INDITEX ANNUAL REPORT 2021

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STATEMENT MADE ABOUT THE CONTENTS OF THE FINANCIAL ANNUAL REPORT

We, the members of the Board of Directors of the company, do hereby state and represent that, to the best of our knowledge and belief, the annual consolidated accounts for fiscal year 2021 (1 February 2021 – 31 January 2022), stated by the Board of Directors in the meeting held on 15th March 2022, 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 directors' 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 15 March 2022.

Mr Pablo Isla Álvarez de Tejera

Executive Chairman

Mr Amancio Ortega Gaona

Ordinary Member

Mr José Arnau Sierra

Deputy Chairman

D. Oscar García Maceiras

CEO

Pontegadea Inversiones, S.L.

Ordinary Member

Ms Flora Pérez Marcote

Bns. Denise Patricia Kingsmill

Ordinary Member

Ms. Pilar López Álvarez

Ordinary Member

Ms Anne Lange

Ordinary Member

Mr José Luis Durán Schulz

Ordinary Member

Mr Rodrigo Echenique Gordillo

Ordinary Member

Mr. Emilio Saracho Rodríguez de Torres

Ordinary Member

AUDIT REPORT ON CONSOLIDATED ANNUAL ACCOUNTS

Deloitte.

Deloitte, S.L.
Ferrol 1
15004 A Coruña
España

Tel: +34 981 12 46 00
www.deloitte.es

Translation of a report originally issued in Spanish based on our work performed in accordance with the audit regulations in force in Spain. In the event of a discrepancy, the Spanish-language version prevails.

INDEPENDENT AUDITOR'S REPORT ON CONSOLIDATED FINANCIAL STATEMENTS

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

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 as at 31 January 2022, and the consolidated statement of profit or loss, consolidated statement of comprehensive income, consolidated statement of changes in equity, consolidated statement of cash flows and notes to the consolidated financial statements for the year then ended ("2021").

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated equity and consolidated financial position of the Group as at 31 January 2022, and its consolidated results and its consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards as adopted by the European Union (EU-IFRSs) and the other provisions of the regulatory financial reporting framework applicable to the Group in Spain.

Basis for Opinion

We conducted our audit in accordance with the audit regulations in force in Spain. Our responsibilities under those regulations 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 pertaining to independence, that are relevant to our audit of the consolidated financial statements in Spain pursuant to the audit regulations in force. In this regard, we have not provided any services other than those relating to the audit of financial statements and there have not been any situations or circumstances that, in accordance with the aforementioned audit regulations, might have affected the requisite independence in such a way as to compromise our independence.

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 judgement, 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 opinion thereon, and we do not provide a separate opinion on these matters.

Measurement of leases

Description

Most of the premises in which the Group's stores are located, as well as certain logistics centres and other assets, are leased (see Note 1).

The measurement of the leases in accordance with current legislation (IFRS 16) requires management to make judgements and estimates that have a significant effect on the measurement of the right-of-use assets and of the associated financial liabilities, the most critical of which are those related to the determination of the term of, and the discount rate applicable to, each lease.

In turn, the evolution of the Group's business model towards an integrated model has led to frequent renegotiation of the leases in search for greater flexibility, which increases the volume of renegotiations and, consequently, the risk of misstatements in accounting for the agreed-upon modifications.

The significant volume of leases, their diverse nature and the significance and impact of the estimates made lead us to consider this matter to be a key matter in our audit.

Procedures applied in the audit

In response to this key matter, our audit included, among others, the following procedures:

- An evaluation of the design, implementation and operating effectiveness of the key controls established by the Group in relation to the measurement and recognition of leases.
- An evaluation of the reasonableness and consistency of the main assumptions used by management and the appropriateness thereof in relation to the applicable accounting framework.
- For a representative sample of leases, verification that the measurement of the lease was consistent and appropriate in respect of the terms and characteristics of the lease.
- For a representative sample of the rent concessions obtained as a consequence of the covid-19 pandemc-related renegotiations, verification of the correct accounting therefor in accordance with current legislation.
- An evaluation of whether the disclosures included in the notes to the consolidated financial statements are in conformity with the applicable regulatory framework.

The results of the procedures performed in relation to the analysis of the accounting policies and practices and estimates applied by the Group, to the evaluation of the key controls in place, to the performance of specific substantive tests and to the disclosures included in the notes to the consolidated financial statements were satisfactory in relation to the objectives pursued.

Measurement of inventories

Description	Procedures applied in the audit
The Group's inventories had a carrying amount of EUR 3,042 million at 31 January 2022, representing 10.5% of its total assets. These inventories relate mainly to finished goods, are distributed among the distribution centres and stores managed by the Group and are measured as described in Note 2-h to the accompanying consolidated financial statements. The Group's business model is based on offering fashion products according to an integrated and centralised model, to which end new stock-keeping units (SKUs) are continuously designed, purchased and distributed to the points of sale. The fast-moving nature of fashion and the complexity of the goods measurement process, which requires significant estimates to be made in order to determine the recoverable amount of each SKU, and the importance of amount of inventories, lead us to consider this matter to be a key matter in our audit.	In response to this key matter, our audit included, among others, the following procedures: - An evaluation of the coherence of the accounting policies and practices applied by the Group to measure its inventories at 31 January 2022 with the regulatory financial reporting framework applicable to it and with the accounting policies and practices applied in the previous year. - An evaluation of the design, implementation and operating effectiveness of the key controls established by the Group in the inventory measurement process. - An assessment of the key estimates used by Group management to determine the net realisable value of its inventories and the consistency thereof with Group policies and other available information, such as historical sales of similar seasons and future sales forecasts. - A recalculation of the recoverable amount of the Group's finished goods inventories, for which we involved our IT experts. - An evaluation of whether the disclosures included in the notes to the consolidated financial statements are in conformity with the applicable regulatory framework. The results of the procedures performed in relation to the analysis of the accounting policies and practices and estimates applied by the Group, to the evaluation of the key controls in place, to the performance of specific substantive tests and to the disclosures included in the notes to the consolidated financial statements were satisfactory in relation to the objectives pursued.

IT systems	
Description	**Procedures applied in the audit**
The significant volume of transactions, the high level of automation of business processes and the importance of the IT systems in financial information generation processes expose the Group to a high dependency on its IT system and the correct functioning thereof. In this connection, maintaining an adequate control environment for information systems is essential in order to ensure their correct functioning and, accordingly, adequate information processing. Also, in the current environment and in organisations of the dimension of the Group, management of cybersecurity risks is becoming increasingly important. Due to their importance and the audit effort required, the knowledge, evaluation and validation of the operating effectiveness of general IT controls and certain automatic controls over financial reporting systems, including controls relating to software maintenance and development, access security, the use of systems and information upload between applications, were considered as a key matter in our audit.	In response to this key matter, our work included, among others, the following procedures in which our audit team IT specialists were involved: - Identification of relevant IT items and software in the financial information preparation process. - Obtainment of the required understanding of the IT systems involved in the financial information preparation process and evaluation of the level of internal control over the systems. Our understanding focused, among other aspects, on the existence of policies and procedures relating to the IT processes (systems access control, development and manteinance, and control of operations); on the structure, governance and organisation of the IT area; on the degree of outsourcing of certain tasks; and on the identification of the locations of the hardware that supports the relevant IT software. - An evaluation of the design, implementation and operating effectiveness of general IT controls relating to access control, management of changes and operations and maintenance of the software we considered relevant. - Evaluation of the design, implementation and operating effectiveness of the key automatic controls operating in certain business cycles, such as sales, cost of sales and the accounting closing. - A review of the cybersecurity risk management model for the main IT systems and evaluation of the associated security measures and action plans. The results of these procedures were satisfactory and no significant matters were identified that might significantly affect the information included in the consolidated financial statements.

Other Information: Consolidated Directors' Report

The other information comprises only the consolidated directors' report for 2021, the preparation of which is the responsibility of the Parent's directors and which does not form part of the consolidated financial statements.

Our audit opinion on the consolidated financial statements does not cover the consolidated directors' report. Our responsibility relating to the consolidated directors' report, in accordance with the audit regulations in force, consists of:

a) Solely checking that the consolidated non-financial information statement, certain information included in the Annual Corporate Governance Report and the Annual Director's Remuneration Report, to which the Spanish Audit Law refers, have been furnished as provided for in the applicable legislation and, if this is not the case, reporting this fact.

b) Evaluating and reporting on whether the other information included in the consolidated directors' report is consistent with the consolidated financial statements, based on the knowledge of the Group obtained in the audit of those consolidated financial statements, as well as evaluating and reporting on whether the content and presentation of this section of the consolidated directors' report are in conformity with the applicable regulations. If, based on the work we have performed, we conclude that there are material misstatements, we are required to report that fact.

Based on the work performed, as described above, we observed that the information described in section a) above was furnished as provided for in the applicable legislation and that the other information in the consolidated directors' report was consistent with that contained in the consolidated financial statements for 2021 and its content and presentation were in conformity with the applicable regulations.

Responsibilities of the Directors and Audit and Compliance Committee of the Parent for the Consolidated Financial Statements

The Parent's directors are responsible for preparing the accompanying consolidated financial statements so that they present fairly the Group's consolidated equity, consolidated financial position and consolidated results in accordance with EU-IFRSs and the other provisions of the regulatory financial reporting framework applicable to the Group in Spain, and for such internal control as the directors 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 Parent's directors 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 have no realistic alternative but to do so.

The Parent's audit and compliance committee is responsible for overseeing the process involved in the preparation and presentation of the consolidated financial statements.

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 the audit regulations in force 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.

A further description of our responsibilities for the audit of the consolidated financial statements is included in the Appendix to this auditor's report. This description forms part of our auditor's report.

Report on Other Legal and Regulatory Requirements

European Single Electronic Format

We have examined the digital files in European Single Electronic Format (ESEF) of Industria de Diseño Textil, S.A. and its subsidiaries for 2021, which comprise the XHTML file including the consolidated financial statements for 2021 and the XBRL files with the tagging performed by the Parent, which will form part of the annual financial report.

The directors of Industria de Diseño Textil, S.A. are responsible for presenting the annual financial report for 2021 in accordance with the format and markup requirements established in Commission Delegated Regulation (EU) 2019/815 of 17 December 2018 ("ESEF Regulation").

Our responsibility is to examine the digital files prepared by the Parent's directors, in accordance with the audit regulations in force in Spain. Those regulations require that we plan and perform our audit procedures in order to ascertain whether the content of the consolidated financial statements included in the aforementioned digital files corresponds in full to that of the consolidated financial statements that we have audited, and whether those consolidated financial statements and the aforementioned files were formatted and marked up, in all material respects, in accordance with the requirements established in the ESEF Regulation.

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

Additional Report to the Parent's Audit and Compliance Committee

The opinion expressed in this report is consistent with the content of our additional report to the Parent's audit and compliance committee dated 14 March 2022.

Engagement Period

The Parent's Annual General Meeting held on 13 July 2021 appointed us as auditors for a period of one year from the year ended 31 January 2021.

Previously, we were designated pursuant to a resolution of the General Meeting for the period of one year and have been auditing the consolidated financial statements uninterruptedly since the year ended 31 January 2013.

DELOITTE, S.L.
Registered in ROAC under no. S0692

Cleber H. Beretta Custodio

Registered in ROAC under no. 22,169

16 March 2022

Appendix to our auditor's report

Further to the information contained in our auditor's report, in this Appendix we include our responsibilities in relation to the audit of the consolidated financial statements.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

As part of an audit in accordance with the audit regulations in force in Spain, we exercise professional judgement and maintain professional scepticism 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 the Parent's directors.
- Conclude on the appropriateness of the use by the Parent's directors 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 Parent's audit and compliance committee 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 Parent's audit and compliance committee with a statement that we have complied with relevant ethical requirements, including those regarding independence, and we have communicated with it to report on all matters that may reasonably be thought to jeopardise our independence, and where applicable, on the related safeguards.

From the matters communicated with the Parent's 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.

CONSOLIDATED ANNUAL ACCOUNTS

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 33). In the event of a discrepancy, the Spanish-language version prevails.

Consolidated income statement

(Amounts in millions of euros)	(Notes)	2021	2020
Net sales	(3)	27,716	20,402
Cost of sales	(4)	(11,902)	(9,013)
GROSS PROFIT		**15,814**	**11,390**
		57.1%	55.8%
Operating expenses	(5)	(8,596)	(6,807)
Other losses and income, net	(6)	(35)	(31)
GROSS OPERATING PROFIT (EBITDA)		**7,183**	**4,552**
Amortisation and depreciation	(7)	(2,901)	(3,045)
NET OPERATING PROFIT (EBIT)		**4,282**	**1,507**
Financial results	(8)	(142)	(139)
Results of companies accounted for using the equity method	(17)	58	33
PROFIT BEFORE TAXES		**4,199**	**1,401**
Income tax	(24)	(949)	(297)
NET PROFIT		**3,250**	**1,104**
NET PROFIT ATTRIBUTABLE TO NON-CONTROLLING INTERESTS		**7**	**(2)**
NET PROFIT ATTRIBUTABLE TO THE PARENT		**3,243**	**1,106**
EARNINGS PER SHARE, euros	**(9)**	**1.042**	**0.355**

Consolidated statement of comprehensive income

(Amounts in millions of euros)	(Notes)	2021	2020
Net profit		3,250	1,104
Items that will be reclassified to profit or loss in future years			
Other comprehensive income recognised directly in equity:			
Translation differences related to financial statements of foreign operations		122	(393)
Cash flow hedges			
Profit	(25)	6	-
Loss	(25)	-	(3)
Tax effect		(1)	-
TOTAL		**127**	**(396)**
Transfers to profit or loss:			
Cash flow hedges			
Profit	(25)	-	(1)
Loss	(25)	3	6
Tax effect		-	(1)
TOTAL		**3**	**4**
Total comprehensive income for the year		**3,380**	**713**
Total comprehensive income attributable to:			
Equity holders of the Parent		3,373	714
Non-controlling interests		7	(2)
Total comprehensive income for the year		**3,380**	**713**

Consolidated Balance Sheet

(Amounts in millions of euros)	(Notes)	31/01/2022	31/01/2021
ASSETS			
NON-CURRENT ASSETS		**15,343**	**15,460**
Rights of use	(15)	5,224	5,477
Other intangible assets	(14)	589	444
Goodwill	(16)	202	201
Property, plant and equipment	(13)	7,481	7,401
Investment property		21	21
Financial investments	(17)	307	261
Other non-current assets	(18)	340	380
Deferred tax assets	(24)	1,179	1,276
CURRENT ASSETS		**13,602**	**10,957**
Inventories	(12)	3,042	2,321
Trade and other receivables	(11)	842	715
Income tax receivable	(24)	219	257
Other current assets		82	88
Other financial assets	(25)	22	2
Current financial investments	(20)	2,374	176
Cash and cash equivalents	(20)	7,021	7,398
TOTAL ASSETS		**28,945**	**26,418**

EQUITY AND LIABILITIES			
EQUITY		**15,759**	**14,550**
Equity attributable to the Parent		15,733	14,520
Equity attributable to non-controlling interests		26	30
NON-CURRENT LIABILITIES		**5,157**	**5,529**
Provisions	(21)	287	252
Other non-current liabilities	(22)	248	280
Financial debt	(20)	1	3
Lease liability	(15)	4,262	4,599
Deferred tax liabilities	(24)	359	396
CURRENT LIABILITIES		**8,030**	**6,338**
Financial debt	(20)	35	11
Other financial liabilities	(25)	22	27
Lease liability	(15)	1,562	1,552
Income tax payable	(24)	211	88
Trade and other payables	(19)	6,199	4,659
TOTAL EQUITY AND LIABILITIES		**28,945**	**26,418**

Consolidated statement of cash flows

(Amounts in millions of euros)	(Notes)	2021	2020
Profit before taxes and non-controlling interest		**4,199**	**1,401**
Adjustments to profit			
Amortisation and depreciation	(7)	2,901	3,045
Provisions for impairment		51	(223)
Results from companies consolidated by equity method	(17)	(58)	(33)
Lease financial expenses	(8)	92	120
Other		81	6
Income tax paid		(734)	(452)
Funds from operations		**6,530**	**3,864**
Variation in assets and liabilities			
Inventories		(759)	93
Receivables and other current assets		(154)	34
Current payables		1,136	(974)
Changes in working capital		**223**	**(847)**
Cash flows from operating activities		**6,754**	**3,017**
Payments relating to investments in intangible assets		(460)	(241)
Payments relating to investments in property, plant and equipment		(666)	(467)
Collections relating to divestments of property, plant and equipment		-	36
Payments relating to investments in companies		-	(5)
Collections relating investment in other financial investments		25	12
Payments relating investment in other assets	(18)	(8)	(6)
Collections relating investment in other assets	(18)	54	42
Changes in current financial investments		(2,198)	3,143
Cash flows from investing activities		**(3,253)**	**2,514**
Payments relating to non-current financial debt		(5)	(6)
Payments relating to acquisition treasury shares		(71)	-
Changes in current financial debt		27	(17)
Lease payments fixed charge		(1,668)	(1,673)
Dividends		(2,192)	(1,090)
Cash flows used in financing activities		**(3,909)**	**(2,786)**
Net increase in cash and cash equivalents		(408)	2,745
Cash and cash equivalents at the beginning of the year	(20)	7,398	4,780
Effect of exchange rate fluctuations on cash and cash equivalents		31	(127)
Cash and cash equivalents at the end of the year	**(20)**	**7,021**	**7,398**

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 2020	**94**	**20**	**14,993**	**58**	**214**	**(60)**	**(402)**	**(4)**	**14,913**	**36**	**14,949**
Profit for the year	-	-	1,106	-	-	-	-	-	1,106	(2)	1,104
Distribute results	-	-	(251)	190	61	-	-	-	-	-	-
Distribute dividends	-	-	25	-	(25)	-	-	-	-	-	-
Transfers	-	-	(83)	-	(8)	-	91	-	-	-	-
Other movements	-	-	(28)	-	(2)	-	-	-	(29)	(4)	(33)
Argentina reexpresion	-	-	10	-	-	-	-	-	10	-	10
Other comprehensive income for the year	-	-	-	-	-	-	(393)	1	(392)	-	(392)
· Translation differences related to foreign operations	-	-	-	-	-	-	(393)	-	(393)	-	(393)
· Cash flow hedges	-	-	-	-	-	-	-	1	1	-	1
Operations with equity holders or owners	-	-	(1,069)	(27)	-	9	-	-	(1,087)	-	(1,087)
· Share-based collections	-	-	-	9	-	-	-	-	9	-	9
· Share-based payments	-	-	22	(35)	-	9	-	-	(5)	-	(5)
· Dividends	-	-	(1,090)	-	-	-	-	-	(1,090)	-	(1,090)
Balance at 31 January 2021	**94**	**20**	**14,703**	**221**	**240**	**(51)**	**(704)**	**(3)**	**14,520**	**30**	**14,550**
Balance at 1 February 2021	**94**	**20**	**14,703**	**221**	**240**	**(51)**	**(704)**	**(3)**	**14,520**	**30**	**14,550**
Profit for the year	-	-	3,243	-	-	-	-	-	3,243	7	3,250
Distribute results	-	-	(283)	250	33	-	-	-	-	-	-
Distribute dividends	-	-	19	-	(19)	-	-	-	-	-	-
Transfers	-	-	(53)	-	-	-	53	-	-	-	-
Other movements	-	-	-	-	4	-	-	-	4	1	5
Argentina reexpresion	-	-	13	-	-	-	-	-	13	-	13
Other comprehensive income for the year	-	-	-	-	-	-	122	8	130	-	130
· Translation differences related to foreign operations	-	-	-	-	-	-	122	-	122	-	122
· Cash flow hedges	-	-	-	-	-	-	-	8	8	-	8
Operations with equity holders or owners	-	-	(2,180)	74	-	(71)	-	-	(2,177)	(12)	(2,189)
· Treasury shares	-	-	-	-	-	(71)	-	-	(71)	-	(71)
· Share-based collections	-	-	-	74	-	-	-	-	74	-	74
· Share-based payments	-	-	-	-	-	-	-	-	-	-	-
· Dividends	-	-	(2,180)	-	-	-	-	-	(2,180)	(12)	(2,192)
Balance at 31 January 2022	**94**	**20**	**15,462**	**545**	**258**	**(122)**	**(529)**	**5**	**15,733**	**26**	**15,759**

Notes to the consolidated annual accounts of the Inditex Group

To 31 January 2022

The consolidated annual accounts of the Inditex Group, which Parent is Industria de Diseño Textil, S.A., (“the Group”, “the Group Inditex”, “the Company” or “the Parent”) for 2021 were prepared by the Board of Directors on 15 March 2022 and will be submitted for approval at the corresponding Annual General Meeting, and it is considered that they will be approved without any changes. The consolidated annual accounts for 2020 were approved by the shareholders at the Annual General Meeting held on 13 July 2021.

