secretary of the board and committees' chairs, carried out in 2022.

In 2023, the Nomination Committee resolved to engage an external facilitator, KPMG, whose independence was established by the committee, to carry out the full self-assessment process.

On 11 December 2023, the committee reviewed the results of the self-assessment of performance carried out by the external advisor. The overall assessment has been very good as directors consider that the board and its committees are very well run and effective, as are their respective chairs, and that the Chair of the board, the CEO, the LID and the Secretary are very capable.

Based on the results of the evaluation and considering the issues identified as areas of improvement, the committee approved an action plan at the meeting held on 11 December 2023, to be followed-up throughout 2024. The committee apprised the board on the results of the evaluation and the action plan at the meeting held on 12 December 2023.

More detailed information about the scope and findings of the evaluation process can be found in section C.1.17 above.

3. Ascertaining compliance with the Diversity of Board of Directors Membership and Director Selection Policy

The committee established at the meeting held on 6 February 2024 compliance with the Diversity of Board Membership and Director Selection Policy as regards the process to re-elect, ratify and appoint directors carried out in 2023 (the findings of the report to ascertain compliance with the Policy are outlined in section C.1.7 above).

4. Review of key positions

In 2023, the committee has followed up on the review of key positions in the Company and the identification of suitable candidates to fill them.

5. Schedule of meeting dates and agenda of business to be transacted:

Pursuant to recommendations of CNMV's Technical Guide 1/2019, the Nomination Committee approved, at the meeting held on 11 December 2023, the schedule of meeting dates and the agenda of business to be transacted by the committee in 2024.

6. Report on its proceedings and evaluation report

The Nomination Committee issued on 5 June 2023 the annual report on the proceedings carried out in 2022. Such report is available on the corporate website. Likewise, the committee issued the report on the evaluation of its performance on 11 December 2023.

REMUNERATION COMMITTEE

Article 30 of the Articles of Association, section 17 of the Board of Directors' Regulations and the Remuneration Committee's Regulations set out the regulations governing the Remuneration Committee.

Membership

As regards the Remuneration Committee's membership, in 2023 Mr Durán was re-elected to sit on such committee following his re-election to the board as independent director resolved at the Annual General Meeting.

In addition, Mr Saracho stepped down from the board, its committees and the Executive Committee. Following his departure and the resulting downsized board, the vacant seat on the Remuneration Committee was eliminated.

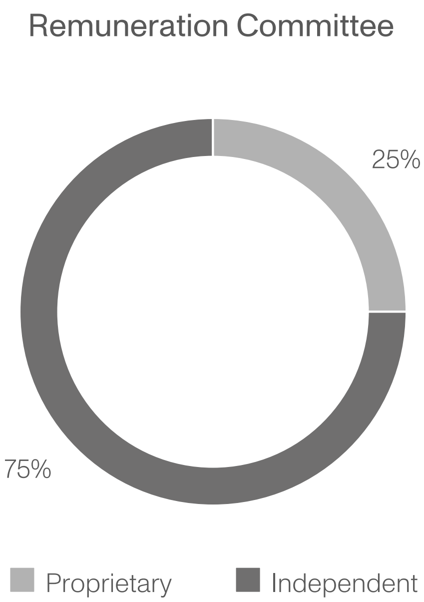
Consequently, the Remuneration Committee's membership as at 31 January 2024 is as follows:

Name	Position	Directorship type
Mr Rodrigo Echenique Gordillo	Chair	Independent
Bns Denise Patricia Kingsmill	Ordinary member	Independent
Mr José Arnau Sierra	Ordinary member	Proprietary
Mr José Luis Durán Schulz	Ordinary member	Independent

% executive directors	0 %
% proprietary directors	25 %
% independent directors	75 %
% affiliate directors	20 %

Mr Javier Monteoliva Díaz, General Counsel and Secretary of the Board, acts as Secretary-non-member of the Remuneration Committee.

The structure of the Remuneration Committee is addressed in the sections below.



Pursuant to article 30 of the Articles of Association and section 7 of its own terms of reference, the Remuneration Committee shall be made up of a minimum of 3 and a maximum of 7 non-executive directors appointed by the board of directors, a majority of whom shall be independent. The Chair of the Remuneration Committee shall be appointed by the board of directors out of the independent members of the committee.

Members of the Remuneration Committee shall be elected for a 4-year term at the end of which they will be eligible for re-election.

The board of directors shall encourage a diverse committee membership in terms of professional experience, competences, personal skills, sector-specific knowledge, international experience or geographic origin, age and gender, taking into account the restrictions that are a result of the smaller size of the Committee.

Members of this committee and in particular its Chair shall be appointed considering the appropriate knowledge, qualifications and expertise based upon the duties they must discharge, including among others, the analysis and strategic assessment of human resources and the design of remuneration policies and schemes for directors and senior managers.

Explain the duties assigned to this committee and describe the rules and procedures for its organisation and functioning. For each of these functions, briefly describe its most significant actions during the year and how it has exercised in practice each of the functions assigned to it by law, in the articles of association or in other corporate resolutions.

a) Duties

The mission and powers of the Remuneration Committee are addressed in article 30 of the Articles of Association, section 17 of the Board of Directors' Regulations and sections 5 and 6 of the Remuneration Committee's Regulations.

The Remuneration Committee has not been assigned any powers other than those expressly entrusted by statute, and the Recommendations set forth in the Good Governance Code.

b)Organizational and operational rules

The Remuneration Committee shall meet at least 3 times a year and whenever called by the Chair. The Chair must call the Remuneration Committee whenever the board of directors or its Chair may request the issue of a report or the approval of proposals and, in any case, whenever it is appropriate for its effective performance.

Likewise, the Chair may arrange working sessions to prepare committee meetings on specific topics apart from the formal meetings of the committee.

Ordinary meetings shall be called by letter, fax, telegram or email, and the meeting notice shall be signed by the Chair or the Secretary. A quorum for committee meetings shall be declared when at least half plus one of its members attend in person or by proxy. As provided in section 12.2 of its terms of reference, the Remuneration Committee may also pass written resolutions in lieu of a meeting.

Committee meetings may be held via videoconference or conference call, or any other equivalent system enabling the recognition and identification of attendees, allowing them to communicate, speak and cast votes, all in real time.

Likewise, for the purposes of making the appropriate arrangements to ensure that the objectives pursued are effectively achieved, the committee prepare san annual working plan, which shall include at least an annual schedule of ordinary meetings and a tentative agenda of issues under its purview .

The committee may rely on external advisors to duly perform the duties it has been entrusted with. The committee may request the presence of executive directors, members of Management and any employee of the Company, who shall be bound to attend its meetings and provide it with assistance and access to the information available to them upon the committee's request.

The deliberations and the resolutions passed by the committee are recorded in the relevant minutes of the meeting taken by the Secretary thereof.

c) Main activities of the Remuneration Committee in 2023: meetings held, attendance, business transacted and reports

The Remuneration Committee has held four (4) meetings in 2023, three (3) of which were included in the Schedule of meeting dates and agenda of business to be transacted.

Directors' attendance rate, whether physical or virtual, at the meetings held in 2023 stands at 94%.

In 2023, the Remuneration Committee has held in-person and hybrid meetings (with some directors attending in person and others remotely). Videoconference or conference call systems were used to hold such meetings.

The duration of committee meetings was changing. Its members have dedicated enough time to the consideration and review of agenda items.

In 2023 the most relevant proceedings of the Remuneration Committee have revolved around the following areas:

1. Remuneration of executive directors and Senior Managers

<u>With regard to the CEO:</u>

The Remuneration Committee resolved at the meeting held on 13 March 2023 to submit the following proposals to the board of directors:

- The assessment of the level of achievement of the targets set for the CEO's variable remuneration in FY2022 (approved in 2021) and the proposal on the aggregate remuneration payable to the CEO for that year;
- The proposal on the items and yardsticks for the CEO's remuneration in 2023 for the performance of his functions and responsibilities as chief executive.

The Board of Directors approved at its meeting held on 14 March 2023 the level of target achievement and the relevant incentive payment, as well as the overall remuneration payable to the CEO in 2022 and the proposal regarding Mr García's remuneration in 2023.

On the other hand, at the meeting held on 11 March 2024 – date when this report has been issued – the Remuneration Committee has given a favourable report to the proposal on the overall remuneration payable to the CEO in 2023, pursuant to the terms of the 2023 Annual Report on Remuneration of Directors

<u>With regard to Senior Managers:</u>

At the year-end meeting held on 13 March 2023, the committee gave a favourable report to the proposal on the overall remuneration payable to Senior Managers in 2022 and the yardsticks to determine the remuneration for FY2023, and submitted them to the board of directors.

<u>With regard to members of certain internal bodies</u>

The Remuneration Committee raised at the meeting held on 7 November 2023 the proposal for the remuneration of the members of the newly formed Cybersecurity Advisory Committee (CAC), taking into account, inter alia: (i) CAC 's membership, in particular, the expertise and qualifications of its members, (ii) the level of dedication required, (iii) market practice among comparable companies on the Ibex 35. Such remuneration was approved by the board of directors at the meeting held on that same day.

2. Powers relating to the Directors' Remuneration Policy

At the meeting held on 5 June 2023, the committee gave a favourable report to the draft new Directors' Remuneration Policy for FY2024, FY2025 and FY2026 following the relevant explanatory report subsequently ratified by the board of directors at its meeting held on 6 June 2023.

Such Policy was approved at a say-on-pay vote at the Annual General Meeting held on 11 July 2023.

3. Powers relating to the long-term variable remuneration

<u>2019-2023 Long-term Incentive Plan (LTIP):</u>

The committee assessed at the meeting held on 13 March 2023 the level of achievement of targets set for the second cycle (2020-2023) of the 2019-2023 Plan to which the long-term variable remuneration of the CEO and Senior Managers for FY2022 was tied, and the associated payout level. Likewise, the committee reviewed the findings of the external auditors' agreed-upon procedures report, in accordance with International Standard on Related Services (ISRS) 4400 (Revised) with regard to "Total Shareholder Return (TSR)" calculation and the level of achievement of the Sustainability index target set for such second cycle (2020-2023) of the 2019-2023 Plan.

The level of target achievement and the associated payout level proposed by the Remuneration Committee were approved by the board of directors on 14 March 2023.

2021-2025 LTIP

At the meeting held on 11 December 2023, the committee assessed the preliminary achievement and payment levels for certain metrics to which both current cycles of the 2021-2025 Plan are tied.

2023-2027 LTIP

At the meeting held on 5 June 2023, the committee gave a favourable report and raised to the board of directors the proposal on the design of the new 2023-2027 LTIP which was put to a say-on-pay vote at the 2023 Annual General Meeting. The above referred proposal for the 2023-2027 Plan was approved by the board of directors on 6 June 2023 and at the Annual General Meeting held on 11 July 2023 with 98.93% of votes for.

At the meeting held on 11 December 2023, the committee issued the proposals on (i) the targets for each of the metrics to which the first cycle (2023-2026) of the 2023-2027 Plan is tied and the calibration of the relevant performance scales (and relating issues) and (ii) the draft Regulations of the 2023-2027 LTIP. Further, the committee gave a favourable report to the different levels of beneficiaries of the first cycle of the Plan and the yardsticks for their appointment. Such proposals and the Regulations of the Plan were approved at the board meeting held on 12 December 2023.

4. Annual Report on Remuneration of Directors

The committee reviewed and gave a favourable report to the draft Annual Report on Remuneration of Directors for 2022 at the meeting held on 13 March 2022. The committee assessed whether the overall remuneration payable to members of the Board of Directors was aligned with the remuneration items and amounts provided in the current Directors' Remuneration Policy for FY2021, FY2022 and FY2023. Such report was approved by the board on the following day.

The report was disclosed to CNMV as Other Relevant Information and is available on CNMV's website and on the corporate website (www.inditex.com). Additionally, pursuant to section 541 LSC, the 2022 Annual Report on Remuneration of Directors was approved at the Annual General Meeting held on 11 July 2023, having been put to an advisory say-on-pay vote.

Last, at the meeting held on the date this report has been issued – 11 March 2024 – the committee has given a favourable report to the 2023 Annual Report on Remuneration of Directors and raised it to the board of directors for approval.

5. Schedule of meeting dates and agenda of business to be transacted

Pursuant to recommendations of CNMV's Technical Guide 1/2019, the Remuneration Committee approved on 11 December 2023 the schedule of meeting dates and agenda of business to be transacted by the committee in 2024.

6. Report on its proceedings and evaluation report

The committee issued the annual report on its proceedings in 2022 at the meeting held on 5 June 2023 (available on the corporate website) and the report on the evaluation of its performance on 11 December 2023.

SUSTAINABILITY COMMITTEE

Article 30*bis* of the Articles of Association, section 17*bis* of the Board of Directors' Regulations, and the Sustainability Committee's Regulations set out the regulations governing the Sustainability Committee.

Membership

As regards the Sustainability Committee's membership, Mr Saracho stepped down from the board, its committees and the Executive Committee in 2023. Following his departure and the resulting downsized board, the vacant seat on the Sustainability Committee was eliminated.

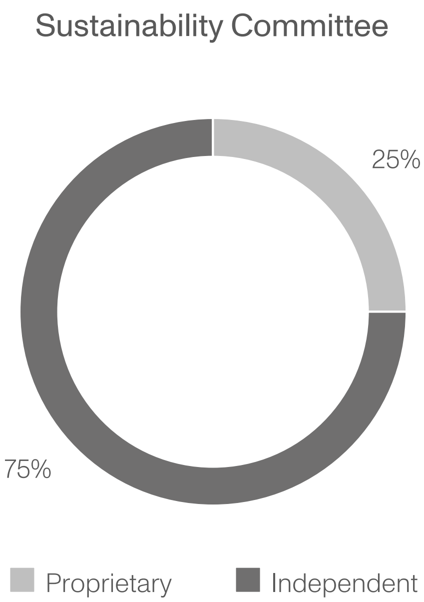
Consequently, the Sustainability Committee's membership as at 31 January 2024 is as follows:

Name	Position	Directorship type
Bns Denise Patricia Kingsmill	Chair	Independent
Ms Anne Lange	Ordinary member	Independent
Ms Pilar López Álvarez	Ordinary member	Independent
Mr José Arnau Sierra	Ordinary member	Proprietary

% executive directors	0%
% proprietary directors	25%
% independent directors	75%
% affiliate directors	0%

Mr Javier Monteoliva Díaz, General Counsel and Secretary of the Board, acts as Secretary-non-member of the Sustainability Committee.

The structure of the Sustainability Committee is addressed in the sections below.



Pursuant to article 30*bis* of the Articles of Association, section 17*bis* of the Board of Directors' Regulations and section 9 of its own terms of reference, the Sustainability Committee shall be made up of a minimum of 3 and a maximum of 7 non-executive directors appointed by the board of directors, a majority of whom shall be independent. The Chair of the Sustainability Committee shall be appointed by the board of directors out of the independent members of the committee.

Members of the Sustainability Committee shall be elected for a 4-year term at the end of which they will be eligible for re-election.

The board of directors shall encourage a diverse committee membership in terms of professional experience, competences, personal skills, sector-specific knowledge, international experience or geographic origin, age and gender, taking into account the restrictions that are a result of the smaller size of the committee.

Members of this committee and in particular its Chair, shall be appointed considering the appropriate knowledge, qualifications and experience based upon the duties they must discharge, in particular in the field of sustainability, social action initiatives, sustainable management of resources and design of communication policies with stakeholders.

Explain the duties assigned to this committee and describe the rules and procedures for its organisation and functioning. For each of these functions, briefly describe its most significant actions during the year and how it has exercised in practice each of the functions assigned to it by law, in the articles of association or in other corporate resolutions

a) Duties:

Pursuant to article *30bis*(3) of the Articles of Association, section 17bis of the Board of Directors' Regulations and sections 5 to 8 of the Sustainability Committee's Regulations, the Sustainability Committee shall have the following basic responsibilities:

- Powers relating to sustainability: (i) to monitor social and environmental strategy and practices, ensuring that they are aligned with the Sustainability Policy, and assessing their level of achievement, (ii) to oversee monitoring of the entire supply chain and compliance by its members with the Inditex Group's Code of Conduct for Manufacturers and Suppliers, (iii) to establish that the products that the Company places on the market comply with the product health and safety standards, (iv) to establish compliance with the most exacting environmental standards, encouraging biodiversity conservation and the sustainable management of natural resources in respect of use of raw materials, production processes, product and store, and (v) to establish compliance with the Company's Human Rights Policy across the entire value chain.
- Powers relating to the relations with the different stakeholders: (i) to oversee and evaluate –in coordination with the Audit and Compliance Committee, with regard to issues that fall under its purview– the strategy on communication and relations with shareholders –including small and medium shareholders– investors, proxy advisors and other stakeholders, and enforcement of the Policy on Disclosure of Economic-Financial, non-Financial and Corporate information; and (ii) to oversee –in coordination with the Audit and Compliance Committee– the process for preparing and releasing regulated and non-regulated non-financial information, as well as the integrity and clarity thereof, with regard to the issues that fall under its purview.
- Other powers entrusted to the Sustainability Committee: (i) to report on the appointment and removal of the members of the Social Advisory Board of the Company, before the report issued by the Nomination Committee, assessing the suitability, competences, knowledge, experience and other occupations of the prospective candidates; (ii) to assess the draft bills and the amendments of national as well as foreign or international regulations on sustainable development, corporate social responsibility and related issues, and their potential impact on the Group's activity, and; (iii) to issue reports on the internal regulations of the Company on matters that fall within its purview.

b) Organizational and operational rules.

The Sustainability Committee shall meet at least 3 times a year and each time that its Chair calls it. The Chair must call the Sustainability

Committee whenever the board of or its Chair request the issue of a report or the approval of proposals and in any case whenever it is appropriate for the committee to be effective. The Committee shall also meet upon request of at least one third of its members. In such case, the meeting shall be called by the Chair to be held within fifteen days of the request.

Ordinary meetings shall be called by fax, telegram or e-mail and the meeting notice shall be signed by the Chair or the Secretary. A quorum for committee meetings shall be declared when at least half plus one of its members attend in person or by proxy. As provided in section 14 of its terms of reference, the Sustainability Committee may also pass written resolutions in lieu of a meeting.

The Chair may call extraordinary meetings when in their view circumstances warrant it. Likewise, the Chair may arrange working sessions to prepare committee meetings on specific topics aside from formal ones.

A quorum for committee meetings shall be declared when at least half plus one of its members attend in person or by proxy. As provided in section 14 of its terms of reference, the Sustainability Committee may also pass written resolutions in lieu of a meeting.

The Chair may call extraordinary meetings of the committee when in their view extraordinary circumstances so require. Likewise, the Chair may arrange working sessions to prepare committee meetings on specific topics aside from formal ones.

Committee meetings may be held via videoconference or conference call, or any other equivalent system enabling the recognition and identification of attendees, allowing them to communicate, speak and cast votes, all in real time.

For the purposes of making the appropriate arrangements that ensure the achievement of the objectives effectively sought, the committee prepares an annual working plan that shall include at least the annual schedule of its ordinary meetings and a tentative agenda of issues under its purview.

The committee may rely on external advisors to duly perform the duties it has been entrusted with. It may also request the presence of executive and/or non-executive directors, members of Management and any employee of the Company, who shall be bound to attend its meetings and provide it with assistance and access to the information available to them upon the committee's request.

The deliberations and the resolutions passed by the committee are recorded in the relevant minutes of the meeting taken by the Secretary thereof.

c) Activities of the Sustainability Committee in 2023: meetings held, attendance, business transacted and reports

The Sustainability Committee has held five (5) meetings in 2023, four (4) of which were included in the Schedule of meeting dates and agenda of business to be transacted.

Directors' attendance rate, whether physical or virtual, at the meetings held in 2023 stands at 100%.

In 2023, the Sustainability Committee has held in-person and hybrid meetings (with some directors attending in person and others remotely). Videoconference or conference call systems were used to hold such hybrid meetings.

The average duration of each meeting was approximately of 2.5 hours. Its members have dedicated enough time to the consideration and review of agenda items

The most relevant proceedings of the Sustainability Committee in 2023 have revolved around the following areas:

1. With regard to monitoring the social and environmental sustainability strategy and practices

.The committee oversees the enforcement of the Sustainability Policy and Strategy on an annual basis by means of: (i) the regular reports submitted by the Sustainability Department and the Chief Sustainability Officer (CSO); and (ii) the initial review of the annual work plan of such department and the follow-up on its enforcement. At the meeting held on 13 March 2023, the committee acknowledged the Annual Activities Report of the Sustainability Department for FY2022 and approved its annual work plan and budget for 2023.

On the other hand, with the assistance of the CEO, the CSO apprised the committee of the most relevant sustainability milestones and initiatives occurred in the respective quarter at the meetings held on 13 March, 5 June, 11 September and 11 December 2023. The committee also acknowledged at these same meetings the progress in the level of achievement of the public objectives outlined in the Sustainability Plan.

At the meeting held on 5 June 2023 the committee acknowledged and gave a favourable report to the scope and detail of the new public sustainability targets approved by the board of directors on 6 June 2023 and later presented by the CEO to shareholders at the Annual General Meeting held on 11 July 2023.

At that same meeting, the committee acknowledged and gave a favourable report to the D&I strategy, from the perspective of the Group's responsible action.

As part of its responsibility in overseeing the implementation of the Company's sustainability strategy, at the meetings held on 11 September and 11 December, the committee acknowledged and gave a favourable report to the presentations on the scope of the targets, main action lines, involved areas and runtime for each of the following plans driven by the Sustainability Department:

- Raw materials plan, in the framework of achievement of the objectives set by the Company for 2023 regarding the use of preferred textile raw materials.
- Supply chain transformation plan covering the different enhancement actions in the field of environment and occupational health and safety and the boost of the 2023-2025 Workers at the Centre Strategy.
- Decarbonization plan, unfolding the various initiatives aimed at achieving the targets announced by the Company to reduce the Company's carbon footprint, in particular the net zero commitment by 2040. The committee also acknowledged the draft Climate Transition Plan, a public document that covers the implementation of the decarbonization plan.
- Last, the Big Zero Waste project, that covers the initiatives tied to the achievement of the following public goals announced by the Company: (i) the elimination of single-use plastics for the end customer, (ii) the collection and management of waste generated at headquarters, logistics hubs, own factories and own stores to be reused or recycled, and (iii) the collection of packaging material to be recycled or reused across the supply chain.

2. With regard to overseeing the process to prepare and release regulated and non-regulated non-financial information

Statement on Non-financial Information

As part of its oversight duties regarding the process to prepare and release regulated non-financial information, the Sustainability Committee gave a favourable report at the meeting held on 13 March 2023 to the 2022 Statement on Non-Financial Information (SNFI) as regards the issues that fall under its purview. The SNFI was approved by the board of directors at the meeting held on the following day, following a favourable report from the Audit and Compliance Committee as regards the oversight of the preparation of such information and the outcome of the external auditor's verification.

On the other hand, at the meeting held on 11 September 2023, the committee acknowledged the presentation delivered by the Sustainability Department on the current environment of sustainability reporting standards, both at European and domestic level, underscoring the approval of the European Sustainability Reporting Standards ("ESRS"), their impact, namely the consequences of climate change or financial impact. At that same meeting, the committee was apprised of the internal assignments carried out to identify the level of compliance with ESRS and implement the relevant action plans, in view of the 2024 reporting.

At the meeting held on 11 December 2023 the committee acknowledged the new methodology used in the double materiality analysis for 2023 reporting, carried out taking into account the recommendations of the Global Reporting Initiative (GRI) standards and the recommendations of the European Financial Reporting Advisory Group (EFRAG), and the outcome of such analysis, which was included in the 2023 SNFI.

Last, at the meeting held on 11 March 2024, the committee reviewed the 2023 SNFI, which is part of the consolidated directors' report, confirming that it has been prepared in accordance with applicable regulations and standards.

Human Rights related representations

At the meeting held on 5 June 2023, the Sustainability Committee gave a favourable report to the Inditex Group Modern Slavery, Human Trafficking and Transparency in Supply Chain Statement for 2023, and resolved to submit it to the Board of Directors, pursuant to the provisions of the UK Modern Slavery Act, the California Transparency in Supply Chain Act and the Australian Modern Slavery Act.

3. With regard to monitoring of applicable regulations

As described above, the committee acknowledged at the meeting held on 11 September 2023 the presentation delivered by the Sustainability Department on relevant regulations with an impact on sustainability reporting.

4. Other powers entrusted to the committee

Internal regulations

.At the meeting held on 3 May 2023, the committee gave a favourable report to the proposal for updating the Community Investment Policy solely for the purpose of expressly addressing the engagement to non-discrimination on grounds of gender identity and expression against any group falling within the scope of the Group's community investment programme.

The board of directors approved the Policy, as amended, on 3 May 2023.