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

Inditex’s financial year and that of most of its subsidiaries starts on 1 February of each year and ends on 31 January of the following year. The twelve-month period ended 31 January 2021 will hereinafter be referred to as “2020”, the twelve-month period ended 31 January 2022 as “2021”, and so on.

The consolidated annual accounts are presented in euros, since the euro is the Group’s functional currency.

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

The separate annual accounts of the Parent (Inditex) for 2021 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 2022, 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 2021 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 3 and Note 4 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, the result of companies accounted for using the equity method, taxes and depreciation and amortisation, calculated as the gross profit less operating expenses and other gains and losses, net.

- Net operating profit (EBIT): earnings before financial results, the result of companies accounted for using the equity method and taxes, calculated as EBITDA less depreciation and amortisation.

- Profit before taxes (PBT): calculated as EBIT less Financial results and Result of companies accounted for using the equity method.

Other alternative performance measures of performance are as follows:

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

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

- Working capital: defined as Inventories plus Receivables minus Current Payables in the 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, both in stores and online, as well as all expenses directly attributable and necessary to generate said income.

- Quarterly results: calculated as the difference between the year-to-date profit (loss) statement at the reporting date less the statement of income of the previous quarterly cut-off.

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

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

These annual financial statements 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 2021 overall and in all of its operating segments (Note 10).
- Performance forecasts for spring/summer 2022.
- 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 (see Note 25 Financial risk management policy and financial instruments, relating to the impact of the pandemic on the Inditex Group's identified risks).
- The positive net financial position and the existence of sufficient undrawn financing facilities to fund the Group's activities.

Impacts of Covid-19

The activity and results of 2021 were be affected by the covid-19 pandemic. In the first quarter there were significant restrictions to the opening of markets that are important to the Group. The vaccination rollout and measures to reopen the economy implemented in most countries have, from the second quarter of 2021, enabled many of the restrictions imposed due to covid-19 to be lifted, thereby boosting the economic recovery and driving a resurgence of consumption. In the fourth quarter of the financial year, the emergence of a new, more contagious variant of the virus signalled the return of restrictions in some markets where the Group is present. Annex II Consolidated directors' report presents the income statement FY2021 quarterly results.

The pandemic also took its toll on supply markets and, as a result, the supply chain, in 2021 due to temporary factory closures, delayed deliveries, etc. The Group has continued to implement measures aimed at mitigating the impact by harnessing the inherent flexibility of its supply model based on proximity supplies and on a unique inventory position.

The technological infrastructure, digitalisation initiatives and integration of the physical and digital store on which the Group's integrated strategy hinges, have enabled it to continue to operate as normal in this context. Business model flexibility, efficient management of the integrated inventory, and control over operating expenses have been and continue to be crucial to the group's operational and financial performance in the period.

The comparison between 2021 and the previous year has been heavily affected by the pandemic, which in 2020 had a material impact on the majority of markets where the Group operated, as a result of lockdown measures and restricted mobility. Up to 90% of stores were closed in the first quarter of that year, and there were significant restrictions on store openings in the final months of 2020.

From a financial standpoint, the pandemic has led to greater volatility in some of the currencies to which the Group is exposed; however, its negative impact cannot be considered to be exceptional. Although the pandemic has resulted in a general credit crunch in the markets, especially at the beginning, the potential loss expected did not evolve significantly (see Note 25).

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

- Rent concessions obtained from lessors were booked as negative variable lease payments (see Note 2.2.o).

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

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

The Group's long-term business plan remains in effect as the pandemic is considered to be a temporary situation that does not alter its long-term expectations. Accordingly, during the year, the Group has continued to implement the fully integrated store and online model based on three key strategic lines: digitalisation, integration of physical store and digital world, and sustainability.

Section 5.10 Responsible risk management of the Statement on Non-Financial Information includes a more detailed analysis of the pandemic's impacts on the various risks identified within the Inditex Group.

Material estimates and measurement of uncertainty

In preparing the consolidated annual accounts as at 31 January 2022 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 2.2.f), estimates are made of the cash flows at cash-generating units (CGUs) for which purpose assumptions are made such as estimated sales growth at comparable stores, the performance of operating expenses and the gross margin of each of the CGUs. These estimates are based on the Group's prior experience and on macroeconomic indicators. Accordingly, these estimates are affected by uncertainty to the extent that they depend on the future performance of each cash-generating unit and on the possibility of there being events outside the Group's control in relation to the COVID-19 pandemic (such as mandatory temporary closures of physical stores for health reasons) or a general decline in the economic environment that worsens revenue forecasts.

- The determination of inventory costs and its net realizable value. In establishing the recoverable value of inventories (in accordance with the methodology described in note 2.2.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 judgements related to determination of the lease term, as well as the estimation of the discount rates applied in the measurement of the liability under IFRS 16.

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

The remaining estimates, judgements and assumptions considered in preparing these consolidated annual financial statements 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 estimated recovery of deferred tax assets on the basis of the existences of future taxable profits.

The estimates take into account the risks arising from climate change, although given the nature of the Group's assets and the mitigation measures that it is implementing as part of its Sustainability strategy (see Note 31), this risk is not considered to have a material impact on the estimates of the useful lives of assets, the realisable value of inventories or the analyses in the impairment testing of non-financial assets.

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

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

The basis of consolidation and accounting policies applied are disclosed in Note 2.

1. Activity and description of the Group

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

Inditex is listed on all the four Spanish stock exchanges.

Its main activity consists of offering latest fashion trends (apparel, footwear, accessories and home textiles) with high quality and sustainability standards, at attractive prices and inspired in customer requirements.

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

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

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

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

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

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

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

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

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

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

Manufacturing and procurement is based on a 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 12 clusters of suppliers that concentrate 97% of total production (12 clusters and 97% of production in 2020), albeit with a very significant weighting of procurement in areas of proximity to the design centres. Accordingly, we have the capacity to adapt our commercial range to any change of trend that emerges, so as to adjust the number of garments to actual demand, a factor which has proved crucial in 2021 and 2020.

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

The people working in our Company make the sustained and sustainable development of this model possible: a diverse human team with 177 nationalities (171 nationalities in 2020), marked by its creative talent, its passion for fashion, teamwork, an enterprising spirit, permanent innovation and responsible effort.

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

At 31 January 2022, the various Group concepts had stores in operation with the following geographical distribution:

Number of stores

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

At 31 January 2021, the geographical distribution of stores was as follows:

Number of stores			
	Company Managed	Franchises	Total
Spain	1,371	40	1,411
Rest of Europe	3,088	151	3,239
Americas	646	177	823
Rest of the World	631	725	1,356
Total	**5,736**	**1,093**	**6,829**

The majority of company-managed store premises are held under leases. Information on the main terms of the leases is provided in Note 15.

2. Selected accounting policies

2.1. 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 (see 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.

Any deficiency of the amount of the consideration transferred plus the value assigned to non-controlling interests below the identifiable 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 relative 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 profit or loss 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 annual accounts.

iii) Harmonization 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 annual accounts denominated in foreign currencies

The annual accounts 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 the balance sheet date.

- 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 criteria 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) Annual accounts in hyperinflationary economies

Since 1 August 2018 Argentina has been considered a hyperinflationary economy. Consequently, the Group's financial statements of Argentine 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 the Argentine currency, that is, the financial statements that were at historical values have been restated to current values, applying the corresponding general price index and converted to the Group's functional currency, considering the closing exchange rate between the euro and the Argentine peso.

General price indexes of general acceptance in Argentina 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 relation to the conversion to functional currency, a closing exchange rate of 118.00 Argentine pesos per euro was applied.

These adjustments have been made retrospectively since 1 February 2018.

Hyperinflation adjustment has not been significant in the Net Income attributed to the parent.

Following the recommendation of the IFRIC regarding the classification of translation differences prior to the consideration of Argentina as an hyperinflationary economy, these are classified under the heading Translation differences in the Statement of changes in equity.

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

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

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

viii) Changes in the scope of consolidation

Annex I details all the companies in the consolidation perimeter. In 2021, the following companies were merged:

Acquiring Company	Acquired Company
ITX CANADA, LTD	MASSIMO DUTTI CANADA, INC.
	ZARA HOME CANADA, INC.
INDITEX SLOVAKIA, S.R.O.	BERSHKA SLOVAKIA, S.R.O
	PULL & BEAR SLOVAKIA, S.R.O
	STRADIVARIUS SLOVAKIA, S.R.O.
	MASSIMO DUTTI SLOVAKIA, S.R.O.
	OYSHO SLOVAKIA, S.R.O.
ITX S, D.O.O	BERSHKA SLOVENIË
	MASSIMO DUTTI SLOVENIË
	PULL & BEAR SLOVENIË
	STRADIVARIUS SLOVENIIA
DENLLO, S.A.	SAMLOR, S.A.
GRUPO MASSIMO DUTTI, S.A.	UTERQÜE, S.A.
	UTERQÜE ESPAÑA, S.A.
	UTERQUE DISEÑO,S.L.
ITX HELLAS SINGLE MEMBER S.A.	PULL AND BEAR HELLAS SINGLE MEMBER S.A
	MASSIMO DUTTI HELLAS SINGLE MEMBER S.A
	BERSHKA HELLAS SINGLE MEMBER S.A.
	STRADIVARIUS HELLAS SINGLE MEMBER S.A.
	OYSHO HELLAS SINGLE MEMBER S.A.
	ZARA HOME HELLAS SINGLE MEMBER S.A.
	UTERQUE HELLAS SINGLE MEMBER S.A.
ITX NEDERLAND BV	MASSIMO DUTTI NEDERLAND, B.V.
	ZARA HOME NEDERLAND, B.V.
	BERSHKA NEDERLAND, B.V.
	PULL & BEAR NEDERLAND, B.V.
	STRADIVARIUS NEDERLAND, B.V.
ITX RETAIL IRELAND LIMITED	BERSHKA IRELAND, LTD
	MASSIMO DUTTI IRELAND, LTD
	PULL & BEAR IRELAND LIMITED
	STRADIVARIUS IRELAND LIMITED
	ZARA HOME IRELAND LIMITED

ITX ITALIA SRL	OYSHO ITALIA, S.R.L.
	BERSHKA ITALIA, S.R.L.
	MASSIMO DUTTI ITALIA, S.R.L.
	PULL & BEAR ITALIA S.R.L.
	ZARA HOME ITALIA, S.R.L.
	STRADIVARIUS ITALIA S.R.L.
	ZARA IMMOBILIARE ITALIA, S.R.L.
	ZARA VITTORIO 11 ITALIA, S.R.L.
	ZARA VITTORIO 13 ITALIA, S.R.L.
ITX LUXEMBOURG S.A.	ZARA LUXEMBOURG, S.A.
ZZARA COMMERCIAL (SHANGHAI) CO. LTD.	UTERQÜE COMMERCIAL & TRADING (SHANGHAI) CO.,LTD
ITX PORTUGAL - CONFECÇÕES, S.A.	PULL & BEAR (PORTUGAL) - CONFECÇOES, S.A.
	BERSHKA (PORTUGAL) - CONFECÇOES, S.A.
	ROBUSTAE - CONFECÇOES, S.A.
	SSTRADIVARIUS (PORTUGAL) - CONFECÇOES, S.A.
	OYSHO PORTUGAL - CONFECÇOES, S.A.
	ZARA HOME (PORTUGAL)-ARTIGOS E UTILIDADES PARA O LAR, S.A.
	GRUPUTERQUE PORTUGAL - CONFECÇOES E ACESSORIOS, S.A.
	ITALCO MODA ITALIANA, S.A.
INDITEX CESKÁ REPUBLIKA, S.R.O	PULL & BEAR CESKA REPUBLIKA, S.R.O.
	BERSHKA CESKA REPUBLIKA, S.R.O.
	STRADIVARIUS CESKA REPUBLIKA, S.R.O.
	MASSIMO DUTTI CESKA REPUBLIKA, S.R.O.
	ZARA HOME CESKA REPUBLICA, SRO
	OYSHO CESKA REPUBLICA, SRO
INDITEX ROMANIA, S.R.L.	ZARA HOME RO, S.R.L.
	STRADIVARIUS RO, S.R.L.
	BERSHKA CARPATI, S.R.L.
	MASSIMO DUTTI RO, S.R.L.
	PULL & BEAR RO, S.R.L.
	OYSHO RO, S.R.L.
	UTERQUE FASHION RO S.R.L.
ITX RS DOO BEOGRAD	PULL & BEAR SERBIA, D.O.O. BELGRADE
	MASSIMO DUTTI SERBIA, D.O.O. BELGRADE
	BERSHKA SERBIA, D.O.O. BELGRADE
	STRADIVARIUS SERBIA, D.O.O. BELGRADE
	OYSHO SERBIA, D.O.O. BELGRADE
	ZARA HOME SRB DOO BEOGRAD
ITX SVERIGE AB	MASSIMO DUTTI SVERIGE, AB.
	ZARA HOME SVERIGE AKTIEBOLAG
	PULL & BEAR SVERIGE, AB
	OYSHO SVERIGE, AB
INDITEX UKRAINE LLC	PULL & BEAR UKRAINE, LLC.
	MASSIMO DUTTI UKRAINE, LLC.
	BERSHKA UKRAINE, LLC.
	STRADIVARIUS UKRAINE, LLC.
	OYSHO UKRAINE, LLC.
	ZARA HOME UKRAINE, LLC.
	LIMITED LIABILITY COMPANY "UTERQUE UKRAINE"

2.2. Accounting policies

Standards effective for application in reporting periods beginning on or after 1 January 2021

During fiscal year 2021, the following standards and/or interpretations became effective for application in the European Union in the years beginning on 1 January 2021:

- Amendments to IFRS 9 Financial Instruments, IAS 39 Financial Instruments: Recognition and Measurement, IFRS 7 Financial Instruments, IFRS 4 Insurance Contracts and IFRS 16 Leases: Information for disclosure. These amendments provide specific guidance on the recognition of financial assets and liabilities whose basis for determining contractual cash flows changes as a result of the Benchmark Interest Rate Reform.

- Amendment to IFRS 4 which extends the obligatory application of IFRS 9 until 1 January 2023.

- Amendment to IFRS 16 Leasehold Improvements. This amendment extends the time limit for the processing of rent concessions obtained as a result of covid-19 until 30 June 2022. Mandatory, retroactive to 1 January 2021, as from 1 April 2021.

The application of these amendments and/or interpretations did not have a material effect on the Group's consolidated annual accounts for 2021.

Standards and amendments issued and approved for application in the EU in reporting periods beginning on or after 1 January 2022

At the date of preparation of these consolidated annual accounts, the following standards and/or interpretations became effective for application in the European Union in the years beginning on 1 January 2022:

- Amendments to IFRS 3 Business Combinations, updating the definitions of assets and liabilities in a business combination in line with the contents of the Conceptual Framework, adding new disclosure requirements in connection with the obligations set forth in IAS 37 Provisions, Contingent Liabilities and Contingent Assets in the framework of a business combination and explicitly prohibiting the recognition of contingent assets in a business combination.

- Amendment to IAS 16 – Property, Plant and Equipment, prohibiting a company from deducting from the acquisition cost of property, plant and equipment any amounts received while the company is preparing the asset for its intended use.

- Amendment to IAS 37 Provisions, Contingent Liabilities and Contingent assets, amending the standard regarding costs a company should include as the cost of fulfilling a contract when assessing whether a contract is onerous.

- Annual improvements to the 2018-2020 cycle: Establishing minor amendments to IFRS 1 First-time Adoption of International Financial Reporting Standards, IFRS 9 Financial Instruments, IFRS 16 Leases and IAS 41 Agriculture.

- IFRS 17 - Insurance Contracts, and amendments thereto. It replaces IFRS 4, setting out the principles of registration, valuation, presentation and disclosure of insurance contracts to enable the entity to provide relevant and reliable information that allows users of the information to determine the effect that the contracts have on financial statements. Mandatory in the years beginning on 1 January 2023.

- Amendment to IAS 1 Presentation of Financial Statements, enabling entities to adequately identify the disclosures of the material accounting policies that must be provided in the financial statements. Mandatory in the years beginning on 1 January 2023.

- Amendment to IAS 8 Accounting Policies, changes in accounting estimates and errors, modifying and clarifying certain aspects regarding what should be understood by a change in an accounting estimate. Mandatory in the years beginning on 1 January 2023.

The Group is analysing the impact of the standards and amendments to the existing ones, although they are not expected to have a significant 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

At the date of preparation of these consolidated annual accounts, the following standards and/or amendments to the standards with potential impact for the Group had been issued by the IASB but were pending approval for their use in the European Union.

- Amendment to IAS 1 Presentation of Financial Statements modifying and clarifying certain aspects of the classification of liabilities as current and non-current. Mandatory in the years beginning on 1 January 2023.

- Amendment to IAS 12 Income Taxes, clarifying how companies account for deferred tax on transactions such as leases and decommissioning obligations. Mandatory in the years beginning on 1 January 2023.

The Group is analysing the impact of the new standards and amendments to existing ones, although they are not expected to have a significant effect on the consolidated annual accounts on the date when their application is mandatory in the European Union.

Exposure drafts and other matters in relation to Reporting Standards

Exposure draft of a new standard 'General Presentation and Disclosures' in accordance with International Standards

In December 2019, the IASB published an Exposure draft of a new standard ‘General Presentation and Disclosures' in accordance with International Standards in order to improve the transparency and comparability of financial reporting under IFRS. The main aspects of this reform are mandatory inclusion of defined subtotals and categories in the income statement, determination guidelines for the presentation of the income statement by function or type, disclosure of unusual results in the notes and inclusion of certain mandatory disclosures in relation to alternative performance measures. Although this IASB initiative is still in the early exposure phase, if it is eventually approved for mandatory use, its application will imply substantial changes in the presentation of the consolidated income statement and in other information included in the Notes.

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 income statement for the year as financial result.

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

b) Property, plant and equipment

Items of property, plant and equipment are stated at cost, including any additional costs incurred until the assets are ready for their intended use, less accumulated depreciation and any impairment losses or write-downs that have to be recognised (see Note 2.2.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:

Asset 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 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 capitalized.

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

c) Other intangible assets

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

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

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

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

The Group reviews 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) Financial investments

Investments in companies over which the Group does not exercise significant influence are stated at cost net of any impairment losses that have to be recognised.

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 (see Note 2.2.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 and intangible assets with indefinite useful live, 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 and intangible assets with indefinite useful lives 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 goodwil

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 (retail concept-country), as is the case of flagship stores and corporate assets. Flagship stores are those whose characteristics (basically their being in premium locations) globally contribute to the overall set of the same brand's cash-generating units located in the country. For the impairment test, flagship stores are considered together with the other cash-generating units of a single concept and country.

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

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

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

In determining the assets with each CGU, the Group includes the net carrying amount of property, plant and equipment and intangible assets associated with that CGU, and the rights of use stemming from the lease agreements. Directly-related lease liabilities are not taken into account when determining the carrying amount of the CGU. Hence, in order to ensure consistency, the lease payments associated with this liability are not treated as cash outflows in calculating the cash flows associated with each CGU. In previous years, lease liabilities were considered in the determination of the carrying amount of the CGU and the associated lease payments in the calculation of the cash flows of each CGU. The change in the calculation of the recoverable amount by disregarding the lease liability and lease payments has not had a material impact on the asset impairment for the year.

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 retail 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 (retail 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. Taking into account the Group's business model, online sales and the associated costs by concept/country are attributed proportionately to the cash-generating units of the concept/country.

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

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

The 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:

	2021 Average	2020 Average
Spain	7.29%	8.36%
Rest of Europe	8.34%	9.45%
Americas	12.17%	13.82%
Asia and rest of the world	7.17%	8.70%

Although the Group's business and profits for the year 2021 and 2020 have been affected by the pandemic, its long-term business plan remains in effect as the pandemic is considered to be a temporary situation that does not alter its long-term expectations.

In testing the impairment of fixed assets, the key assumptions on which the budgets and business plans are built have been updated with the most recent information available, which factors in the uncertainty generated by the COVID-19 pandemic in relation to the temporary restrictions on sales in physical stores in certain countries, 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 2021 impairment test performed on non-current assets (property, plant and equipment and intangible assets) are shown in the tables of changes included in Notes 13, 14 and 15 to the consolidated annual accounts relating to property, plant and equipment, other intangible assets and leases.

The related charge for the period amounting to 52 million euros (172 million euros in 2020, including the related charge from retail area of streamlining plan) (see Notes 7, 13, 14 and 15) 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 EUR 70 million (EUR 14 million in 2020) (see Notes 7, 13, 14 and 15) 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, the Group has performed a sensitivity analysis on the result of the impairment test in the light of the following assumptions:

- A 100 basis point increase in the discount rate.
- A 5% reduction on future flows.

The sensitivity analysis evidences the existence of an additional asset impairment amounting to EUR 2 million and EUR 6 million for each 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 2021 and 2020 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 2021.

Reversals of impairment losses

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

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

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

g) Trade and other receivables

Receivables are initially recognised at fair value and subsequently at their amortized 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 realizable value.

The cost of inventories comprises all costs of purchase and costs of transformation, 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 transformation comprise the costs directly related to the units of production and a systematically calculated portion of indirect, variable and fixed costs incurred during the transformation process.

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

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

Net realisable value is understood to be:

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

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

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

The prices of goods vary throughout their commercial life, especially during sales season, when a portion of the various collections are 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 is based on historical information, the actual performance of the current collection up to the date on which the aforementioned estimates are made and the forecasts for the end of the campaign, i.e. not only the performance of the different 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 assess and consider the impacts associated with possible deviations from 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 created a provision to cover the actuarial liability of 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 26 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 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 materialization 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 amortized cost, with the exception of bonds and derivative financial instruments, which are valued at their fair value.

Financial assets recognised at amortized cost: The amortized 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 amortized 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 profit and loss account. However, given that most of the Group's financial assets valued at amortized cost correspond to accounts receivable from customers and temporary financial investments, with maturities in the short term, the impact on the consolidated profit and loss account for the years 2021 and 2020 of the effective interest rate method is not relevant.

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

Impairment of financial assets

The Group recognizes a provision for impairment for financial assets recognised at amortized 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 recognize 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 recognize 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 (see Note 25) 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 (see Note 11), the Group has a methodology analogous to the one described above (Note 25), 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 statement of profit or loss account in which it was recognised. Also, gains or losses recognised in equity are reclassified to finance income or costs when the forecast transaction is no longer expected to occur. The fair value of the hedges is recognised, depending on whether it is positive or negative, under “Other Financial Assets” or “Other Financial Liabilities” in the accompanying consolidated balance sheet.

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

The fair value of the hedging 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

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.

The Group does not have financial instruments included in the Level 1 or 3.

Accordingly, the fair value of the hedging 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 ("CVA") or counterparty default risk) and own risk (Debit Value Adjustment ("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.

Cross-currency swaps

Fair value measurement:

Cross currency swaps are basically measured by discounting the future cash flows of each leg of the derivative (swap) with the corresponding risk free yield curve (in the applicable currency). Subsequently, the present value of the leg that is not denominated in euros is translated to euros (using the current spot exchange rate) and the risk free value is calculated as the difference between the present value of the receiving leg and the present value of the paying leg. The discount curves are adjusted for the cross currency (basis) swap corresponding to the currency pair.

The risk free portion is then adjusted to include the credit risk adjustment: both the CVA (Credit Value Adjustment - counterparty default risk) and the DVA (Debit Value Adjustment - 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.

n) Revenue recognition

Proceeds from the sale of goods to final customers are recognised when the customer makes the purchase. 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 closing of the fiscal year is not relevant in the accompanying consolidated income statement.

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

Rental income is recognised on a straight-line basis, in accordance with the contractual accrual established.

In the accompanying consolidated balance sheet no assets have been recorded by contract.

There are no significant contracts with financing components.

o) Leases

The Group actively manages a large number of lease contracts (more than 7,000 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 of the lease to be made over the term of the lease and an asset for the right to use the underlying asset over the lease term. Rights 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 on a straight-line basis 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.

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 contractual term in each case. This analysis shows that the terms of leases varies widely, in a range of between 2 and 18 years. Stores earmarked for closure are not included in the above range and the term is adapted to the estimated date of closure.

The present value of the lease liability is determined using the implicit interest rate in the lease, and if this cannot be easily determined the lessee will use its incremental debt interest rate. Given the difficulty of determining the implicit interest rate of each lease, the Group uses its incremental borrowing 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:

	2021	2020
Spain	0.23%	0.63%
Rest of Europe	0.91%	0.94%
Americas	3.80%	3.53%
Asia and rest of the world	2.03%	2.86%

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

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

During the financial years 2021 and 2020, as a result of rental renegotiations linked to COVID-19, the Group has applied to all rent concessions the practical expedient introduced by the amendment to IFRS 16 – Leases – concerning the accounting of rent concessions. The amount recognised in this connection in the consolidated income statement for the years 2021 and 2020 were 203 and 317 million euros, respectively.

p) Finance income and costs

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

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled, based on tax rates and tax laws that are in force at the 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 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 realized or settled within twelve months of the balance sheet date, and are otherwise classified as non-current.

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

s) Treasury shares

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

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

t) Grants

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

3. 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 2021 and 2020 is as follows:

	2021	2020
Net sales in company-managed stores and online	25,302	18,816
Net sales to franchises	2,150	1,397
Other sales and services rendered	264	189
Total	**27,716**	**20,402**

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 10).

4. Cost of sales

The detail of this line item in 2021 and 2020 is as follows:

	2021	2020
Raw materials and consumables	12,623	9,066
Change in inventories	(773)	204
Change in provisions	52	(257)
Total	**11,902**	**9,013**

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 (see Note 2.2.h).

5. Operating expenses

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

	2021	2020
Personnel expenses	4,179	3,376
Operating leases (Note 15)	519	181
Other operating expenses	3,898	3,250
Total	**8,596**	**6,807**

The detail of “Personnel costs” is as follows:

	2021	2020
Wages, salaries and similar	3,498	2,765
Social contributions	681	611
Total	**4,179**	**3,376**

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

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

The detail, by category, of the headcount of the Group and its jointly controlled entities at 31 January 2021 is as follows:

	Gender		
Categories	W	M	Total
Manufacturing and logistics	4,207	5,405	9,612
Central services	6,637	4,207	10,844
Stores	98,479	25,181	123,660
Total	**109,323**	**34,793**	**144,116**

The detail of “Other Operating Expenses” is as follows:

	2021	2020
Indirect Selling Expenses	2,514	1,918
Administrative Expenses	516	504
Maintenance, Repairs and Utilities	609	577
Other	259	250
Total	**3,898**	**3,250**

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

6. Other losses and income, net

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

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 ownership interest is held by Lotte Shopping Co., Ltd., which in turn holds an option to sell the full amount of this 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 ownership interest is held by Peter Vundla Retail (Propietary), LTD, which in turn holds an option to sell the full amount of this 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.

7. Amortisation and depreciation

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

	2021	2020
Amortisation and depreciation charge (Note 13, 14 and 15)	2,848	2,742
Variation in impairment losses (Note 13, 14 and 15)	(18)	158
Profit/(loss) on assets	61	145
Other	10	-
Total	**2,901**	**3,045**

8. Financial results

The detail of “Financial Results” in the consolidated income statement for 2021 and 2020 is as follows:

	2021	2020
Finance income	4	6
Foreign exchange gains	43	36
Lease foreign exchange gains	1	-
Total income	**48**	**42**
Finance costs	(21)	(8)
Lease finance costs (Note 15)	(92)	(120)
Foreign exchange losses	(71)	(43)
Lease foreign exchange losses	(6)	(11)
Total expenses	**(190)**	**(182)**
Total	**(142)**	**(139)**

Finance income and costs comprise mainly (excluding Lease finance costs), the interest accrued on the Group’s financial assets and liabilities during the year (see Note 20). Net foreign exchange differences are due principally to fluctuations in the currencies with which the Group operates (see Note 25) between the time when income, expenses and asset acquisitions or disposals are recognized and when the corresponding assets or liabilities are settled or measured in accordance with the applicable accounting principles.

9. Earnings per share

Basic earnings per share were calculated by dividing net profit for the year attributable to the Parent by the weighted average number of ordinary shares outstanding during the year, excluding the average number of treasury shares held by the Group (see Note 23), which totalled 3,113,570,977 in 2021 and 3,114,856,963 in 2020.

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

As of 31 January 2022, taking into consideration treasury shares that are subject to the long-term incentive plans (Note 23), the calculation of diluted earnings per share would result in an amount of EUR 1.040 per share (0.355 as of 31 January 2021).

10. Segment reporting

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

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

The key business indicators, understood to be those which form part of the segment information reported periodically to the Board of Directors and management of the Group and which are used in the decision-making process, are sales and 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 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:

2021

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

2020

	Zara / Zara Home	Bershka	Other	Inter-segment	Total
Sales to third parties	14,234	1,773	4,503	(107)	20,402
Profit before taxes	965	112	316	7	1,401
Amortisation and depreciation	2,029	265	753	(2)	3,045
Segment total assets	21,370	1,266	3,782		26,418
ROCE	9%	11%	11%		10%
Number of stores	2,653	1,005	3,171		6,829

For presentation purposes Inditex has grouped the reporting of Zara and Zara Home 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 commercial 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. This segment includes the Uterqüe retail concept, which has been integrated into Massimo Dutti during the year. This integration process has not have significant impact on the Group's income statement for 2021.

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 the initial Note to these consolidated annual accounts.

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

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

10.1. Geographical reporting

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

	Net Sales		Non-current assets	
	2021	2020	31/01/2022	31/01/2021
Spain	4,267	3,229	4,657	4,449
Rest of Europe	14,051	10,430	5,901	6,068
Americas	4,877	2,763	2,051	2,032
Asia and rest of the world	4,521	3,980	1,215	1,255
Total	**27,716**	**20,402**	**13,824**	**13,805**

11. Trade and other receivables

The detail of this line item at 31 January 2022 and 2021 is as follows:

	31/01/2022	31/01/2021
Trade receivables	267	255
Receivables due to sales to franchises	242	177
Public entities	251	199
Other current receivables	82	85
Total	**842**	**715**

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

Part of the Group's activity is carried on through franchised stores (see Note 1). Sales to franchisees are made under agreed collection terms, which are partially guaranteed as described in Note 25.

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 (see Note 15) and outstanding balances from sundry operations.

12. Inventories

The detail of this line item at 31 January 2022 and 2021 is as follows:

	31/01/2022	31/01/2021
Raw materials and consumables	199	146
Goods in process	59	34
Finished goods for sale	2,784	2,142
Total	**3,042**	**2,321**

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

13. 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 01/02/2020	2,308	11,773	879	219	15,179
Acquisitions	27	416	129	118	690
Hyperinflation adjustments	1	7	-	-	8
Disposals (Note 7)	(23)	(737)	(139)	-	(899)
Transfers	4	74	9	(86)	2
Foreign exchange translation differences	(54)	(446)	(35)	(3)	(538)
Balance at 31/01/2021	**2,263**	**11,086**	**844**	**248**	**14,442**
Balance at 01/02/2021	2,263	11,086	844	248	14,442
Acquisitions	7	726	195	106	1,034
Hyperinflation adjustments	2	11	1	-	14
Disposals (Note 7)	(12)	(700)	(145)	-	(857)
Transfers	(3)	163	5	(171)	(6)
Foreign exchange translation differences	46	170	9	2	227
Balance at 31/01/2022	**2,303**	**11,456**	**909**	**185**	**14,854**
Depreciation					
Balance at 01/02/2020	456	5,851	442	-	6,749
Depreciation charge for the year (Note 7)	42	805	185	-	1,032
Hyperinflation adjustments	-	5	-	-	6
Disposals (Note 7)	(20)	(558)	(129)	-	(706)
Transfers	(1)	-	-	-	(1)
Foreign exchange translation differences	(8)	(217)	(20)	-	(245)
Balance at 31/01/2021	**470**	**5,887**	**478**	**-**	**6,835**
Balance at 01/02/2021	470	5,887	478	-	6,835
Depreciation charge for the year (Note 7)	41	800	198	-	1,039
Hyperinflation adjustments	1	8	1	-	10
Disposals (Note 7)	(5)	(556)	(137)	-	(698)
Transfers	(1)	(1)	-	-	(2)
Foreign exchange translation differences	6	96	8	-	110
Balance at 31/01/2022	**512**	**6,234**	**548**	**-**	**7,294**
Impairment losses (Note 2.2-f)					
Balance at 01/02/2020	-	76	(1)	-	75
Charge for the year (Note 7)	-	166	7	-	172
Amounts charged to profit or loss (Note 7)	-	(14)	-	-	(14)
Disposals (Note 7)	-	(22)	(3)	-	(24)
Transfers	-	1	-	-	-
Foreign exchange translation differences	-	(3)	-	-	(3)
Balance at 31/01/2021	**-**	**203**	**2**	**-**	**206**
Balance at 01/02/2021	-	203	2	-	206
Charge for the year (Note 7)	-	36	-	-	36
Amounts charged to profit or loss (Note 7)	-	(68)	-	-	(68)
Disposals (Note 7)	-	(102)	-	-	(102)
Transfers	-	4	-	-	4
Foreign exchange translation differences	-	3	-	-	3
Balance at 31/01/2022	**-**	**76**	**2**	**-**	**79**
Carrying amount					
Balance at 31/01/2021	**1,793**	**4,996**	**363**	**248**	**7,401**
Balance at 31/01/2022	**1,791**	**5,146**	**359**	**185**	**7,481**

"Fixtures, Furniture and Machinery" includes mainly assets related to stores.

"Other Items of Property, Plant and Equipment" includes, inter alia, information technology equipment and motor vehicles.

Disposals comprise mainly assets related to the commercial premises at which the Group carries out its commercial activities, and include the net carrying amount of 18 million euros for the stores where the Uterqüe brand had been operating and which at 31 January 2022 were closed.

Inditex decided to absorb between 1,000 and 1,200 stores during 2020 and 2021. The plan included 500-600 units each year. The streamlining plan is focussed on stores at the end of their useful life, especially those in the younger formats, whose sales can be recuperated in local shops and online. The impact of this initiative was 146 million euros and it was included under the heading "Amortisation and depreciation" on the income statement for the year 2020.

Fully depreciated items of property, plant and equipment include certain items, mainly machinery, fixtures and furniture, with a gross cost value of EUR 1,970 million and EUR 1,942 million at 31 January 2022 and 31 January 2021, respectively.

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 (see Note 2.2.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.

14. Other intangible assets

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

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 (see Note 2.2.f.).

The detail of the items comprised under this paragraph in the consolidated balance sheet and of the changes therein in 2021 and 2020 is as follows:

	Patents and similar intangibles	Software	Other intangible assets	Total
Cost				
Balance at 01/02/2020	33	463	207	702
Acquisitions	2	134	81	217
Disposals (Note 7)	-	(19)	(90)	(109)
Foreign exchange translation differences	-	-	-	-
Balance at 31/01/2021	**35**	**578**	**197**	**810**
Balance at 01/02/2021	35	578	197	810
Acquisitions	3	214	285	502
Disposals (Note 7)	-	(9)	(247)	(256)
Foreign exchange translation differences	-	-	(1)	(1)
Balance at 31/01/2022	**38**	**783**	**234**	**1,055**
Amortisation				
Balance at 01/02/2020	22	175	95	292
Amortisation charge for the year (Note 7)	2	90	91	183
Disposals (Note 7)	-	(19)	(90)	(109)
Transfers	-	-	-	-
Foreign exchange translation differences	-	-	-	-
Balance at 31/01/2021	**24**	**246**	**96**	**366**
Balance at 01/02/2021	24	246	96	366
Amortisation charge for the year (Note 7)	2	100	253	355
Disposals (Note 7)	-	(9)	(247)	(256)
Transfers	-	-	1	1
Foreign exchange translation differences	-	-	-	-
Balance at 31/01/2022	**26**	**337**	**103**	**466**
Carrying amount				
Balance at 31/01/2021	**10**	**332**	**102**	**444**
Balance at 31/01/2022	**12**	**446**	**131**	**589**

The Group capitalized EUR 214 million in 2021 (EUR 134 million in 2020) corresponding to software development activities that meet the requirements for capitalization under IAS 38. The Group also capitalized EUR 285 million (EUR 81 million in 2020) for industrial design development, intellectual property and other intangibles associated with the Group's activity that meet the requirements for capitalization under IAS 38.

15. Leases

15.1 Right of Use Assets

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

Cost	
Balance at 01/02/2020	7,571
Acquisitions	1,351
Disposals (Note 7)	(305)
Transfers	-
Foreign exchange translation differences	(267)
Balance at 31/01/2021	**8,350**
Balance at 01/02/2021	8,350
Acquisitions	1,422
Disposals (Note 7)	(533)
Transfers	-
Foreign exchange translation differences	175
Balance at 31/01/2022	**9,414**
Amortisation	
Balance at 01/02/2020	1,528
Amortisation charge for the year (Note 7)	1,532
Disposals	(105)
Transfers	-
Foreign exchange translation differences	(82)
Balance at 31/01/2021	**2,873**
Balance at 01/02/2021	2,873
Amortisation charge for the year (Note 7)	1,454
Disposals	(220)
Transfers	(4)
Foreign exchange translation differences	68
Balance at 31/01/2022	**4,171**
Impairment losses	
Balance at 01/02/2021	-
Charge for the year (Note 7)	16
Amounts charged to profit or loss (Note 7)	(2)
Transfer	4
Foreign exchange translation differences	1
Balance at 31/01/2022	**19**
Carrying amount	
Balance at 31/01/2021	**5,477**
Balance at 31/01/2022	**5,224**

The Group leases commercial premises in which it carries out its business activity. New items for the year relate to additions amounting to 298 million euros (137 million euros in 2020) and amounts associated with revaluations and renegotiations of contracts modifying the term and/or future rents amounting to 1,124 million euros (1,214 million euros in 2020).

15.2 Lease liabilities

The breakdown of lease liabilities is as follows:

	31/01/2022	31/01/2021
Non-current	4,262	4,599
Current	1,562	1,552
Total	**5,824**	**6,152**

The breakdown of maturity is as follows:

	2021			2020		
	Less than one year	One to five years	Over five years	Less than one year	One to five years	Over five years
Breakdown of maturity	1,562	3,674	588	1,552	3,803	797

15.3 Other information

Amounts recognized in the consolidated income statement:

	2021	2020
Amortisation Right of Use (Note 7)	1,454	1,532
Lease finance cost (Note 8)	92	120
Variable rent payments (Note 5)	450	294
Others * (Note 5)	69	(113)

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

Some of the Group's commercial premises leases contain conditions for the payment of variable rent that are linked to the sales generated in such stores, such that the payment for the lease is linked to the development of the store. Variable rent in these stores amounted to EUR 387 million (EUR 225 million in 2020). 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.

16. Goodwill

The detail of this line item in the consolidated balance sheet and of the changes therein in 2021 and 2020 is as follows:

	2021	2020
Opening balance	201	207
Acquisitions	-	-
Foreign exchange translation differences	1	(6)
Closing balance	**202**	**201**

Investee	2021	2020
Stradivarius España, S.A.	53	53
Itx Portugal - Confecções, S.A.	51	51
Zara Polska, S.p. Zo.o.	34	34
Massimo Dutti Benelux, N.V.	20	20
Massimo Dutti Mexico, S.A. de C.V.	12	11
Itx S, D.O.O	9	9
Zao Zara CIS	10	10
Resto	13	13
Closing balance	**202**	**201**

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 (see Note 2.2.f).

Also, sensitivity analysis 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 (see Note 2.2.f).

17. Financial investments

The detail of this line item in the consolidated balance sheet and of the changes therein in 2021 and 2020 is as follows:

	Loans and other credit facilities	Investments accounted for using the equity method	Others	Total
Balance at 01/02/2020	1	246	2	249
Acquisitions	-	33	-	33
Disposals	-	(12)	-	(12)
Transfers	-	(8)	-	(8)
Foreign exchange traslation differences	-	(2)	-	(2)
Balance at 31/01/2021	**-**	**258**	**2**	**261**
Balance at 01/02/2021	-	258	2	261
Acquisitions	-	58	-	58
Disposals (Note 27)	-	(25)	-	(25)
Transfers	9	-	-	9
Foreign exchange translation differences	-	4	-	4
Balance at 31/01/2022	**9**	**295**	**2**	**307**

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 (see Note 27).