Remuneration issues

The committee gave a favourable report to the following, before raising it to the Remuneration Committee: (i) at the meeting held on 13 March 2023, the level of global achievement of the targets of the sustainability metrics tied to the second cycle (2020-2023) of the 2019-2023 LTIP, and the sustainability targets to which the CEO's annual variable remuneration for 2022 was tied, and (ii) at the meeting held on 11 December 2023, the proposal on the new metrics of the sustainability indicator to which the first cycle (2023-2026) of the new 2023-2027 LTIP are tied.

The Remuneration Committee gave a favourable report to such proposal on the new metrics at the meeting held on 11 December 2023. Such proposal was subsequently approved by the board and written up in Appendix II to the Regulations of the 2023-2027 LTIP.

5. Schedule of meeting dates and agenda of business to be transacted

At the meeting held on 11 December 2023, the Sustainability Committee approved the schedule of meeting dates and agenda of business to be transacted in 2024.

6. Report on its proceedings and evaluation report

The Sustainability Committee issued the annual report on its proceedings in 2022 at the meeting held on 5 June 2023, which is available on the corporate website (www.inditex.com) and the report on the evaluation of its performance on 11 December 2023.

C.2.2. Complete the following table with information regarding the number of female directors who were members of Board committees at the close of the past four years:

	Number of female directors				
	2023	2022	2021	2020	2019
	Number %	Number %	Number %	Number %	Number %
Executive Committee	28.6 %	25.0 %	12.5 %	12.5 %	12.5 %
Audit and Compliance Committee	50.0 %	42.9 %	42.9 %	42.9 %	42.9 %
Nomination Committee	40.0 %	40.0 %	40.0 %	40.0 %	40.0 %
Remuneration Committee	25.0 %	20.0 %	20.0 %	20.0 %	20.0 %
Sustainability Committee	75.0 %	60.0 %	60.0 %	60.0 %	60.0 %

C.2.3. Indicate, where applicable, the existence of any regulations governing Board committees, where these regulations are to be found, and any amendments made to them during the year. Also indicate whether any annual reports on the activities of each committee have been voluntarily prepared.

The terms of reference of the Audit and Compliance, Nomination, Remuneration and Sustainability Committees can be found on Inditex's corporate website (Section"*Investors*", subsection " *Corporate Governance*" - "*Reports & Regulations*").

Additionally, information on board committees is also included in the Board of Directors' Regulations and in the Articles of Association. The full text of the Board of Directors' Regulations is available on both the corporate website (Section "*Investors*", subsection"*Corporate Governance*" - "*Reports & Regulations*"), and on CNMV's website (www.cnmv.es).

Each of the Audit and Compliance, Nomination, Remuneration and Sustainability Committees draw up every year a report on their proceedings. Such reports are available on the corporate website (Section"*Investors*", subsection " *Corporate Governance*" - "*Reports & Regulations*")..

The latest amendment to the terms of reference of the board of directors and the Audit and Compliance Committee was approved by the board of directors at the meeting held on 6 June 2023, as hereunder set forth.

D. Related party and intra-group transaction

Related party transactions carried out in 2023 are addressed below in accordance with the definitions, criteria and groupings provided in section 540 LSC, as amended by Act 31/2014, and chapter VI LSC, as amended by Act 5/2021.

D.1. Explain, where appropriate, the procedure and competent bodies relating to the approval of transactions with related and intra-group parties, indicating the criteria and general internal rules of the entity that regulate the abstention obligations of the affected director or shareholders. Detail the internal information and periodic control procedures established by the company in relation to those related-party transactions whose approval has been delegated by the board of directors..

Pursuant to the provisions of section 5.4(b)(vii) of the Board of Directors' Regulations, the Audit and Compliance Committee shall report on the transactions of the Company or any company of its Group with directors, significant shareholders (i.e. shareholders owning at least 10% of the voting rights or any shareholder represented on the Board of Directors or who has proposed the election of any board member), or with any other person qualifying as related party in accordance with the definition provided in IAS 24 of Commission Regulation (EC) 1126/2008 of 3 November adopting certain international accounting standards, and with their respective Related Persons, as mentioned in Section 40 of the Board of Directors' Regulations.

Said related party transactions shall be approved by the board of directors, following a favourable report from the Audit and Compliance Committee, except for those which, on account of their value or special nature, shall be approved by the General Meeting of Shareholders.

Any transaction with a director for a value in excess of ten (10%) of the corporate assets shall be approved by the General Meeting of Shareholders.

The board of directors shall not approve related party transactions without a prior report from the Audit and Compliance Committee assessing whether it is fair and reasonable.

In this regard, section 13 (c) of the Audit and Compliance Committee's Regulations provides that it is incumbent on this Committee to advise the board of directors on any transaction that the Company or the companies comprising its corporate Group intend to carry out with directors, significant shareholders or shareholders who hold a significant stake or who have proposed the appointment of any director of the Company, or with their respective related persons, from an arm's length perspective.

In the event of transactions with significant shareholders, the Audit and Compliance Committee shall also examine them from the standpoint of an equal treatment of all shareholders.

The board's approval shall not be required for any transactions that must be carried out on grounds of urgency provided that this is duly supported. However, these transactions shall be subsequently confirmed by the board of directors.

The Company shall report on any transactions carried out with its directors, significant shareholders and Related Persons in the half-yearly public periodic information, in the notes to the annual accounts and in the Annual Corporate Governance Report, within the scope provided by statute in each case, whenever they do not fall within the scope of the ordinary course of business of the Company or are not carried out on an arm's length basis.

Pursuant to section 40.6 of the Board of Directors' Regulations, which has also been amended to be brought into line with the terms of section 529*duovicies*(4) LSC introduced by Act 5/2021, the board of directors has delegated to the Market Transparency Committee the approval of the following transactions.:

(a) Transactions between companies of the Inditex Group not wholly owned by the Company made in the ordinary course of business of the companies and on an arm's-length basis and provided that they are not affected by a conflict of interest; and

(b) Those transactions that cumulatively meet the following 3 requirements:

- they are carried out pursuant to standard agreements and applied en masse to a large number of clients
- they are carried out at prices or rates generally set by the provider of the good or service in question; and
- their value does not exceed 0.5% of the company's net turnover.

Such transactions are subject to the Internal Procedure for Periodic Reporting and Control on Related Party Transactions, which is part of the internal regulations of the company in the field of corporate governance and seeks to govern the procedure for periodic control and reporting applicable to related party transactions whose approval has been delegated to the Market Transparency Committee. It ultimately seeks to ensure that these transactions are equitable and transparent and that applicable statutory requirements are met.

D.2. Give individual details of operations that are significant due to their amount or of importance due to their subject matter carried out between the company or its subsidiaries and shareholders holding 10% or more of the voting rights or who are represented on the board of directors of the company, indicating which has been the competent body for its approval and if any affected shareholder or director has abstained. In the event that the board of directors has responsibility, indicate whether the proposed resolution has been approved by the board without a vote against by the majority of the independents:

No new significant transactions have been carried out in 2023 between the Company or any company within the Inditex Group and its controlling shareholder Pontegadea Inversiones, S.L., or with Partler Participaciones, S.L.U. (or Partler 2006, S.L.) and with any persons or companies related thereto, deemed to be significant due to their amount and/or subject matter, the details of which must be separately reported under this section..

Notwithstanding the foregoing, information on related party transactions has been disclosed in the notes to the consolidated annual accounts in accordance with the criteria and the level of disclosure provided in the applicable regulations, including.the transactions between the Company and Group entities with significant shareholders: (i) Pontegadea Inversiones, S.L. and/or any company within its group, most of which consist of leases of business premises where the stores of the different commercial formats of the Inditex Group are opened, as explained in section A.5 above. (ii) Partler Participaciones, S.L.U. and/or any company within its group, that exercises joint control over Inditex together with Pontegadea Inversiones, S.L.; and (iii) Rosp Corunna Participaciones Empresariales, S.L., a related party to a close family member of Inditex's beneficial owner.

The information disclosed, above referred, includes the detail of the amounts accrued in 2023 in connection with every related party transaction approved by the board of directors in 2023 (pursuant to the procedure described in section D.1. above), as well as the detail of a number of related party transactions carried out by the Company or other subsidiaries of the Group which were reviewed and reported by the Audit and Compliance Committee and later approved by the board in previous years but which remain in effect or are being implemented in 2023. All of them have been broken down in the notes to the annual accounts and disclosed in the annual report on related party transactions for the year in question.

D.3. Give individual details of the operations that are significant due to their amount or relevant due to their subject matter carried out by the company or its subsidiaries with the administrators or managers of the company, including those operations carried out with entities that the administrator or manager controls or controls jointly, indicating the competent body for its approval and if any affected shareholder or director has abstained. In the event that the board of directors has responsibility, indicate whether the proposed resolution has been approved by the board without a vote against by the majority of the independents:

No new significant related party transactions have been carried out in 2023 between the Company or entities of its group and the directors and officers of the Company. The definition of significant or relevant transactions is provided in section D.2 above..

Related party transactions that Inditex directors and/or officers are generally entitled to carry out, mainly consist of the purchase of products that the Group places on the market. Such related party transactions will be approved by the Market Transparency Committee by delegation of the board of directors. Such committee has found that such transactions are of scarce economic value, are arm's length transactions, and have not entailed better terms, economic or otherwise, than those granted to a third party in equivalent circumstances.

Name (person or company) of directors or officers	Name (person or company) of the related party	Relationship	Type of transaction	Amount (thousands of euros)
		-		

With regard to the remuneration received by directors and officers, reference is made to the provisions of sections C.1.13 and C.1.14 above.

D.4. Report individually on intra-group transactions that are significant due to their amount or relevant due to their subject matter that have been undertaken by the company with its parent company or with other entities belonging to the parent's group, including subsidiaries of the listed company, except where no other related party of the listed company has interests in these subsidiaries or that they are fully owned, directly or indirectly, by the listed company.

No transactions as described in this section have been undertaken in 2023 by the Company, its subsidiaries and other entities of the Inditex Group outside their ordinary course of business as regards their purpose and terms, or which are in conflict..

Transactions between Inditex and its subsidiaries have been fully eliminated on consolidation, as they are part of their ordinary course of business and therefore, they are not broken down in this section.

In any case, intragroup transactions conducted with joint control companies and with entities established in countries or territories considered as tax havens are reported below:

Company name of the entity within the group	Brief description of the transaction	Amount (thousands of euros)
Joint Control Companies (1)	Purchase of goods	-1,163,367
100% Subsidiaries (2)	Sale of goods and provision of services to stores	12,062

(1) Transactions between Inditex or any company of the Inditex Group with Tempe and/or its subsidiaries are made in their ordinary course of business as regards their purpose and terms. Being jointly controlled entities, they are consolidated using the equity method.

(2) The above mentioned transactions are exclusively within the ordinary course of business of the Group through its stores, not being due to tax reasons, and are made on arm's length basis. As at 31 January 2024, transaction of the Group with Group companies residing in countries or territories considered tax havens under Spanish laws, correspond to sales through three stores of the Group located in Macau and in Monaco.

D.5. Give individual details of the operations that are significant due to their amount or relevant due to their subject matter carried out by the company or its subsidiaries with other related parties pursuant to the international accounting standards adopted by the EU, which have not been reported in previous sections

Company name of the related party	Brief description of the transaction and other information necessary for its evaluation	Amount (thousands of euros)
		—

No other significant transactions have been carried out in 2023 with other related parties..

D.6. Give details of the mechanisms in place to detect, determine and resolve potential conflicts of interest between the company and/or its group and its directors, senior management, significant shareholders or other associated parties..

Section 34 of the Board of Directors' Regulations addresses potential situations of conflict of interest for board members:

"1. *A conflict-of-interest situation shall be deemed to exist where there is a direct or indirect conflict between the interest of the Company and the personal interest of directors. It is considered that directors have a personal interest when the matter affects them or any of their related persons.*

For the purposes of these Regulations, Related Persons of a director are understood as being the following:

(a) The spouse of the director or any other person deemed to be equivalent to a spouse;

(b) the ancestors, descendants and siblings of the director or of the spouse (or any other person deemed to be equivalent to a spouse) of the director;;

(c) the spouse (or any other person deemed to be equivalent to a spouse) of the ancestors, descendants and siblings of a director;

(d) Those companies or entities where directors would hold, directly or indirectly, even via a nominee a significant shareholding giving them a significant influence or, if they hold in them or in their parent companies an office in their governing body or act a senior manager thereof. For this purpose, any shareholding equal to or in excess of 10% of the share capital of the company or of its voting rights or based upon which a representation on the governing body of the company has been secured de facto or de jure, shall be deemed to give significant influence..

(e) Shareholders represented by a director on the Board of Directors.

With regard to directors who are legal entities, Related Persons are understood as being the following:

(a) Those partners who are included with regard to the Director legal entity, in any of the situations provided in Section 42 of the Code of Commerce;

(b) The legal representative, the director de jure or de facto, the liquidators and the attorneys-in fact with general powers of the director, who is a legal person;

(c) Those companies that are part of the same corporate group, as defined in Section 42 of the Code of Commerce, and their shareholders; and

(d) Those persons who are understood, with regard to the director who is a legal person, as being related persons in accordance with the provisions of the paragraph above regarding directors who are natural persons.

The following rules shall apply to the conflict-of-interest situations:

(a) Prevention: directors must take all necessary measures to prevent, as far as possible, becoming involved in any situations in which their interests may, either on their behalf, or on behalf of third parties, be in conflict with the interest of the company and with their duties towards the company.

(b) Disclosure: without prejudice to their obligation of active prevention, directors must disclose to the Board of Directors, through the Chair or the Secretary thereof, any conflict-of-interest situation in which they are involved.

(c) Abstention: directors must abstain from attending and taking part in the discussions and voting of those matters regarding which they are in a conflict-of-interest situation, with the exceptions provided in the applicable laws. Likewise, with regard to proprietary directors, they shall abstain from taking in the voting of those matters that might entail a conflict of interest between those shareholders that had proposed their appointment and the Company, with the exceptions provided for in the applicable regulations.

(d) Transparency: the Company must disclose in the notes to the annual accounts any conflict-of-interest situation in which a director is, that the Company is aware of by virtue of the information of same by the affected person, or by any other means."

In addition, sections 33 and 35 to 37 of the Board of Directors' Regulations address the following situations that can give rise to conflicts of interest: (i) the rendering of professional services in competing companies (section 33); (ii) the use of corporate assets (section 35); (iii) the use of non-public Company information for private ends (section 36), and (iv) taking advantage of business opportunities of the Company (section 37).

Moreover, section 39 of the Board of Directors' Regulations provides that directors must disclose to the Company: (i) the number of shares that themselves or their closest relatives hold in the same, directly or indirectly, in accordance with the provisions of the IRC; (ii) any conflict-of-interest situation, either direct or indirect, in which either themselves or their Related Persons may be involved with respect to the interest of the Company; and (iii) all the positions they hold and the activities they carry out in other companies or entities and, in general, about any fact or situation that may be relevant to the performance of their duties as director of the Company (in this regard, without prejudice to the obligation of tendering their resignation to the board of directors, provided in section 25 of the Board of Directors' Regulations–which addresses the resignation, removal and dismissal of directors–), directors shall inform the board of any other change to their professional situation and of any circumstance that might damage the name and reputation of the Company or jeopardise its interests); and (iv) of any legal, administrative proceedings or other proceedings whatsoever brought against them that might, given their relevance or description, seriously affect the reputation of the Company. Namely, directors shall inform the Company via the Chair of the board of directors, of any criminal charges brought against them as well as how the legal proceedings subsequently unfold. The Board of Directors shall examine the case, as soon as possible, and shall take, subsequent to a report from the Nomination Committee, based upon the interests of the company, any measures it may deem appropriate, such as the opening of an internal investigation, calling on a director to resign or proposing their dismissal.

In this case, the Company shall report the measures taken in the Annual Corporate Governance Report, unless there are special circumstances that justify otherwise, which must be recorded in the minutes.

Additionally, section 1 of the Board of Directors' Regulations provides that the rules of conduct therein established for directors shall apply, to the extent that they are compatible with their specific nature, to the senior managers of the company who are not directors. More particularly and with the due nuances, the following sections shall apply to senior managers: section 32 (duty of confidentiality), 34 (conflicts of interest), in connection with the duty of informing the Company, 35 (use of corporate assets), 36 (non-public information), 37 (business opportunities), and 38 (prohibition to make undue influence of the office), as well as all the obligations stemming from the IRC..

With regard to significant shareholders, section 40 of the Board of Directors' Regulations provides that:

"1. The Board of Directors reserves the right to be apprised of any transaction between the Company or any of its subsidiaries with directors, with shareholders owning 10% or more of the voting rights or represented on the Board of Directors, or with any other person qualifying as related party in accordance with the definition provided in International Accounting Standards.

2. The approval of a related party transaction must be subject to the prior report of the Audit and Compliance Committee. In such report, the committee shall consider whether the transaction is fair and reasonable from the standpoint of the Company and, if appropriate, of any shareholder other than the related party, in accordance with the requirements laid down for each case in the applicable regulations. Affected directors will not take part in the preparation of such report.

3. Where duly supported reasons for urgency exist, related party transactions may be approved, if appropriate, by delegated bodies or individuals. In this case, they must be ratified at the first board meeting held following their conduct.

4. The Company shall inform of the transactions conducted with directors, significant shareholders and Related Persons in the half-yearly public periodic information and in the Annual Corporate Governance Report, within the scope of applicable regulations. Likewise, the Company shall include on the notes to the annual accounts information on the transactions carried out by the company or any companies within the Inditex Group with directors and with those acting on their behalf, whenever they are alien to the ordinary course of business of the Company or are not carried out on an arm's length basis.

5. Related party transactions whose value is in excess of 5% of the equity value or 2.5% of the annual turnover must be published on the Company's website at the latest on the date they are carried out, together with the report issued by the Audit and Compliance Committee. Likewise, they should be disclosed to the National Securities Market Commission to be publicly released.

6. The Board of Directors may delegate the approval of the following related-party transactions in the following cases:

(i) Transactions that cumulatively meet the following 3 requirements:

(a) they are carried out pursuant to standard agreements and applied en masse to a large number of clients;

(b) they are carried out at prices or rates generally set by the provider of the good or service in question; and

(c) their value does not exceed 0.5% of the company's net turnover.

(ii) Transactions among companies of the same group carried out within the ordinary course of company business and on an arm's length basis. Said transactions will be subject to the internal information and monitoring procedure overseen by the Audit and Compliance Committee.

6. The authorisation shall be granted by the General Meeting of Shareholders when it refers to any transaction with a director for a value that is in excess of 10% of the corporate asset."

As stated in section D.1 above, the Audit and Compliance Committee is responsible for reporting on the transactions that involve–or are likely to involve–any conflict of interest, and the Nomination Committee is responsible for reporting on the authorisation or release by the Board of Directors of the obligations stemming from the duty of loyalty of directors, where said responsibility is not incumbent upon the General Meeting of Shareholders.

Although the system above described exclusively applies to directors and other individuals within the Company considered as senior managers, the Company has in place a number of mechanisms to detect, determine and solve potential conflicts of interest that may arise regarding directors, officers and other Group employees in the Code of Conduct and in the Conflicts of Interest Policy approved by the board of directors on 16 July 2019 and amended on 6 February 2024.

This Policy seeks to supplement and implement the provisions of the Code of Conduct in the field of conflicts of interest, defining appropriate measures to prevent, detect, disclose and manage any conflicts of interest thay may arise and affect Inditex employees at the workplace.

Section 5 of the Policy sets out a number of conflict of interest situations and the conduct guidelines for anyone under the scope of application of the Policy, to avoid where possible, being in any situations that may entail a direct or indirect, actual or potential conflict of interest.

The Policy also covers the obligation to forthwith disclose any apparent or real conflict-of-interest situation that may arise, as well as any concerns they may have about whether a specific situation qualifies as conflict of interest, via the Ethics Line, the preferred confidential channel to report this type of situations. The Ethics Committee shall be responsible for handling through to completion the cases relating to breaches of the Policy that may arise or which may be reported.

D.7. Indicate whether the company is controlled by another entity within the meaning of section 42 of the Commercial Code, whether listed or not, and whether it has, directly or through any of its subsidiaries, business relationships with said entity or any of its subsidiaries (other than the listed company) or carries out activities related to those of any of them.

Yes x No

Pontegadea Inversiones, S.L. owns 1,558,637,990 shares of the Company, which represents a 50.01% stake in its share capital. Transactions that are significant, either on account of the amount involved or of their nature, entered into between the company and the different entities within the Inditex Group and Pontegadea Inversiones, S.L. and its related entities, are covered in section D.2 above. However, no new transaction deemed to be significant has been undertaken in 2023.

As described in section A.5. above, to conduct its physical retail activity in accordance with the Group's commercial strategy, based on its positioning in prime locations and strategic shopping areas, Inditex and Group companies have several lease agreements in place over business premises owned by its significant shareholders: Pontegadea Inversiones, S.L., Partler Participaciones, S.L.U, and Rosp Corunna Participaciones Empresariales, S.L., and/or any company of their respective groups.

Prior to their execution and approval by Inditex's board of directors, the terms of such lease agreements have been reviewed first by the Audit and Compliance Committee, on the basis of valuation reports issued by independent experts. The committee seeks to establish that these transactions have been carried out on an arm's length basis, are fair and reasonable from the Company's perspective and in the interest of the Company. Likewise, such lease agreements have been disclosed in the relevant annual report on related party transactions that the Company issues every year in accordance with Recommendation 6 GGC.

The detail of these lease agreements and refurbishment works, among other transactions, the significant shareholder of the Company they are associated with (for the purposes of section 529*tervicies* LSC and the amounts accrued in the year, can be found in the Notes to the Consolidated Annual Accounts.

The objects of Pontegadea Inversiones, S.L. are holding stakes in trading companies and the purchase and disposal of stock, transferable securities and real estate.

Indicate whether the respective areas of activity and any business relationship between the listed company or its subsidiaries, and the parent company or its subsidiaries have been defined publicly and precisely:

Yes x No

Report the respective areas of activity and any business relationships between the listed company or its subsidiaries and the parent company or its subsidiaries and identify where these aspects have been publicly reported.

Pursuant to section 40.4 of the Board of Directors' Regulations, the Company reports on the transactions carried out with its significant shareholders and their related parties in the periodic half-yearly information and in the Notes to the Annual Accounts..

Additionally, pursuant to Recommendation 6 GGC, the report on related party transactions issued by the Audit and Compliance Committee is made available to the shareholders on the corporate website well in advance of the Annual General Meeting.

Identify the mechanisms in place to resolve potential conflicts of interest between the parent of the listed company and the other group companies:

Mechanisms for resolving possible conflicts of interest

Section 40 of the Board of Directors' Regulations governs the procedure to approve transactions between the Company and its shareholders as well as the rules on the reporting thereof. It is fully transcribed in section D.6 above. In short: this type of transactions must be approved by the board of directors, following a report from the Audit and Compliance Committee, except for (i) any transaction for a value that is in excess of 10% of the corporate assets that must be approved by the General Meeting of Shareholders or (ii) those transactions which do not require the approval of the board and must be approved by the Market Transparency Committee, as delegated by the board of directors, pursuant to applicable regulations, These transactions shall be subject to the relevant internal control procedure and ultimately overseen by the Audit and Compliance Committee.

Likewise, as stated in section D.1 above, the Audit and Compliance Committee is tasked with reporting on transactions that entail or that might entail conflicts of interest situations.

E. Enterprise Risk Management system

The information on the Enterprise Risk Management System is provided in section.5.13 – “Responsible risk management” of the Statement on Non-Financial Information (SNFI), which is part of the Integrated Directors’ Report of the Inditex Group.

F. Describe the mechanisms forming your company's Internal Control over Financial Reporting System (ICFR)

F.1. The entity's control environment

Give information on the key features of at least:

F.1.1 The bodies and/or functions that are responsible for: (i) the existence and maintenance of an adequate and effective ICFR; (ii) its implementation; and (iii) its supervision.

Board of Directors

Except for any matters exclusively within the purview of the shareholders at the General Meeting of Shareholders, the board of directors is the supreme decision-making, supervisory and monitoring body of the Group, being ultimately responsible for the existence and maintenance of an appropriate and effective ICFR, as provided in the Policy on Internal Control System over Financial Reporting (the "ICFR Policy"), approved by the board of directors.

The board of directors is entrusted with the duties of leadership, management and representation of the Group, delegating as a general rule the management of the day-to-day business of the Company to the executive bodies and the management team and focusing on the general supervisory function, which includes guiding the policy of the Group, monitoring management activity, evaluating officers' performance, making the most relevant decisions for the Group and liaising with the shareholders.

Audit and Compliance Committee

Pursuant to the provisions of the Articles of Association, the Board of Director's Regulations and the Audit and Compliance Committee's Regulations, and as part of its financial and monitoring duties, the committee shall oversee the process for preparing and releasing the regulated financial information, as well as the effectiveness of the Internal Control over Financial Reporting System, as provided in the ICFR Policy.