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.

18. Other non-current assets

The detail of this line item in the consolidated balance sheet and of the changes therein in 2021 and 2020 is as follows:

	Guarantees	Other	Total
Balance at 01/02/2020	378	78	456
Acquisitions	6	-	6
Disposals	(42)	-	(42)
Transfers	(4)	(22)	(26)
Foreign exchange translation differences	(9)	(4)	(13)
Balance at 31/01/2021	**329**	**51**	**380**
Balance at 01/02/2021	329	51	380
Acquisitions	6	2	8
Disposals	(54)	-	(54)
Transfers	5	(2)	3
Foreign exchange translation differences	4	(1)	3
Balance at 31/01/2022	**290**	**50**	**340**

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 (see Note 15), and to amounts paid to secure compliance with contracts in force.

19. Trade and other payables

The detail of this line item in the consolidated balance sheets at 31 January 2022 and 2021 is as follows:

	31/01/2022	31/01/2021
Trade payables	4,636	3,436
Personnel	569	279
Public entities	490	485
Other current payables	504	459
Total	**6,199**	**4,659**

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

	2021	2020
	Days	
Average period of payment to suppliers	41.84	38.57
Ratio of transactions settled	42.39	38.86
Ratio of transactions not yet settled	35.48	35.41
	Amount	
Total payments made	3,705	3,158
Total payments outstanding	324	286

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

20. Net financial position

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

	31/01/2022	31/01/2021
Cash in hand and at banks	3,588	4,567
Short-term deposits	2,388	2,131
Fixed-income securities	1,045	700
Total cash and cash equivalents	**7,021**	**7,398**
Current financial investments	2,374	176
Current financial debt	(35)	(11)
Non-current financial debt	(1)	(3)
Net financial position	**9,359**	**7,560**

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

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

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

	31/01/2022			31/01/2021		
	Current	Non-current	Total	Current	Non-current	Total
Loans	34	-	34	7	-	7
Other Financial operations	1	1	2	4	3	7
Total	**35**	**1**	**36**	**11**	**3**	**14**

At 31 January 2022 the Group had a limit of 7,665 million euros on its drawable financing facilities (8,029 million euros at 31 January 2021). The committed financing facilities amounts to 3,567 million euros (3,603 million euros at 31 January 2021), undrawn at year-end. As at 31 January 2022 the subsidiaries had very short-term financing of 34 million euros (7 million euros in 2021). The financing is remunerated at interest rates negotiated by the Group, which usually comprise a money market rate plus a spread according to the creditworthiness of the company holding the debt.

The amount of 'Other financing transactions' relates to financial leasing contracts with companies providing services.

Financial debt is denominated in the following currencies:

	31/01/2022	31/01/2021
Euro	2	7
Turkish lira	1	-
British pound	-	-
Indian rupee	2	2
Korean won	-	5
Rublo	27	-
Grivna	4	-
Total	**36**	**14**

The maturity schedule of the Group's bank borrowings at 31 January 2022 and 2021 was as follows:

	31/01/2022	31/01/2021
Less than one year	35	11
Between one and five years	1	3
Total	**36**	**14**

In addition, through its main banks, the Group makes supply chain financing programmes available to its suppliers in order to give them access to liquidity, amounting to 2,277 million euros (2,168 million euros at 31 January 2021). This allows suppliers to choose, on a voluntary basis, to bring forward the collection of their invoices. The initially agreed payment terms remain unchanged, and this item is therefore recognised under trade payables and shown as operating cash flow. At 31 January 2022 usage of these programmes amounted to 1,263 million euros (852 million euros in 2021).

21. Provisions

The detail of this line item in the consolidated balance sheet and of the changes therein in 2021 and 2020 is as follows:

	Pensions and similar obligations with personnel	Liability	Other provisions	Total
Balance at 01/02/2020	53	87	76	217
Provisions recorded during the year	11	57	13	82
Disposals	(3)	(32)	(3)	(38)
Transfers	-	-	-	-
Foreign exchange translation differences	(2)	(3)	(4)	(9)
Balance at 31/01/2021	**59**	**110**	**83**	**252**
Balance at 01/02/2021	59	110	83	252
Provisions recorded during the year	31	33	3	67
Disposals	(9)	(6)	(2)	(17)
Transfers	(6)	-	(8)	(14)
Foreign exchange translation differences	(1)	-	-	(1)
Balance at 31/01/2022	**74**	**137**	**76**	**287**

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 2022.

Provision for liabilities

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

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

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

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

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

22. Other non-current liabilities

The detail of this line item in the consolidated balance sheet and of the changes therein in 2021 and 2020 is as follows:

	Lease incentives	Other	Total
Balance at 01/02/2020	291	89	380
Acquisitions	37	-	37
Changes through profit or loss	(19)	27	8
Disposals	-	-	-
Transfers	(105)	(18)	(123)
Foreign exchange translation differences	(23)	-	(23)
Balance at 31/01/2021	**182**	**98**	**280**
Balance at 01/02/2021	182	98	280
Acquisitions	86	-	86
Changes through profit or loss	(7)	17	10
Disposals	-	-	-
Transfers	(103)	(21)	(124)
Foreign exchange translation differences	(4)	-	(4)
Balance at 31/01/2022	**154**	**94**	**248**

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

23. Equity

Share capital

At 31 January 2022 and 2021, the Parent's share capital amounted to EUR 94 million, and was divided into 3,116,652,000 fully subscribed and paid shares of EUR 0.03 par value each. All the shares are of a single class and series, carry the same voting and dividend rights and are represented by book entries.

The Parent's share premium at 31 January 2022 and 2021 amounted to EUR 20 million, while retained earnings amounted to EUR 21,024 million and EUR 21,654million, respectively. The Parent's legal reserve, amounting to EUR 19 million, was recognized 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 2022 and 2021, the Parent had appropriated to this reserve the minimum amount required by the Spanish Companies Act.

The total consolidated reserves at 31 January 2022 include restricted reserves amounting to EUR 1,271 million (EUR 990 million at 31 January 2021) 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. According to the Parent's register of Shareholders and also pursuant to public information registered at the Spanish National Securities Market Commission (CNMV), at 31 January 2022 and 31 January 2021 the members of the Board of Directors directly or indirectly owned 59.375%, in both cases, of the Company's share capital (Note 29). At 31 January 2022 and 2021, Pontegadea Inversiones, S.L. held 50.010% of the shares of Inditex.

Dividends

The dividends paid by the Parent in 2021 and 2020 amounted to EUR 2,180 million and EUR 1,090 million, respectively. These amounts correspond to payments of EUR 0.70 per share and EUR 0.35 per share, respectively.

The distribution proposed by the Board of Directors is shown in Note 28.

Treasury shares

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

At 31 January 2021, the Company owned 1,726,305 treasury shares, representing 0.055% of the share capital.

In the first half of 2021, as part of the Temporary Buyback Programme and with the authorisation in force granted by the Annual General Meeting, 2,500,000 treasury shares have been acquired, in order to enable the Parent to meet its obligations to deliver shares to the beneficiaries of the abovementioned Long-Term Incentive Plan 2019-2023.

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

Translation differences

Details and variations in translation differences are as follows:

Currency	Balance at 01/02/2021	Reclasification	Variation	Balance at 31/01/2022
Russian rouble	193	8	(25)	176
Argentine peso	148	(45)	5	108
Brazilian real	111	(2)	(10)	99
Mexican peso	88	(5)	(20)	63
Turkish lira	81	(9)	35	107
Japanese yen	(3)	(3)	3	(3)
Chinese Yuan Renminbi	(14)	8	(22)	(28)
US Dollar	(20)	6	(67)	(81)
Other	120	(11)	(21)	88
Total	**704**	**(53)**	**(122)**	**529**

24. Income taxes

Companies included in the consolidated annual accounts pay the Corporate Income Tax individually, except for certain countries (like Spain, Portugal or 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 company, and the Spanish subsidiaries that meet the requirements provided for in Spanish legislation regulating the taxation of the consolidated tax groups. The subsidiaries composing the aforementioned Spanish tax group are as follows:

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

The balance of the "Current Liability for Income Tax" heading in the consolidated balance sheet corresponds to the provision for Income Tax relating to the profits for the year 2021, net of withholdings and prepayments made in the period. The heading "Creditors" includes the liability corresponding to other applicable taxes.

The balance of "Current Asset for Income Tax" in the consolidated balance sheet corresponds, mainly, to amounts to be recovered from tax authorities for such concept. The balance of the "Accounts Receivable" heading in the accompanying consolidated balance sheet includes, among others, the amount by which the input VAT exceeded output VAT for the period.

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

The income tax expense comprises the following:

	2021	2020
Current taxes	880	317
Deferred taxes	69	(20)

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 recognized in the consolidated income statement for 2021 and 2020 is as follows:

	2021	2020
Consolidated accounting profit for the year before taxes	4,199	1,401
Tax expense at tax rate in force in the country of the Parent	1,050	350
Net permanent differences	(73)	(6)
Effect of application of different tax rates	(61)	(65)
Adjustments to prior years' taxes	(19)	(21)
Tax withholdings and other adjustments	76	59
Adjustments to deferrred tax assets and liabilities	3	-
Tax withholdings and tax benefits	(27)	(20)
Income tax expense	**949**	**297**

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 EUR 27 million at 31 January 2022 (EUR 20 million at 31 January 2021). These deductions and bonuses derive, fundamentally, from investments and, to a lesser extent, benefits.

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 2022 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:	2021	2020
Provisions	151	121
Non-current assets	191	197
IFRS 16	220	305
Valuation adjustments	72	106
Tax losses	50	122
Intra-Group transactions	186	130
Other	309	295
Total	**1,179**	**1,276**

Deferred tax liabilities arising from:	2021	2020
Intra-Group transactions	155	132
IFRS16	64	103
Non-current assets	69	61
Valuation adjustments	4	4
Other	67	96
Total	**359**	**396**

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 2021 and 2020 has been as follows:

Deferred tax assets arising from:	2021	2020
Opening balance	1,276	1,236
Charge/Credit to profit or loss	(90)	33
Charge/Credit to equity	19	(50)
Transfers	(26)	57
Closing balance	**1,179**	**1,276**

Deferred tax liabilities arising from:	2021	2020
Opening balance	396	370
Charge/Credit to profit or loss	(21)	(11)
Charge/Credit to equity	10	(20)
Transfers	(26)	57
Closing balance	**359**	**396**

As of 31 January 2022, the Group has tax losses subject to compensation with future benefits amounting to EUR 453 million (EUR 665 million at 31 January 2021). The aforementioned breakdown of Deferred tax assets includes those corresponding to tax loss carryforwards pending offsetting, with a balance of EUR 50 million at 31 January 2022 (EUR 122 million at 31 January 2021) that, for the most part, are not subject to a period of effective compensation. The Group, based on the methodology established to verify the existence of signs of impairment in its non-current assets (see Note 2.2.f), constructs the hypotheses to analyse the existence of sufficient fiscal gains in the future that allow 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 EUR 292 million (EUR 242 million in 2020).

On the other hand, in accordance with the tax legislation applicable to the parent company 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 recognized as liabilities, do not generate consequences in the Income Tax of the parent company.

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. Currently, routine tax audits in group companies are being carried out in different 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.

25. Financial risk management policy and financial instruments

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 minimize 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) and, to a lesser extent, the Mexican peso, the Russian ruble, the Chinese yuan, the Japanese yen and the pound sterling. Foreign currency risk arises on future commercial transactions, recognized 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, Group 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 recognized under "Current Financial Asset".

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

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

As described in Note 2.2.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 2.2.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 2021, using hedge accounting, no significant amounts were recognized in profit or loss either as a result of transactions that ultimately did not occur or as a result of the ineffectiveness of the hedges. Approximately 66% of the cash flows associated with hedges in US dollars are expected to occur in the six months subsequent to the year-end, while the remaining 34% are expected to fall due between six months and one year. Also, the impact on the 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 2.2.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 (garments, footwear, accessories and household goods), 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.

Risk quantification 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 changes on consolidated profit before tax and, if applicable, determine the relevant mitigation strategies. CFaR is 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 currencies other than the euro up to a period of one year. It is estimated that this portfolio represents substantially all of the Group's exposure to foreign currency and raw material risks and that the possible adverse changes in exchange rates and raw material price would affect the consolidated profit of the following year. 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. In addition, 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 EUR 381 million at 31 January 2022 (EUR 362 million 31 January 2021).

Credit risk

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

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

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

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

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

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

It is estimated that the residual risk resulting from the Group's twelve-month cash investments could be up to EUR 15 million at 31 January 2022 (EUR 58 million at 31 January 2021).

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

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

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

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

Liquidity risk

The Group is not exposed to significant liquidity risk, as it maintains sufficient cash and cash equivalents to meet the outflows required in its normal operations. If the Group has a specific financing requirement, either in euros or in other currencies, it resorts to loans, credit facilities or other types of financial instruments (see Note 20).

Note 20 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: given the Group's investment policy (Note 20) and the negative interest rate environment in the Euro zone, with the Euro as the main currency, there is a risk of negative returns on the Group's financial position (Note 8).

- Financial debt: given the amount of the Group's external financing (see Note 20), 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 with an indefinite useful life. (Note 2.2.f).

- Derivatives: given the type of hedging instruments arranged, the interest rate risk is not material.

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

Country risk

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

The conflict in Ukraine has forced the temporary suspension of the Group's operations in Ukraine and in the Russian Federation (Note 32). The implications that the current circumstances may have for our business due to their potential ramifications, as well as their estimated duration, are still difficult to assess in such an uncertain context. The Group continues to permanently analyse the evolution of the conflict and its complex implications and implement plans to mitigate its impact, especially in relation to its workforce in the affected markets.

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 2022, 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. Finally, in relation to Brexit, the United Kingdom has effectively become a third-party country. The action plans envisaged by the Group since the referendum in June 2016 have been implemented as planned in order to adapt all business operations to the new circumstances, including those relating to supply, transport and distribution flows, as well as administrative, accounting, tax and customs procedures. Our UK business is therefore operating normally.

At 31 January 2022, the Group was not operating in markets in which there was more than one exchange rate.

Capital management

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

The Group manages its capital structure and makes adjustments thereto in response to changes in economic conditions. The current capital management policy is based on self-financing through funds generated by operations. The shareholder remuneration policy is detailed in Note 29.

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

Financial instruments

At 31 January 2022 and 2021, 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 recognized under "Other Financial Assets" or "Other Financial Liabilities" depending on the related balance.

The detail of "Other Financial Assets" and "Other Financial Liabilities" in the consolidated balance sheet is as follows:

Other financial assets	2021	2020
Fair value of the hedging instruments	22	2
Total	**22**	**2**

Other financial liabilities	2021	2020
Fair value of the hedging instruments	7	14
Reciprocal call and put options (Note 6)	15	13
Total	**22**	**27**

The detail of the fair value (measured as indicated in Note 2.2.m) of the hedging instruments for 2021 and 2020 is as follows:

2021

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

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

2020

OTHER FINANCIAL ASSETS AT FAIR VALUE AND CLASSIFICATION ON A FAIR VALUE HIERARCHY						
Description	Level	Fair Value 2020	Transfer to Income	Transfer to Income from Equity	Income Recognise Directly in Equity	Fair Value 2019
OTC Derivatives						
Foreign currency forwards	2	2	(11)	(1)	-	14
Total Derivates		**2**	**(11)**	**(1)**	**-**	**14**

OTHER FINANCIAL LIABILITIES AT FAIR VALUE AND CLASSIFICATION ON A FAIR VALUE HIERARCHY						
Description	Level	Fair Value 2020	Transfer to Income	Transfer to Income from Equity	Income Recognise Directly in Equity	Fair Value 2019
OTC Derivatives						
Foreign currency forwards	2	14	6	-	3	5
Options	2	-	-	(6)	-	6
Cross Currency Swap	2	-	(4)	-	-	4
Total Derivates		**14**	**3**	**(6)**	**3**	**15**

There have been no transfers between the different levels. (See Note 2.2.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:

	2021	2020
Cash and cash equivalents (Note 20)	7,021	7,398
Current financial investments (Note 20)	2,374	176
Trade receivables (Note 11)	267	255
Receivable due to sales to franchises (Note 11)	242	177
Other current receivables (Note 11)	82	85
Guarantees (Note 18)	290	329
Total	**10,276**	**8,418**

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

In 2021 and 2020 no significant impairment losses were recognized on financial assets.

26. 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 externalized through hiring the corresponding insurance policies.

Likewise, in certain countries, the worker participates in a percentage of the profits generated by the Group companies. The liabilities related to these items are recorded in the "Provisions" and "Other long-term liabilities" heading in the consolidated balance sheet. The impact of these obligations on the profit and loss account and on the consolidated balance sheet is not significant.

Long-term Incentive Compensation Plans

2019-2023 Long-Term Incentive Plan

The Annual General Meeting held on 16 July 2019 approved the 2019-2023 Long-Term Incentive Plan for members of the management team and other personnel of Inditex and its Group of Companies (hereinafter referred to as the “2019-2023 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 2019-2023 Plan combines a multi-year cash bonus and a promise to deliver free share 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 2019-2023 Plan has a total duration of four years and is structured into two mutually independent time cycles. The first cycle of the 2019-2023 Plan runs from February 1, 2019 to January 31, 2022 and is scheduled to be settled in the first quarter of 2022. The second cycle spans the period from 1 February 2020 to 31 January 2023.

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

The 2019-2023 Plan does not expose the Company to any material risks.

To cater for this 2019-2023 Plan, the Company has, as a plan asset, a sufficient number of treasury shares to be able to settle the future obligations (see Note 23).

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

2021-2025 Long-Term Incentive Plan

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

The 2021-2025 Plan combines a multi-year cash bonus and a promise to deliver free 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 2021-2025 Plan has a total duration of four years and is structured into two mutually independent time cycles. The first cycle of the 2021-2024 Plan runs from 1 February 2021 to 31 January 2024. The second cycle spans the period from 1 February 2022 to 31 January 2025.

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

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

The liabilities related to the plans in cash is shown registered in the 'Provisions' and "Trade and other payables" item of the balance sheet, and its annual allocation is included in the 'Operating expenses' item in the income statement. The impact of these obligations on the income statement and the consolidated balance sheet is not significant.

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 income statement.

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

27. 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 the following table. These companies engage mainly in the design, supply and distribution of footwear to Inditex Group companies, their main customer.

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

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

	2021	2020
Fixed assets	251	257
Others	36	30
Non-current assets	**287**	**286**
Inventories	325	219
Trade and other receivables	392	304
Cash and cash equivalents	20	31
Current assets	**737**	**554**
Non-current liabilities	**(26)**	**(28)**
Trade and other payables	(387)	(273)
Others	(2)	(7)
Current liabilities	**(389)**	**(279)**
Net assets	**609**	**534**
Revenues	1,305	997
Gross profit	**391**	**257**
Operating expenses	(214)	(161)
Amortization and depreciation	(24)	(25)
Net operating profit (EBIT)	**153**	**71**
Net profit	**119**	**62**

In 2021 the Group received dividends totalling EUR 25 million (EUR 12 million in 2020) from Tempe (see Note 17).

28. Proposed distribution of the profit of the Parent

Directors' proposed appropriation of the Company's profit in 2021 amounts to 1,472 million euros, corresponding to dividends in the amount of 1,440 million euros and voluntary reserves in the amount of 32 million euros.

The Board of Directors will propose to the Annual General Meeting a dividend of 0.93 euros per share, composed of an ordinary dividend of 0.63 euros per share and a bonus dividend of 0.30 euros per share. From the total amount of 0.93 euros per share, 0.465 euros per share are payable on 2 May 2022 as ordinary interim dividend and 0.465 euros per share are charged to reserves and payable on 2 November 2022 as ordinary dividend and bonus dividend.

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

Remuneration of the Board of Directors

The remuneration earned by the Board of Directors and senior management of the Parent in 2021 is shown in the section on related party transactions.

Other information concerning the Board of Directors

At 31 January 2022, per the Parent's shareholder register, and also per the public registers of the Spanish National Securities Market Commission (CNMV), the members of the Board of Directors directly or indirectly held the following ownership interests in the share capital of Inditex:

Name or company name of director	% Voting rights attributed to the shares		% Voting rights through financial instruments		% Total voting rights	% Voting rights that can be sell through financial instruments	
	Direct	Indirect	Direct	Indirect		Direct	Indirect
Mr Pablo Isla Álvarez de Tejera [1]	0.0680%	-	0.0070%	-	0.0750%	-	-
Mr Amancio Ortega Gaona [2]	-	0.5929%	-	-	59.2940%	-	-
Mr Óscar García Maceiras [3]	0.0004%	-	0.0050%	-	0.0050%	-	-
Mr José Arnau Sierra	0.0010%	-	-	-	0.0010%	-	-
Pontegadea Inversiones, S.L. [4]	50.0100%	-	-	-	50.0100%	-	-
Bns Denise Patricia Kingsmill	-	-	-	-	-	-	-
Ms Anne Lange	-	-	-	-	-	-	-
Ms Pilar López Álvarez	0.0001%	-	-	-	0.0001%	-	-
Mr José Luis Durán Schulz	0.0001%	-	-	-	0.0001%	-	-
Mr Rodrigo Echenique Gordillo	-	-	-	-	-	-	-
Mr Emilio Saracho Rodríguez de Torres	-	-	-	-	-	-	-
Total					59.375%		

[1] With regard to the second cycle (2020-2023) of the 2019-2023 Long-Term Incentive Plan, the Executive Chairman may receive up to a maximum number of 120,174 shares (i.e. 0.0038%). Likewise, with regard to the first cycle (2021-2024) of the new 2021-2025 Long-Term Incentive Plan, the Executive Chairman may receive up to a maximum of 116,569 shares (i.e. 0.0037%).

[2] Through Pontegadea Inversiones, SL and Partler Participaciones, S.L. (Partler 2006, S.L. holds 100% of its stake)

[3] With regard to the second cycle (2020-2023) of the 2019-2023 Long-term Incentive Plan, Mr Óscar García Maceiras, the new CEO of the company since 29 November 2021, may receive up to a maximum number of 61,854 shares. (i.e. 0.002%) for the duties performed as General Counsel and Secretary of the Board of Directors in 2021 and taking into account the amount he has been assigned as CEO pursuant to the Remuneration Policy approved at the Annual General Meeting held in 2021. Likewise, with regard to the first cycle (2021-2024) of the new 2021-2025 Long-Term Incentive Plan, the CEO may receive up to a maximum of 68,562 shares. (i.e. 0.002 %).

[4] Represented by Ms Flora Pérez Marcote

Pursuant to the provisions of article 229 of the Spanish Companies Act, as amended by Law 31/2014, of 3 December, no director has communicated 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, Mr Emilio Saracho Rodriguez de Torres and Ms Pilar López Álvarez, hold positions on the Boards of Directors of Grupo Santander, International Consolidated Airlines Group and Microsoft Western Europe, respectively, and perform their duties as Inditex directors as independent parties, without prejudice to the commercial relationships that Inditex has maintained with these companies for years. In any case, the Board of Directors ensures, through the Audit and Compliance Committee that the transactions with directors and/or significant shareholders, or with respective related persons, are carried out under market conditions and respecting the principle of equal treatment to shareholders.

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

Related party transactions

Related parties are the subsidiaries, jointly controlled entities (Note 27) 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 Senior Management of the Inditex Group, as well as their close family members, as defined in IAS 24, Commission Regulation (EC) No 1126/2008, of 3 November 2008, adopting certain international accounting standards, and article 2, section 3 of Spanish Ministry of 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, which form part of the normal course of business in terms of their purpose and terms and conditions and were eliminated in full on consolidation and, therefore, they are not disclosed in this Note.

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

Transactions:

Company	2021	2020
Jointly controlled entities	(970)	(780)

Corresponding mainly to finished goods procurements.

Balances:

	31/01/2022	31/01/2021
Current financial investments	1	-
Trade and other receivables	11	16
Non-current financial investments	295	258
Trade and other payables	356	277

The detail of the transactions with significant shareholders, the members of the Board of Directors and Senior Management is as follows:

Significant shareholders

In 2021 the transactions performed by the Inditex Group with Pontegadea Inversiones, S.L., Partler Participaciones S.L, Partler 2006, S.L. or with persons or companies related to them, or with Rosp Corunna Participaciones Empresariales, S.L.U. or with persons or companies related to it were as follows:

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

In 2020 the transactions performed by the Inditex Group with Pontegadea Inversiones, S.L., Partler Participaciones S.L, Partler 2006, S.L. or with persons or companies related to them, or with Rosp Corunna Participaciones Empresariales, S.L.U. or with persons or companies related to it were as follows:

Company name of significant shareholder	Nature of relationship	Type of operation	Amount
Pontegadea Inversiones, S.L., Partler Participaciones, S.L., Partler 2006, S.L. or related entities or persons	Contractual	Lease of assets	(33)
Pontegadea Inversiones, S.L., Partler Participaciones, S.L., Partler 2006, S.L. or related entities or persons	Contractual	Services (construction work)	3
Rosp Corunna Participaciones Empresariales, S.L. U. or related entities or persons	Contractual	Lease of assets	(1)

Several Group companies have leased commercial premises belonging 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 earned by the directors and Senior Management of Inditex in 2021:

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

Notes:
(1) The remuneration for the financial year 2021 corresponds to the portion accrued in the period from 1 December 2021, the financially effective date of his appointment as new Chief Executive Officer, through 31 January 2022.
(2) The remuneration for the financial year 2021 corresponds to the portion accrued in the period from 1 February through 30 November 2021, the financially effective date of his resignation as Chief Executive Officer.
(3) Represented by Ms Flora Pérez Marcote.

An itemised breakdown of the remuneration of the members of the Board of Directors in 2020 is as follows:

Name or social name of the Director	Type	Remuneration of Board members	Remuneration of Deputy Chairman of Board of Directors	Remuneration for serving on Comittees and other Board of Directors	Remuneration for chairing Committees	Fixed remuneration	Variable remuneration 2020	Multiannual variable remuneration (cash and shares) 2020	Total 2020
Mr Pablo Isla Álvarez de Tejera	Executive	100	-	-	-	3,250	2,535	-	5,885
Mr José Arnau Sierra	Propietary	100	80	200	-	-	-	-	380
Mr Carlos Crespo Gonzalez	Executive	100	-	-	-	1,500	1,170	-	2,770
Mr Amancio Ortega Gaona	Propietary	100	-	-	-	-	-	-	100
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	27	-	-	-	277
Mr José Luis Durán Schulz	Independent	100	-	150	23	-	-	-	273
Mr Rodrigo Echenique Gordillo	Independent	100	-	150	50	-	-	-	300
Mr Emilio Saracho Rodríguez de Torres	Independent	100	-	150	50	-	-	-	300
TOTAL		**1,100**	**80**	**1,100**	**200**	**4,750**	**3,705**	-	**10,935**

Notes:
(1) Represented by Ms Flora Pérez Marcote

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

2021	
	SENIOR MANAGEMENT
Remuneration	69,204
Termination benefits	10,083
Total	**79,287**

The aforementioned remuneration for 2021 includes fixed remuneration and short-term and long-term variable remuneration accrued by Senior Management (as defined in section C.1.14. 'Identify the members of Senior Management who are not, in turn, executive directors, and indicate the total remuneration accrued in their favour during the year' of the Annual Corporate Governance Report for 2021). The directors' remuneration for the 2021 financial year includes fixed items of remuneration of directors in their capacity as such, as well as the short- and long-term fixed and variable remuneration accrued by the Executive Chairman, Mr Pablo Isla Álvarez Tejera, the new Chief Executive Officer, Mr Óscar García Maceiras, and the outgoing Chief Executive Officer, Mr Carlos Crespo González, for the performance of their executive duties. In particular, it includes:

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

With regard to long-term variable remuneration, it includes the amount accrued for the first cycle (2019-2022) of the 2019-2023 LTIP. The amount accrued in FY2021 for this incentive amounts to €6,921 thousand for the Executive Directors and €27,581 thousand for Senior Managers. Such incentive materialised as follows:

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

- Senior Managers: (i) a cash incentive in the total gross amount of **€**13,472 thousand; and (ii) and incentive in shares equivalent to the total number of 648,398 shares, which correspond to a gross amount of **€**14,109 thousand.

In this regard, note that, in order to quantify the portion of the incentive to be delivered in shares, the reference used was Inditex's closing share price on the last business day of the week prior to the meeting of the Board of Directors at which the degree of compliance with the first cycle of the 2019-2023 Plan was assessed and approved (i.e. 11 March 2022).

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

The total remuneration and termination benefits earned by senior management of Inditex Group in 2020 were as follows:

2020

	SENIOR MANAGEMENT
Remuneration	27,796
Termination benefits	-
Total	**27,796**

The aforementioned remuneration for 2020 includes fixed remuneration and short-term variable remuneration accrued by Senior Management (as defined in section C.1.14. '*Identify the members of Senior Management who are not, in turn, executive directors, and indicate the total remuneration accrued in their favour during the year*' of the Annual Corporate Governance Report for 2020). Remuneration of directors for 2020 includes fixed items of remuneration of directors in their condition as such, as well as fixed salary and short-term variable remuneration of executive directors.

No long-term variable incentives were paid in 2020.

During 2021 and in 2020 no contributions were made to the Pension Scheme Plan.

30. External auditors

In 2021 and 2020 the fees for financial audit and other services provided by the auditor of the Group's annual accounts, or by any firms related to this auditor as a result of a relationship of control, common ownership or common management, were as follows:

	2021	2020
Audit services	7.3	7.3
Other assurance services	0.8	0.7
Total audit and similar services	**8.1**	**8.0**
Other services	0.2	0.1
Total professional services	**8.3**	**8.1**

Furthermore, audit fees for services provided by other auditors in 2021 amounted to EUR 0.1 million (EUR 0.1 million in 2020).

In 2021, according to information received from the auditors, the fees received from the Inditex Group by the principal auditor and the other firms belonging to the international network (and their associated firms) did not exceed 0.02% of their total revenue.

31. Environment

Inditex has developed a flexible and integrated business model, with a strong customer focus and a clear sustainable approach. In this regard, Inditex's environmental strategy is outlined in its Sustainability Policy, which sets out, among other aspects, the Group's environmental principles, which are applied transversally across all its business areas and throughout its entire value chain. These principles are embodied by three environmental strategies: Global Energy Strategy, Global Water Strategy and Biodiversity Strategy, as well as the commitments in respect of forest products, set forth in the Forest Product Policy. Inditex has ramped up its environmental ambition by announcing new commitments at its latest Annual General Meeting held in July 2021.

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 financial statements and is not considered to have a material impact thereupon.

The following sections of the Group's Statement on Non-Financial Information includes information on Inditex's commitment to the environment through its Sustainability Policy: 5.4 Collaborating to transform through sustainable management of our products, 5.5 Collaborating so our suppliers grow, and 5.6 Collaborating to safeguard the planet, and information on the risks and opportunities of climate change in section 5.10.4 'Climate change: risks and opportunities'.

32. Events after the reporting period

War began in Ukraine on 24 February 2022, and it continues at the date of preparing these consolidated annual accounts. The conflict has prevented the ordinary course of operations throughout the region.

In this regard, on 5 March 2022, the Group announced that under the current circumstances it could not guarantee the continuity of the operations and commercial conditions in the Russian Federation and temporarily suspended its activity there (this applies to physical stores and the online channel alike). It had halted its operations in Ukraine on 24 February 2022.

In both markets, all the stores (502 in Russia and 84 in Ukraine) are operated under lease, so the value of the Group's net assets in the two markets at 2021 year-end was not material from the perspective of the consolidated financial statements for that year. As these circumstances occurred subsequent to the close of the financial statements, no provision was allocated in this connection, pursuant to IAS 10.

In the current environment, it is difficult to gauge the possible implications of this situation for the Inditex Group, based on the multiple potential developments in the short and medium term. Group's Management continues to track the unfolding conflict and its potential repercussions closely. The Group's businesses in the Russian Federation and Ukraine respectively account for some 8.5% and 1.5% of its EBIT.

33. Explanation added for translation to English

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

Appendix 1: Composition of the Inditex Group

Company	Effective % of ownership	Location	Consolidation method	Reporting date	Concept	Line of business
Subsidiaries:						
Industria de Diseño Textil, S.A.	Parent	A Coruña - Spain	Full Consol.	31-jan	-	Parent
Comditel, S.A.	100.00%	Barcelona - Spain	Full Consol.	31-jan	Zara	Buyer
Zara Asia, Ltd.	100.00%	Hong Kong SAR	Full Consol.	31-jan	Zara	Retail sales
Choolet, S.A.	100.00%	A Coruña - Spain	Full Consol.	31-jan	Zara	Textile
Confecciones Fíos, S.A.	100.00%	A Coruña - Spain	Full Consol.	31-jan	Zara	Textile
Confecciones Goa, S.A.	100.00%	A Coruña - Spain	Full Consol.	31-jan	Zara	Textile
Denllo, S.A.	100.00%	A Coruña - Spain	Full Consol.	31-jan	Zara	Textile
Hampton, S.A.	100.00%	A Coruña - Spain	Full Consol.	31-jan	Zara	Textile
Nikole, S.A.	100.00%	A Coruña - Spain	Full Consol.	31-jan	Zara	Buyer
Stear, S.A.	100.00%	A Coruña - Spain	Full Consol.	31-jan	Zara	Textile
Trisko, S.A.	100.00%	A Coruña - Spain	Full Consol.	31-jan	Zara	Textile
Zintura, S.A.	100.00%	A Coruña - Spain	Full Consol.	31-jan	Zara	Textile
Glencare, S.A.	100.00%	A Coruña - Spain	Full Consol.	31-jan	Zara	Textile
Indipunt, S.L.	100.00%	A Coruña - Spain	Full Consol.	31-jan	Multi-concept	Logistics
Zara España, S.A.	100.00%	A Coruña - Spain	Full Consol.	31-jan	Zara	Retail sales
Zara Argentina, S.A.	100.00%	Buenos Aires - Argentina	Full Consol.	31-jan	Zara	Retail sales
Zara Belgique, S.A.	100.00%	Brussels - Belgium	Full Consol.	31-jan	Zara	Retail sales
Zara Chile, S.A.	100.00%	Santiago de Chile - Chile	Full Consol.	31-dec	Zara	Retail sales
Zara USA, Inc.	100.00%	New York - USA	Full Consol.	31-jan	Zara	Retail sales
Zara France, S.A.R.L.	100.00%	Paris - France	Full Consol.	31-jan	Zara	Retail sales
ITX UK LTD.	100.00%	London - UK	Full Consol.	31-jan	Multi-concept	Retail sales
Zara Mexico, B.V.	100.00%	Amsterdam - Netherlands	Full Consol.	31-jan	Zara	Holding company
ITX HELLAS SINGLE MEMBER S.A.	100.00%	Athens - Greece	Full Consol.	31-jan	Multi-concept	Retail sales
Zara México, S.A. de C.V.	100.00%	Mexico City - Mexico	Full Consol.	31-dec	Zara	Retail sales
ITX PORTUGAL - CONFECÇÕES, S.A.	100.00%	Lisbon - Portugal	Full Consol.	31-jan	Multi-concept	Retail sales
G.Zara Uruguay, S.A.	100.00%	Montevideo - Uruguay	Full Consol.	31-jan	Zara	Retail sales
Zara Brasil, LTDA.	100.00%	Sao Paulo - Brazil	Full Consol.	31-dec	Zara	Retail sales
ITX NEDERLAND BV	100.00%	Amsterdam - Netherlands	Full Consol.	31-jan	Multi-concept	Retail sales
Zara Österreich Clothing, GmbH	100.00%	Vienna - Austria	Full Consol.	31-jan	Zara	Retail sales
Inditex Danmark, AS.	100.00%	Copenhaguen - Denmark	Full Consol.	31-jan	Multi-concept	Retail sales
ITX SVERIGE AB	100.00%	Stockholm - Sweden	Full Consol.	31-jan	Multi-concept	Retail sales
Inditex Norge, AS.	100.00%	Oslo - Norway	Full Consol.	31-jan	Multi-concept	Retail sales
ITX CANADA, LTD	100.00%	Montreal - Canada	Full Consol.	31-jan	Multi-concept	Retail sales
Zara Suisse, S.A.R.L.	100.00%	Fribourg - Switzerland	Full Consol.	31-jan	Zara	Retail sales
Za Giyim Ithalat Ihracat Ve Ticaret Ltd.	100.00%	Istanbul - Turkey	Full Consol.	31-jan	Zara	Retail sales
ITX ITALIA SRL	100.00%	Milan - Italy	Full Consol.	31-jan	Multi-concept	Retail sales
ITX Japan Corp.	100.00%	Tokyo - Japan	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
Zara Puerto Rico, Inc.	100.00%	San Juan - Puerto Rico	Full Consol.	31-jan	Zara	Retail sales
ITX RETAIL IRELAND LIMITED	100.00%	Dublin - Ireland	Full Consol.	31-jan	Multi-concept	Retail sales
Zara Magyarorszag, KFT.	100.00%	Budapest - Hungary	Full Consol.	31-jan	Zara	Retail sales
Zara Holding, B.V.	100.00%	Amsterdam - Netherlands	Full Consol.	31-jan	Multi-concept	Holding company
Zara Monaco, SAM	100.00%	Monte Carlo - Monaco	Full Consol.	31-jan	Zara	Retail sales
Zara Commercial (Shanghai), Co Ltd.	100.00%	Shanghai - China	Full Consol.	31-dec	Zara	Retail sales
Zara Commercial (Beijing), Co Ltd.	100.00%	Beijing - China	Full Consol.	31-dec	Zara	Retail sales
Zara Macau, Ltd.	100.00%	Macao SAR	Full Consol.	31-dec	Zara	Retail sales
Zara Polska, Sp. Zo.o.	100.00%	Warsaw - Poland	Full Consol.	31-jan	Zara	Retail sales
JSC "Zara CIS"	100.00%	Moscow - Russia	Full Consol.	31-dec	Zara	Retail sales
Zara Deutschland, GmbH	100.00%	Hamburg - Germany	Full Consol.	31-jan	Zara	Holding company
INDITEX ROMANIA, S.R.L.	100.00%	Bucharest - Romania	Full Consol.	31-dec	Multi-concept	Retail sales
INDITEX UKRAINE LLC	100.00%	Kiev - Ukraine	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
ITX Taiwan B.V. Zara Taiwan Branch	100.00%	Taipei - Taiwan	Full Consol.	31-jan	Zara	Retail sales
ITX Croatia, Ltd.	100.00%	Zagreb - Croatia	Full Consol.	31-jan	Multi-concept	Retail sales
Zara Retail Korea, Co Ltd.	80.00%	Seoul - South Korea	Full Consol.	31-jan	Zara	Retail sales
Zara Bulgaria Ltd	100.00%	Sofia - Bulgaria	Full Consol.	31-dec	Zara	Retail sales
Zara Diseño, S.L.	100.00%	A Coruña - Spain	Full Consol.	31-jan	Zara	Design
Zara Management, B.V.	100.00%	Amsterdam - Netherlands	Full Consol.	31-jan	Zara	Holding company
Zara Retail NZ Limited	100.00%	Auckland - New Zealand	Full Consol.	31-jan	Zara	Retail sales