In this regard, the Committee carries out the following duties, without limitation:

- To oversee the effectiveness of the internal control system of the Group, the internal audit, and the risk management systems, and to review with the statutory auditor the significant weaknesses of the internal control system revealed, as the case may be, during the audit..
- With regard to the powers relating to the process of preparing the regulated financial information
  - To oversee and evaluate on an ongoing basis the process of preparation and presentation as well as the clarity and integrity of the financial information and the directors' report relating to the Company and its Group, ensuring that the half-yearly financial reports and the quarterly management statements are drafted in accordance with the same accounting standards as the annual financial reports and to oversee the review of the interim financial statements requested from the statutory auditor, with the scope and frequency that may be defined, as the case may be.
  - To review compliance with statutory requirements, the appropriate delimitation of the consolidation perimeter and the correct application of the generally accepted accounting principles and international financial reporting standards as may be applicable.
  - To keep a fluent communication with the Company's Management to understand its decisions regarding the application of the most significant criteria; with the Internal Audit Function to be apprised of the findings of the reviews carried out; and with the external auditor or verifier, to obtain their opinion regarding financial information.
  - To be familiar with, understand, oversee and evaluate the effectiveness of the internal control over financial reporting system and receive information on a regular basis from the supervisor thereof.
  - To submit recommendations or proposals to the board of directors for the purposes of safeguarding the integrity of the financial information;
  - To assess and advise the board of directors on any significant changes in accounting standards and on the significant risks on the balance sheet and the off-balance sheet.
  - To review that the regulated financial information posted on the Company's corporate website is kept updated at all times and matches the information stated by the board of directors and posted on CNMV's website.

- With regard to enterprise risk management:
  - To oversee the enterprise risk management function and establish that it operates pursuant to the provisions of the policy approved by the Board.
  - To receive, on a regular basis, reports from the Management or from the supervising areas, on the proceedings of risk management systems established, as well as on the results of the tests carried out by internal auditors relating to the same, and on any significant internal control weakness detected by the external auditors..
  - To evaluate the effectiveness of internal control and management systems relating to financial risks, as well as of the measures established to mitigate the impact of identified risks.
  - To promote a corporate culture within the Company wherein risk assessment is a factor upon decision-making, at all levels of the Company and its Group.
  - To identify and re-assess, at least on an annual basis, the most significant financial risks and the level of risk tolerance.
  - To identify and understand emerging risks as well as their alert mechanisms, and regularly evaluate their effectiveness.
  - To ensure that risks are kept and managed within the levels of risk tolerance set by the board of directors.
  - To ensure that the internal control policies and systems established by the company are effectively applied in practice.
  - To meet at least once a year, and whenever the committee deems it appropriate, with the heads of business unit so that they would brief the committee on business trends and risks associated with the respective areas under their remit.
  - To submit recommendations or proposals to the board of directors and the relevant deadline for follow-up.
  - To ensure the effective practical application of the internal control policies and systems established by the Company.

Most members of the Audit and Compliance Committee are non-executive independent directors. The committee meets on a quarterly basis and whenever it is called by its Chair. In 2023, the Audit and Compliance Committee has met 7 times.

Financial Department

The Financial Department is responsible for preparing the financial information and for the design, roll-out and implementation of the ICFR system, keeping it updated, monitoring its design and proceedings to ensure that it is effective and appropriate, communicating and training the parties involved and keeping a periodic report.

The Financial Department drafts and circulates the policies, guidelines and procedures, associated with financial reporting and ensures the appropriate enforcement thereof within the Group.

Internal Audit

The Internal Audit function supports the board of directors, through the Audit and Compliance Committee, with regard to the oversight duty relating to risk exposure, ensuring that appropriate and effective controls are set as an answer to risks in the field of governance, operations and information systems, regarding, inter alia, reliability and integrity of financial information and in particular, the Internal Control over Financial Reporting System (ICFR). To achieve this, Internal Audit carries out specific periodic ICFR audits, requests action plans to correct or reduce any weaknesses revealed and follows up on the implementation of the proposed recommendations.

The Internal Audit Charter, approved by the board of directors, covers the mission, authority and responsibilities of the Internal Audit function pursuant to both domestic and international regulations and standards for the professional practice of internal auditing.

Likewise, Internal Audit has been awarded the certificate of compliance with the *"International Standards for the Professional Practice of Internal Auditing*" by the Instituto de Auditores Internos, a member of the IIA (Institute of Internal Auditors).

F.1.2. Indicate whether the following exist, especially in relation to the drawing up of financial information:

Departments and/or mechanisms in charge of: (i) the design and review of the organisational structure; (ii) clear definition of lines of responsibility and authority with an appropriate distribution of tasks and functions; and (iii) ensuring that adequate procedures exist for their proper dissemination within the entity.

The board of directors is responsible for the design and review of the organisational structure and the lines of responsibility within the Group. The departments charged with drawing up the financial information are found within said structure.

Senior Managers and the Human Resources (HR) Department define the duties and responsibilities of each area.

The Group has clearly defined lines of authority and responsibility regarding the process to draw up financial information. The main responsibility regarding financial reporting lies with the Financial Department.

The structure, size and definition of duties and tasks of each position within the financial area are defined by the Financial Department and disclosed by the HR Department.

With regard to ICFR, a specific management area was set up within the Financial Department, to which it reports, (the "ICFR Area").

The Group relies on financial organisational structures that meet local requirements in each country where it operates, with a Chief Financial Officer at the helm who is charged, inter alia, with complying with the procedures set out within the ICFR System.

- Code of conduct, the body approving this, degree of dissemination and instruction, principles and values covered (stating whether there is specific mention of record keeping and preparation of financial information), body charged with analysing breaches and proposing corrective actions and sanctions.

The main internal conduct regulations of the Group are provided in::

- The Code of Conduct
- The Code of Conduct for Manufacturers and Suppliers
- The Compliance Policy and the Compliance Management Procedure.
- The Integrity Policies, which are: (i) the Policy on Gifts and Invitations; (ii) the Policy on Donations and Sponsorships, and; (iii) the Policy on Dealings with Public Officials.
- The Conflicts of Interest Policy
- The Internal Regulations of Conduct in the Securities Markets (IRC)

– Code of Conduct

The current Code of Conduct was approved by the board of directors at the meeting held on 6 February 2024. Such approval marks the completion of the process to update it, which began in 2022.

The Code of Conduct sets out the Group's ethical commitments and the 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.

The Code of Conduct is informed by a number of overarching principles, including. (i) respect in the relationships with the stakeholders of the Company; (ii) honesty and integrity in all decisions, actions and operations carried out; (iii) transparency, fostering open communication and dialogue with the stakeholders, and (iv) responsibility, materialised in compliance with the laws, internal regulations of the Group and in the respect for and promotion of Human Rights and the engagements undertaken by the Company of its own accord.

One of the standards of conduct covered in the Code of Conduct is found in the section about " *Information integrity and transactions record*". The Company's commitment to fulfilling any applicable financial tax, regulatory and information disclosure obligations is addressed in such section.

According to that same section, the Company's internal information records shall be strictly managed to ensure compliance with the above referred obligations, as well as the accuracy, objectivity and integrity of the information that the Company relays to its stakeholders.

As part of the guidelines of action provided in this section, Group employees shall expressly undertake to enter the information and transactions in the company's records and systems "*in a transparent, objective, updated, truthful and complete manner as well as in accordance with applicable regulations and internal processes*".

Group employees must also cooperate with internal and/or external audits duly attending to their requests for information, always acting in accordance with internal provisions on financial and non-financial information of the Company.

The Ethics Committee is responsible for overseeing compliance with the Codes of Conduct and the remaining internal regulations of conduct of the Group. As described in detail below, the Group relies on an Ethics Line to report potential breaches of the internal regulations. the description and proceedings of the Ethics Line are aligned with applicable requirements and best practices.

– Policy on Criminal Risk Prevention.

The Policy on Criminal Risk Prevention relates engagements of ethical behaviour undertaken pursuant to the Code of Conduct with the offences that it intends to prevent.

In line with the provisions of the Code of Conduct, section 2.9 of the Policy reads as follows: *"(...) any transaction of economic weight carried out by the Company shall be clearly and accurately recorded in appropriate accounting records that show the true and fair image of the transactions carried out. Said records must be made available to internal and external auditors.*

Inditex's employees shall enter the full financial information into the Company's systems clearly and accurately so that they show, as of the relevant date, its rights and obligations in accordance with the applicable regulations. Likewise, they shall ensure that the financial information that must be disclosed to the market under the prevailing regulations in force, is accurate and full.

Inditex is committed to implementing and keeping an appropriate internal control system in respect of financial reporting, ensuring that the effectiveness of this information is regularly monitored. For this purpose, required training will be offered so that employees may be apprised of and understand the company's commitments in the field of internal control on financial reporting."

The Policy, together with the Criminal Risk Prevention Procedure and the Criminal Risk and Control Matrix, comprise the Model of Criminal Risk Prevention of the Inditex Group. The Ethics Committee is the governing body responsible for overseeing compliance with said Model and the effective and appropriate implementation of the controls therein set.

IRC

Compliance with the IRC is mandatory for all the persons included in its scope of application and any noncompliance may be reported in a confidential manner to the Ethics Committee, pursuant to the provisions of the Ethics Line Procedure.

In this regard, noncompliance with the IRC may give rise to the relevant disciplinary sanctions, as the case may be, to civil, criminal and/or administrative liability, and to the obligation to compensate any damages incurred, where appropriate.

Last, there is a Market Transparency Committee which reports directly to the Audit and Compliance Committee, composed of:

- The CEO
- The General Counsel and Secretary of the Board
- The CFO
- The Capital Markets Director, and
- The Chief People Officer.

The Committee is mainly responsible for developing procedures and implementing regulations to enforce the IRC. The General Counsel's Office, led by the General Counsel and the Board of Directors is accountable to the Market Transparency Committee. The General Counsel's Office is tasked, inter alia, with enforcing the conduct regulations of securities markets and the rules and procedures of the IRC on directors, officers, employees and any other person to which the IRC applies.

The IRC sets outs the principles and criteria to ensure (i) that the information released to the market and to CNMV is reliable, clear, quantified and complete, avoiding subjective evaluations that lead or may lead to confusion or deception, as well as (ii) the appropriate use and dissemination of inside information and other relevant information of the Company.

The proceedings of the companies that are part of the Group and of all the individuals with access to information that may be deemed to be inside information and/or other relevant information, and namely financial information, shall comply with the following principles, without limitation: regulatory compliance, transparency, collaboration, information, confidentiality and neutrality. Both the Market Transparency Committee and the General Counsel's Office ensure that the above referred principles are observed.

The General Counsel's Office keeps a General Documentary Register of Affected Persons subject to the IRC. The General Counsel's Office informs Affected Persons that they have been included in such Register and that they are subject to the provisions of the IRC and reports any breaches and penalties which may result, as the case may be, from an inappropriate use of inside information.

As indicated above, compliance with the Codes of Conduct of the Inditex Group and, in general, with its internal regulations of conduct is ensured through the Ethics Committee, composed of:

- The General Counsel and Secretary of the Board, who chairs it.
- The Chief Compliance Officer, in her capacity of Deputy Chair.
- The Chief Sustainability Officer
- The Chief People Officer
- The Chief Audit Officer, in an advisory capacity
- The Ethics Line Manager

The Ethics Committee may act of its own motion or at the behest of any employee, manufacturer or supplier of Inditex, or any third party involved in a direct relation and with a lawful business or professional interest, further to a report made in good faith.

The Ethics Committee reports to the board of directors through the Audit and Compliance Committee and has the following basic responsibilities, without limitation:

- To oversee compliance with the Code and the internal circulation thereof as well as that of the remaining internal regulations of conduct to the Group's s personnel.
- To receive any manner of written instruments with regard to the enforcement of the Code and to send them, where appropriate, to the relevant body or department which may be responsible for processing and issuing a resolution regarding such instrument.
- To oversee the Ethics Line and compliance with the Ethics Line Procedure..
- To monitor and oversee proceedings and their settlement.
- To resolve any questions that may arise regarding the enforcement of the Code.

- To propose to the board of directors, following a report of the Audit and Compliance Committee, any explanation or implementation rule that the enforcement of the Code may require, and at least, an annual report to review its enforcement.

- To promote training plans for employees on internal conduct regulations and the proceedings of the Ethics Line.

In the performance of its duties, the Ethics Committee shall ensure:

- The confidentiality of all information and background details and of the action taken unless the disclosure of information is required by law or by a court order.

To ensure that the Ethics Line is effective, and that the privacy of the parties concerned is protected, the Ethics Committee may handle ex-officio anonymous concerns.

- The thorough review of any information or document that triggered its action.

- The commencement of proceedings that adjust to the circumstances of the case, where it shall always act with independence, fully respecting the right of the parties to be heard, to honour and to the presumption of innocence

- Prohibition of retaliation and indemnity of anyone who reports through the Ethics Line in good faith.

After the due investigation of the case, the Ethics Committee resolves to either close it or that an actual breach exists. In the event of a breach, the Committee will decide on its severity and the advisability of taking action, but the specific preventive, corrective and/or disciplinary measures will be determined by the competent department or area which will report them to the Ethics Committee.

Decisions of the Ethics Committee are binding on the Inditex Group and its employees.

The Ethics Committee submits a report to the Audit and Compliance Committee at least every six months, reviewing its proceedings, in particular with regard to the management and oversight of the Ethics Line, and the enforcement of the Code of Conduct..

Additionally, the Audit and Compliance Committee apprises the board of directors, on an annual basis as well as whenever this latter so requires, of the enforcement of the Code of Conduct and the additional documents which comprise the Model of Compliance from time to time in force.

With regard to the dissemination of the above-mentioned conduct regulations, the Group HR Department is responsible for distributing a copy of the Code of Conduct to all new employees when they join the organisation.

Likewise, conduct regulations, as amended, are available on the corporate website and on INET. They are subject to the appropriate measures regarding disclosure, distribution, training and awareness-raising, so that they may be understood and implemented within the whole organisation.

- **Whistleblowing channel allowing notifications to the audit committee of irregularities of a financial and accounting nature, in addition to potential breaches of the code of conduct and unlawful activities undertaken in the organisation, indicating whether this channel is confidential and whether anonymous notifications can be made, protecting the rights of the whistleblower and the person reported.**

The Company has an Ethics Line in place, available to all employees, directors and shareholders of the Group, as well as to anyone working under the supervision of manufacturers, suppliers, contractors or subcontractors of the Group, so that they may report, even anonymously. actions or omissions that may constitute violations of applicable laws or a breach of the Codes of Conduct of the Group. Therefore, any breach and/or any manner of malpractice, including those of a financial and accounting nature, may be reported via the Ethics Line..

The Ethics Line is governed by the principles and warranties set out in the Internal Reporting Channels Policy. Its proceedings are described in the Ethics Line Procedure. Such warranties include: (i) confidentiality; (ii) non-retaliation; (iii) presumption of innocence and respect for the right to honour of reported parties; (iv) the right of the parties to be heard, and; (v) appropriate use of personal data processed.

The Policy and Procedure, above referred, encompass applicable best practices in the field of human rights. In addition, the Ethics Line meets all applicable requirements in the markets where the Group operates, in particular those arising from the transposition into national laws of Directive (EU) 2019/1937 on the protection of persons who report breaches of Union law.

Full information on the Ethics Committee and the Ethics Line is available on the intranet and on the corporate website where a direct link to such Line is available.

Reports of noncompliance and/or queries regarding the construction or enforcement of internal conduct regulations may be sent to the Company: (i) by post - for the attention of the Ethics Committee to the following postal address: Avenida de la Diputación, Edificio INDITEX, 15143 Arteixo, A Coruña (Spain) – or (ii) via the platform made available for such purposes on both the corporate website and intranet.

- **Training and periodic refresher programmes for personnel involved in the preparation and revision of financial information, as well as in the assessment of the ICFR system, covering at least accounting standards, auditing, internal control and risk management.**

The Group's Training and Career Development Area, reporting to the HR Department, prepares, together with each of the areas reporting to the Financial Department, training and refresher courses addressed to staff responsible for drawing up and overseeing the financial information of each company within the Group. Said schemes include, both general courses, focusing on business expertise and knowledge of the different interrelated departments that make up the company, and specific schemes aimed at training and refreshing employees in respect of regulatory developments on financial reporting and oversight of financial information.

– General Induction

Aimed at gaining internal knowledge of each business unit, as well as of each department and the respective activities, functions and duties within the business. Under this scheme, employees begin by working at the stores, getting directly acquainted with the whole process of running a store and they continue at different departments at headquarters

– Specific training

Group employees responsible for the processes associated with the preparation of financial information regularly take training and refresher courses that seek to acquaint them with local and international regulations on financial reporting, as well as with existing regulations and best practices in the area of internal control. An e-learning platform is available to employees, to train them on issues regarding financial reporting or information security, among others.

Within the financial environment, training and refresher schemes are arranged by the HR Department liaising with each of the areas of the Financial Department.

Training courses are provided on an annual basis for all new heads of financial areas in each country, in order to get them acquainted with the Inditex Group's management model, as well as with the internal control system over financial reporting implemented by the Group. Specific training on the system is run to every employee who starts to play a role associated with ICFR (control owner, process owner, etc.).

Additionally, courses are taught by internal staff on the operation of financial software tools used to draw up financial information.

Among the specialised training run to employees of the different units and areas of the Financial Department, training is imparted every year on risk management, the update on international accounting standards (IFRS), local accounting standards and tax regulations. In addition, specific training is imparted on ICFR and on financial hedging.

F.2. Assessment of risks in financial reporting

Report on at least the following:

F.2.1. The main characteristics of the risk identification process, including risks of error and fraud, as regards:

- **Whether the process exists and is documented.**

The risk identification process has been documented in the Procedure for Enterprise Risk Management regarding Financial Reporting. This Procedure seeks to describe the mechanisms for identifying and assessing, on an annual basis, the risks that might lead to material errors in financial reporting

- **Whether the process covers all the objectives of financial reporting, (existence and occurrence; completeness; valuation; presentation; disclosure and comparability; and rights and obligations), whether it is updated and if so how often.**

The above-mentioned risks management process consists of five (5) stages:

- Gathering financial information.
- Identifying the operating processes with an impact on financial information.
- Assessment of risks by Reporting unit of financial statements.
- Prioritising the accounts' criticality.
- Checking risks versus operating processes.

As a result of this process, a scoping matrix of risks regarding financial information (ICFR Scoping Matrix) is updated on an annual basis. This Scoping Matrix is used to identify the material headings of the financial statements, assertions or goals of financial information with respect to which any risks may exist, and the prioritisation of operational processes that have an impact on financial information.

Assessment covers all the goals of financial information: (i) existence and occurrence; (ii) integrity; (iii) assessment; (iv) release and breakdown; and (v) rights and obligations.

Following the identification of potential risks, they are assessed on an annual basis based upon the management's information and understanding of the business and upon materiality criteria.

Assessment criteria are established (i) from a quantitative perspective in accordance with parameters such as turnover, size of assets and pre-tax profit; and, (ii) from a qualitative perspective in accordance with different issues such as transactions standardising and processes automation, composition of accounting headings, changes versus the previous year, complexity of accounting, likelihood of fraud or error or degree of use of estimates in book recording.

- The existence of a process for identifying the scope of consolidation, taking into account, among other factors, the possible existence of complex corporate structures or special purpose vehicles.

The Group relies on a Corporate Master of Companies wherein all the companies that are part of the Inditex Group are included. Said Master is at the basis of the consolidation perimeter and is managed and updated in accordance with the Procedure for Incorporating and Financing of Companies.

The Master covers, on the one hand, general corporate information, such as company name, accounting closing date and currency, and on the other, legal details such as the date of incorporation, share capital, list of shareholders, equity interest, and other relevant information. The Legal Department is responsible for updating the Master as regards legal information.

The External Reporting area, which reports to the Planning and Management Control Department, reviews and updates, on a monthly basis, the number of companies that make up the Consolidation Perimeter, as well as the consolidation methods that apply to each of the companies included in the above-mentioned perimeter.

- Whether the process takes into account the effects of other types of risk (financial, geopolitical, technological, environmental, social and governance) to the extent that they affect the financial statements.

In addition to the above-mentioned quantitative and qualitative factors, the main risks identified through the Risks Map of the Inditex Group are considered in the process for the assessment of financial information risks.

Potential risks identified through the ICFR Scoping Matrix are taken into account upon preparing the Risks Map of the Group, which is updated on an annual basis by the Enterprise Risks Management Department (reporting to the Financial Department) with the assistance of all areas of the Organisation involved in the process. The Group may thus consider the impact that the remaining risks classified in the following groups: financial, geopolitical, technological, environmental, social and governance risks, may have on financial statements.

- The governing body within the company that oversees the process.

The whole process is overseen and approved on an annual basis by the Audit and Compliance Committee.

F.3. Control activities

Report on whether the company has at least the following, describing their main characteristics:

F.3.1. Review and authorisation procedures for financial information and a description of the ICFR, to be disclosed to the securities markets, indicating those responsible, as well as documentation describing the flow of activity and controls (including those relating to the risk of fraud) of the various types of transactions that may materially affect the financial statements, including accounting closing procedures and the specific review of significant judgements, estimates, valuations and projections.

Pursuant to the Board of Directors' Regulations, the Audit and Compliance Committee is responsible, inter alia, for reviewing the annual accounts and the periodic information that the board of directors must submit to the markets and their supervisory bodies, verifying at all times compliance with statutory requirements and the appropriate use of generally accepted accounting principles upon drawing up such information.

Likewise, pursuant to the above-mentioned terms of reference, the Audit and Compliance Committee shall meet on a quarterly basis to review the periodic financial information that must be submitted or that the Company voluntarily submits to the Stock Exchanges authorities and the information that the board of directors must approve and release as its annual public documentation.

Furthermore, the ICFR Area monitors that the ICFR is effective and apprises the Financial Department and, where appropriate, the Audit and Compliance Committee, of the findings of this monitoring.

The Group relies on mechanisms to review financial information. Each of the organisational structures is responsible for reviewing the financial information reported. Analytical reviews of the financial information reported by said structures are carried out at corporate level. Prior to stating the annual accounts and approving the half-yearly financial statements, the Financial Department and the external auditor meet, for the purposes of reviewing and assessing the financial information.

The Audit and Compliance Committee submits this information to the board of directors, which is ultimately responsible for approving it before releasing it to the market.

The Group keeps its main business processes with ICRF scope duly documented. Each process is structured into a number of sub-processes, with their relevant flowcharts, including the proceedings that play a direct or indirect role on financial reporting.

These processes describe the controls that make it possible to respond appropriately to risks associated with the achievement of the objectives related to the reliability and integrity of the financial information, identifying any risks that may result in accounting fraud, so as to prevent, detect, reduce and correct the risk of any potential error way in advance. Each ICFR process has its scoping matrix of risks and controls associated, and they are separated between processes carried out at local level and at corporate level for the entire Group. Design of flowcharts, description of the different processes and sub-processes and identification of risks and controls is carried out with a process modelling software application.

This software application allows keeping the entire documentation relating to the Group's ICFR processes within a single environment, which results in streamlined processes, as flowcharts, narratives and scoping matrices of risk and control are integrated.

The ICFR monitoring model is implemented based upon a tool to manage and oversee internal control systems. In such tool, each control is assigned to an owner who carries them out with the defined frequency.

Each process is assigned to a process owner who assesses on a quarterly basis the effectiveness of controls and defines and updates the ICFR processes for which they are responsible.

The ICFR Area monitors on a quarterly basis the assessments made by processes owners about the effectiveness of controls. It also coordinates and encourages the periodic review of processes and controls design.

In addition, the ICFR Area is subject every year to an internal certification process whereby financial officers of the markets within the scope of ICFR monitoring, process owners and corporate directors of areas who take part in the process of preparation and monitoring of financial information certify that they have implemented the controls for which they are responsible.

With regard to closing, consolidation and reporting processes, the Financial Department issues the instructions together with the calendar and contents of the financial information to be reported by each of the local financial structures to draw up the consolidated financial statements.

Risks are identified in the ICFR's risk and controls matrix of the closing process, which includes controls relating to relevant opinions, estimates, assessments and projections.

F.3.2. Internal IT control policies and procedures (access security, control of changes, system operation, operational continuity and segregation of duties, among others) that support significant processes within the company relating to the preparation and publication of financial information.

The internal control framework of the Group's information systems seeks to set up controls over the main business processes, which are closely related to Information Technologies ("IT").

Based upon the link between business processes and associated systems, basic risks are reviewed, enabling the company to prioritise and focus on the IT environments that are deemed to be especially relevant.

Within the ICFR IT controls' framework defined by the Group, a number of general controls on applications are identified, including the following domains:

- Secure access to both applications and data.
- The application of logic and physical security measures
- Control and monitoring on changes in applications and their data.
- Environment segregation.
- Appropriate operation of applications.
- Continuity of applications.

It bears mention that design of such controls is reviewed on an annual basis for the purposes of implementing such changes, if necessary, which ensure that associated risks are appropriately mitigated. Following such review, amendments have been made in 2023 aimed at shoring up controls.

The implementation of ITGCs on the applications identified within the ICFR scope is monitored on an annual basis. As a general rule, the yardstick to identify applications within such scope is that they play a significant role in the preparation and monitoring of financial information.

The findings of such monitoring are reported to the Financial Department through the annual report assessing ICFR controls.

It bears mention that, in the process to design and implement applications and products, the Group has defined a methodological framework with different requirements aimed at ensuring that the solution implemented actually meets both the functions demanded by users and the security standards set out.

Likewise, the Group relies on contingency mechanisms and procedures, which have been defined to ensure recovery of information systems in case of lack of availability.

In 2023, the Information Security Committee has met on a quarterly basis. Said Committee is charged with ensuring the effective and consistent enforcement of best practices regarding information security management across the organisation, reducing risks affecting security to the minimum, taking into account the company's business.

The following officers sit on the Information Security Committee::

- The CEO.
- The General Counsel and Secretary of the Board
- The Chief Digital Officer
- The Chief Information Security Officer (CISO)
- The CFO
- The Chief Compliance Officer
- The Data Protection Officer (DPO), and
- The Chief Audit Officer (CAO), in an advisory capacity.

The Information Security Policy sets forth the principles and guidelines whereby Inditex will protect its information, pursuant to applicable regulations and its ethical values defined in the Code of Conduct as well as the provisions of the Regulations of the Information Security Committee and of any other applicable internal regulations.

The overarching principles that inform the Policy are:

(i) classification of information, in accordance with its value, relevance and criticality for the business;

(ii) limited use of information systems to lawful and exclusively professional purposes;

(iii) segregation of duties to avoid risks;

(iv) setting retention periods by information category, where necessary or convenient;

(v) setting monitoring procedures to control how information is made available to third parties;

(vi) security in Information Systems;

(vii) setting a process for continuity management to ensure recovery of critical Information for the Group in the event of disaster; and

(viii) alignment of Information Systems and communications of the Group with the requirements of applicable laws and regulations..

The Information Security Department performs its monitoring duties in an independent manner and is responsible for implementing the Policy and monitoring compliance therewith, and with all requirements arising from applicable laws, regulations and best practices in the field of Information Security. In addition to the Information Security Policy, the CISO's Charter seeks to define the framework for action, the competences and the internal and external responsibilities of the Information Security function.

Likewise, the Cybersecurity Advisory Committee has been formed in 2023. It is a permanent consulting and advisory body, made up of external independent members specialising in the field of information security. Its mission is to enhance the decision-making and drive the strategy of the company in the field of cybersecurity.

F.3.3. Internal control policies and procedures for overseeing the management of activities subcontracted to third parties, as well as of those aspects of assessment, calculation or valuation entrusted to independent experts, which may materially affect financial statements.

Included in the ICFR processes are controls on calculations made by third parties and on the criteria used for the purposes of mitigating the risks that might impact financial information.

Outsourced services are commissioned by the heads of the relevant areas, ensuring the technical and legal qualifications, capacity and independence of the experts hired.

F.4. Information and communication

Report on whether the company has at least the following, describing their main characteristics::

F.4.1. A specifically assigned function for defining and updating accounting policies (accounting policy area or department) and addressing concerns or conflicts arising from their interpretation, maintaining a free flow of information to those responsible for operations in the organisation, as well as an up-to-date accounting policy manual distributed to the business units through which the company operates..

Within the Planning and Management Control Department, the External Reporting area is responsible for drawing up, disclosing, implementing and updating the Group's Manual on Accounting Policies. With regard to the Group's accounting policies, this area is responsible for, inter alia:

- Defining the accounting treatment of the transactions that make up the business of the Group.
- Defining and updating the accounting practices of the Group.
- Addressing concerns and conflicts arising from the construction of accounting standards.
- Standardising the accounting practices of the Group.

The Manual covers the different transactions inherent in the Groups' business and their accounting treatment in accordance with the benchmark accounting framework of the Inditex Group.

The Manual is regularly updated. As part of these updating procedure, the External Reporting area includes all accounting changes identified that were advanced to those in charge of drawing up the financial statements.

The Manual is available on the Company's INET.

F.4.2. Mechanisms for capturing and preparing financial information in standardised formats for application and use by all units of the entity or group, and support its main financial statements and notes, as well as disclosures concerning ICFR.

The process of consolidating and preparing financial statements is centralised and is incumbent on the External Reporting area, which reports to the Planning and Management Control Department.

Drawing up the consolidated financial information begins with the addition of individual financial statements of each company included in the consolidation perimeter, to be subsequently consolidated based upon the accounting regulations of the Group.

Financial information reported to CNMV is prepared based upon consolidated financial statements gathered and upon certain supplementary information reported by the markets, required to prepare the annual/half-yearly report. Contemporaneously, certain specific controls are exerted to confirm integrity of said information.

The board of directors approved on 14 December 2020 the Policy on Disclosure of Economic-Financial, Non-Financial and Corporate Information that seeks to establish a framework for action and define the overarching principles that will govern disclosure by the Company of economic-financial, non-financial and corporate information via regulated and non-regulated channels.

Under said Policy, the board of directors, as the highest supervisory body responsible for overseeing economic-financial, non-financial and corporate information, shall ensure the broadest circulation and the highest quality of the information provided to the stakeholders, in accordance with a set of principles that include transparency, objectivity, accuracy, immediacy and symmetry in disclosure of information.

F.5. Supervision of the system's operation

Give information on the key features of at least:

F.5.1. The activities of the audit committee in overseeing ICFR as well as whether there is an internal audit function one of the responsibilities of which is to provide support to the committee in its task of supervising the internal control system, including ICFR. Additionally, describe the scope of ICFR assessment made during the year and the procedure through which the person responsible for performing the assessment communicates its results, whether the company has an action plan detailing possible corrective measures, and whether their impact on financial reporting has been considered.

With regard to the evaluation of ICFR and the procedure set to disclose its results, the ICFR area monitors on a quarterly basis, via the owners of processes with an impact on financial information, the implementation of controls, requesting and reviewing a sample of evidence from the owners of each control.

As a result of such monitoring, areas for improvement are identified and they are assigned an action plan to remedy them. Follow up ensues to ensure the fulfilment of such action plan.

Likewise, the ICFR area issues on a quarterly basis a report with the findings of each control, the main action lines followed in the quarter and the incidences identified. Such reports are submitted to the Financial Department, the heads of financial departments and the Internal Audit Department.

In 2023 and specifically regarding ICFR oversight activities, the Audit and Compliance Committee has carried out the following proceedings, without limitation:

- It has reviewed the consolidated annual accounts of the Group and the periodic quarterly and half-yearly financial information that the Board of Directors has to provide (or which it voluntarily provides) to the markets and its supervisory bodies, overseeing compliance with statutory requirements and the appropriate application of the generally accepted accounting principles upon drafting this information.
- As part of its oversight duties regarding the Internal Audit function, it has approved its annual activities report, as well as its budget and the annual internal audit plan that includes specific audits on ICFR processes, pursuant to a multi-year plan set.
- It has reviewed the annual audit plan of external auditors that includes the audit objectives based upon the evaluation of risks of financial information and the main areas of interest or significant transactions subject to review in the year, including those areas where a strategy of trust in controls exists.
- It has reviewed with the external auditor and with Internal Audit the internal control weaknesses revealed, where appropriate, in the course of the different audit and review assignments. Meanwhile, both external auditors and Internal Audit have regularly advised the Audit and Compliance Committee on the degree of enforcement of recommendations resulting from these assignments.
- It has met regularly with other corporate departments of the Inditex Group for the purposes of overseeing the effectiveness of internal control systems of the Group, including ICFR, verifying their suitability and integrity and the degree of implementation of action plans to meet audit recommendations.

Internal Audit is a corporate function directly linked to the board of directors, which ensures its full independence in the performance of its activities. Internal Audit functionally reports to the Audit and Compliance Committee.

The area is centrally managed from headquarters and has representatives in the geographic areas where the presence of the Inditex Group so requires. Additionally, it is divided into specialised areas, which allows for gaining a deep understanding of risks and processes.

Internal Audit’s budget is approved on an annual basis by the Audit and Compliance Committee, which provides for the human and material assets, both internal and external of the Internal Audit Department.

The mission of the Internal Audit function consists, inter alia, of assessing risk exposure and the suitability and effectiveness of controls in respect of risks identified and namely, those related to reliability and integrity of financial and operational information.

Based upon the ICFR Scoping Matrix, Internal Audit drafts a multi-year plan for the regular review of ICFR of the Group, which is submitted to the Audit and Compliance Committee for approval every year.

This multi-year plan entails conducting ICFR reviews of the significant processes and elements of the Group’s financial statements. Review priorities are set based upon the risks identified. This plan is implemented through annual planning that determines the scope of the annual ICFR reviews. The suitability of this plan is reviewed every year, further to the update of the process to identify and assess financial information risks. Additionally, annual planning include compliance with the provisions of current internal corporate policies, including the ICFR Policy.

Namely, the following issues are subject to review: the design and effective operation of key transactional controls and general ITGC on the main software tools involved in financial reporting, as well as the review of the general control environment.

To carry out its activities, Internal Audit uses different audit techniques, mainly interviews, analytical reviews, specific control tests, reviewing both the appropriateness of design and the effective operation thereof, review of the effectiveness of software tools and material tests.

The results of the assignments, together with the corrective measures proposed, where appropriate, are reported to the Financial Department and the Audit and Compliance Committee. Internal Audit follows up on the implementation of these measures, which is then reported to the Audit and Compliance Committee.

F.5.2. Whether there is a discussion procedure whereby the auditor (as defined in the Spanish Technical Audit Standards), the internal auditor and other experts can report to senior management and the audit committee or directors of the company any significant weaknesses in internal control identified during the review of the annual financial statements or any others they have been assigned. Additionally, state whether an action plan is available for correcting or mitigating any weaknesses detected.

Internal Audit regularly discloses to the Financial Department and the Audit and Compliance Committee the internal control weaknesses identified in the reviews carried out, as well as the follow-up on the action plans set out to settle or reduce them.

In turn, external auditors meet regularly with the Financial Department and Internal Audit, both to gather information and to disclose any potential control weaknesses that may have been revealed, where appropriate, in the course of their work.

At its meetings, the Audit and Compliance Committee considers the potential weaknesses in control that might have an impact on financial statements, requesting, where appropriate, from the affected areas, the necessary information to assess any effects on the financial statements.

Section 45.5 of the Board of Directors' Regulations provides that: *"The Board of Directors shall ensure that the annual accounts are drawn up in accordance with accounting standards, striving for them to be drafted in such a manner that they do not give rise to qualifications on the part of the auditor. However, in the exceptional circumstances where the auditor expresses a qualified opinion and the Board of Directors considers that it must stick to its position, it shall publicly explain the contents and scope of the discrepancy. The foregoing without prejudice to the information that the Chair of the Audit and Compliance Committee would make available to the shareholders at the General Meeting of Shareholder"*

To meet the provisions of section 45.5 above-mentioned, any discussions or differing views that may exist are advanced at the meetings of the Audit and Compliance Committee with external auditors. In turn, external auditors report, where appropriate, on the main internal control issues that need to be improved that have been identified as a result of their work. Additionally,the management reports on the degree of implementation of the relevant action plans set in train to correct or reduce the issues identified.

Meanwhile, the Audit and Compliance Committee meets with the statutory auditors of the individual and consolidated annual accounts for the purposes of reviewing on the one hand the Group's annual account, and on the other, certain periodic financial information that the board of directors must provide to the market and its supervisory bodies, overseeing compliance with statutory requirements and the appropriate enforcement of generally accepted accounting principles upon preparing such information.

Moreover, the Committee regularly receives from the statutory auditor information on the audit plan and the results of its implementation, follows up on the recommendations proposed by the statutory auditor and may request its collaboration whenever this is deemed necessary.

On the other hand, in accordance with best practices, the Committee meets at least once a year with external auditors, without any member of the management being present. In 2023, the Audit and Compliance Committee has met twice with external auditors: on 13 March and 11 September.

In 2023 members of the Internal Audit function were in attendance at 6 of the 7 meetings held by the Audit and Compliance Committee and external auditors were in attendance at 4 of them.

F.6. Other relevant information

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F.7. External auditor's report

Report:

F.7.1. Whether the ICFR information sent to the markets has been subjected to review by the external auditor, in which case the entity should include the corresponding report as an attachment. If not, reasons why should be given.

The information on ICFR included in this section F of the Annual Corporate Governance Report for 2023 and prepared by the Group's Management is reviewed by the external auditors.

G. Degree of compliance with corporate governance recommendations

Specify the company's degree of compliance with recommendations of the Good Governance Code of listed companies.

In the event that a recommendation is not followed or only partially followed, a detailed explanation of the reasons must be included so that shareholders, investors and the market in general have enough information to assess the company´s conduct. General explanations are not acceptable.e.

1. That the articles of association of listed companies should not limit the maximum number of votes that may be cast by one shareholder or contain other restrictions that hinder the takeover of control of the company through the acquisition of its shares on the market..

Complies x Explain

2. That when the listed company is controlled by another entity within the meaning of section 42 of the Commercial Code, whether listed or not, and has, directly or through its subsidiaries, business relations with said entity or any of its subsidiaries (other than the listed company) or carries out activities related to those of any of them it should make accurate public disclosures on:

- The respective areas of activity and possible business relationships between the listed company or its subsidiaries and the parent company or its subsidiaries..
- The mechanisms in place to resolve any conflicts of interest that may arise.

Complies x Complies partially Explain

3. That, during the Annual General Meeting, as a complement to the distribution of the written annual corporate governance report, the chairman of the Board of Directors should inform shareholders orally, in sufficient detail, of the most significant aspects of the company's corporate governance, and in particular:

- Changes that have occurred since the last Annual General Meeting.
- Specific reasons why the company has not followed one or more of the recommendations of the Code of Corporate Governance and the alternative rules applied, if any

Complies x Complies partially Explain

4. That the company should define and promote a policy on communication and contact with shareholders and institutional investors, within the framework of their involvement in the company, and with proxy advisors that complies in all aspects with rules against market abuse and gives equal treatment to shareholders who are in the same position. And that the company should publish this policy on its website, including information on how it has been put into practice and identifying the contact persons or those responsible for implementing it.

And that, without prejudice to the legal obligations regarding dissemination of inside information and other types of regulated information, the company should also have a general policy regarding the communication of economic-financial, non-financial and corporate information through any channels that as it may consider appropriate (media, social media or other channels) that helps maximise the dissemination and quality of information available to the market, investors and other stakeholders..

Complies x Complies partially Explain

5. That the Board of Directors should not submit to the General Meeting of Shareholders any proposal for delegation of powers allowing the issue of shares or convertible securities with the exclusion of pre-emptive rights in an amount exceeding 20% of the capital at the time of delegation.

And that whenever the Board of Directors approves any issue of shares or convertible securities with the exclusion of pre-emptive rights, the company should immediately publish the reports mentioned by company law on its website.

Complies x Complies partially Explain

6. That listed companies that prepare the reports listed below, whether under a legal obligation or voluntarily, should publish them on their website well in advance of the Annual General Meeting, even if their publication is not mandatory:

- Report on auditor independence..
- Reports on the proceedings of the audit and nomination and remuneration committees

- Report by the audit committee on related party transactions.

Complies x Complies partially Explain

7. That the company should broadcast its Annual General Meeting live on its website

And that the company should have mechanisms in place allowing to grant proxy and to cast votes by means of data transmission and even, in the case of large-caps and to the extent that it is proportionate, attendance and active participation in the General Meeting to be conducted by said remote means

Complies x Explain

8. That the audit committee should ensure that the financial statements submitted to the General Meeting of Shareholders are prepared in accordance with accounting regulations. And that in cases in which the auditor has included a qualification or reservation in its audit report, the chairman of the audit committee should clearly explain to the general meeting the opinion of the audit committee on its content and scope, making a summary of this opinion available to shareholders at the time when the meeting is called, alongside the other Board proposals and reports.

Complies x Complies partially Explain

9. That the company should permanently publish on its website the requirements and procedures for certification of share ownership, the right of attendance at the General Meeting of Shareholders, and the exercise of the right to vote or to issue a proxy.

And that these requirements and procedures promote attendance and the exercise of shareholder rights in a non-discriminatory manner..

Complies x Complies partially Explain

10. That when a duly authenticated shareholder has exercised his or her right to supplement the agenda or submit new proposals for resolutions in advance of the General Meeting of Shareholders, the company should:

- immediately distribute the supplementary items and new proposals for resolutions.
- publish the standard form of attendance card or the form to vote by proxy or cast absentee voting with the necessary changes so that the new agenda items and alternative proposals may be voted on in the same terms as those proposed by the Board of Directors.
- put all these items or alternative proposals to the vote applying the same voting rules as for those submitted by the board of directors, with particular regard to presumptions or deductions about the direction of votes.
- after the General Meeting of Shareholders, disclose the breakdown of votes on said supplementary items or alternative proposals.

Complies x Complies partially Explain Not applicable

11. That if the company intends to pay premiums for attending the General Meeting of Shareholders, it should establish in advance a general policy on said premiums and this policy should be stable..

Complies Complies partially Explain Not applicable x

12. That the board of directors should perform its functions with a unity of purpose and independence of criterion, treating all similarly situated shareholders equally and being guided by the best interests of the company, which is understood to mean the pursuit of a profitable and sustainable business in the long term, promoting its continuity and maximising the economic value of the business..

And that in pursuit of the company's interest, in addition to complying with applicable law and rules and conducting itself on the basis of good faith, ethics and a respect for commonly accepted best practices, it should seek to reconcile its own company interests, when appropriate, with the interests of its employees, suppliers, customers and other stakeholders that may be affected, as well as the impact of its corporate activities on the communities in which it operates and on the environment..

Complies x Complies partially Explain

13. That the Board of Directors should be of an appropriate size to perform its duties effectively and in a collegial manner, which makes it advisable for it to have between five and fifteen members..

Complies x Explain

14. That the Board of Directors should approve a policy aimed at encouraging an appropriate composition of the Board and that::

- Is specific and ascertainable;

- Ensures that motions for appointment or re-election are based upon a prior analysis of the needs of the board of directors; and
- Favours diversity of knowledge, experience, age and gender. For these purposes, it is considered that the measures that encourage the company to have a significant number of female senior executives favour gender diversity.

That the result of the prior analysis of the competences required by the board of directors are written up in the explanatory report from the nomination committee published upon calling the Annual General Meeting to which the ratification, appointment or re-election of each director is submitted.

The nomination committee shall verify annually compliance with this policy and explain its findings in the annual corporate governance report.

Complies x Complies partially Explain

15. That proprietary and independent directors should constitute a substantial majority of the board of directors and that the number of executive directors be kept to a minimum, taking into account the complexity of the corporate group and the ownership interest of executive directors.

And that the number of female directors should represent at least 40% of the members of the Board of Directors before the end of 2022 and thereafter, and not less than 30% prior to that date.

Complies x Complies partially Explain

16. That the number of proprietary directors out of all non-executive directors should not be greater than the proportion of the company's share capital represented by those directors and the rest of the capital.

This yardstick may be relaxed:

- In large-cap companies where very few shareholdings are legally considered significant.
- In the case of companies where a plurality of shareholders is represented on the board of directors without ties among them.

Complies x Explain

17. That the number of independent directors should represent at least half of the total number of directors.

That, however, when the company does not have a high level of market capitalisation or in the event that it is a large-cap company with one shareholder or a group of shareholders acting in concert who together control more than 30% of the company's share capital, the number of independent directors should represent at least one third of the total number of directors.

Complies x Explain

18. That companies should publish the following information on its directors on their website, and keep it regularly updated:

- Professional experience and biography.
- Any other boards to which the directors belong, regardless of whether or not the companies are listed, as well as any other remunerated activities engaged in, regardless of type.
- Directorship type, indicating, in the case of individuals who represent significant shareholders, the shareholder that they represent or to which they are connected.
- Date of their first appointment as a director of the company's board of directors, and any subsequent re-elections.
- Company shares and share options that they own.

Complies x Complies partially Explain

19. That the annual corporate governance report, following verification by the nomination committee, should explain the reasons for the appointment of any proprietary directors on the proposal of shareholders whose holding is less than 3%. It should also explain, where applicable, any rejection of a formal request for a board position from shareholders whose equity stake is equal to or greater than that of others applying successfully for a proprietary directorship.

Complies Complies partially Explain Not applicable x

20. That proprietary directors representing significant shareholders should resign from the board when the shareholder they represent disposes of its entire shareholding. They should also resign, in a proportional fashion, in the event that said shareholder reduces its stake to a level that requires a decrease in the number of proprietary directors.

Complies x Complies partially Explain Not applicable

21. That the board of directors should not propose the removal of any independent director before the completion of the director's term provided for in the articles of association unless the Board of Directors finds just cause and a prior report has been prepared by the nomination committee. Specifically, just cause is considered to exist if the director takes on new duties or commits to new obligations that would interfere with his or her ability to dedicate the time necessary for attention to the duties inherent to his or her position as a director, are in breach of their fiduciary duty, or is affected by any of the circumstances that would cause the loss of independent status in accordance with applicable law.

The removal of independent directors may also be proposed as a result of a public takeover bid, merger or other similar corporate transaction entailing a change in the shareholder structure of the company, provided that these changes in the structure of the Board are the result of application of the proportionate representation criterion provided in Recommendation 16.

Complies x Explain

22. That companies should establish rules requiring that directors inform the Board of Directors and, where appropriate, resign from their posts, when circumstances arise that affect them, whether or not related to their actions in the company itself, and that may harm the company's standing and reputation, and in particular requiring them to inform the board of any criminal charges brought against them as well as of how the legal proceedings subsequently unfold..

And that, if the board is informed or becomes aware in any other manner of any of the circumstances mentioned above, it must examine the case as quickly as possible and, depending on the specific circumstances, decide, based on a report from the nomination and remuneration committee, whether or not any measure must be adopted, such as the opening of an internal investigation, asking the director to resign or proposing that he or she be dismissed. And that these events must be reported in the annual corporate governance report, unless there are any special reasons not to do so, which must also be noted in the minutes. This without prejudice to the information that the company must disclose, if appropriate, at the time when the corresponding measures are implemented..

Complies x Complies partially Explain

23. That all directors clearly express their opposition when they consider any proposal submitted to the board of directors to be against the company's interests. This particularly applies to independent directors and directors who are unaffected by a potential conflict of interest if the decision could be detrimental to any shareholders not represented on the board of directors.

Furthermore, when the board of directors makes significant or repeated decisions about which the director has serious reservations, the director should draw the appropriate conclusions and, in the event the director decides to resign, explain the reasons for this decision in the letter mentioned in the next recommendation..

This recommendation also applies to the secretary of the Board of Directors, even if he or she is not a director

Complies x Complies partially Explain

24. That whenever, due to resignation or resolution of the General Meeting of Shareholders, a director leaves before the completion of his or her term of office, the director should explain the reasons for this decision, or in the case of non-executive directors, their opinion of the reasons for the general meeting resolution, in a letter addressed to all members of the board of directors.

And that, without prejudice to all this being reported in the annual corporate governance report, as far as it is relevant to investors, the company should publish an announcement of the departure as rapidly as possible, with sufficient reference to the reasons or circumstances provided by the direct.

Complies x Complies partially Explain

25. That the nomination committee should make sure that non-executive directors have sufficient time available in order to properly perform their duties.

And that the Board regulations establish the maximum number of company boards on which directors may sit.

Complies x Complies partially Explain

26. That the board of directors meet frequently enough to be able to effectively perform its duties, and at least eight times per year, following a schedule of dates and agendas established at the beginning of the year and allowing each director individually to propose other items that do not originally appear on the agenda.

Complies x Complies partially Explain

27. That director absences occur only when absolutely necessary and be quantified in the annual corporate governance report. And when absences do occur, that the director appoint a proxy with instructions.

Complies x Complies partially Explain

28. That when directors or the secretary express concern regarding a proposal or, in the case of directors, regarding the direction in which the company is headed and said concerns are not resolved by the board of directors, these concerns should be included in the minutes at the request of the director expressing them.

Complies x   Complies partially   Explain   Not applicable

29. That the company should establishes adequate means for directors to obtain appropriate advice in order to properly fulfil their duties including, should circumstances warrant, external advice at the company's expense.

Complies x   Complies partially   Explain

30. That, without regard to the knowledge necessary for directors to complete their duties, companies make refresher courses available to them when circumstances make this advisable

Complies x   Complies partially   Explain

31. That the agenda for meetings should clearly indicate those matters on which the board of directors is to make a decision or adopt a resolution so that the directors may study or gather all relevant information ahead of time.

When, under exceptional circumstances, the chairman wishes to bring urgent matters for decision or resolution before the board of directors that do not appear on the agenda, the prior express agreement of a majority of the directors shall be required, and said consent shall be duly recorded in the minutes.

Complies x   Complies partially   Explain

32. That directors be periodically informed of changes in shareholding and of the opinions of significant shareholders, investors and rating agencies of the company and its group.

Complies x   Complies partially   Explain

33. That the chairman, as the person responsible for the efficient workings of the board of directors, in addition to carrying out the duties assigned by law and the articles of association, should prepare and submit to the board of directors a schedule of dates and matters to be considered; organise and coordinate the periodic evaluation of the board as well as, where applicable, the chief executive of the company, should be responsible for leading the board and the effectiveness of its work; ensuring that sufficient time is devoted to considering strategic issues, and approve and supervise refresher courses for each director when circumstances make this advisable.