Company	Effective % of ownership	Location	Consolidation method	Reporting date	Concept	Line of business
KG ZARA Deutschland B.V. & Co.	100.00%	Hamburg - Germany	Full Consol.	31-jan	Zara	Retail sales
Zara Retail South Africa (Propietary), LTD.	90.00%	Johannesburg - South	Full Consol.	31-jan	Zara	Retail sales
Group Zara Australia Pty. Ltd.	100.00%	Sydney - Australia	Full Consol.	31-jan	Zara	Retail sales
Limited Liability Company "ZARA BLR"	100.00%	Minsk - Belarus	Full Consol.	31-dec	Zara	Retail sales
ITX S, D.O.O	100.00%	Ljubljana - Slovenia	Full Consol.	31-jan	Multi-concept	Retail sales
ITX Financien, B.V.	100.00%	Amsterdam - Netherlands	Full Consol.	31-jan	Multi-concept	Financial services
ITX Taiwan, B.V.	100.00%	Amsterdam - Netherlands	Full Consol.	31-jan	Zara	Holding company
ITX BH D.O.O.	100.00%	Sarajevo - Bosnia	Full Consol.	31-dec	Multi-concept	Retail sales
ITX RS DOO BEOGRAD	100.00%	Belgrade - Serbia	Full Consol.	31-jan	Multi-concept	Retail sales
Nikole Diseño, S.L.	100.00%	A Coruña - Spain	Full Consol.	31-jan	Zara	Design
Inditex Montenegro, D.O.O. Podgorica	100.00%	Podgorica - Montenegro	Full Consol.	31-dec	Multi-concept	Retail sales
Inditex Vastgoed Korea, Ltd.	100.00%	Seoul - South Korea	Full Consol.	31-jan	Zara	Real estate
Inditex Trent Retail India Private Ltd	51.00%	Gurgaon - India	Full Consol.	31-Mar	Zara	Retail sales
Kiddy´s Class España, S.A.	100.00%	A Coruña - Spain	Full Consol.	31-jan	Zara	Retail sales
ITX Finland, OY	100.00%	Helsinki - Finland	Full Consol.	31-jan	Multi-concept	Retail sales
Retail Group Kazakhstan, LLP	100.00%	Almaty - Kazakhstan	Full Consol.	31-dec	Zara	Retail sales
ITX Financien III, B.V.	100.00%	Amsterdam - Netherlands	Full Consol.	31-jan	Multi-concept	Financial services
ITX Albania SHPK	100.00%	Tirana - Albania	Full Consol.	31-dec	Multi-concept	Retail sales
Zara Fashion (Shanghai) CO., Ltd.	100.00%	Shanghai - China	Full Consol.	31-dec	Zara	Retail sales
Oysho España, S.A.	100.00%	Barcelona - Spain	Full Consol.	31-jan	Oysho	Retail sales
Oysho Mexico, S.A. de C.V.	100.00%	Mexico City - Mexico	Full Consol.	31-dec	Oysho	Retail sales
Oysho Giyim Ithalat Ihracat Ve Ticaret Ltd.	100.00%	Istanbul - Turkey	Full Consol.	31-jan	Oysho	Retail sales
Oysho Polska, Sp zo.o	100.00%	Warsaw - Poland	Full Consol.	31-jan	Oysho	Retail sales
Oysho CIS, Ltd.	100.00%	Moscow - Russia	Full Consol.	31-dec	Oysho	Retail sales
Oysho France, S.A.R.L.	100.00%	Paris - France	Full Consol.	31-jan	Oysho	Retail sales
Oysho MAGYARORSZAG, KFT	100.00%	Budapest - Hungary	Full Consol.	31-jan	Oysho	Retail sales
Oysho Diseño, S.L.	100.00%	Barcelona - Spain	Full Consol.	31-jan	Oysho	Design
Oysho Bulgaria, Ltd	100.00%	Sofia - Bulgaria	Full Consol.	31-dec	Oysho	Retail sales
Oysho Commercial & Trading (Shangai) Co., Ltd.	100.00%	Shanghai - China	Full Consol.	31-dec	Oysho	Retail sales
Oysho Korea, Ltd	100.00%	Seoul - South Korea	Full Consol.	31-jan	Oysho	Retail sales
Oysho Macau, Ltd	100.00%	Macao SAR	Full Consol.	31-dec	Oysho	Retail sales
Oysho Kazakhstan, LLP	100.00%	Almaty - Kazakhstan	Full Consol.	31-dec	Oysho	Retail sales
Oysho Hong Kong Ltd	100.00%	Hong Kong SAR	Full Consol.	31-jan	Oysho	Retail sales
Oysho Belgique, S.A.	100.00%	Brussels - Belgium	Full Consol.	31-jan	Oysho	Retail sales
Limited Liability Company "OYSHO BLR"	100.00%	Minsk - Belarus	Full Consol.	31-dec	Oysho	Retail sales
Oysho Suisse SÀRL	100.00%	Fribourg - Switzerland	Full Consol.	31-jan	Oysho	Retail sales
Grupo Massimo Dutti, S.A.	100.00%	Barcelona - Spain	Full Consol.	31-jan	Massimo Dutti	Retail sales
Massimo Dutti Giyim Ithalat Ih.Ve Tic. Ltd.	100.00%	Istanbul - Turkey	Full Consol.	31-jan	Massimo Dutti	Retail sales
Massimo Dutti France, S.A.R.L.	100.00%	Paris - France	Full Consol.	31-jan	Massimo Dutti	Retail sales
Massimo Dutti UK, Ltd.	100.00%	London - UK	Full Consol.	31-jan	Massimo Dutti	Dormant
Massimo Dutti Suisse, S.A.R.L.	100.00%	Fribourg - Switzerland	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
LLC Massimo Dutti	100.00%	Moscow - Russia	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 Mexico, S.A. de C.V.	100.00%	Mexico City - Mexico	Full Consol.	31-dec	Massimo Dutti	Retail sales
Massimo Dutti, S.A.	100.00%	A Coruña - Spain	Full Consol.	31-jan	Massimo Dutti	Dormant
Massimo Dutti Hong Kong, Ltd.	100.00%	Hong Kong SAR	Full Consol.	31-jan	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 Macau Ltd.	100.00%	Macao SAR	Full Consol.	31-dec	Massimo Dutti	Retail sales
Massimo Dutti Commercial Beijing Co, Ltd.	100.00%	Beijing - China	Full Consol.	31-dec	Massimo Dutti	Retail sales
Massimo Dutti Bulgaria, Ltd	100.00%	Sofia - Bulgaria	Full Consol.	31-dec	Massimo Dutti	Retail sales
Massimo Dutti Korea, Ltd	100.00%	Seoul - South Korea	Full Consol.	31-jan	Massimo Dutti	Retail sales
Massimo Dutti Diseño, S.L.	100.00%	Barcelona - Spain	Full Consol.	31-jan	Massimo Dutti	Design
Massimo Dutti Commercial Shangai CO, Ltd	100.00%	Shanghai - China	Full Consol.	31-dec	Massimo Dutti	Retail sales
Massimo Dutti Österreich Clothing, GMBH	100.00%	Vienna - Austria	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
ITX Taiwan B.V. Massimo Dutti Taiwan Branch	100.00%	Taipei - Taiwan	Full Consol.	31-jan	Massimo Dutti	Retail sales
MD Benelux, SA	100.00%	Bruges - Belgium	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
Massimo Dutti Magyarorxzág KFT	100.00%	Budapest - Hungary	Full Consol.	31-jan	Massimo Dutti	Retail sales

Company	Effective % of ownership	Location	Consolidation method	Reporting date	Concept	Line of business
Master Retail Kazakhstan, LLP	100.00%	Almaty - Kazakhstan	Full Consol.	31-dec	Massimo Dutti	Retail sales
Massimo DuttiI India Private Ltd	51.00%	Gurgaon - India	Full Consol.	31-Mar	Massimo Dutti	Retail sales
Pull & Bear España, S.A.	100.00%	A Coruña - Spain	Full Consol.	31-jan	Pull & Bear	Retail sales
Pull & Bear Giyim Ith. Ihrac.Ve Tic. Ltd.	100.00%	Istanbul - Turkey	Full Consol.	31-jan	Pull & Bear	Retail sales
Pull & Bear Mexico, S.A. de C.V.	100.00%	Mexico City - Mexico	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 France, S.A.R.L.	100.00%	Paris - France	Full Consol.	31-jan	Pull & Bear	Retail sales
Pull & Bear Magyarország Kft.	100.00%	Budapest - Hungary	Full Consol.	31-jan	Pull & Bear	Retail sales
Pull & Bear Polska, Sp zo.o	100.00%	Warsaw - Poland	Full Consol.	31-jan	Pull & Bear	Retail sales
Pull & Bear CIS, Ltd.	100.00%	Moscow - Russia	Full Consol.	31-dec	Pull & Bear	Retail sales
Pull & Bear Uk Limited	100.00%	London - UK	Full Consol.	31-jan	Pull & Bear	Dormant
Pull & Bear Commercial Beijing Co, Ltd.	100.00%	Beijing - China	Full Consol.	31-dec	Pull & Bear	Retail sales
Pull & Bear Bulgaria, Ltd	100.00%	Sofia - Bulgaria	Full Consol.	31-dec	Pull & Bear	Retail sales
Pull & Bear Hong Kong Ltd	100.00%	Hong Kong SAR	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 Österreich Clothing, Gmbh	100.00%	Vienna - Austria	Full Consol.	31-jan	Pull & Bear	Retail sales
Pull & Bear Korea, Ltd	100.00%	Seoul - South Korea	Full Consol.	31-jan	Pull & Bear	Retail sales
Limited Liability Company "PULL AND BEAR BLR"	100.00%	Minsk - Belarus	Full Consol.	31-dec	Pull & Bear	Retail sales
ITX Taiwan B.V. Pull & Bear Taiwan Branch	100.00%	Taipei - Taiwan	Full Consol.	31-jan	Pull & Bear	Retail sales
Plataforma Cabanillas, S.A.	100.00%	A Coruña - Spain	Full Consol.	31-jan	Pull & Bear	Logistics
P&B Gmbh	100.00%	Hamburg - Germany	Full Consol.	31-jan	Pull & Bear	Holding company
Pull & Bear Deutschland BV& CO	100.00%	Hamburg - Germany	Full Consol.	31-jan	Pull & Bear	Retail sales
Pro Retail Kazakhstan, LLP	100.00%	Almaty - Kazakhstan	Full Consol.	31-dec	Pull & Bear	Retail sales
Pull & Bear Suisse, SÁRL	100.00%	Fribourg - Switzerland	Full Consol.	31-jan	Pull & Bear	Retail sales
Uterqüe Cis, Ltd	100.00%	Moscow - Russia	Full Consol.	31-dec	Uterqüe	Retail sales
Uterqüe Giyim Limited	100.00%	Istanbul - Turkey	Full Consol.	31-jan	Uterqüe	Retail sales
Uterqüe México S.A. de C.V.	100.00%	Mexico City - Mexico	Full Consol.	31-dec	Uterqüe	Retail sales
"ITX KOSOVO" L.L.C.	100.00%	Pristina	Full Consol.	31-dec	Multi-concept	Retail sales
ITX Finance Asia, LTD	100.00%	Hong Kong SAR	Full Consol.	31-jan	Zara	Financial services
Inditex USA, LLC	100.00%	New York - USA	Full Consol.	31-jan	Multi-concept	Holding company
Uterqüe Polska SP. Z O.O.	100.00%	Warsaw - Poland	Full Consol.	31-jan	Uterqüe	Retail sales
Uterqüe Kazakhstan LLP	100.00%	Almaty - Kazakhstan	Full Consol.	31-dec	Uterqüe	Retail sales
Bershka BSK España, S.A.	100.00%	Barcelona - Spain	Full Consol.	31-jan	Bershka	Retail sales
Bershka Mexico, S.A. de CV	100.00%	Mexico City - Mexico	Full Consol.	31-dec	Bershka	Retail sales
Bershka Giyim Ithalat Ihracat Ve Tic.Ltd.	100.00%	Istanbul - Turkey	Full Consol.	31-jan	Bershka	Retail sales
Bershka Belgique, S.A.	100.00%	Brussels - Belgium	Full Consol.	31-jan	Bershka	Retail sales
Bershka France, S.A.R.L.	100.00%	Paris - France	Full Consol.	31-jan	Bershka	Retail sales
Bershka Suisse, S.A.R.L.	100.00%	Fribourg - Switzerland	Full Consol.	31-jan	Bershka	Retail sales
Bershka U.K., Ltd.	100.00%	London - UK	Full Consol.	31-jan	Bershka	Dormant
Bershka Polska Sp Z O.O.	100.00%	Warsaw - Poland	Full Consol.	31-jan	Bershka	Retail sales
Bershka Magyaroszag Kft.	100.00%	Budapest - Hungary	Full Consol.	31-jan	Bershka	Retail sales
Bershka Cis, Ltd	100.00%	Moscow - Russia	Full Consol.	31-dec	Bershka	Retail sales
Bershka Osterreich Clothing GmbH	100.00%	Vienna - Austria	Full Consol.	31-jan	Bershka	Retail sales
Bershka Hong Kong Limited	100.00%	Hong Kong SAR	Full Consol.	31-jan	Bershka	Retail sales
Bershka Commercial Beijing Co, Ltd	100.00%	Beijing - China	Full Consol.	31-dec	Bershka	Retail sales
Bershka Bulgaria, Ltd	100.00%	Sofia - Bulgaria	Full Consol.	31-dec	Bershka	Retail sales
Bershka Korea, Ltd	100.00%	Seoul - South Korea	Full Consol.	31-jan	Bershka	Retail sales
Bershka Diseño, S.L.	100.00%	Barcelona - Spain	Full Consol.	31-jan	Bershka	Design
BSKE, GMBH	100.00%	Hamburg - Germany	Full Consol.	31-jan	Bershka	Holding company
Bershka Deutschland B.V. & CO. KG	100.00%	Hamburg - Germany	Full Consol.	31-jan	Bershka	Retail sales
Best Retail Kazakhstan, LLP	100.00%	Almaty - Kazakhstan	Full Consol.	31-dec	Bershka	Retail sales
Bershka Commercial (Shanghai) Co, Ltd	100.00%	Shanghai - China	Full Consol.	31-dec	Bershka	Retail sales
Bershka USA INC	100.00%	New York - USA	Full Consol.	31-jan	Bershka	Retail sales
Limited Liability Company "BK GARMENTS BLR"	100.00%	Minsk - Belarus	Full Consol.	31-dec	Bershka	Retail sales
ITX Taiwan B.V. Bershka Taiwan Branch	100.00%	Taipei - Taiwan	Full Consol.	31-jan	Bershka	Retail sales
Stradivarius España, S.A.	100.00%	Barcelona - Spain	Full Consol.	31-jan	Stradivarius	Retail sales
ITX RE DAC	100.00%	Dublin - Ireland	Full Consol.	31-jan	Multi-concept	Insurance
Stradivarius Giyim Ithalat Ih. Ve Tic. Ltd.	100.00%	Istanbul - Turkey	Full Consol.	31-jan	Stradivarius	Retail sales
Stradivarius Polska, Sp zo.o	100.00%	Warsaw - Poland	Full Consol.	31-jan	Stradivarius	Retail sales
Stradivarius CIS, Ltd.	100.00%	Moscow - Russia	Full Consol.	31-dec	Stradivarius	Retail sales

Company	Effective % of ownership	Location	Consolidation method	Reporting date	Concept	Line of business
Stradivarius France, S.A.R.L.	100.00%	Paris - France	Full Consol.	31-jan	Stradivarius	Retail sales
Stradivarius Magyaroszag Kft.	100.00%	Budapest - Hungary	Full Consol.	31-jan	Stradivarius	Retail sales
Stradivarius Commercial Shangai CO, Ltd	100.00%	Shanghai - China	Full Consol.	31-dec	Stradivarius	Retail sales
Stradivarius Bulgaria, Ltd	100.00%	Sofia - Bulgaria	Full Consol.	31-dec	Stradivarius	Retail sales
Stradivarius Diseño, S.L.	100.00%	Barcelona - Spain	Full Consol.	31-jan	Stradivarius	Design
Stradivarius Korea, Ltd	100.00%	Seoul - South Korea	Full Consol.	31-jan	Stradivarius	Retail sales
Stradivarius Hong Kong, Ltd	100.00%	Hong Kong SAR	Full Consol.	31-jan	Stradivarius	Retail sales
Stradivarius México, S.A. de C.V.	100.00%	Mexico City - Mexico	Full Consol.	31-dec	Stradivarius	Retail sales
Stradivarius UK LIMITED	100.00%	London - UK	Full Consol.	31-jan	Stradivarius	Dormant
Stradivarius Belgique, S.A.	100.00%	Brussels - Belgium	Full Consol.	31-jan	Stradivarius	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
ITX Trading, S.A.	100.00%	Fribourg - Switzerland	Full Consol.	31-jan	Multi-concept	Buyer
Zara Home España, S.A.	100.00%	A Coruña - Spain	Full Consol.	31-jan	Zara Home	Retail sales
Zara Home U.K., Ltd.	100.00%	London - UK	Full Consol.	31-jan	Zara Home	Dormant
Zara Home Mexico, S.A. de C.V.	100.00%	Mexico City - Mexico	Full Consol.	31-dec	Zara Home	Retail sales
Zara Home Giyim Ithalat Ihracat Ve Ticaret Ltd.	100.00%	Istanbul - Turkey	Full Consol.	31-jan	Zara Home	Retail sales
Zara Home Francia, S.A.R.L.	100.00%	Paris - France	Full Consol.	31-jan	Zara Home	Retail sales
Zara Home CIS, Ltd.	100.00%	Moscow - Russia	Full Consol.	31-dec	Zara Home	Retail sales
Zara Home Polska, Sp zo.o	100.00%	Warsaw - Poland	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 Deutschland B.V. & Co. KG	100.00%	Hamburg - Germany	Full Consol.	31-jan	Zara Home	Retail sales
ZHE, Gmbh	100.00%	Hamburg - Germany	Full Consol.	31-jan	Zara Home	Holding company
Zara Home Brasil Produtos para o Lar, Ltda.	100.00%	Sao Paulo - Brazil	Full Consol.	31-dec	Zara Home	Retail sales
Zara Home Belgique, S.A.	100.00%	Brussels - Belgium	Full Consol.	31-jan	Zara Home	Retail sales
Zara Home Commercial & Trading (Shangai) Co., Ltd.	100.00%	Shanghai - China	Full Consol.	31-dec	Zara Home	Retail sales
Zara Home Macao SUL	100.00%	Macao SAR	Full Consol.	31-dec	Zara Home	Retail sales
Zara Home Kazakhstan, LLP	100.00%	Almaty - Kazakhstan	Full Consol.	31-dec	Zara Home	Retail sales
Zara Home Hong Kong Ltd	100.00%	Hong Kong SAR	Full Consol.	31-jan	Zara Home	Dormant
G. Zara Home Uruguay, S.A.	100.00%	Montevideo - Uruguay	Full Consol.	31-jan	Zara Home	Retail sales
Zara Home Suisse SÀRL	100.00%	Fribourg - Switzerland	Full Consol.	31-jan	Zara Home	Retail sales
Zara Home Chile SPA	100.00%	Santiago de Chile - Chile	Full Consol.	31-dec	Zara Home	Retail sales
Zara Home Australia Pty Ltd	100.00%	Sydney - Australia	Full Consol.	31-jan	Zara Home	Retail sales
Zara Home Magyarorszag KFT.	100.00%	Budapest - Hungary	Full Consol.	31-jan	Zara Home	Retail sales
Zara Home Korea LIMITED	100.00%	Seoul - South Korea	Full Consol.	31-jan	Zara Home	Retail sales
Zara Home Bulgaria EOOD	100.00%	Sofia - Bulgaria	Full Consol.	31-dec	Zara Home	Retail sales
Limited Liability Company "ZARA HOME BLR"	100.00%	Minsk - Belarus	Full Consol.	31-dec	Zara Home	Retail sales
ITX Taiwan B.V. Zara Home Taiwan Branch	100.00%	Taipei - Taiwan	Full Consol.	31-jan	Zara Home	Retail sales
Zara Logística, S.A.	100.00%	A Coruña - Spain	Full Consol.	31-jan	Zara	Logistics
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
Plataforma Logística Meco, S.A.	100.00%	Madrid - Spain	Full Consol.	31-jan	Multi-concept	Logistics
Pull & Bear Logística, S.A.	100.00%	A Coruña - Spain	Full Consol.	31-jan	Pull & Bear	Logistics
Massimo Dutti Logística, S.A.	100.00%	Barcelona - Spain	Full Consol.	31-jan	Massimo Dutti	Logistics
Bershka Logística, S.A.	100.00%	Barcelona - Spain	Full Consol.	31-jan	Bershka	Logistics
Oysho Logística, S.A.	100.00%	Barcelona - Spain	Full Consol.	31-jan	Oysho	Logistics
Stradivarius Logística, S.A.	100.00%	Barcelona - Spain	Full Consol.	31-jan	Stradivarius	Logistics
Zara Home Logística, S.A.	100.00%	A Coruña - Spain	Full Consol.	31-jan	Zara Home	Logistics
Inditex Logística, S.A.	100.00%	A Coruña - Spain	Full Consol.	31-jan	Zara	Logistics
Nueva comercializadora global XXI, S.A. DE C.V.	100.00%	Mexico City - Mexico	Full Consol.	31-dec	Multi-concept	Logistics
Corporación de Servicios XXI, S.A. de C.V.	100.00%	Mexico City - Mexico	Full Consol.	31-dec	Multi-concept	Services
Goa-Invest, S.A.	100.00%	A Coruña - Spain	Full Consol.	31-jan	Multi-concept	Construction
Goa-Invest Deutschland GMBH	100.00%	Hamburg - Germany	Full Consol.	31-jan	Multi-concept	Construction
Zara Vastgoed, B.V.	100.00%	Amsterdam - Netherlands	Full Consol.	31-jan	Zara	Real estate
ITX Global Solutions LIMITED	100.00%	Hong Kong SAR	Full Consol.	31-jan	Multi-concept	Services
SNC Zara France Immobiliere	100.00%	Paris - France	Full Consol.	31-dec	Zara	Real estate
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

Company	Effective % of ownership	Location	Consolidation method	Reporting date	Concept	Line of business
Lefties España, S,A,	100.00%	A Coruña - Spain	Full Consol.	31-jan	Zara	Real estate
Born, S.A.	100.00%	Palma de Mallorca - Spain	Full Consol.	31-jan	Zara	Real estate
LFT RUS Ltd	100.00%	Moscow - Russia	Full Consol.	31-dec	Zara	Retail sales
Lelystad Platform, B.V.	100.00%	Amsterdam - Netherlands	Full Consol.	31-jan	Multi-concept	Logistics
Robustae Mexico, S.A DE C.V.	100.00%	Mexico City - Mexico	Full Consol.	31-dec	Zara	Retail sales
Inditex, S.A.	100.00%	A Coruña - Spain	Full Consol.	31-jan	Zara	Dormant
Zara Holding II, B.V	100.00%	Amsterdam - Netherlands	Full Consol.	31-jan	Multi-concept	Holding company
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
Fashion Logistic Forwarders, S.A.	100.00%	A Coruña - Spain	Full Consol.	31-jan	Multi-concept	Logistics
ITX Asia Pacific Enterprise Management, Co., Ltd	100.00%	Shanghai - China	Full Consol.	31-dec	Multi-concept	Buyer
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
ITX USA, LLC	100.00%	New York - USA	Full Consol.	31-jan	Multi-concept	Retail sales
Fashion Retail , S.A.	100.00%	A Coruña - Spain	Full Consol.	31-jan	Multi-concept	Retail sales
ITXR Macedonaia Dooel Skopje	100.00%	Skopje - North Macedonia Rep.	Full Consol.	31-dec	Multi-concept	Retail sales
ITX E-commerce (Shanghai) Co. Ltd	100.00%	Shanghai - China	Full Consol.	31-dec	Multi-concept	Retail sales
ITX TRYFIN B.V.	100.00%	Amsterdam - Netherlands	Full Consol.	31-jan	Multi-concept	Financial services
ITX RUBFIN, B.V.	100.00%	Amsterdam - Netherlands	Full Consol.	31-jan	Multi-concept	Financial services
ITX Korea LIMITED	100.00%	Seoul - South Korea	Full Consol.	31-jan	Multi-concept	Retail sales
ITX Services India Private Ltd	100.00%	Gurgaon - India	Full Consol.	31-mar	Multi-concept	Buyer
Inditex France, S.A.R.L.	100.00%	Paris - France	Full Consol.	31-jan	Multi-concept	Dormant
ITX Merken, B.V.	100.00%	Amsterdam - Netherlands	Full Consol.	31-jan	Multi-concept	Services
Zara Home Österreich Clothing GMBH	100.00%	Vienna - Austria	Full Consol.	31-jan	Zara Home	Retail sales
ITX LUXEMBOURG S.A.	100.00%	Luxembourg - Luxembourg	Full Consol.	31-jan	Multi-concept	Retail sales
CDC Trading (Shangai) Co. LTD.	100.00%	Shanghai - China	Full Consol.	31-dec	Multi-concept	Buyer
Zara Home Retail South Africa (PTY) LTD.	100.00%	Johannesburg - South Africa	Full Consol.	31-jan	Zara	Retail sales
FGI Gestión Mex, S.A. de C.V.	100.00%	Mexico City - Mexico	Full Consol.	31-dec	Multi-concept	Construction
INDITEX RENOVABLES, S.L.	100.00%	A Coruña - Spain	Full Consol.	31-jan	Multi-concept	Services

INTEGRATED DIRECTORS' REPORT

Consolidated Directors' Report

To 31 January 2022

(Amounts expressed in millions of euros)

Situation of the entity

The information relating to the "Situation of the entity" is detailed in section 4.1 Our strategy and growth model, the fuel for transformation in the Inditex Group's Statement on Non-Financial Information.

Organizational structure

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

- Annual General Meeting
- Board of Directors
- Executive Committee
- Audit and Compliance Committee
- Nomination Committee
- Remuneration Committee
- Sustainability Committee
- Compliance Committee and Office of the Chief Compliance Officer
- Ethics Committee

Business performance and results

Key financial and non-financial indicators

Inditex continues to expand its global, fully integrated platform underpinned by the key strategic pillars of store & online integration, digitalisation and sustainability.

The year was defined by a progressive normalisation of sales and our strong differentiation.

In 1Q2021, with 24% of trading hours still unavailable due to restrictions, Inditex's sales trends improved markedly due to healthy in-store sales productivity and online sales growth.

With a more normalised trading environment in 2Q2021 and 3Q2021, sales, PBT and net income reached record highs. It is especially noteworthy that store sales in 3Q2021 increased versus the record levels set in 2019, with 11% fewer stores in operation.

This performance continued going into 4Q2021. However, the final part of the year was impacted significantly by the decrease in store traffic due to the spread of the Omicron variant and restrictions in most markets, and lockdowns in Austria, The Netherlands, Germany, Japan, China and the Philippines.

The sudden drop in store sales generated a one-off impact of €400 million in 4Q2021. The impact on the gross profit due to increased markdowns as a result of the outbreak was approximately €210 million. Due to the sudden drop in store sales, it was difficult to compensate the incremental store expenses associated with the Christmas season and the additional costs linked to increased online sales. The impact from this was a further €190 million.

Following a decrease in the cases of the Omicron variant and the end of restrictions, the start of the Spring/Summer season 2022 has returned to the previous positive patterns.

The RFID and SINT programmes have now been fully rolled out in all concepts. This has allowed Inditex to transition into a company that is more responsive, adaptable, and agile. The migration to the Inditex Open Platform (IOP) is now complete.

Inditex's dividend policy of 60% ordinary payout and bonus dividends remains in place. The Board of Directors will propose to the AGM a dividend of €0.93 per share (+33%), composed of an ordinary dividend of €0.63 and a bonus dividend of €0.30 per share. The dividend will be made up of two equal payments: On 2 May 2022 a payment of €0.465 per share (ordinary). On 2 November 2022 a payment of €0.465 per share (€0.165 ordinary + €0.30 bonus).

The Board of Directors is also proposing to the AGM a total bonus dividend of €0.40 per share to be paid in relation to FY22 results.

In FY2021 gross new space in prime locations increased 3.6% (-1.7% net). Total selling area at FYE reached 4,742,157 square metres:

	2021	2020	21/20
Zara (Zara and Zara Home)	3,140,790	3,209,510	(2)%
Pull&Bear	399,699	394,170	1%
Massimo Dutti	256,505	272,747	(6)%
Bershka	512,644	513,139	(0)%
Stradivarius	321,147	321,419	(0)%
Oysho	111,372	115,581	(4)%
Total	**4,742,157**	**4,826,566**	**(2)%**

Inditex has been very active in store optimisation activities in 2021 (226 openings, 130 refurbishments which include 57 enlargements). Store optimisation is in the final stages as planned (578 stores absorbed in 2021). At the end of FY2021, Inditex operated 6,477 stores. In FY2021, Inditex opened stores in 40 markets.

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

Concept	31/01/2022	31/01/2021
Zara	1,939	2,025
Zara Kids	68	93
Zara Home	482	535
Pull&Bear	864	873
Massimo Dutti	682	762
Bershka	971	1,005
Stradivarius	915	936
Oysho	556	600
Total	**6,477**	**6,829**

Company-managed stores and franchised stores at the end 2021:

Concept	Company Managed	Franchised	Total
Zara	1,684	255	1,939
Zara Kids	68	-	68
Zara Home	402	80	482
Pull&Bear	706	158	864
Massimo Dutti	560	122	682
Bershka	804	167	971
Stradivarius	717	198	915
Oysho	472	84	556
Total	**5,413**	**1,064**	**6,477**

Sales in company-managed and franchised stores:

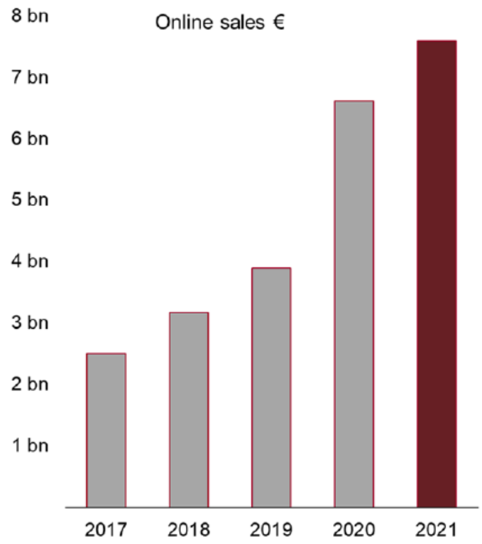
Concept	Company Managed	Franchised
Zara (Zara and Zara Home)	88%	12%
Pull&Bear	82%	18%
Massimo Dutti	84%	16%
Bershka	82%	18%
Stradivarius	77%	23%
Oysho	84%	16%
Total	**86%**	**14%**

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

Net sales by concept are shown in the table below:

	2021	2020
Zara (Zara and Zara Home)	19,586	14,129
Pull&Bear	1,876	1,425
Massimo Dutti	1,653	1,271
Bershka	2,177	1,772
Stradivarius	1,824	1,283
Oysho	600	522
Total	**27,716**	**20,402**

Online sales came to €7.5 billion and grew 14% to reach 25.5% of total sales. Customer engagement remains very high. Active App's reached 146 million. Online visits in FY2021 have grown 13% to 6.2 billion visits. The Group has 228 million followers on social media.



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

Area	2021	2020
Europe ex-Spain	48.4%	48.7%
Asia & RoW	19.7%	23.2%
Spain	14.4%	14.6%
Americas	17.5%	13.5%
Total	**100%**	**100%**

In 2021, the USA became the largest market for Inditex after Spain.

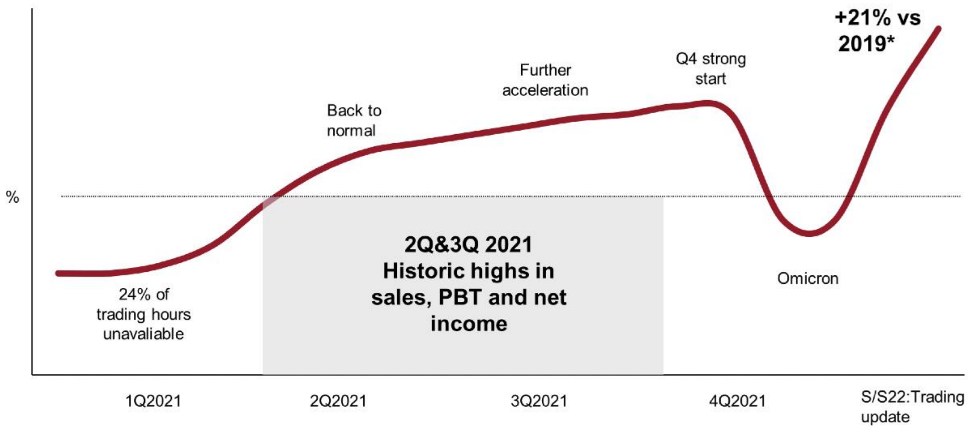
In 2021, Inditex had a strong operating performance. The chart below shows the full year results:

€ million	2021	21/20
Net Sales	27,716	36%
Gross profit	15,814	39%
EBITDA	7,183	58%
Net income	3,243	193%

Net sales reached €27.7 billion, +36% versus 2020. Sales in constant currencies increased 37%. To provide a better comparison with pre-Covid levels, sales in constant currency grew 3% versus 2019 (-2% in 1H and +7.5% in 2H).

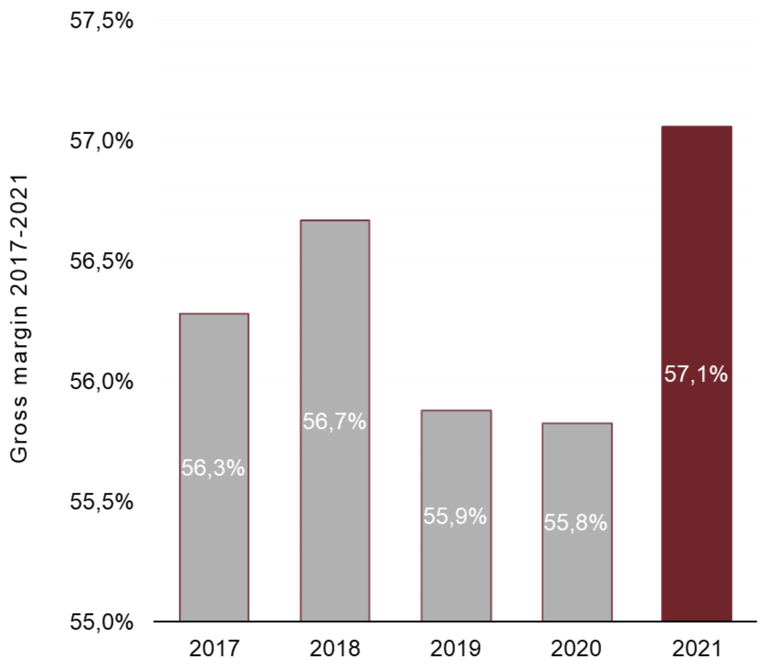
The sales volumes were achieved with 5% less stores in operation versus 2020 (-13% versus 2019). The store optimisation programme has therefore been a resounding success.

The following graph illustrates the sales growth versus 2019.



*In this period, sales in the Russian Federation and Ukraine represented approximately 5% of sales growth

Gross profit increased 39% to €15.8 billion. The gross margin reached 57.1% (+123 bps) and is the highest in 6 years.



The implementation of efficiencies has resulted in operating expenses increasing 26%, being tightly managed over FY2021, below sales growth.

	2021	2020	21/20
Personnel expenses	4,179	3,376	24%
Rental expenses	519	181	187%
Other operating expenses	3,898	3,250	20%
Total	**8,596**	**6,807**	**26%**

EBITDA reached €7.2 billion (+58%), EBIT came to €4.3 billion (+184%).

The following chart shows the breakdown of financial results:

	2021	2020
Net financial income (losses)	(17)	(2)
Lease finance costs	(92)	(120)
Foreign exchange gains (losses)	(33)	(17)
Total	**(142)**	**(139)**

Results from companies consolidated by the equity method came to €58 million.

PBT increased 200% to €4.2 billion. The PBT on sales in each of the concepts exceeded 15%. The breakdown of profit before tax by concept is shown below:

PBT by concept

Concept	2021	2020
Zara (Zara and Zara Home)	2,890	971
Pull&Bear	317	95
Massimo Dutti	250	63
Bershka	321	113
Stradivarius	332	117
Oysho	89	43
Total PBT	**4,199**	**1,401**

Net income increased 193% to €3.2 billion.

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

	2021	2020
Net income	3,243	1,106
Shareholders equity - previous year	14,520	14,913
Shareholders equity - current year	15,733	14,520
Average equity	15,126	14,716
Return on Equity	**21%**	**8%**

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

	2021	2020
PBT	4,199	1,401
Average capital employed		
Average shareholders' equity	15,126	14,716
Average net financial debt (*)	-	-
Total average capital employed	15,126	14,716
Return on Capital employed	**28%**	**10%**

(*) Zero when net cash

Return on Capital Employed by concept:

Concept	2021	2020
Zara (Zara and Zara Home)	25%	9%
Pull&Bear	40%	11%
Massimo Dutti	26%	6%
Bershka	32%	11%
Stradivarius	48%	16%
Oysho	35%	15%
Total	**28%**	**10%**

To complement the financial statements included in the consolidated annual accounts of the Inditex Group, attached there is Annex II showing the 2021 results by quarter.

Issues relating to sustainability and employees

In this document includes the Group's Statement on Non-Financial Information, which includes information about issues relating to sustainability and employees in sections 4.2 Sustainability, the basis for transformation; 5.1 Collaborating with our people, the engine of that transformation; 5.4 Collaborating to transform through sustainable management of our products; 5.5 Collaborating so our suppliers grow; 5.6 Collaborating to safeguard the planet and 5.7 Collaborating to generate value in the community.

Liquidity and capital resources

In 2021, cashflow reached historic highs. Strong free cash flow generation continues. The breakdown of the cashflow is shown below. The cash lease payments fixed charge has been added back.

Cash flow summary	2021	2020	2019
Funds from operations (1)	6,530	3,864	6,695
Lease payments fixed charge (2)	(1,668)	(1,673)	(1,836)
Funds from operations (1+2)	**4,862**	**2,191**	**4,859**
Change in working capital	223	(847)	205
Cash flow operations	**5,085**	**1,344**	**5,064**
Capital expenditure	(1,126)	(713)	(1,122)
Free Cash Flow	**3,959**	**631**	**3,942**

The net cash position increased 24% to €9.4 billion at FYE 2021.

	31/01/2022	31/01/2021
Cash & cash equivalents	7,021	7,398
Short term investments	2,374	176
Current financial debt	(35)	(11)
Non current financial debt	(1)	(3)
Net financial cash (debt)	**9,359**	**7,560**

Closing inventory increased 31%. The high quality of inventory is reflected in the strong 2022 trading update. Due to Covid-19 (30% of stores temporarily closed) inventory levels at FYE2020 were unusually low. Inditex has decided to accelerate inventory inflows for the Spring season with any change to commitment levels in order to increase product availability in the face of possible supply chain tensions.

	31/01/2022	31/01/2021
Inventories	3,042	2,321
Receivables	842	715
Payables	(6,411)	(4,747)
Operating working capital	**(2,526)**	**(1,711)**

Capital expenditure for FY2021 amounted to €1.1 billion.

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

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

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

Additionally, the Group has available credit lines, against which no amounts have been drawn down (see Note 20 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 functional 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 functional currency, i.e., in euros, it is exposed to foreign exchange translation risk resulting from all its entities located outside the Economic and Monetary Union. The Company is also exposed to the risk arising from the payment and collection flows in currencies other than the euro in relation to the acquisition and provision of goods and services in both Group and non-Group transactions.

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

Interest rate and liquidity risk are also assessed. The Group manages cash at corporate level based on a highly active repatriation policy aimed at reducing the aforementioned risks to a minimum, also taking into account sovereign or jurisdiction risk. The current negative interest rate environment, especially in the Economic and Monetary Union, poses a potential risk of negative profitability in the Group's financial position. 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 decline in consumption 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, 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 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 political instability, infrastructure saturation or constraints, especially on key routes, which generate bottlenecks due to supply-demand imbalances that limit access to transport and/or erode business margins.

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, as well as regulatory risks of a criminal nature, crimes related to corruption, fraud and bribery, cybersecurity and environmental legislation, among others. Regulatory changes, as well as differing or even divergent treatment of legal facts in different jurisdictions, expose the Group to potential negative effects of a financial, compliance and/or reputational nature.

The conflict in Ukraine has forced the temporary suspension of the Group's operations in Ukraine and in the Russian Federation. The implications that the current circumstances may have for our business due to their potential ramifications, as well as their estimated duration, are still difficult to assess in such an uncertain context. The Group continues to permanently analyse the evolution of the conflict and its complex implications and implement plans to mitigate its impact, especially in relation to its workforce in the affected markets.

Technological Risks

The technological risk category includes targeted cyber-attacks, 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 affect the confidentiality, integrity and availability of critical data.

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

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

Environmental Risks

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

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

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

There is also a risk arising from the potential adverse effects of the Group's value chain due to the discharge of undesirable or hazardous substances into the environment, 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 in societies, including the evolution of preferences, social norms, demographics, as well as the prevalence of diseases and the development of public healthcare systems.