Complies x   Complies partially   Explain

34. That when there is a lead independent director, the articles of association or Board regulations should confer upon him or her the following powers in addition to those conferred by law: to chair the board of directors in the absence of the chairman and deputy chairmen, should there be any; to reflect the concerns of non-executive directors; to liaise with investors and shareholders in order to understand their points of view and respond to their concerns, in particular as those concerns relate to corporate governance of the company; and to coordinate a succession plan for the chairman.

Complies x   Complies partially   Explain   Not applicable

35. That the secretary of the board of directors should pay special attention to ensure that the activities and decisions of the board of directors take into account the recommendations regarding good governance contained in the Good Governance Code as may be applicable to the company.

Complies x   Explain

36. That the board of directors meets in plenary session once a year and adopt, where appropriate, an action plan to correct any deficiencies detected in the following:

- Quality and efficiency of the proceedings of the board.
- Proceedings and composition of its committees.
- Diversity of board membership and competences.
- Performance of the chairman of the board of directors and of the chief executive officer of the company.
- Performance and input of each director, paying special attention to those in charge of the various board committees.

In order to perform its evaluation of the various committees, the Board of Directors shall take a report from the committees themselves as a starting point and for the evaluation of the Board, a report from the nomination committee..

Every three years, the Board of Directors will turn for its evaluation to an external advisor, whose independence shall be verified by the nomination committee.

Business relationships between the external adviser or any member of the adviser's group and the company or any company within its group must be specified in the annual corporate governance report.

The process and the areas evaluated must be described in the annual corporate governance report.

Complies x Complies partially Explain

37. That if there is an executive committee, it must contain at least two non-executive directors, at least one of whom must be independent, and its secretary must be the secretary of the Board

Complies x Complies partially Explain Not applicable

38. That the board of directors must always be aware of the matters discussed and decisions taken by the executive committee and that all members of the board of directors receive a copy of the minutes of meetings of the executive committee..

Complies x Complies partially Explain Not applicable

39. That all members of the audit committee, in particular its chairman, be appointed in consideration of their knowledge and experience in accountancy, audit and risk management issues, both financial and non-financial..

Complies x Complies partially Explain Not applicable

40. That under the supervision of the audit committee, there should be a unit in charge of the internal audit function, which ensures that information and internal control systems operate correctly, and which reports to the non-executive chairman of the board or of the audit committee.

Complies x Complies partially Explain Not applicable

41. That the person in charge of the unit performing the internal audit function should present an annual work plan to the audit committee, for approval by that committee or by the board, reporting directly on its execution, including any incidents or limitations of scope, the results and monitoring of its recommendations, and present an activity report at the end of each year.

Complies x Complies partially Explain Not applicable

42. That in addition to the provisions of applicable law, the audit committee should be responsible for the following:

1) With regard to information systems and internal control:

a) Overseeing and evaluating the process of preparation and the completeness of financial and non-financial information, as well as the control and management systems for financial and non-financial risk relating to the company and, where applicable, the group -including operational , technological, legal, social, environmental, political and reputational risk, or risk related to corruption- reviewing compliance with regulatory requirements, the appropriate delimitation of the scope of consolidation and the correct application of accounting criteria.

b) Ensuring the independence of the unit charged with the internal audit function; proposing the selection, appointment and dismissal of the head of internal audit; proposing the budget for this service; approving or proposing its orientation and annual work plans for approval by the Board, making sure that its activity is focused primarily on material risks (including reputational risk); receiving periodic information on its activities; and verifying that senior management takes into account the conclusions and recommendations of its reports

c) Establishing and overseeing a mechanism that allows employees and other persons related to the company, such as directors, shareholders, suppliers, contractors or subcontractors, to report any potentially serious irregularities, especially those of a financial or accounting nature, that they observe in the company or its group. This mechanism must guarantee confidentiality and in any case provide for cases in which the communications can be made anonymously, respecting the rights of the whistleblower and the person reported.

d) Generally ensuring that internal control policies and systems are effectively applied in practice

2) With regard to the external auditor:

a) In the event that the external auditor resigns, examining the circumstances leading to their resignation.

b) Ensuring that the remuneration paid to the external auditor for its work does not compromise the quality of the work or the auditor's independence..

c) Making sure that the company informs the CNMV of the change of auditor, along with a statement on any differences that arose with the outgoing auditor and, where applicable, the contents thereof.

d) Ensuring that the external auditor holds an annual meeting with the Board of Directors in plenary session in order to make a report regarding the tasks performed and the development of the company's accounting situation and risks..

e) Ensuring that the company and the external auditor comply with applicable rules regarding the provision of services other than auditing, limits on the concentration of the auditor's business, and, in general, all other rules regarding auditors' independence.

Complies x Complies partially Explain

43.That the audit committee be able to require the presence of any employee or manager of the company, even stipulating that he or she appear without the presence of any other member of management..

Complies x Complies partially Explain

44. That the audit committee be kept abreast of any corporate and structural changes planned by the company in order to perform an analysis and draw up a prior report to the Board of Directors on the economic conditions and accounting implications and, in particular, any exchange ratio involved.

Complies x Complies partially Explain Not applicable

45. That the risk management and control policy identify or determine, as a minimum:

a) The various types of financial and non-financial risks (including operational, technological, legal, social, environmental, political and reputational risks and risks relating to corruption) that the company faces, including among the financial or economic risks contingent liabilities and other off-balance sheet risks.

b) An enterprise risk management model based on different levels, which will include a specialised risk committee when sector regulations so require, or the company considers it to be appropriate..

c) The level of risk that the company considers to be acceptable.

d) Measures in place to mitigate the impact of the risks identified in the event that they should materialise.

e) Internal control and information systems to be used in order to control and manage the aforementioned risks, including contingent liabilities or off-balance sheet risks.

Complies x Complies partially Explain

46. That under the direct supervision of the audit committee or, where applicable, of a specialised committee of the Board of Directors, an internal risk control and management function should exist, performed by an internal unit or department of the company that is expressly charged with the following responsibilities:

a) Ensuring the proper functioning of the enterprise risk management systems and, in particular, that they adequately identify, manage and quantify all material risks affecting the company.

b) Actively participating in drawing up the risk strategy and in important decisions regarding risk management.

c) Ensuring that the enterprise risk management systems adequately mitigate risks as defined by the policy set forth by the Board of Directors.

Complies x Complies partially Explain

47. That in designating the members of the nomination and remuneration committee–or of the nomination committee and the remuneration committee if they are separate–efforts are made to ensure that they have the knowledge, skills and experience appropriate to the functions that they are called upon to perform and that the majority of said members are independent directors.

Complies x Complies partially Explain

48. That large-cap companies have separate nomination and remuneration committees.

Complies x Complies partially Explain

49. That the nomination committee consult with the chairman of the Board of Directors and the chief executive of the company, especially in relation to matters concerning executive directors.

And that any director be able to ask the nomination committee to consider potential candidates that he or she considers suitable to fill a vacancy on the board of directors

Complies x Complies partially Explain

50. That the remuneration committee operates independently and that, in addition to the functions it has been assigned by statute, it should be responsible for the following:

a) Proposing to the board of directors the basic terms and conditions of employment for senior management.

b) Verifying compliance with the company's remuneration policy.

c) Periodically reviewing the remuneration policy applied to directors and senior managers, including share-based remuneration systems and their application, as well as ensuring that their individual remuneration is proportional to that received by the company's other directors and senior managers.

d) Making sure that potential conflicts of interest do not undermine the independence of external advice given to the committee.

e) Verifying the information on remuneration of directors and senior managers contained in the various corporate documents, including the annual report on director remuneration.

Complies x Complies partially Explain

51. That the remuneration committee should consult with the chairman and the chief executive of the company, especially on matters relating to executive directors and senior management.

Complies x Complies partially Explain

52. That the rules on membership and proceedings of the supervision and control committees should appear in the regulations of the Board of Directors and that they should be consistent with those applying to legally mandatory committees in accordance with the foregoing recommendations, including:

a) That they be composed exclusively of non-executive directors, with a majority of independent directors

b) That their chairpersons be independent directors.

c) That the board of directors appoints members of these committees taking into account their knowledge, skills and experience and the duties of each committee; discuss their proposals and reports; and require them to render account of their activities and of the work performed in the first plenary session of the Board of Directors held after each committee meeting.

d) That the committees be allowed to avail themselves of outside advice when they consider it necessary to perform their duties.

e) That their meetings be recorded and their minutes be made available to all directors.

Complies x Complies partially Explain Not applicable

53. That verification of compliance with the company's policies and rules on environmental, social and corporate governance matters, and with the internal codes of conduct be assigned to one or divided among more than one committee of the Board of Directors, which may be the audit committee, the nomination committee, a specialised committee on sustainability or corporate social responsibility or any other specialised committee that the Board of Directors, in the exercise of its powers of self-organisation, may have decided to create. And that this committee be composed exclusively of non-executive directors, with a majority of these being independent directors, and that the minimum functions indicated in the next recommendation be specifically assigned to it.

Complies x Complies partially Explain

54. The minimum functions mentioned in the foregoing recommendation are the following:

a) Monitoring compliance with the company's internal codes of conduct and corporate governance rules, also ensuring that the corporate culture is aligned with its purpose and values.

b) Monitoring the application of the general policy on disclosure of economic and financial information, non-financial and corporate information and communication with shareholders and investors, proxy advisors and other stakeholders. The manner in which the entity communicates and handles relations with small and medium-sized shareholders must also be monitored.

c) The periodic evaluation and review of the company's corporate governance system, and environmental and social policy, with a view to ensuring that they fulfil their purposes of promoting the interests of society and take account, as appropriate, of the legitimate interests of other stakeholders

d) Oversee the company's environmental and social practices to ensure that they are in alignment with the established strategy and policy.

e) Oversee and evaluate the company's interaction with its different stakeholders..

Complies x Complies partially Explain

55. That environmental and social sustainability policies identify and include at least the following:

a) The principles, commitments, objectives and strategy relating to shareholders, employees, customers, suppliers, social issues, the environment, diversity, tax responsibility, respect for human rights, and the prevention of corruption and other unlawful conduct.

b) Means or systems for monitoring compliance with these policies, their associated risks, and management.

c) Mechanisms for supervising non-financial risk, including that relating to ethical aspects and aspects of business conduct.

d) Channels of communication, participation and dialogue with stakeholders..

e) Responsible communication practices that impede the manipulation of data and protect integrity and honour.

Complies x Complies partially Explain

56. That director remuneration be sufficient in order to attract and retain directors who meet the desired professional profile and to adequately compensate them for the dedication, qualifications and responsibility demanded of their posts, while not being so excessive as to compromise the independent judgement of non-executive directors.

Complies x Explain

57. That only executive directors should receive variable remuneration linked to corporate results and personal performance, as well as remuneration in the form of shares, options or rights to shares or instruments referenced to the share price and long-term savings plans, such as pension plans, retirement schemes or other provident schemes.

Consideration may be given to delivering shares to non-executive directors as remuneration providing this is conditional upon their holding them until they cease to be directors. The foregoing shall not apply to shares that the director may need to sell in order to meet the costs related to their acquisition.

Complies x Complies partially Explain

58. That as regards variable remuneration, remuneration policies should incorporate the necessary limits and technical safeguards to ensure that this remuneration is in line with the professional performance of its beneficiaries and not based solely on general developments in the markets or in the sector in which the company operates, or other similar circumstances.

And, in particular, that variable remuneration components:

a) Are linked to pre-determined and measurable performance criteria and that said criteria take into account the risk incurred to achieve a given result.

b) Promote the sustainability of the company and include non-financial criteria that are geared towards creating long term value, such as compliance with the company's rules and internal operating procedures and with its risk management and control policies.

c) Are based on balancing the attainment of short-, medium- and long-term objectives, so as to allow remuneration of continuous performance over a period long enough to be able to assess its contribution to the sustainable creation of value, in such a way that the elements used to measure performance are not associated only with one-off, occasional or extraordinary events.

Complies x Complies partially Explain Not applicable

59. That the payment of variable remuneration components be subject to sufficient verification that previously established performance or other conditions have effectively been met. Entities must include in their annual report on director remuneration the criteria for the time required and methods used for this verification depending on the nature and characteristics of each variable component.

That, additionally, companies consider the inclusion of a reduction ('malus') clause for the deferral of the payment of a portion of variable remuneration components that would imply their total or partial loss if an event were to occur prior to the payment date that would make this advisable.

Complies x Complies partially Explain Not applicable

60. That remuneration related to company results should take into account any reservations that might appear in the external auditor's report and that would diminish said results.

Complies x   Complies partially   Explain   Not applicable

61. That a material portion of executive directors' variable remuneration be linked to the delivery of shares or financial instruments referenced to the share price.

Complies x   Complies partially   Explain   Not applicable

62. That once shares or options or financial instruments have been allocated under remuneration schemes, executive directors be prohibited from transferring ownership or exercising options or rights until a term of at least three years has elapsed.

An exception is made in cases where the director has, at the time of the transfer or exercise of options or rights, a net economic exposure to changes in the share price for a market value equivalent to at least twice the amount of his or her fixed annual remuneration through the ownership of shares, options or other financial instruments.

The forgoing shall not apply to shares that the director may need to sell in order to meet the costs related to their acquisition or, following a favourable assessment by the nomination and remuneration committee, to deal with any extraordinary situations that may arise and so require.

Complies x   Complies partially   Explain   Not applicable

63. That contractual arrangements should include a clause allowing the company to demand reimbursement of the variable remuneration components in the event that payment was not in accordance with the performance conditions or when payment was made based on data subsequently shown to have been inaccurate.

Complies x   Complies partially   Explain   Not applicable

64. That payments for contract termination should not exceed an amount equivalent to two years of total annual remuneration and should not be paid until the company has been able to verify that the director has fulfilled all previously established criteria or conditions for payment.

For the purposes of this recommendation, payments for contractual termination will be considered to include any payments the accrual of which or the obligation to pay that arises as a consequence of or on the occasion of the termination of the contractual relationship between the director and the company, including amounts not previously vested of long-term savings schemes and amounts paid by virtue of post-contractual non-competition agreements

Complies x   Complies partially   Explain   Not applicable

Further information of interest

1. If there is any significant aspect regarding corporate governance in the company or other companies in the group that has not been included in other sections of this report, but that must be included in order to provide a more comprehensive and reasoned picture of the structure and governance practices in the company or its group, describe them briefly below.

2. This section may also be used to provide any other information, explanation or clarification relating to previous sections of the report, so long as it is relevant and not repetitive.

Specifically, indicate whether the company is subject to any corporate governance legislation other than that of Spain and, if so, include any information required under this legislation that differs from the data required in this report.

3. The company may also indicate whether it has voluntarily subscribed to other ethical or best practice codes, whether international, sector-based, or other. In this case, name the code in question and the date on which the company subscribed to it. Specific mention must be made as to whether the company adheres to the Code of Good Practices of 20 July 2010.

The list of the main alliances, initiatives and commitments undertaken by the Group is available on the corporate website, in the “Sustainability” section, “Reporting” subsection.

Among the main Codes that Inditex has subscribed to and the global commitments that it has voluntarily undertaken, the following can be found:

- Code of Good Tax Practices. It encourages a mutually cooperative relationship between the Tax Administration Authority of Spain and the companies. Date of endorsement: 21 September 2010.
- *UNI GLOBAL UNION* (www.uniglobalunion.org). It encourages respect and promotion of labour rights and decent work within the retail and distribution network. Date of endorsement: 2 October 2009.
- *The United Nations Global Compact* (www.globalcompact.org). A United Nations initiative that encourages social dialogue between companies and the civil society. Date of endorsement: 31 October 2001.
- *Ethical Trading Initiative* (ETI) (www.ethicaltrade.org). A dialogue platform to improve working conditions of workers across the supply chains. It is an alliance of companies, international trade unions, and non-governmental organisations. Date of endorsement: 17 October 2005.
- Global Framework Agreement with IndustriALL Global Union (formerly, ITGLWF) (www.industriall-union.org). To promote fundamental human and social rights across Inditex’s production line, including the definition of mechanisms of joint action within the production line to implement the Code of Conduct for Manufacturers and Suppliers. Date of endorsement: 4 October 2007. Inditex and IndustriALL executed on 4 May 2012 the “Protocol to define the involvement of trade unions in the reinforcement of the International Framework Agreement within Inditex’s supply chain.” On 8 July 2014, the Framework Agreement was renewed by both parties at ILO headquarters in Geneva, Switzerland. A new Agreement was executed on 25 April 2016 between Inditex and IndustriALL, that introduces the concept of “union experts” to enforce the Global Framework Agreement. The Global Framework Agreement was renewed on 13 November 2019. At this new stage, both parties have agreed to set up a Global Union Committee on which worker representatives from each of the Inditex Group’s key areas of production will sit.
- *Zero Discharge of Hazardous Chemicals* (ZDHC): in this organisation, Inditex joins forces with the rest of the industry in order to move forward together in fulfilling our commitment to Zero Discharge of Hazardous Chemicals, a pledge to restrict and eliminate certain chemicals in the product manufacturing process.
- Cooperation Agreement between the Ministry of Health and Consumption and the fashion sector in Spain entered into on 23 January 2007. It promotes the defence and encouragement of the rights of Spanish customers in the world of fashion, namely as regards creating and encouraging a healthy-looking appearance.
- International Accord (https://internationalaccord.org/). Signatory brands - including Inditex- and trade unions renewed their commitments for an additional 3-year term, thus making it the longest Accord commitment to this date. This successful agreement which originated in 2013., shows the conviction of brands and trade unions regarding the impact this initiative has on health and safety in the work environment, through independent inspections at factories, corrective measures, training on safety, and an effective whistleblowing mechanism for workers. The International Accord recognises the RMG Sustainability Council (RSC) as the independent organisation that continues these efforts in Bangladesh. Likewise, from early 2023 the implementation has begun in Pakistan, as a result of the feasibility studies regarding expansion addressed in the agreement in 2021. Date of renewal: 23 November 2023.
- *ACT (Action Collaboration Transformation*): a collaboration initiative of retail brands, suppliers and trade unions to transform the textile industry and achieve living wages by means of collective bargaining and responsible purchasing practices. Inditex has been an active participant of ACT since 13 March 2015.

- International Labour Organization (ILO): ILO is a specialist UN body that focuses on all matters relating to work and industrial relations.

  Inditex collaborates closely with ILO in various spheres, such as, the Better Work Programme or the Workplace Adaptation Program..

  In 2017 we entered in a public–private partnership with the ILO aimed at jointly promoting core principles and labour rights in the cotton supply chain. Such partnership was renewed in 2023.

  We are also members of the ILO Global Business and Disability Network, aimed at creating a workplace culture that is respectful and inclusive for people with disabilities worldwide. The idea is to promote employment policies and practices that include persons with disabilities across all areas, and to help raise awareness in businesses to make disability inclusion a pillar of their social commitment.

- *The Fashion Pact* (https://thefashionpact.org/): Global coalition of companies in the fashion industry committed to key specific common goals to meet the challenges that the industry faces to stop climate change, preserve the oceans and restore biodiversity. Date of endorsement: 23 August 2019.

- *Shift*: non-profit organisation specialising in Human Rights. Inditex has been a participant of Shift's Business Learning Program since 2019. This leading program in Human Rights involves companies of all sectors willing to work towards implementing the Guiding Principles.

- *Policy Hub-Circularity for Apparel and Footwear*: Inditex actively collaborates with *Policy Hub-Circularity for Apparel and Footwear*, an organisation that brings the textile industry and its stakeholders together to speed up the sector's transformation to a circular model. Inditex has been collaborating with the Policy Hub since its inception in 2018 as member of the SAC organisation work group.

- *Ellen MacArthur Foundation*: Within the framework of our collaboration with the Ellen MacArthur Foundation, we have signed a 2025 commitment to the *New Plastics Economy* promoted by the Ellen MacArthur Foundation in partnership with the UN Environment Programme.

  The commitment promotes that all plastics used in our business should be reused or recycled, while cutting the amount of unnecessary plastic packaging and increasing the percentage of recycled content in these materials. In parallel, Inditex has worked with EMF to promote circularity in different areas of its business model.

- *European Network Against Racism* (ENAR): Like the ENAR Foundation ("European Network Against Racism", which advocates racial equality), Inditex envisions a society where there is full equality, solidarity and well-being for all and where discrimination against people based on their skin colour, religion, culture, nationality or origin is not tolerated. In 2021, the ENAR Foundation granted the Holistic Diversity Management Certificate to the Inditex network of Champions of Diversity in Europe, developed in conjunction with experts in D&I management.

- *World Wildlife Fund* (WWF): In 2022, we entered a global partnership with WWF to carry out projects aimed at nature restoration and ecosystem conservation. In addition to funding projects, the agreement also includes the joint work of both organisations in transformation projects in the textile industry aimed at conservation and creating a positive impact on large ecosystems.

- *Reimagining Industry to Support Equality* (RISE): initiative launched in March 2023 to promote gender equality in global garment, footwear and home textiles supply chains. RISE gathers the four more important women empowerment programmes in the apparel industry, from BSR's HERproject, Gap Inc. P.A.C.E., CARE and Better Work, Inditex is part of its Steering Board, together with IndustriALL, the ILO and other brands and organisations in the sector.

- *International Apparel Federation* (IAF): In 2023, Inditex has entered into a framework agreement with the International Apparel Federation (IAF), leader in the textile industry which encompasses manufacturers, brands and sectorial associations worldwide. This collaboration aims to drive significant transformation in the global garment industry, paving the way for the development of projects that seek to improve working conditions, protect the environment, move towards circularity and promote transparency and traceability in the supply chain. Date of execution: 2 October 2023.

This Annual Corporate Governance Report was approved by the Board of Directors of the company at the meeting held on 12 March 2024.

Indicate whether any director voted against or abstained from approving this report.

Yes No x

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

ANNUAL REPORT ON REMUNERATION OF DIRECTORS (ARR) 2023

INDITEX

Issuer Identification

Year-end date:

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Tax Identification Number (CIF):

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Company name:

Industria de Diseño Textil, S.A.

Registered office:

Avenida Diputación, Edificio Inditex, Arteixo (A Coruña)

About this Report

This Report (the "Report" or the "Annual Report on Remuneration of Directors") provides information on remuneration of directors for the period running from 1 February 2023 through 31 January 2024 (financial year 2023) and offers detailed information about the Directors' Remuneration Policy of INDUSTRIA DE DISEÑO TEXTIL, S.A. (INDITEX, S.A.), ("**Inditex**"or the "**Company**") applicable in financial year 2024.

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

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

This Annual Report on Remuneration of Directors for financial year 2023 was approved by Inditex's Board of Directors on 12 March 2024, on the proposal of the Remuneration Committee. As provided in section 541(4) LSC, this Report will be submitted to an advisory say-on-pay vote at the next Annual General Meeting as a separate agenda item.

A. Company remuneration policy for the current year

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

Inditex's Directors' Remuneration Policy for financial years 2024, 2025 and 2026 was approved at the Annual General Meeting held on 11 July 2023 (the "**2023 AGM**") with 98.37% of votes in favour.

The aforementioned Remuneration Policy became effective on 1 February 2024 and will apply for financial years 2024, 2025 and 2026.

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

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

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

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

In this line, the Board of Directors plans to submit for approval at the 2024 Annual General Meeting this Annual Report on Remuneration of Directors for the year ended 31 January 2024 (put to an advisory say-on-pay vote).

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

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

3. Remuneration Committee.

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

<u>a) Determination of the Remuneration Policy:</u>

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

<u>b) Enforcement of the Remuneration Policy:</u>

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

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

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

c) Review of the Remuneration Policy:

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

d) Transparency of the Remuneration Policy:

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

The Remuneration Committee meets at least three times a year and whenever it is deemed appropriate for its effectiveness, and at any rate, each time the Board of Directors or its Chair requests the issuing of a report or the adoption of proposals within its purview.

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

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

In accordance with its schedule for financial year 2024, the Remuneration Committee is expected to hold, at least 4 meetings.

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

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

In financial year 2022, in the context of implementing the current organisational structure, the Remuneration Committee considered a number of **analyses into the external competitiveness of total remuneration**, with the support of an independent external advisor specialising in director remuneration, to propose appropriate levels of remuneration for both the Chair of the Board of Directors, without executive functions and for the CEO for his functions as the only executive director.

As a result of the aforementioned analyses, a new remuneration package was shaped up for the CEO and the new position of the Chair without executive functions. Such conditions determined the amendments introduced in the previous Directors' Remuneration Policy for financial years 2021, 2022 and 2023, approved at the 2022 Annual General Meeting.

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

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

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

- Large Ibex-35 companies comparable in size to Inditex (Iberdrola, Santander, Telefónica and BBVA).

- Dow Jones Retail Titans 30 Index, made up of the 30 leading companies of the retail sector. These companies are selected by Dow Jones based upon ranking by market capitalisation, revenue and net profit.

In financial year 2023, during the design and elaboration of the new Remuneration Policy, these analyses were updated and in particular, the findings for the STOXX Europe 50 group and the large Ibex-35 companies have been revised to verify that remuneration decisions agreed in financial year 2022 were still aligned with the market. The continuation approach in the new Remuneration Policy with respect to the previous one, was mainly determined by the confirmation of this alignment.

A.1.1. c) Information on external advisors.

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

In this regard, in the current financial year 2024 until this date, to prepare this Report, the Remuneration Committee, in the exercise of its powers, has been advised by WTW, an independent consultant with experience in the field of directors' and senior executives' remuneration,

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

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

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

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

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

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

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

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

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

In the design of the remuneration scheme, fixed and variable components are efficiently balanced, as indicated above. Specifically, pursuant to the new Remuneration Policy, long-term or multi-year variable remuneration, on an annualised basis and for a maximum target achievement scenario, has a weight of 35% of total remuneration of the CEO (considering for these purposes the fixed, short-term variable and long-term variable remuneration annualised based on the share price at the beginning of each cycle).

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

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

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

In addition, in relation to the new 2023-2027 Long-Term Incentive Plan approved at the 2023 AGM, the Board of Directors agreed, upon proposal of the Remuneration Committee, to extend the **obligation to hold shares** for 2 years after their delivery**, even after the contractual relationship** with the Company **has ended**. However, the CEO may choose to transfer ownership of the shares once the relationship has ended, provided that he maintains in his shareholding during the time remaining for complying with the aforementioned temporary limitation, an amount equivalent to the value of the perceived incentive in shares at the time of delivery.

All these measures strengthen the alignment of interests between the CEO and shareholders.

Payment of **variable remuneration** at Inditex, both annual and multi-year, is tied to the achievement of **sustainability targets**. These targets are aligned with the Group's sustainable strategy, wherein all stakeholders are considered, and allows rewarding its implementation. Namely, in financial year 2024 the **weight** of sustainability objectives on the CEO's aggregate variable remuneration is approximately **20%**.

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

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

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

- The executive director' total remuneration comprises different remuneration items, mainly consisting of: (i) a fixed remuneration, (ii) a short-term variable remuneration (annual), and (iii) a long-term (multi-year) variable remuneration. The **remuneration mix** in the different remuneration scenarios based upon achievement of targets, ensures that the fixed remuneration represents a significant part of aggregate compensation, for the purposes of preventing taking any unnecessary risks.
- **No guaranteed variable** remunerations exist. Variable remuneration items are flexible enough to allow their shaping, to the extent that it is possible that no amount is paid in terms of variable remuneration.

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

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

- Total remuneration of senior managers is comprised of the same remuneration elements and similar characteristics to those of the executive director.
- The Remuneration Committee is responsible for considering and reviewing the Directors' and Senior Managers' Remuneration Policy and for enforcing it. Those professionals whose activity may have a relevant impact on the Company's risk profile are included in this group.

  In addition, the Committee is tasked with conducting regular reviews of the terms and conditions of the executive director' and senior management's contracts and ensuring that they are consistent with the remuneration policies in force.
- All **members** of the **Remuneration Committee also sit on** the **Audit and Compliance Committee**. The Audit and Compliance Committee is responsible for overseeing enterprise risk management systems in respect of financial and non-financial risks. The presence of the same directors on both committees and the reporting to the Board of Directors by the Chairs of the Remuneration and the Audit and Compliance Committees on the main matters discussed at the meetings, ensures that risks associated to remuneration are considered in the course of the debates of the Remuneration Committee and of the Audit and Compliance Committee and in the proposals they submit to the Board of Directors, regarding both the determination and the evaluation of annual and multi-year incentives.
- Likewise, the **Remuneration Committee and the Sustainability Committee share two members**, one of them being the Chair of the Sustainability Committee. The Sustainability Committee is responsible for overseeing and monitoring proposals in the field of sustainability, on social and environmental issues, on health and safety of the products that the Company places on the market, and the relations with the different stakeholders, and with following up on the sustainable strategy, evaluating the level of compliance thereof and, as the case may be, proposing recommendations to improve the Group's positioning in the field. Thus, the fact that the same directors sit on the above referred board committees allows ensuring (i) that alignment with the Group's priorities in the field of sustainability and with those of its stakeholders is considered upon establishing and enforcing the Remuneration Policy and (ii) a comprehensive and appropriate monitoring for the assessment and determination of the level of achievement of sustainability objectives.

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

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

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

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

Meanwhile, the Code of Conduct and the Conflicts of Interest Policy of the Group address how Inditex's employees must act when faced with a conflict of interest between their personal interests and those of the Company, as well as the situations which need to be reported, in particular, to the Ethics Committee.

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

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

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

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

- With regard to the in-flight long-term incentives (second cycle of the 2021-2025 Long-Term Incentive Plan and both cycles of the 2023-2027 Long-Term Incentive Plan), as well as any outstanding variable remuneration while the new Remuneration Policy is in effect, the Company may cancel before payment and/or claim refund of the incentive previously paid, in full or in part, in the event that any of the following unforeseen circumstances would occur during (i) the period immediately before consolidation, or (ii) the 2 years following settlement of the incentive for the executive director's performance in each cycle, as the case may be:

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

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

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

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

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

Within the limit set by the Annual General Meeting, it is incumbent on the Board of Directors, upon proposal of the Remuneration Committee, to determine how and when such amounts are to be paid. At its meeting held on 12 March 2024 and on the proposal of the Remuneration Committee, the Board of Directors resolved to maintain the following amounts for financial year 2024 as set out in the new Remuneration Policy (approved at the 2023 AGM with 98.37% of votes in favour):

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

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

These items and amounts have remained unchanged since they were approved at the Annual General Meeting held on 19 July 2011 (with 99.59% of votes in favour), except for the fixed remuneration established for the Chair of the Board of Directors, as a new position without executive functions created in financial year 2022, following the full separation of the positions of Chair of the Board of Directors and CEO of the Company. This allocation also remains unchanged in 2024.

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

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

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

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

Pursuant to the provisions of the new Remuneration Policy and as anticipated in the Annual Report on the Remuneration of Directors for financial year 2023, the CEO's fixed remuneration for financial year 2024 totals €2,500 thousand, remaining unchanged with respect to financial year 2023.

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

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

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

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

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

The variable components of the **CEO's** remuneration for the performance of his executive functions, as stipulated in the new Remuneration Policy approved at the 2023 AGM, are as follows:

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

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

- Short-term or annual variable remuneration:

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

Financial and business targets linked to the Company management represent at least 60% of the aggregate incentive. Non-financial metrics represent at least 30% of the aggregate incentive.

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

The Board of Directors, upon the Remuneration Committee's proposal, is responsible for approving the targets at the beginning of each financial year and evaluating their achievement at year end. This evaluation is done based upon the data and the results provided by the Financial Division, the General Counsel's Office, the Corporate Development Department and the Sustainability Department, all of which are first reviewed by the Audit and Compliance Committee and the Sustainability Committee, as appropriate. The Board of Directors is responsible for the annual assessment of the CEO's performance, following a report from the Nomination Committee.

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

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

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

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

Specifically, the Board of Directors has resolved at its meeting held on 12 March 2024, on the proposal of the Remuneration Committee, that the annual variable remuneration for the CEO in financial year 2024 will be determined in accordance with the following criteria:

Weighting	Target	Measurement criteria
70%	Net sales (35%) and contribution margin (35%)	The same criteria established for senior managers according to the budget of the Company are applied.
15%	CEO's individual performance	Assessment by the Board of Directors, on the proposal of the Nomination Committee.
	Strategic development of the Company	Drive the initiatives related to advancing the four strategic priorities, such as improving the fashion proposition, enhancing the customer experience, increasing the focus on sustainability and preserving the talent and commitment of our people.
15%	Progress in the implementation of the strategy towards global sustainability, measured against the following indicators:	(i) Progress in adoption of recycled fibres. (ii) Progress in the supply chain transformation plan (water, energy, waste and chemical substances). (iii) Progress in the development of strategic collaborations aimed at the transformation of the industry. (iv) Progress on the improvement of the traceability across our supply chain. (v) Development of additionality mechanisms in the renewable energy infrastructure. (vi) Level of implementation of environmental projects related to the initiative to charge for paper bag and envelopes at stores; and (vii) Development of innovation projects related to fibres and production processes.
	Progress in corporate governance	Degree of compliance with the recommendations of the Good Governance Code of Listed Companies and alignment with international best practices.
	Progress in implementing diversity and compliance programmes	Approval of internal regulations and degree of international roll-out.

The short-term variable remuneration for 2024 based on the achievement of the above referred targets will be paid in 2025 in cash.

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

a) 2023-2027 LONG-TERM INCENTIVE PLAN

The **2023-2027 Long-term Incentive Plan** for members of the management team, including the executive director and other Inditex Group employees, was approved at the 2023 AGM (with 98.94% of votes in favour) .

The Plan consists of the combination of a **multi-year bonus in cash and the promise to deliver shares**, which, once a specific period of time has elapsed and the achievement of the specific targets has been verified, will be paid to the beneficiaries of the Plan, either in full or in the relevant applicable percentage, as the case may be.

The total duration of the Plan is **4 years** and it is structured in **2** independent time **cycles**:

- The first cycle of the Plan runs from 1 February 2023 to 31 January 2026.
- The second cycle runs from 1 February 2024 to 31 January 2027.

The Board of Directors, on the proposal of the Remuneration Committee, is responsible for approving the targets at the beginning of each cycle as well as the performance scale for each of the metrics which enables the calculation of the payout coefficient for each level of target achievement. The performance scale includes a minimum threshold below which no incentive is paid and a maximum level of achievement, for which a maximum incentive is paid.

The Committee will annually monitor the objectives and will, once the performance period of each cycle has ended, assess the achievement level for each of the objectives and in the cycle as a whole. This assessment is made based on the data and results provided by the Financial Division, the General Counsel's Office and the Sustainability Department, reviewed by the external and internal auditors, and previously analysed by the Audit and Compliance Committee and the Sustainability Committee, as applicable.

Further to such review, the Remuneration Committee draws up a proposal which is submitted to the Board of Directors for approval in relation to the incentive levels associated to performance according to the established performance scales.

Both for setting the targets and for the evaluation of achievement levels, the Remuneration Committee also considers the quality of results in the long-term as well as any associated risk.

Any positive or negative economic effects arising from any extraordinary events which might introduce distortions into the results of the evaluation, may be removed upon determining the level of achievement of the quantitative targets.

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

The CEO has **undertaken to hold for at least a 3-year term the net shares** that he may receive as a result of any element of variable remuneration, until he holds a number of shares equivalent to at least 2 years of his fixed remuneration. In any case, once this shareholding target has been reached, the CEO must comply with the holding obligations under this Plan, which involve holding a number of shares equivalent to the incentive received in shares, net of applicable taxes, for two years after their delivery. This obligation will remain even when relationship has ended, as addressed in section A.1.1 above.

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

The incentive amounts and features for the two cycles of the 2023-2027 Plan are detailed below:

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

Maximum incentive	=	Cash	+	Shares
133% of annual fixed remuneration		€1,331 thousand		75,045
133% of annual fixed remuneration		€1,331 thousand		51,502

- At the end of each cycle, the Remuneration Committee will assess the level of target achievement and propose the amount of cash and the number of shares to be delivered. The achievement of objectives will be measured against identifiable and quantifiable parameters, called metrics.

The incentive for the first cycle (2023-2026) will vary depending upon the following **metrics**, with the following weight:

Weighting	Target	Measurement criteria
25%	Profit before Taxes ("PBT")	PBT figure for FY2025 (ending on 31 January 2026), expressed in euros, compared to the amount set by the Board of Directors as a target at the commencement of the first cycle.
25%	Store and Online Sales ("TTTT" (*Spanish acronym*))	Amount in euros of total store and online sales in FY2025 at constant currency at the end of FY2025 (31 January 2026) according to the Company's information, measured against the amount set by the Board of Directors as a target at the commencement of the first cycle.
12.5%	Absolute Total Shareholder Return ("TSR")	Performance of an investment in Inditex shares over the period of the first cycle, determined by the ratio (expressed as a percentage) between the final value of a hypothetical investment in Inditex shares (reinvesting the dividends from time to time) and the initial value of that same hypothetical investment. The initial value is defined as the average weighted share price on the 30 trading days immediately prior to 1 February 2023 (exclusive)(€26.6), and the final value is defined as the average weighted share price on the 30 trading days immediately prior to 31 January 2026 (inclusive). To this end, for calculating such final value, the dividends or other similar amounts received by shareholders on said investment during the respective period of time will be considered, as if the gross amount thereof (before taxes) would have been reinvested in more shares of the same class on the first date on which the dividend or any similar amount is payable to shareholders and at the closing share price on that date. The absolute TSR achieved during the 2023-2026 period will be measured against the target set by the Board of Directors at the commencement of the first cycle, as maximum achievement.
12.5%	Relative Total Shareholder Return ("TSR")	Performance of an investment in Inditex shares compared to the performance of an investment in a Peer Group (as defined below) during the first cycle, determined by the difference (by subtraction) between Inditex's annualised TSR and the annualised TSR of this Peer Group. For the purposes of Inditex's TSR and the TSR of every company in the Peer Group, the initial value shall mean the weighted average share price on the 30 trading days immediately prior to 1 February 2023 (exclusive). For the purposes of Inditex's TSR and the TSR of every company in the Peer Group, final value shall mean the weighted average share price on the 30 trading days immediately prior to 31 January 2026 (inclusive). To this end, for calculating such final value, the dividends or other similar amounts received by shareholders on said investment during the respective period of time will be considered, as if the gross amount thereof (before taxes) would have been reinvested in more shares of the same class on the first date on which the dividend or any similar amount is payable to shareholders and at the closing share price on that date.
25%	Sustainability index (comprising 4 indicators)	(i) "Consumption of textile raw materials with a lower impact (referred to as 'preferred'): measured as the percentage of preferred textile raw materials (organic, in conversion, regenerative, recycled, certified as European linen, Green viscose in the Hot Button Report by Canopy and EU BAT compliant or "Next Generation") in FY2025 Winter campaign on the total purchase of the main fibres (cotton, polyester, linen, viscose, modal and Lyocell) in said campaign. (ii) "Water consumption": measured as the percentage reduction in water consumption (litre/kg) in the supply chain between the cycle start date (1 February 2023) and the cycle end date (31 January 2026). (iii) "Decarbonisation": measured in terms of percentage reduction of the volume of Scope 3 Greenhouse Gas emissions, in the category "purchased goods and services" between the start date of the cycle (1 February 2023) and the end date of the cycle (31 January 2026). (iv) "Social": total number of workers who are part of the programmes of the priority impact areas of social dialogue, living wages, health, respect and resilience of the Workers at the Centre Strategy in the period between 1 February 2023 and 31 January 2026 (cumulative data for the three FY2023, 2024 and 2025).

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

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

    - Regarding the evolution of relative TSR:
        - The Peer Group is made up of 14 companies in the Retail industry with a potential impact in its listing due to similar external factors as Inditex, as indicated below: Nike, Fast Retailing, Lululemon Athletica, Adidas, H&M, Associated British Foods, VF Corporation, Burberry, Next, Puma, Zalando, JD Sports Fashion, Ralph Lauren Corporation and Hugo Boss (the “Peer Group”).
        - The following will be calculated at the end of the first cycle:

            -Inditex's TSR and the TSR of each company in the Peer Group for the 2023-2026 period.

            -The arithmetic mean of the TSR of each company, resulting in the average TSR for the Peer Group.

            -Inditex's annualised TSR and the annualised TSR of the Peer Group.

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

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

The incentive for the second cycle (2024-2027) will vary depending upon the following **metrics**, with the following weights:

Weight	Target	Measurement criteria
25%	Profit before Taxes (“PBT”)	PBT figure for FY2026 (ending 31 January 2027), expressed in euros, compared to the amount set by the Board of Directors as a target at the commencement of the second cycle.
25%	Store and Online Sales (“TTTT” (Spanish acronym))	Amount in euros of total store and online sales in FY2026 at constant currency at the end of FY2026 (ending 31 January 2027) according to the Company's information, measured against the amount set by the Board of Directors as a target at the commencement of the second cycle.
12.5%	Absolute Total Shareholder Return (“TSR”)	Performance of an investment in Inditex shares over the period of the second cycle, determined by the ratio (expressed as a percentage) between the final value of a hypothetical investment in Inditex shares (reinvesting the dividends from time to time) and the initial value of that same hypothetical investment. The initial value is defined as the average weighted share price on the 30 trading days immediately prior to 1 February 2024 (exclusive) (€38.76) and the final value is defined as the average weighted share price on the 30 trading days immediately prior to 31 January 2027 (inclusive). To this end, for calculating such final value, the dividends or other similar amounts received by shareholders on said investment during the respective period of time will be considered, as if the gross amount thereof (before taxes) would have been reinvested in more shares of the same class on the first date on which the dividend or any similar amount is payable to shareholders and at the closing share price on that date. The TSR achieved will be measured against the target set by the Board of Directors at the commencement of the second cycle.

Weight	Target	Measurement criteria
12.5%	Relative Total Shareholder Return ("TSR")	The relative TSR is defined as the performance of an investment in Inditex shares compared to the performance of an investment in a Peer Group (as defined below) during the second cycle, determined by the difference (by subtraction) between Inditex's annualised TSR and the annualised TSR of this Peer Group. In order to calculate the performance of the investment in shares of Inditex and of each company in the Peer Group, we determine the quotient (expressed as a percentage ratio) between the final value of a hypothetical investment in shares (reinvesting the dividends from time to time) and the initial value of that same hypothetical investment. The initial value is the average weighted share price of each company on the 30 trading days immediately prior to 1 February 2024 (exclusive) (the "Initial Value"). The final value is the average weighted share price of each company on the 30 trading days immediately prior to 31 January 2027 (inclusive) (the "Final Value"). To this end, for calculating such Final Value, the dividends or other similar amounts received by shareholders on said investment during the respective period of time will be considered, as if the gross amount thereof (before taxes) would have been reinvested in more shares of the same class on the first date on which the dividend or any similar amount is payable to shareholders and at the closing share price on that date.
25%	Sustainability index (comprising 4 indicators)	(i) "Consumption of textile raw materials with a lower impact (referred to as preferred)": measured as the percentage of preferred textile materials in the FY2026 Winter campaign on the total purchase of the raw materials in that campaign. (ii)"Biodiversity Improvement": measured as the increase in the number of hectares that are protected, restored, regenerated or under other forms of biodiversity improvement management, between the start date of the second cycle (1 February 2024) and the end date (31 January 2027). (iii)"Decarbonisation": measured as the percentage reduction in the volume of Greenhouse Gas emissions (scope 3), in the category "purchased goods and services", between the start date of the second cycle (1 February 2024) and the date of its completion (31 January 2027). (iv)"Implementation of the Environmental Improvement Programme for Supply Chain Transformation": measured as the percentage of facilities in which the plan has been implemented over the total facilities targeted by the plan (cumulative data for the three FY2024, 2025 and 2026).

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

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

    - Regarding the evolution of relative TSR:
        - The Peer Group is made up of 14 companies in the Retail industry with a potential impact in its listing due to similar external factors as Inditex, as indicated below: Nike, Fast Retailing, Lululemon Athletica, Adidas, H&M, Associated British Foods, VF Corporation, Burberry, Next, Puma, Zalando, JD Sports Fashion, Ralph Lauren Corporation and Hugo Boss (the "Peer Group").
        - The following will be calculated at the end of the second cycle:

            - Inditex's TSR and the TSR of each company in the Peer Group for the 2024-2027 period.

            - The arithmetic mean of the TSR of each company, resulting in the average TSR for the Peer Group.

            - Inditex's annualised TSR and the annualised TSR of the Peer Group.

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

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

b) 2021-2025 LONG-TERM INCENTIVE PLAN

The first cycle (2021-2014) of the **2021-2025 Long-term Incentive Plan** approved at the Annual General Meeting held on 13 July 2021 expired on 31 January 2024. The features and amounts of the associated incentive are detailed in section B of this Report, that includes information on the enforcement of the Remuneration Policy in financial year 2023 (the **'2021-2025 Plan'**).

During 2024, the second cycle (2022-2025) of the 2021-2025 Long-term Incentive Plan is still in force. The incentive amounts and features are detailed below.

– The maximum amount of the incentive granted to the CEO amounts to:

Maximum Incentive	=	Cash	+	Shares
133 % of annual fixed remuneration		€1,331 thousand		71,472

- At the end of the cycle, the Remuneration Committee will assess the level of achievement of the targets and propose the amount in cash and the number of shares to be delivered. The achievement of objectives will be measured through identifiable and quantifiable parameters, called metrics.

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

Weight	Target	Measurement criteria
25%	Profit before Taxes ("PBT")	PBT figure for FY2024, expressed in euros, compared to the amount set by the Board of Directors as a target at the commencement of the second cycle.
25%	Store and Online Sales ("TTTT" (*Spanish acronym*))	Amount in euros of total store and online sales in FY2024 at constant currency, according to the Company's information, measured against the amount set by the Board of Directors as a target at the commencement of the second cycle.
12.5%	Absolute Total Shareholder Return ("TSR")	Performance of an investment in Inditex shares over the period of the second cycle, determined by the ratio (expressed as a percentage) between the final value of a hypothetical investment in Inditex shares (reinvesting the dividends from time to time) and the initial value of that same hypothetical investment. The initial value is defined as the average weighted share price on the 30 trading days immediately prior to 1 February 2022 (exclusive) (€27.93), and the final value is defined as the average weighted share price on the 30 trading days immediately prior to 31 January 2025 (inclusive). To this end, for calculating such final value, the dividends or other similar amounts received by shareholders on said investment during the respective period of time will be considered, as if the gross amount thereof (before taxes) would have been reinvested in more shares of the same class on the first date on which the dividend or any similar amount is payable to shareholders and at the closing share price on that date. The TSR achieved will be measured against the target set by the Board of Directors at the commencement of the second cycle.

Weight	Target	Measurement criteria
12.5%	Relative Total Shareholder Return ("TSR")	The relative TSR is defined as the performance of an investment in Inditex shares compared to the performance of an investment in a Peer Group (as defined below) during the period corresponding to the second cycle, determined by the difference (by subtraction) between Inditex's annualised TSR and the annualised TSR of this Peer Group. In order to calculate the performance of the investment in shares of Inditex and of each company in the Peer Group, we determine the quotient (expressed as a percentage ratio) between the final value of a hypothetical investment in shares (reinvesting the dividends from time to time) and the initial value of that same hypothetical investment. The initial value is the average weighted share price of each company on the 30 trading days immediately prior to 1 February 2022 (exclusive) (the "Initial Value"). The final value is the average weighted share price of each company on the 30 trading days immediately prior to 31 January 2025 (inclusive) (the "Final Value"). To this end, for calculating such Final Value, the dividends or other similar amounts received by shareholders on said investment during the respective period of time will be considered, as if the gross amount thereof (before taxes) would have been reinvested in more shares of the same class on the first date on which the dividend or any similar amount is payable to shareholders and at the closing share price on that date.
25%	Sustainability index (comprising 4 indicators)	(i) Fibre consumption: measured as the reduction in percentage points of the weight of conventional fibres in total fibre consumption (in t), for the four fibres subject to a public commitment (cotton, polyester, man-made cellulosic fibres and linen). (ii) Water consumption: measured as the percentage reduction of water consumption (litre/kg) in the supply chain. (iii) Decarbonisation: measured as the percentage reduction in the volume of Scope 3 Greenhouse Gas emissions in the category "purchased goods and services". (Iv) Social: measured as the percentage of suppliers of Inditex products that are classified with social ranking A and B.

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

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

Regarding the evolution of relative TSR:

- The Peer Group consists of 14 competitors in the textile industry whose share price can be potentially impacted by external factors similar to Inditex's, as shown below: Nike, Fast Retailing, Lululemon Athletica, Adidas, H&M, Associated British Foods, VF Corporation, Burberry, Next, Puma, Zalando, JD Sports Fashion, Ralph Lauren Corporation and Hugo Boss.
- The following will be calculated at the end of the second cycle:
  - Inditex's TSR and the TSR of each company in the Peer Group for the 2022-2025 period.
  - The arithmetic mean of the TSR of each company, resulting in the average TSR for the Peer Group.
  - Inditex's annualised TSR and the annualised TSR of the Peer Group.

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

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

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

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

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

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

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

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

(i) Term

The CEO's contract has an indefinite term.

(ii) Notice period

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

(iii) Termination clause

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

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

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

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

With regard to the post-employment non-compete agreement and as regards all members of the Board of Directors, irrespective of their directorship type, section 24.3 of the Board of Directors' Regulations provides that "a director who ends their term of office or for any other reason should cease to serve as a director may not serve as a director in any other company whose corporate objects are similar to that of the company for a 2-year period".

(v) Clawback provision

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

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

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

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

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

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

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

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

No supplementary remuneration other than the one explained above is provided in the new Remuneration Policy.

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

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

No changes to Inditex's new Remuneration Policy are expected in 2024. The Policy expires on 31 January 2027.

The Board of Directors plans to submit for approval at the 2024 Annual General Meeting the Annual Report on Remuneration of Directors for the year ended 31 January 2024 (to be submitted to an advisory say-on-pay vote).

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

A link to the new the Remuneration Policy applicable for financial year 2024 is provided below:

https://www.inditex.com/itxcomweb/api/media/9bd73862-1bb5-4338-affb-2d397dc74485/Politica+Remuneraciones+2024+2025+y+2026.pdf?t=1696953293225

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

The 2023 AGM approved the following:

- The Directors' Remuneration Policy for financial years 2024, 2025 and 2026 with 98.37% of votes in favour.
- The Annual Report on the Remuneration of Directors for financial year 2022 with 97.64% of votes in favour.
- The 2023-2027 Long-Term Incentive Plan, for members of the Management Team, including the executive director and other Inditex Group employees, with 98.94% of votes in favour.

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

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

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

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

Therefore, although the term of the Directors' Remuneration Policy for the financial years 2021, 2022 and 2023 ended on 31 January 2024, the remuneration policy applicable for the financial year 2023 is the result of the amendments to the Remuneration Policy approved at the 2022 AGM.

The following sections detail the application of the Remuneration Policy applicable to financial year 2023.

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

B.1.1. a) Remuneration Committee's membership

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

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

As at 31 January 2024 and as at the date of this Report, the Remuneration Committee was made up of the following members, **most** of them **independent directors** (all, except Mr José Arnau Sierra, proprietary director):

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

As at 31 January 2024, Mr Javier Monteoliva Díaz is the Secretary non-member of the Committee, having been appointed by the Board of Directors following a favourable report from the Nomination Committee, on 29 November 2021.

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

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

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

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

The Remuneration Committee met four (4) times in 2023, with the attendance of all its members (either in person or by proxy). This represents a a 94% attendance rate.

In financial year 2024 to the date of release of this Report, the Committee has met once.

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

- At the meeting held on 13 March 2023:
  - In relation to the remuneration of the CEO, the Committee agreed to submit to the Board of Directors the following proposals:
    - The evaluation of the level of achievement of the targets tied to the variable remuneration of the CEO for financial year 2022 (approved in 2021), and the corresponding payout level in the aforementioned financial year.

- ◦ The proposal of the items and criteria to determine the remuneration of the CEO for the performance of his duties and responsibilities as chief executive for financial year 2023.

  The Board of Directors approved at its meeting of 14 March 2023, the achievement of these objectives and the corresponding level of payout, as well as the total remuneration accrued in 2022 for the CEO, and the proposed remuneration of Mr García Maceiras for financial year 2023.

- – In relation to the 2019-2023 Long-term Incentive Plan, the Committee assessed the level of achievement of the objectives of the second cycle (2020-2023) of the Plan linked to the long-term variable remuneration of the CEO and members of the Management Team for financial year 2022 and the corresponding level of payout.

  Furthermore, and on the basis of a projected presentation, the Committee discussed the outcome of the external auditors' report of agreed procedures, in accordance with International Standard on Related Services (ISRS) 4400 (Revised), in relation to the calculation of the "Total Shareholder Return (TSR)" and the degree of achievement of the target assigned to the Sustainability Index for this second cycle (2020-2023) of the 2019-2023 Plan.

  The Board of Directors approved, at its meeting of 14 March 2023, the level of achievement of the targets and the corresponding payout level proposed by the Remuneration Committee.

- – In relation to the Annual report on Remuneration of Directors for financial year 2022, the Committee reported favourably on the draft report, assessing the appropriateness of the total remuneration accrued by the Board of Directors to the concepts and amounts contemplated in the then current version of the Directors' Remuneration Policy for financial years 2021, 2022 and 2023.

  This report was approved by the Board of Directors at its meeting of 14 March 2023 and, in addition, by the Annual General Meeting in an advisory say-on-pay vote.

- At the meeting held on 5 June 2023, the Committee reported favourably on the proposed new Directors' Remuneration Policy for financial years 2024, 2025 and 2026, issuing the relevant explanatory report, which was ratified by the Board of Directors at its meeting held on 6 June 2023.

  This Policy was finally approved at the Annual General Meeting on 11 July 2023, having been put to an advisory say-on-pay.

- At the meeting held on 11 December 2023:

  - – In relation to the 2021-2025 Long-Term Incentive Plan, the Committee assessed the preliminary levels of achievement and payout for certain metrics linked to the two ongoing cycles of the 2021-2025 Plan.

  - – In relation to the new 2023-2027 Long-Term Incentive Plan, the Committee proposed (i) the targets for each of the metrics for the first cycle (2023-2026) of the 2023-2027 Plan and the calibration of their corresponding performance scales (and other related aspects) and (ii) the proposal for the draft Regulations of the Plan, and reported favourably on the different levels of beneficiaries of the aforementioned first cycle of the Plan, as well as the criteria for their individual designation.

    The Board of Directors approved the above-mentioned proposals and the text of the Regulation of the Plan at its meeting on 12 December 2023.

- At the meeting held on 11 March 2024:

  - – It has evaluated the level of achievement of the targets tied to the annual variable remuneration and the first cycle (2021-2024) of the CEO's 2021-2025 Long-Term Incentive Plan, corresponding to financial year 2023. The Board of Directors assessed and approved the level of achievement of these targets at its meeting of 12 March 2024.

  - – It has submitted to the Board of Directors the proposal on the CEO's remuneration for the performance of executive functions in 2024, with regard to the amount and the remaining terms thereof. Such proposal was approved by the Board of Directors on 12 March 2024.

  - – It has submitted the draft of the Annual Report on Remuneration of Directors for financial year 2023 to the Board of Directors for evaluation and approval. The Board of Directors approved such Report on 12 March 2024 and resolved to submit it to an advisory say-on-pay vote at the 2024 Annual General Meeting.

The information on the remaining proceedings of the Remuneration Committee in 2023 will be included in the Annual Corporate Governance Report and in the Annual Activities Report of the Remuneration Committee, which will be published in June.

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

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

In this regard, the Remuneration Committee has been advised in financial year 2023 by WTW, an independent consultant specialising in the field of compensation of directors and senior managers, (i) in the preparation of the Annual Report on the Remuneration of Directors for financial year 2022, (ii) the design of the 2023-2027 Long-Term Incentive Plan, (iii) the preparation of remuneration benchmarking on the remuneration of non-executive chairs of the board of directors and executive directors with full executive functions, and, (iv) the drafting of the new Directors' Remuneration Policy for financial years 2024, 2025 and 2026.

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

There were no deviations from the established procedure in the application of the Remuneration Policy in financial year 2023.

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

No temporary exceptions to the Remuneration Policy have been applied in financial year 2023.

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

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

The measures taken in 2023 to ensure that **long-term results** of the Company **are considered** in the **application** of the Remuneration Policy are described below:

- The CEO' total remuneration comprises different remuneration elements, mainly consisting of: (i) a fixed remuneration, (ii) a short-term variable remuneration (annual), and (iii) a long-term variable remuneration (multi-year).

- In financial year 2023, this long-term element had a weighting of 38.9% of the accrued total remuneration (fixed + short-term variable + long-term variable).

- Long-term variable remuneration plans are part of a multi-year framework to ensure that the evaluation is based upon long-term results and that the underlying economic cycle of the Company is considered therein.

- Part of this remuneration is granted and delivered in shares, based upon shareholder value creation, so that the interests of the executive director and officers are aligned with shareholders' interests.

- The CEO has undertaken to hold for a term of at least 3 years the net shares that he may receive as a result of any element of variable remuneration, until he holds a number of shares equivalent to at least 2 years of his fixed remuneration. In any case, once this shareholding target has been reached, the CEO must comply with the holding obligations under the long-term incentive plans, which involve holding a number of shares equivalent to the incentive received in shares, net of applicable taxes, for two years after their delivery. This obligation will persist, in respect of the shares the CEO receives from the 2023-2027 Long-Term Incentive Plan, even after the termination of the relationship with the Company, as detailed in section A.1.1 above.

  These measures result in a better alignment of the interests of the CEO with those of the shareholders.

  The Remuneration Policy in effect in 2023 set an **appropriate balance between fixed and variable** items of the remuneration as described below:

- The design of the remuneration scheme shows an efficient balance between fixed and variable items, as described in section A.1. above.

- Variable remuneration items were flexible enough to allow their shaping, to the extent that it was possible that no amount was paid on in terms of variable remuneration, whether annual or multi-year; in such case, fixed remuneration would have represented 100% of total compensation.

- Variable remuneration is not guaranteed.

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

The **measures** taken in 2023 with regard to **those members of staff** whose professional activity may have a **material impact on the risks profile** of the Company were:

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

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

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

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

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

The new Remuneration Policy described in section A above is consistent with the terms of the Directors' Remuneration Policy for financial years 2021, 2022 and 2023, applied in financial year 2023, as both the remuneration structure and the design and amounts of the remuneration items corresponding to the CEO, as well as those corresponding to the rest of the directors in their capacity as such provided for in the new policy, have remained unchanged in the new policy. Therefore, everything described in section A.1. above is applicable to this section.

The amounts set out in said section A.1 above are the only remuneration paid in 2023 to directors in their status as such for membership on the Board of Directors of Inditex, or of any Group companies, except for the remuneration of the executive director for the performance of senior management functions. Directors have not received any other remuneration under a profit-sharing scheme or bonus, nor any remuneration systems or schemes covering a variable remuneration or based on results or other indicators of performance of the Company.

As regards the CEO, certain items of their remuneration for the performance of senior management functions are tied to results and other indicators of performance of the Company. In particular, in 2023:

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

As explained below, the Board of Directors resolved, on the proposal of the Remuneration Committee, that the annual variable remuneration for the CEO, Mr Óscar García Maceiras in financial year 2023 should be determined in accordance with the following criteria:

Weighting	Target	Measurement criteria
70%	Net sales (35%) and contribution margin (35%)	The same criteria established for senior managers according to the budget of the Company are applied.
15%	CEO's individual performance	Assessment by the Board of Directors, on the proposal of the Nomination Committee.
	Strategic development of the Company	Boost of store and online integration, through the development and implementation of new processes and tools allowing to provide a differentiated customer experience, along with the ongoing development of new initiatives that strengthen our values of sustainability and responsibility pursuant to the Group's objectives.
15%	Progress in the implementation of the strategy towards global sustainability, measured against the following indicators[1]:	(i) Increase in the use of lower impact fibres, measured through the use of raw materials from preferred sources: cotton, linen, polyester and cellulosic fibres. (ii) Degree of progress in the plan for the environmental improvement of the supply chain, focused on reducing water and energy consumption. (iii) Degree of compliance with our commitment that by 2023, all waste generated at our corporate headquarters, logistics centres, factories and own stores will be properly collected and managed. (iv) Degree of compliance with our 2023 target that all package materials will be collected for subsequent reuse in our supply chain. (v) Development of additionality mechanisms in renewable energy infrastructure. (vi) Degree of implementation of environmental projects related to the initiative to charge for paper bags and envelopes at the stores. (vii) Progress in the elimination of single-use plastics from customer sales; (viii) Innovation project related to textile recyclability.
	Progress in corporate governance	Degree of compliance with the recommendations of the Good Governance Code of Listed Companies and alignment with international best practices.
	Progress in implementing diversity and compliance programmes	Approval of internal regulations and degree of international roll-out.

[1] Neither the sustainability objectives themselves nor their calculation methodology have changed with respect to what was published in the previous year's report. It is a mere terminological adaptation to the evolution of sustainability initiatives.

In order to assess the criteria above for the purpose of determining the CEO's annual variable remuneration for financial year 2023, the Remuneration Committee has taken into account the target achievement levels and the performance scales associated with each target, with their corresponding slopes (i.e., the relation between the level of achievement and the payout level):

- Inditex Group's net sales were €35.947 billion in financial year 2023, beyond the maximum achievement scenario which implies a 125% payout level for this target.
- Contribution margin reached €6.640 billion in financial year 2023, beyond the maximum achievement scenario, which implies a 125% payout level for this target.

The results achieved in financial year 2023 show an excellent operational performance of the Company in a global context of high financial volatility, uncertainty and cost inflation, which has led to the need for very efficient management in all the Group's cost centres, in particular, those related to sales costs and operating expenses.

These efficiencies have allowed for a leverage of operating expenses in terms of their evolution with respect to sales and an inventory position throughout financial year 2023 normalised and adapted to the

Company's business model following the strong supply chain tensions recorded in the previous financial year 2022.

The deepening of the Group's commercial space transformation continues through numerous actions in terms of openings, closures, absorptions and reforms, aimed at creating a privileged space for the exhibition of the commercial offer in an omnichannel and eco-efficiency framework.

The soundness of the Group's financial position, €11.406 billion at year-end, is a guarantee of the financial solvency, consequence of a very positive evolution of the cash generated by operating activities. This net cash position constitutes the best guarantee of the Group's solvency and financial liquidity, the coverage of the investment needs that the Company's future operational development may require, and an attractive and predictable remuneration policy for our shareholders.

These results have translated into the positive performance of the stock. The market capitalisation of Inditex at the close of financial year 2023 reached €123.762 billion.

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

  - The findings of the **evaluation of the CEO's performance,** carried out by the Board of Directors at the meeting held on 12 December 2023, following a report from the Nomination Committee, having achieved a high score. In this evaluation, his main role as an advocate of good corporate governance practices was once again highlighted, mainly as regards his endeavours towards information transparency. In addition, the high-quality collaboration between the CEO and the Chair of the Board, marked by a fluent relationship, good communication and a solid professional rapport with well-defined responsibilities, has been highlighted.

    All of which has contributed to a substantial improvement in the working dynamics of the meetings of the Board and its committees.

  - In terms of progress related to the **Company's strategic development**, throughout 2023, the Group has defined four priorities: improving the fashion proposition, enhancing the customer experience, increasing the focus on sustainability, and preserving the talent and commitment of our people. With this objective, initiatives have been developed in all these key areas, such as the constant updating of our commercial offer, the new store design for Zara, shown in locations such as Dubai Mall, Rotterdam Coolsingel or Miami Dadeland, the installation of physical equipment to implement new security technology and eliminate hard alarms, the new weekly livestream experience through Douyin in China, the new online size recommender, the expansion of Zara Pre-owned to 16 European markets or the training programme in sustainability The Sustainable Fashion School.

  - Progress has continued in 2023 towards achievement of **sustainability targets** in accordance with the current Road Map. Thus:

    - Growth in the use of lower impact fibres, measured against the use of raw materials from preferred sources: cotton, linen, polyester and cellulosic fibres: in recent years we have worked on boosting the use of fibres from preferred sources. As a result of the efforts made in this regard, in Winter 2023 the consumption of cotton, linen, polyester and cellulosic fibres from preferred sources represented 79% of the total consumption in such fibres, an 8.5 point increase compared to the previous year.

    - Degree of progress in the plan for the environmental improvement of the supply chain, focused on reducing water and energy consumption: in 2023 progress has been made in improving compliance with *Green to Wear (GTW)*, our environmental standard attaining 86% of factories with ranking A and B.

      Promotion of the optimisation of water consumption by our factories has also continued thanks to the *Care for Water (CFW)* programme.

      The environmental improvement plans project started in 2022 has also been advanced by increasing the number of adherent facilities. The aim is for the Group's main facilities to create action plans for different environmental impacts, such as water, energy, and chemical management.

    - Degree of compliance with our commitment that by 2023, all waste generated in our corporate headquarters, logistics centres, factories and own stores has been properly collected and managed: in 2023, 100% of the waste generated in our facilities has been collected, classified and managed by an authorized waste manager, to allow its reuse or recycling and prevent its deposit in a landfill.

    - Degree of compliance with our 2023 target for all packaging materials to be collected for subsequent reuse in our supply chain: In 2023, 100% of cardboard and paper collected at all sites, especially boxes, was intended for reuse and/or recycling.

    - Development of additionality mechanisms in renewable energy infrastructure: at year-end, we have two virtual power purchase agreements (VPPA) for periods of 10 and 12 years, with a total installed capacity of 136 MW. The associated projects are at development stage, in some cases pending administrative authorization, and are expected to be in operation in 2025.

These agreements allow us to consume renewable energy regardless of where our operations are based, while adding clean energy to the grid.

- Degree of implementation of environmental projects related to the initiative to charge for paper bags and envelopes in stores: in 2021 Inditex began to promote the use of reusable bags in its stores to reduce the consumption of raw materials, water and energy associated with the paper bags and envelopes that it hands to its customers with their purchases. To encourage customers to bring their own bags, Inditex also began to charge for the bags and envelopes handed, having extended this measure in 2023 to most of the markets where it operates.

  Thanks to the proceeds from this initiative, from which Inditex does not obtain any economic benefit, projects have been supported in 21 countries focused on protecting and restoring nature, saving natural resources, and promoting regenerative practices.

- Degree of progress in the elimination of single-use plastics to customers: in 2023 alternative solutions were found to all single-use plastic elements reaching the customer. It is estimated that, as a result of the application of alternative solutions, 95% of the weight of single-use plastic elements was eliminated.

- Innovation projects related to textile recyclability: in 2023, work has continued on the Sustainability Innovation Hub (SIH) and in the field of collaboration with startups, this platform grew considerably from 200 to more than 350 startups working to incorporate new materials, improve production processes and achieve progress in aspects of traceability, packaging, and use and end of life.

  The SIH has also focused on catalysing pilot projects and demonstrations in 2023. As a result, more than 35 innovations have been piloted and collections have been launched with various startups, such as NILIT and CIRC, with Zara Woman, Circular Systems, with Zara Home, and Ambercycle, with Zara Athleticz, as a first milestone in the path of our continued collaboration. LOOPAMID® x ZARA has also been launched in 2023, a capsule in which the brand has collaborated with various companies, including chemical company BASF. For this launch, ZARA Studio has developed a monomaterial jacket made entirely of LOOPAMID®, a polyamide that is fully created from textile waste. In addition, the forward purchase agreement has been signed with the American start-up Ambercycle, for the purchase of its recycled polyester chips composed of 100% textile waste, for a value of more than 70 million euros.

– Progress in **corporate governance.**

  In terms of the composition and structure of the corporate bodies and their organization and proceedings, financial year 2023 was the year in which the strong commitment to the continuous and permanent reinforcement of good governance practices has become evident, in line with the progress made in recent years.

  - Among other aspects, the following deserve special mention, as far as commitment to a diverse board membership is concerned: (i) the elimination of the existing age limit for the exercise of the position of Director of Inditex, thus avoiding any type of bias that could be discriminatory and promoting talent, and (ii) the constant effort of Inditex to achieve the highest levels of female representation on the supreme governing body. In 2022, with five (5) women on the Board, the target set in 2020 of 40% of female directors over the total number of its members was exceeded, and **in 2023 parity between men and women (50/50) has been reached on the Board of Directors of Inditex**.

With this, Inditex is also above the targets set for the least represented gender provided for in Directive (EU) 2022/2381 of the European Parliament and of the Council of 23 November 2022 on a better gender balance among directors of listed companies and related measures, to be achieved by June 2026, of 40% in relation to non-executive directors or 33% of all directors, regardless of whether they are executive or non-executive directors. Furthermore, the percentage of women on the Board of Directors of Inditex is above the average of the companies in the Ibex 35 index

In addition, in 2023 Inditex has given a strong boost to the consolidation of a robust governance structure in cybersecurity, with the creation of the new Cybersecurity Advisory Committee, whose main function, as a permanent internal body, of an advisory and consultative nature, and without executive functions, is to provide strategic and independent advice to the corresponding governing bodies and to the Company's Management on cybersecurity, its regulations, best practices and emerging risks that could affect the Company.

Proof of the robustness of its corporate governance system, is that in 2023, Inditex has carried out, with the help of an independent external advisor, an evaluation of such system taking as a reference the indicators that make up the Good Corporate Governance Index of AENOR, Version 2.0 (IBGC), which determines the degree of compliance in good governance based on 7 variables (i.e., composition of the Board of Directors, functioning and competencies of the Board of Directors, Board of Directors' Committees, Board of Directors' remuneration, General Shareholders' Meeting, transparency and other aspects of good governance and compliance) and 34 indicators, including 165 assessment criteria.

As a final result, in this IBGC evaluation process, an assessment has been obtained that is associated with an estimated Good Corporate Governance Level or AENOR certificate of G++ (highest possible rating).

- With regard to progress in terms of **Compliance**, several projects and initiatives were implemented in financial year 2023, among which the following are worth highlighting:

  - Code of Conduct: during financial year 2023, the process of reviewing and updating the previously named Code of Conduct and Responsible Practices (initiated in 2022) has been completed, in order to align its contents, structure and approach to the new realities and regulatory challenges, as well as to the commitments assumed by the Company in various areas. This process culminated on 6 February 2024, with the approval of the new version of the Code of Conduct by the Board of Directors, following a report from the relevant board committees. In accordance with best practices, the review process has been carried out with the collaboration of a representative number of the Company's areas and markets, external advisors from multiple jurisdictions, and the Inditex Social Advisory Board, as the main liaison with our Stakeholders.

  - Ethics Line: in financial year 2023, the Policy on the Internal Reporting Channels of the Group has been approved and the Ethics Line Procedure has been amended. Both regulations incorporate the best international practices in the field of human rights and adapt the Inditex Group's Ethics Line to the requirements applicable in the markets in which the Group operates, in particular, to those derived from the transpositions into the different national laws of Directive (EU) 2019/1937 on Whistleblower Protection, which include, among others, the protection of personal data and the rights of the users of the whistleblower mechanisms. In line with best practices in this area, in financial year 2023, a tool was contracted and put into operation that allows the reception and management of concerns sent to the Ethics Line. This tool is available 24 hours a day, 7 days a week.

  - Global Compliance Model and integration of Models: during the financial year, the General Counsel's Office - Compliance has initiated or developed several projects for the evolution of several core elements of the Global Compliance Model (such as the review of the Code of Conduct and the Ethical Line). In financial year 2023, (i) the integration of the Criminal Risk Prevention Model and the existing local Compliance models into the Global Compliance Model continued, with the aim of integrating the existing risk and control matrices into a corporate Matrix, taking into account the statutory requirements, international best practices and local regulations; (ii) the updating of the Organization, Management and Control Model ("Model 231") of the Group's company in Italy was completed, in accordance with Legislative Decree no. 231 of 8 June 2001; (iii) a review of the corporate taxonomy of compliance risks and an identification of the main processes exposed to compliance risks has been carried out; and (iv) a process of evolution of the compliance risk assessment methodology has been started.

  - Compliance training: during financial year 2023, we continued with the implementation of the Compliance Training Plan, which includes training, awareness and sensitization actions aimed at covering the priority Compliance risks to which the Group is potentially exposed. The Training Plan, aimed at Group employees and third parties (e.g. suppliers), covers the following subjects: Code of Conduct, Code of Conduct for Manufacturers and Suppliers, Ethics Line, Anti-corruption and integrity (Integrity Policies and Conflict of Interest Policy), Prevention of criminal risks, Due diligence and Prevention of market abuse and protection of inside and/or confidential information. In this context, during 2023, the General Counsel's Office-Compliance has provided specific training (in person or online) aimed at groups that are, either on account of the position they hold and the responsibility they assume, or of the type of activity they perform, exposed to a higher risk of committing non-compliance in Compliance matters. In addition, a training talk (Compliance Talk) was held in which the General Counsel's Office-Compliance was assisted by the heads of various areas of the Company, with the aim of raising awareness of internal regulations and the corporate ethical culture, the proper management of conflicts of interest and the use of the Ethics Line, as well as the protection of the Company's information, through specific examples of situations that may arise in the day-to-day work of employees. During financial year 2023, a total of 23,154 employees have been trained (in person or online) in Compliance, an increase of 9% compared to financial year 2022.In addition, 783 product suppliers, representing 54% of the Group's product purchasing volume, received e-learning training on Compliance.

  - Internal Regulations: during financial year 2023, internal regulations have been reviewed to bring them into line with statutory requirements, best practices or the Group's operations. In total, 3 policies, 4 procedures, 5 terms of reference, 1 charter and other internal corporate regulations of lower rank or local scope have been approved and/or amended. Among them, the Board of Directors has approved the Policy on Internal Reporting Channels of the Inditex Group and the Regulations of the Cybersecurity Advisory Committee and has amended the Global Anti-Harassment Policy (to extend the scope of the previous Global Policy for the prevention of sexual harassment and harassment based on sex or gender identity at work, approved in 2022, to the prevention of any type of harassment), the Community Investment Policy, the Ethics Line Procedure, the Board of Directors Regulations, the Audit and Compliance Committee Regulations and the Regulations of the Ethics Committee.

- As regards progress in the area of **Diversity and Inclusion**, during this year 2023, progress has continued to be made in the area of Diversity and Inclusion in different fields. In May 2023, on the occasion of the World Day for Cultural Diversity for Dialogue and Development, Inditex presented worldwide the "Diversity and Inclusion Manifesto" that puts the spotlight on the Group's corporate purpose "We design opportunities for all people". This Manifesto aims to promote the values that represent the Company's commitment to diversity, equality and inclusion. In addition, internal knowledge of the Group's Diversity and Inclusion Policy has been reinforced through e-learning training within the Group's own Diversity and Inclusion Channel, on the "Tra!n" training platform. In 2023, more than 124,000 people have accessed this channel, with more than 46,000 training hours completed in this area. The role of "Diversity Champions" has also been strengthened. They are present in all the Group's markets and formats, and they act as internal ambassadors of the Diversity Policy and strategy and contribute to implementing initiatives locally and adapted to the needs of each market. On the other hand, integrating people with disabilities has been one of the priorities this year through the "INcluye" program. For the first time, the threshold of 2,000 people with disabilities working in the Company globally has been exceeded, which represents more than 1.3% of the workforce and is close to the target of 2% of people with disabilities worldwide to be reached by the end of 2024.In this context, in October 2023, the "Impact Week", the week dedicated to disability inclusion, was held for the fourth straight year, with the participation of the vast majority of subsidiaries, headquarters and logistics centres. In addition to working for disability inclusion, the commitment to LGBTI+ inclusion has been reinforced through the "I Am Proud" initiative, and to gender equality through programs such as "Women IN Tech" and the GEEIS (Gender Equality & Diversity European and International Standard) certification. Finally, the "SALTA" project, for socio-ethnic inclusion, has completed 15 years as a driver of employment for people in vulnerable situations. In 2023, SALTA was launched in Canada and Croatia, joining France, Spain, Italy, Portugal, Poland, Brazil, the United States, the United Kingdom, Germany, Mexico, Greece, South Korea, Turkey, Romania, India and Kazakhstan, for a total of 18 markets. In these 15 years, 1,700 people have been assisted in accessing the labour market in the stores, logistics centres and offices of the Inditex Group. In short, financial year 2023 has been a year that has allowed us to continue reinforcing the values of respect, equity and non-discrimination in the Company.

Therefore, on the proposal of the Remuneration Committee, the Board of Directors resolved an overall payout level of the annual variable remuneration for financial year 2023 for the CEO equivalent to 125% of target, i.e. €3,750 thousand (150% of his annual fixed remuneration).

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

On 31 January 2024 the first cycle (2021-2024) of the 2021-2025 Long-Term Incentive Plan, approved at the Annual General Meeting on 13 July 2021, came to an end.

The features and amounts for the first cycle (2021-2024) are set out below:

- This cycle began on 1 February 2021 and ended on 31 January 2024.
- The amount of the incentive for the first cycle (2021-2024) assigned to the CEO was as follows:

Maximum Incentive	=	Cash	+	Shares
118% of fixed remuneration		€1,183 thousand		68,562 shares

In the specific case of the first cycle (2021-2024), the amount indicated includes the total incentive allocated for the full cycle taking into account the different positions held by the CEO, i.e., the amount allocated for the performance of his duties as General Counsel and Secretary of the Board during financial year 2021 and the amount allocated as CEO, in accordance with the Remuneration Policy approved at the 2021 AGM, in force at the time of such allocation. The incentive, expressed as a percentage of the fixed annual remuneration, is calculated on a fixed annual remuneration of €2,500 thousand (this amount corresponds to the fixed annual remuneration established for the CEO, in accordance with the Remuneration Policy).

- The metrics to which this cycle is tied, and their weightings, are the following:

Weighting	Target	Measurement criteria
25%	Profit before Taxes ("PBT")	PBT figure for FY2023, expressed in euros, compared to the amount set by the Board of Directors as a target at the commencement of the first cycle.
25%	Store and Online Sales ("TTTT" (*Spanish acronym*))	Amount in euros of total sales in store and online in FY2023 at constant currency, according to the Company's information, measured against the amount set by the Board of Directors as a target at the commencement of the first cycle.
12.5%	Absolute Total Shareholder Return ("TSR")	Performance of an investment in Inditex shares over the period of the first cycle, determined by the ratio (expressed as a percentage) between the final value of a hypothetical investment in Inditex shares (reinvesting the dividends from time to time) and the initial value of that same hypothetical investment. The initial value is defined as the average weighted share price on the 30 trading days immediately prior to 1 February 2021 (exclusive)[1] and the final value is defined as the average weighted share price on the 30 trading days immediately prior to 31 January 2024 (inclusive). To this end, for calculating such final value, the dividends or other similar amounts received by shareholders on said investment during the respective period of time will be considered, as if the gross amount thereof (before taxes) would have been reinvested in more shares of the same class on the first date on which the dividend or any similar amount is payable to shareholders and at the closing share price on that date. The TSR achieved will be measured against the target set by the Board of Directors at the commencement of the first cycle.
12.5%	Relative Total Shareholder Return ("TSR")	Comparison of the evolution of an investment in Inditex's shares with the evolution of an investment in shares of any of the companies included in the Peer Group of companies (as defined below), determined by the ratio (expressed as a percentage) between the final value of a hypothetical investment in shares (reinvesting the dividends from time to time) and the initial value of that same hypothetical investment. The initial value of Inditex and the companies in the Peer Group is defined as the weighted average share price on the 30 trading days immediately prior to 1 February 2021 (exclusive), and the final value is defined as the weighted average share price on the 30 trading days immediately prior to 31 January 2024 (inclusive). To this end, for calculating such final value, the dividends or other similar amounts received by shareholders on said investment during the respective period of time will be considered, as if the gross amount thereof (before taxes) would have been reinvested in more shares of the same class on the first date on which the dividend or any similar amount is payable to shareholders and at the closing share price on that date.
25%	Sustainability index (comprising 4 indicators)	(i) Use of fibres with a lower impact: measured as the percentage of raw materials from preferred sources. (ii) Waste management: measured as the percentage of Inditex facilities (headquarters, factories, logistics centres and stores) where a waste management system is in place allowing for the waste generated to be dully collected and managed. (iii) Decarbonisation: measured as the reduction in the volume of Greenhouse Gas emissions in the company's own operations (Scope 1 and 2). (iv) Social: measured as the percentage of Inditex suppliers of goods rated A or B in social audits.

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

[2]. Neither the sustainability objectives themselves nor their calculation methodology have changed with respect to what was published in the previous financial year's report. It is a mere terminological adaptation to the evolution of sustainability initiatives.

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

  - PBT, TTTT, absolute TSR, the following will be measured:

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

  - Regarding the evolution of relative TSR, the Peer Group is made up of the companies included in the Dow Jones Retail Titans 30 index as of 1 February 2021 ('the Peer Group'").

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

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

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

  - Indicator no. 1: Use of fibres with a lesser impact, measured as the percentage on the total purchase of the main fibres:

Use of fibres with lower impact	Level of Incentive (% of maximum incentive)
< 56%	0%
56%	30%
61%	60%
> 68.2%	100%

  - Indicator no. 2: waste management, measured as the percentage of Inditex facilities (headquarters, factories, logistics centres and stores) where a waste management system for an appropriate waste recycle, recovery and processing is in place, to be made as a resource for repurposing through reuse or recycling:

Percentage of facilities with waste management system in place as of 31/01/2023	Level of Incentive (% of maximum incentive)
< 93.8%	0%
94%	30%
99%	60%
> 98%	100%

  - Indicator no. 3: Decarbonisation, measured as the reduction in the volume of Greenhouse Gas emissions in the company's own operations (Scope 1 and 2):

Ratio of GHG emissions at the end and start date of the 2021-2024 cycle	Level of Incentive (% of maximum incentive)
< 64%	0%
64%	30%
73%	60%
> 85%	100%

  - Indicator no. 4: concentration of production in suppliers rated A or B in social audits:

Percentage concentration of production in suppliers ranked A and/or B in their social audits (average of the 3 years of the 2021-2024 cycle)	Level of Incentive (% of maximum incentive)
< 88%	0%
88%	30%
91%	60%
> 95%	100%

The incentive will be delivered within the calendar month following the publication of the 2023 annual accounts.

In order to determine the level of achievement reached and the resulting level of payment, at its meeting held on 12 March 2024 and on the proposal of the Remuneration Committee, the Board of Directors has taken into account the following results:

- Total Sales in financial year 2023 in constant currency amounted to €47.881 billion. This result is significantly above the maximum achievement scenario set at the beginning of the cycle. Therefore, the payment level corresponding to the achievement level of this metric is 100%
- The Group's PBT in financial year 2023 was €6.870 billion. This result is significantly above the maximum achievement scenario set at the beginning of the cycle. Therefore, the payment level corresponding to the achievement level of this metric is 100%.
- Inditex TSR in the 2021-2024 period was 66.14%. As a result, the achievement level of this metric and its corresponding level of payment is 100%.
- Inditex TSR is ranked 5th among the Peer Group companies. Therefore, the payment level corresponding to the achievement level of this metric is 100%.
- Regarding the sustainability index:

(i) The percentage of use of raw materials from preferred sources in 2023 amounted to 78.9%. This result is above the maximum achievement scenario established at the beginning of the cycle.

(ii) The percentage of reduction of waste internally generated at Inditex facilities (headquarters, factories, logistics centres and stores) that have a waste management system to recycle, recover and adequately treat such waste for its recovery, preventing it from ending up in a landfill has reached 99.9% as at 31 January 2024. This result is above the maximum achievement scenario set at the beginning of the cycle.

(iii) The ratio of direct Greenhouse Gas emissions reductions in own operations (Scope 1 and 2) has been reduced by more than 89.6% from 1 February 2021 to 31 January 2024. This result is above the maximum achievement scenario set at the beginning of the cycle.

(iv) The percentage of Inditex's product suppliers with a social ranking of A or B has exceeded 96.9% in the average of the three years of the cycle. This result is above the maximum achievement scenario set at the beginning of the cycle.

Consequently, overall, the result of the sustainability index is above the maximum achievement scenario set at the beginning of the cycle. Therefore, the payment level corresponding to the level of achievement of this metric is 100%.

The Remuneration Committee has assessed the results with a full view of the achievements in the first cycle period to ensure that the level of pay is consistent with them, carrying out an appropriate balance between the Company's performance and the protection of shareholders' interests.

Based on this analysis, the Remuneration Committee proposed to recognise an overall payment of 100% of the incentive granted in the maximum achievement scenario, which is the result of applying the mechanics of the Plan and is considered to be consistent with the achievements attained.

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

For the CEO:

  - A cash incentive of €1,183 thousand.
  - A share incentive equivalent to 68,562 shares.

The increase in the CEO's total remuneration compared to the previous year is primarily due to the strong increase in the long-term variable remuneration as a result of the excellent operating performance of the Company in the performance period of the objectives and accrual of the first cycle (2021-2024) of the 2021-2025 Long-Term Incentive Plan that is being settled and the subsequent appreciation of Inditex's stock price by approximately 50%, from €25.88 price/share at the beginning of the cycle (1 February 2021) to €38.76 at the end of the cycle (31 January 2024).

In this same sense, in accordance with the criteria adopted by the Company, the share price taken into account for the quantification of the part of the incentive that is delivered in shares corresponds to the share price at the close of trading on the last trading day of the week before the meeting of the Board of Directors at which the level of achievement of the cycle in question is assessed and approved. Thus, the listed value of the Inditex shares on 10 March 2023 that was taken into account for the settlement of the second cycle (2020-2023) of the 2019-2023 Long-Term Incentive Plan (and which was reported in the Annual Report on Remuneration of Directors for financial year 2022), was €29.27, compared to the €40.67 reached on 8 March 2024, taken as a reference for the settlement of the first cycle (2021-2024) of the 2021-2025 Long-Term Incentive Plan.

In addition, it should be considered that the Long-Term Incentive Plan that is settled, referring to financial years 2021, 2022 and 2023, considers the condition as General Counsel in the first year and as CEO in the last two years, while the Incentive Plan settled in the previous financial year 2022 included his capacity as General Counsel in the first two financial years of the cycle and as CEO only in the last year.

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

The Annual Report on the Remuneration of Directors for 2022 was submitted to an advisory say-on-pay vote at the Annual General Meeting on 11 July 2023, as agenda item number 9, with the following outcome:

	Number	% of total
Votes cast	2,772,381,568	88.95 %

	Number	% cast
Votes against	65,213,216	2.36 %
Votes in favour	2,699,017,846	97.64 %
Abstentions	8,150,356	0.29 %
Blank votes	150	0 %

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

To determine the remuneration accrued by the directors in their status as such in 2023, the amounts fixed in the Directors' Remuneration Policy for financial years 2021, 2022 and 2023 have been considered. These amounts have been applied since the resolution passed at the Annual General Meeting held on 19 July 2011, except for the position of non-executive Chair of the Board of Directors, which was created in financial year 2022. The different items and amounts have been detailed in section A.1.7. above.

Pursuant to the foregoing, and based on the current membership on the board of directors and its committees, in 2023 the total amount accrued by the directors in their status as such for the performance of supervisory and collegiate decision-making duties amounted to €3,241 thousand, of which €100,000 correspond to the CEO, Mr Óscar García Maceiras, who held the position of director throughout financial year 2023.

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

The fixed remuneration accrued by the CEO for senior management duties in financial year 2023 totalled €2,500 thousand, as established in the Directors' Remuneration Policy for financial years 2021, 2022 and 2023, after its partial amendment at the 2022 AGM.

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

The total amount accrued by the CEO in financial year 2022 as fixed remuneration amounted to €2,041 thousand. The difference between financial year 2022 and 2023 is due to the fact that in calculating the fixed remuneration of the CEO for financial year 2022, two different periods were taken into account, i.e,. from 1 February 2022 until 11 July 2022 and from 12 July 2022, the date of approval of the partial amendment to the Remuneration Policy, until 31 January 2023, to which two different amounts were applicable.

The purpose of the partial amendment of the Directors' Remuneration Policy for financial years 2021, 2022 and 2023 was, among other reasons, to determine the new remuneration package of the CEO for the performance of his duties as the lead and only executive in the new governance structure, increasing from €1,500 thousand, in its original text, to €2,500 thousand.

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

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

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

No such proceedings have taken place in 2023.

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

In financial year 2023 Inditex has made no contributions to the defined contribution pension schemes.

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

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

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

In financial year 2023 the CEO's contract has not been subject to any changes.

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

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

As at the date of this Report, no supplementary remuneration has been accrued by the directors in consideration for the provision of services other than those inherent in the position..

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

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

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

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

No remunerations in kind exist.

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

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

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

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

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

ISSUER IDENTIFICATION

Ending date of reference period: 31/01/2024

CIF: A-15075062

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

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

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

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

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

	Number	% of total
Votes cast	2,772,381,568	88.95 %

	Number	% cast
Votes against	65,213,216	2.36 %
Votes in favour	2,699,017,846	97.64 %
Abstentions	8,150,356	0.29 %
Blank ballots	150	0 %

C. ITEMIZED INDIVIDUAL REMUNERATION PAYABLE TO EACH DIRECTOR

Name	Type	Accrual period 2023
Ms Marta Ortega Pérez	Proprietary	From 01/02/2023 to 31/01/2024
Mr Óscar García Maceiras	Executive	From 01/02/2023 to 31/01/2024
Mr Amancio Ortega Gaona	Proprietary	From 01/02/2023 to 31/01/2024
Mr José Arnau Sierra	Proprietary	From 01/02/2023 to 31/01/2024
Pontegade Inversiones, S.L. (represented by Ms Flora Pérez Marcote)	Proprietary	From 01/02/2023 to 31/01/2024
Bns. Denise Patricia Kingsmill	Independent	From 01/02/2023 to 31/01/2024
Mr José Luis Durán Schulz	Independent	From 01/02/2023 to 31/01/2024
Mr Rodrigo Echenique Gordillo	Independent	From 01/02/2023 to 31/01/2024
Ms Pilar López Álvarez	Independent	From 01/02/2023 to 31/01/2024
Mr Emilio Saracho Rodríguez de Torres	Affiliate	From 01/02/2023 to 11/07/2023
Ms Anne Lange	Independent	From 01/02/2023 to 31/01/2024

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

a) Remuneration from the reporting company:

i) Remuneration in cash (in thousands of euros)

Name	Fixed remuneration	Attendance fees	Remuneration for membership of board committees	Salary	Short-term variable remuneration	Long-term variable remuneration	Compensation	Other items	Total year 2023	Total year 2022
Ms MARTA ORTEGA PÉREZ	100	-	-	-	-	-	-	900	1,000	834
Mr ÓSCAR GARCÍA MACEIRAS	100		-	2,500	3,750	1,183			7,533	6,926
Mr AMANCIO ORTEGA GAONA	100	-	-	-	-	-	-	-	100	100
Mr JOSÉ ARNAU SIERRA	100	-	200	-	-	-	-	80	380	380
PONTEGADEA INVERSIONES, S.L. (REPRESENTED BY MS. FLORA PÉREZ MARCOTE)	100	-	-	-	-	-	-	-	100	100
BNS. DENISE PATRICIA KINGSMILL	100	-	150	-	-	-	-	50	300	300
Mr JOSÉ LUIS DURÁN SCHULZ	100	-	150	-	-	-	-	50	300	278
Mr RODRIGO ECHENIQUE GORDILLO	100	-	150	-	-	-	-	50	300	300
Ms PILAR LÓPEZ ÁLVAREZ	100	-	150	-	-	-	-	50	300	300
Ms ANNE LANGE	100	-	150	-	-	-	-	-	250	250
Mr EMILIO SARACHO RODRÍGUEZ DE TORRES	45	-	66	-	-	-	-	-	111	272

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

		Financial instruments at start of FY2023		Financial instruments granted in FY2023		Financial instruments vested during the year				Instruments matured but not exercised	Financial instruments at end of FY2023	
Name	**Name of Plan**	**No. instruments**	**No. equivalent shares**	**No. instruments**	**No. equivalent shares**	**No. instruments**	**No. equivalent/ vested shares**	**Price of vested shares**	**Gross Profit from vested shares or financial instruments (thousands of euros)**	**No. instruments**	**No. instruments**	**No. equivalent shares**
Mr ÓSCAR GARCÍA MACEIRAS	First cycle (2021-2024) of the 2021-2025 Long-term Incentive Plan	68,562	68,562			68,562	68,562	40.67	2,788	0		
Mr ÓSCAR GARCÍA MACEIRAS	Second cycle (2022-2025) of the 2021-2025 Long-term Incentive Plan	71,472	71,472								71,472	71,472
Mr ÓSCAR GARCÍA MACEIRAS	First cycle (2023-2026) of the 2023-2027 Long-term Incentive Plan			75,045	75,045						75,045	75,045

iii) Long-term savings systems

Name	Remuneration from vesting of rights to savings system (€ thousand)

Name	Contribution over the year from the company (€ thousand)				Amount of accrued funds (€ thousand)			
	Savings systems with vested economic rights		Savings systems with non-vested economic rights		Financial year 2023		Financial year 2022	
	Financial year 2023	Financial year 2022	Financial year 2023	Financial year 2022	Systems with vested economic rights	Systems with non-vested economic rights	Systems with vested economic rights	Systems with non-vested economic rights

iv) Details of other items

Name	Concept	Amount of remuneration
No data		

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

i) Remuneration in cash (in thousands of euros)

Name	Fixed remuneration	Attendance fees	Remuneration for membership of Board committees	Salary	Short-term variable remuneration	Long-term variable remuneration	Compensation	Other items	Total FY 2023	Total FY 2022
No data										

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

	Name of Plan	Financial instruments at start of FY2023		Financial instruments granted in FY2023		Financial instruments vested during the year				Instruments matured but not exercised	Financial instruments at end of FY2023	
Name		No. instruments	No. equivalent shares	No. instruments	No. equivalent shares	No. instruments	No. equivalent/ vested shares	Price of vested shares	Gross profit from vested shares or financial instruments (€ thousand)	No. instruments	No. instruments	No. equivalent shares
No data												

iii) Long-term savings systems

Name	Remuneration from vesting of rights to savings systems
No data	

Name	Contribution over the year from the company (thousands of euros)				Amount of accrued funds (thousands of euros)			
	Savings systems with vested economic rights		Savings systems with non-vested economic rights					
					Financial year 2023		Financial year 2022	
	Financial year 2023	Financial year 2022	Financial year 2022	Financial year 2021	Systems with vested economic rights	Systems with non-vested economic rights	Systems with vested economic rights	Systems with non-vested economic rights
No data								

iv) Details of other items

Name	Concept	Amount of remuneration
No data		

c) Summary of remuneration (in thousands of euros):

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

Name	Remuneration accrued in the company					Remuneration accrued in group companies				
	Total cash remuneration	Gross profit from vested shares or financial instruments	Remuneration by way of savings systems	Other items of remuneration	Total FY2023 company	Total cash remuneration	Gross profit from vested shares or financial instruments	Remuneration by way of savings systems	Other items of remuneration	Total FY2023 group
Ms MARTA ORTEGA PÉREZ	1,000				1,000					0
Mr ÓSCAR GARCÍA MACEIRAS	7,533	2,788			10,321					0
Mr AMANCIO ORTEGA GAONA	100				100					0
Mr JOSÉ ARNAU SIERRA	380				380					0
PONTEGADEA INVERSIONES, S.L. (REPRESENTED BY MS. FLORA PÉREZ MARCOTE)	100				100					0
BNS. DENISE PATRICIA KINGSMILL	300				300					0
Mr JOSÉ LUIS DURÁN SCHULZ	300				300					0
Mr RODRIGO ECHENIQUE GORDILLO	300				300					0
Ms PILAR LÓPEZ ÁLVAREZ	300				300					0
Ms ANNE LANGE	250				250					0
Mr EMILIO SARACHO RODRÍGUEZ DE TORRES	111				111					0
										0
TOTAL	**10,674**	**2,788**			**13,462**					

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

	Total amounts accrued and annual variation								
	Financial year 2023	Percentage variation 2023/2022	Financial year 2022	Percentage variation 2022/2021	Financial year 2021	Percentage variation 2021/2020	Financial year 2020	Percentage variation 2020/2019	Financial year 2019
Executive Directors (€ thousand)									
Mr ÓSCAR GARCÍA MACEIRAS	10,321	23 %	8,374	1023 %	746	-	-	-	-
Non-executive Directors									
Ms MARTA ORTEGA PÉREZ	1,000	20 %	834	-	-	-	-	-	-
Mr AMANCIO ORTEGA GAONA	100	0 %	100	0 %	100	0 %	100	0 %	100
Mr JOSÉ ARNAU SIERRA	380	0 %	380	0 %	380	0 %	380	15 %	330
PONTEGADEA INVERSIONES, S.L. (REPRESENTED BY MS. FLORA PÉREZ MARCOTE)	100	0 %	100	0 %	100	0 %	100	0 %	100
BNS. DENISE PATRICIA KINGSMILL	300	0 %	300	0 %	300	0 %	300	20 %	250
Mr JOSÉ LUIS DURÁN SCHULZ	300	8 %	278	11 %	250	(8)%	273	(9)%	300
Mr RODRIGO ECHENIQUE GORDILLO	300	0 %	300	0 %	300	0 %	300	0 %	300
Ms PILAR LÓPEZ ÁLVAREZ	300	0 %	300	0 %	300	8 %	277	11 %	250
Ms ANNE LANGE	250	0 %	250	0 %	250	0 %	250	762 %	29
Mr EMILIO SARACHO RODRÍGUEZ DE TORRES	111	(59)%	272	(9)%	300	0 %	300	0 %	300
Consolidated results of the company (€ million)	6,870	28 %	5,358	28 %	4,199	200 %	1,401	(70)%	4,681
Average employee remuneration (€ thousand)[(1)]	**36**	**12 %**	**33**	**9 %**	**30**	**29 %**	**23**	**(15)%**	**27**

[(1)] Average remunerations have been calculated in accordance with CNMV's criteria. To do so, the average based on a full-time equivalent has been considered. Consequently, the average remunerations for previous years reported in previous years reports have been re-expressed to adjust to such criteria.

This annual remuneration report has been approved by the Board of Directors of the Company at the meeting held on 12 March 2024.

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

Yes ☐ No ☒

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

Pursuant to the provisions of section 253 of the Revised Text of the Companies Act, and section 34 of the Code of Commerce, the Directors of the company Industria de Diseño Textil, S.A. proceeded at the meeting held on 12 March 2024, to issue the consolidated annual accounts and the consolidated directors’ report for the financial year ended 31 January 2024. The annual accounts consist of the documents preceding this page (consolidated income statement, consolidated statement of comprehensive income, consolidated balance sheet, consolidated statement of cash flows, consolidated statement of changes in equity and notes to the consolidated financial statements). The Integrated Directors' Report comprises the Consolidated Directors' Report, the Statement on Non-Financial Information, the Annual Corporate Governance Report and the Annual Report on Remuneration of Directors.

Ms Marta Ortega Pérez
Chair

Mr Amancio Ortega Gaona
Ordinary Member

Mr José Arnau Sierra
Deputy Chair

Mr Oscar García Maceiras
CEO

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

Bns Denise Patricia Kingsmill
Ordinary Member

Ms Pilar López Álvarez
Ordinary Member

Ms Anne Lange
Ordinary Member

Mr José Luis Durán Schulz
Ordinary Member

Mr Rodrigo Echenique Gordillo
Ordinary Member

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