Human resource-related risks pertain to the potential dependency on key personnel, the inability to adapt the organisational culture with the required speed and flexibility 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, teleworking culture, etc.

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. The note on covid-19 details its impact during the year and the mitigation measures implemented.

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 regulatory breach or good practices 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, good governance guidelines and best practices; and the commitments that Inditex voluntarily undertakes as a business, as well as 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 risks of corruption or 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 risk include most notably: Investment Policy, External Financing Policy, Payment Management Policy, Financial Risk Management Policy, Insurable Risks Management Policy, Code of Conduct and of Responsible Practices, Criminal Risk Prevention Policy, Internal Regulations of Conduct in the Securities Markets, Code of Conduct of Manufacturers and Suppliers, Occupational Health and Safety Policy, Sustainability

Policy, Information Security Policy, Procurement Policy, Policy on Communications and Contact with Shareholders, Institutional Investors and Proxy Advisers, Policy and Procedure on Representatives and Attorneys, Policy on Human Rights, Diversity and Inclusion Policy, Compliance Policy, Tax Strategy and Tax Policy, Anti-Money Laundering and Terrorist Financing Policy, Due Diligence Policy, Conflicts of Interest Policy, Policy on Donations and Sponsorships, Policy on Gifts and Business Courtesies, Policy on Dealings with Public Servants.

For more details, see Section 5.10 Responsible risk management of the Statement on Non-Financial Information.

Significant events after the reporting period

War began in Ukraine on 24 February 2022, and it continues at the date of preparing these consolidated annual accounts. The conflict has prevented the ordinary course of operations throughout the region.

In this regard, on 5 March 2022, the Group announced that under the current circumstances it could not guarantee the continuity of the operations and commercial conditions in the Russian Federation and temporarily suspended its activity there (this applies to physical stores and the online channel alike). It had halted its operations in Ukraine on 24 February 2022.

In both markets, all the stores (502 in Russia and 84 in Ukraine) are operated under lease, so the value of the Group's net assets in the two markets at 2021 year-end was not material from the perspective of the consolidated financial statements for that year. As these circumstances occurred subsequent to the close of the financial statements, no provision was allocated in this connection, pursuant to IAS 10.

In the current environment, it is difficult to gauge the possible implications of this situation for the Inditex Group, based on the multiple potential developments in the short and medium term. Group's Management continues to track the unfolding conflict and its potential repercussions closely. The Group's businesses in the Russian Federation and Ukraine respectively account for some 8.5% and 1.5% of its EBIT.

Information on the outlook for the Group

Inditex continues to see strong growth opportunities. The strategic initiatives to strengthen our global fully integrated store and online model are accelerating. Sustainability and digitalisation are key parts of our strategy. We plan to continue developing these key long-term priorities in order to maximise organic growth.

The Inditex business model is characterised by a full integration of stores and online providing the latest fashions with the right combination of quality and price to provide a unique customer experience. The flexibility and responsiveness of the business model in conjunction with in-season proximity sourcing allows a swift reaction to consumer demand with price stability and a unique market positioning.

Spring/Summer collections have been very well received by our customers. Store and online sales in constant currency from 1 February to 13 March were 33% above 2021 and 21% above the historic pre-Covid highs of 2019. In this period, sales in the Russian Federation and Ukraine represented approximately 5 percentage points of sales growth.

Inditex has a stable pricing policy. In those markets with temporary material inflation or currency depreciation we make the necessary adjustments to protect the margins. Given these selective actions we expect pricing to contribute to 2022 Spring/Summer sales in mid-single digits, with no impact on volumes as highlighted by the trading update.

At current exchange rates, Inditex expects a neutral currency impact on sales in FY2022.

We expect selective gross space growth in the coming years with highly differentiated, fully integrated, digital and sustainable stores. Gross space growth will take place through new openings, enlargements and relocations. Following the near completion of the store optimisation plan 2020-2021 we expect a neutral space contribution in 2022.

Online sales are expected to exceed 30% of total sales by 2024.

In 2022, Inditex expects a stable gross margin (+/-50 bps).

Inditex's goal is to reinforce the uniqueness of its business model through investments in differentiation, digitalisation and sustainability. Capital expenditure for 2022 will be around €1.1 billion.

Sustainability is a key part of Inditex's strategy, detailed under the Group's Statement on Non-Financial Information included in this document.

Inditex continues to make progress in its sustainable development:

1) 100% renewable energy by 2022
2) Join Life +50% by 2022
3) 100% more sustainable cotton by 2023
4) Elimination of single-use plastics in customer packaging by 2023
5) 100% sustainable cellulosic fibres by 2023
6) 100% of all packaging materials collected for reuse/recycle in our supply chain (Green to Pack)
7) Water consumption -25% in our supply chain by 2025
8) 100% recycled or sustainable polyester/linen by 2025
9) Net zero emissions by 2040

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 garments, 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 garments labelling and, finally, to the activity linked to the digital transformation of the business.

Acquisition and sale of treasury shares

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

At 31 January 2021, the Company owned 1,726,305 treasury shares, representing 0.055% of the share capital.

In the first half of 2021, as part of the Temporary Buyback Programme and with the authorisation in force granted by the Annual General Meeting, 2,500,000 treasury shares have been acquired, in order to enable the Parent to meet its obligations to deliver shares to the beneficiaries of the abovementioned Long-Term Incentive Plan 2019-2023.

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

Other salient information

Stock market information

The Inditex share price closed 2021 at 26.74 euros per share on 31 January 2022, presenting an increase of 9%. The average daily trading volume was approximately 4.5 million shares. In the same period, the Ibex 35 was up by 11% while the Dow Jones Stoxx 600 Retail rose by 9%.

Inditex's market capitalisation stood at 83,339 million euros at the end of the period, up 810% on its capitalisation when its shares were admitted to trading on 23 May 2001, as compared with a 11% decrease in the Ibex 35 index in the same period.

The dividend for 2020 totalling 0.70 euros per issued share was paid in May and November 2021.

Dividend policy

The dividends paid by the Parent in 2021 and 2020 amounted to 2,180 million euros and 1,090 million euros, respectively. These amounts correspond to payments of 0.70 euros per share and 0.35 euros per share respectively.

The distribution proposed by the Board of Directors is shown in Note 28.

Other disclosures

Related party transactions

Transactions with related parties are described in Notes 27 and 29 to the consolidated annual accounts. The Company did not carry out any transactions with related parties in 2020 that substantially affected its financial position or results.

Information on average payment periods required by Law 15/2010, of 5 July, amending Law 3/2004, of 29 December

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

Annual Corporate Governance Report

In this document includes the 2021 Annual Corporate Governance Report, which will be sent to Spanish National Securities Market Commission as other relevant information on 16 March 2022 and is available on our corporate website (www.inditex.com) and on CNMV website (www.cnmv.es).

Non-financial information and information on diversity, equality, no discrimination and disability

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

Alternative performance measures

The Gross Margin, EBITDA, EBIT, PBT, ROE, ROCE, working capital, net financial position, average net financial debt, quarterly results, sales growth at constant exchange rates and sales in comparable stores, are defined in the introduction to the consolidated annual accounts for 2021.

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

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

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

Annex II

Income statement: FY2021 quarterly results:

	2021 Quarterly results			
	Q1	Q2	Q3	Q4
Net sales	4,942	6,993	7,390	8,391
Cost of sales	(1,980)	(3,048)	(2,888)	(3,986)
Gross profit	**2,962**	**3,945**	**4,502**	**4,405**
	59.9%	56.4%	60.9%	52.5%
Operating expenses	(1,716)	(2,070)	(2,171)	(2,639)
Other net operating income (losses)	(11)	(9)	(2)	(14)
Gross operating profit (EBITDA)	**1,235**	**1,866**	**2,330**	**1,752**
	25.0%	26.7%	31.5%	20.9%
Amortisation and depreciation	(666)	(749)	(722)	(762)
Operating income (EBIT)	**569**	**1,117**	**1,607**	**990**
	11.5%	16.0%	21.7%	11.8%
Financial results	(34)	(34)	(33)	(42)
Results from companies consolidated by equity method	9	16	14	19
Income before taxes	**544**	**1,099**	**1,588**	**967**
	11.0%	15.7%	21.5%	11.5%
Taxes	(121)	(249)	(356)	(222)
Net income	**423**	**850**	**1,232**	**745**
	8.5%	12.2%	16.7%	8.9%
Minorities	**1**	**-**	**4**	**2**
Net income attributable to the controlling company	**421**	**850**	**1,228**	**744**
	8.5%	12.2%	16.6%	8.9%

Annex III

Detail of stores by concept and market as at 31 January 2022:

Market	Zara	Zara	Pull&Bear	Massimo Dutti	Bershka	Stradivarius	Oysho	Zara Home	INDITEX
ALBANIA	1	-	1	1	2	2	-	1	8
GERMANY	70	-	11	11	14	-	-	8	114
ANDORRA	1	-	1	1	1	1	1	1	7
SAUDI ARABIA	45	-	20	13	30	42	14	6	170
ALGERIA	3	-	3	1	4	4	2	3	20
ARGENTINA	11	-	-	-	-	-	-	-	11
ARMENIA	2	-	2	2	3	2	1	1	13
ARUBA	1	-	-	-	-	-	-	-	1
AUSTRALIA	18	-	-	-	-	-	-	-	18
AUSTRIA	12	-	4	1	7	-	-	2	26
AZERBAIJAN	3	-	2	3	3	2	1	-	14
BAHREIN	2	-	1	2	1	1	1	1	9
BELGIUM	27	-	7	17	14	2	3	6	76
BELARUS	2	-	2	1	3	3	1	1	13
BOSNIA	3	-	4	1	4	4	-	-	16
BRAZIL	43	-	-	-	-	-	-	8	51
BULGARIA	6	-	4	6	8	4	5	1	34
CANADA	32	-	-	6	-	-	-	-	38
CHILE	9	-	-	-	-	-	-	4	13
MAINLAND CHINA	133	-	-	70	-	-	61	39	303
HONG KONG SAR	12	-	2	1	3	-	-	2	20
MACAO SAR	2	-	-	1	-	-	1	1	5
TAIWAN, CHINA	9	-	3	4	3	-	-	2	21
CYPRUS	7	-	6	6	6	7	5	6	43
COLOMBIA	12	-	9	5	12	12	5	5	60
SOUTH KOREA	37	-	-	8	-	-	4	5	54
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	9	-	6	6	6	5	4	4	40
EL SALVADOR	1	-	2	-	2	2	1	-	8
UAE	15	-	10	9	11	7	9	6	67
SLOVAKIA	4	-	4	2	7	5	1	1	24
SLOVENIA	4	-	2	1	3	4	-	-	14
SPAIN	256	55	175	145	168	242	130	96	1,267
UNITED STATES	99	-	-	-	-	-	-	-	99
ESTONIA	2	-	1	2	1	1	-	1	8
PHILIPPINES	9	-	3	2	5	4	-	-	23
FINLAND	6	-	-	1	-	-	-	-	7
FRANCE	116	-	39	7	51	32	5	16	266
GEORGIA	4	-	2	4	3	3	2	1	19
GREECE	39	4	22	12	27	23	18	9	154
GUATEMALA	3	-	3	1	3	3	1	1	15
NETHERLANDS	28	-	12	4	17	8	-	6	75
HONDURAS	2	-	2	1	2	2	1	1	11
HUNGARY	9	-	10	4	10	9	3	3	48
INDIA	21	-	-	3	-	-	-	-	24
INDONESIA	16	-	14	5	8	13	4	3	63
IRELAND	10	-	3	2	5	3	-	-	23
ICELAND	1	-	-	-	-	-	-	-	1
ISRAEL	25	-	24	3	17	10	-	2	81
ITALY	92	-	53	3	68	78	24	23	341
JAPAN	75	-	-	-	2	-	-	9	86
JORDAN	3	-	2	3	2	5	2	2	19
KAZAKHSTAN	5	-	5	4	6	5	5	4	34
KUWAIT	7	-	4	4	5	5	4	5	34
LATVIA	3	-	2	4	2	2	2	1	16
LEBANON	3	-	2	3	5	4	3	3	23
LITHUANIA	5	-	3	5	4	4	1	2	24
LUXEMBOURG	3	-	1	2	1	1	1	1	10
NORTH MACEDONIA REP.	2	-	2	2	2	2	1	1	12
MALAYSIA	8	-	4	5	2	-	-	-	19
MALTA	1	-	3	1	1	1	1	3	11
MOROCCO	13	-	3	4	4	7	3	4	38
MEXICO	80	-	69	38	73	53	45	24	382
MONACO	1	-	-	-	-	-	-	-	1
MONTENEGRO	1	-	1	-	1	1	-	-	4
NICARAGUA	1	-	1	-	1	1	-	-	4
NORWAY	5	-	-	-	-	-	-	-	5
NEW ZEALAND	1	-	-	-	-	-	-	-	1
OMAN	1	-	-	-	1	1	1	1	5
PANAMA	2	-	2	1	2	2	1	1	11
PARAGUAY	1	-	-	-	-	-	-	1	2
PERU	4	-	-	-	-	-	-	3	7
POLAND	42	-	34	27	45	49	19	14	230
PORTUGAL	72	9	46	42	42	43	25	23	302
PUERTO RICO	3	-	-	-	-	-	-	-	3
QATAR	6	-	5	6	5	4	4	5	35
UNITED KINGDOM	59	-	9	12	8	7	-	7	102
CZECH REPUBLIC	5	-	3	2	5	4	1	1	21
DOMINICAN REPUBLIC	3	-	1	2	1	2	2	2	13
ROMANIA	25	-	26	13	29	26	13	10	142
RUSSIA	86	-	86	60	106	74	62	41	515
SERBIA	7	-	7	5	8	8	4	4	43
SINGAPORE	8	-	3	4	3	-	-	-	18
SOUTH AFRICA	6	-	-	-	-	-	-	1	7
SWEDEN	8	-	1	3	-	-	-	1	13
SWITZERLAND	20	-	4	4	6	-	1	2	37
THAILAND	12	-	2	4	1	-	1	2	22
TUNISIA	5	-	3	2	4	4	3	2	23
TURKEY	39	-	31	26	32	32	28	17	205
UKRAINE	12	-	17	10	17	15	10	4	85
URUGUAY	2	-	-	-	-	-	-	2	4
VIETNAM	2	-	1	1	-	1	-	-	5
INDITEX	**1,939**	**68**	**864**	**682**	**971**	**915**	**556**	**482**	**6,477**

Independent Verification Report

Deloitte, S.L.
Ferrol 1
15004 A Coruña
España

Tel: +34 981 12 46 00
www.deloitte.es

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

INDEPENDENT LIMITED ASSURANCE REPORT

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

In accordance with Article 49 of the Spanish Commercial Code, we have performed the verification, with a scope of limited assurance, of the Consolidated Non-Financial Information Statement ("NFIS") for the year ended 31 January 2022 ("2021") of Industria de Diseño Textil, S.A. ("Inditex") and Subsidiaries ("the Group"), which forms part of the Group's Integrated Consolidated Directors' Report.

The content of the NFIS includes information additional to that required by current Spanish corporate legislation relating to non-financial reporting and by the Global Reporting Initiative Standards ("GRI Standards") that was not the subject matter of our verification. In this regard, our work was limited solely to verification of the information identified in sections "6.2.3 Table of contents required by Law 11/2018" and "6.2.5 GRI table of contents" identified by the symbol ☑ presented in section "6.2 Reporting principles" of the 2021 NFIS.

Responsibilities of the Directors and Management

The preparation and content of the NFIS, which forms part of the Group's Integrated Consolidated Directors' Report, are the responsibility of the Board of Directors of Inditex. The NFIS was prepared in accordance with the content specified in current Spanish corporate legislation and with the criteria of the selected GRI standards in their comprehensive option, as well as other criteria described as indicated for each matter in section "6.2 Reporting principles" of the aforementioned NFIS.

These responsibilities of the directors and management also include the design, implementation and maintenance of such internal control as is determined to be necessary to enable the NFIS to be free from material misstatement, whether due to fraud or error.

The directors of Inditex are also responsible for defining, implementing, adapting and maintaining the management systems from which the information necessary for the preparation of the NFIS is obtained.

Our Independence and Quality Control

We have complied with the independence and other ethical requirements of the Code of Ethics for Professional Accountants issued by the International Ethics Standards Board for Accountants (IESBA), which is based on fundamental principles of professional integrity, objectivity, competence and due care, confidentiality and professional behaviour.

Our firm applies International Standard on Quality Control 1 (ISQC 1) and, accordingly, maintains a comprehensive system of quality control including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

Our engagement team consisted of professionals who are experts in reviews of non-financial information and, specifically, in information about economic, social and environmental performance.

Deloitte, S.L. Inscrita en el Registro Mercantil de Madrid, tomo 13.650, sección 8ª, folio 188, hoja M-54414, inscripción 96ª. C.I.F.: B-79104469.
Domicilio social: Plaza Pablo Ruiz Picasso, 1, Torre Picasso, 28020, Madrid.

Our Responsibility

Our responsibility is to express our conclusions in an independent limited assurance report based on the work performed. We conducted our work in accordance with the requirements established in International Standard on Assurance Engagements (ISAE) 3000 Revised, Assurance Engagements other than Audits or Reviews of Historical Financial Information, currently in force, issued by the International Auditing and Assurance Standards Board (IAASB) of the International Federation of Accountants (IFAC), and with the guidelines published by the Spanish Institute of Certified Public Accountants on attestation engagements regarding non-financial information statements.

The procedures performed in a limited assurance engagement vary in nature and timing from, and are less in extent than for, a reasonable assurance engagement and, consequently, the level of assurance provided is substantially lower.

Our work consisted in making inquiries of management of Inditex and to the management of various units of the Group that participated in the preparation of the NFIS, reviewing the processes used to compile and validate the information presented in the NFIS, and carrying out the following analytical procedures and sample-based review tests:

- Meetings held with Group personnel to ascertain the business model, policies and management approaches applied, and the main risks relating to these matters, and to obtain the information required for the external review.
- Analysis of the scope, relevance and completeness of the contents included in the 2021 NFIS based on the materiality analysis performed by the Group and described in section "4.4.3 Materiality Analysis" of the NFIS, taking into account the contents required under current Spanish corporate legislation.
- Analysis of the processes used to compile and validate the data presented in the 2021 NFIS.
- Review of the information relating to risks and the policies and management approaches applied in relation to the material matters presented in the 2021 NFIS.
- Verification, by means of sample-based review tests, of the information relating to the contents included in the 2021 NFIS, and the appropriate compilation thereof based on the data furnished by information sources.
- Obtainment of a representation letter from the directors and management.

Emphasis of Matter

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 investment establishes the obligation to disclose how and to what extent a company's activities meet the criteria for environmentally sustainable economic activities in relation to the climate change mitigation and climate change adaptation objectives for the first time for 2021, provided that the non-financial information statement is published on or after 1 January 2022. As a result, the accompanying NFIS for 2021 does not include comparative information in relation to this matter. In addition, information was included in relation to which Inditex's directors have opted to apply the criteria which, in their opinion, best enables them to comply with the new obligation and which are defined in section "6.1.5 Report in relation to the EU Taxonomy" of the 2021 NFIS. Our conclusion is not modified in respect of this matter.

Conclusion

Based on the procedures performed in our verification and the evidence obtained, nothing has come to our attention that causes us to believe that:

- The non-financial information identified with the symbol ☑ in section "6.2.5 GRI table of contents" of the 2021 NFIS was not prepared, in all material respects, in accordance with GRI standards in their comprehensive option, and with the other criteria described for each matter in the aforementioned table of contents.

- The Consolidated Non-Financial Information Statement for 2021 of Industria de Diseño Textil, S.A. and Subsidiaries was not prepared, in all material respects, in accordance with the content specified in current Spanish corporate legislation and with the criteria of the selected GRI standards, as well as other criteria described as indicated for each matter in section "6.2.3 Table of contents required by Law 11/2018" of the aforementioned NFIS.

Use and Distribution

This report has been prepared in response to the requirement established in corporate legislation in force in Spain and, therefore, it might not be appropriate for other purposes or jurisdictions.

DELOITTE, S.L.

Cleber H. Beretta Custodio

16 March 2022

Inditex Group's Statement on Non-Financial Information

Collaborating to transform

2021 financial year

1. Executive Chairman's statement

GRI 102-14 and 103-3

Dear friends of Inditex,

2021 was once again marked by the complexity wrought by the Covid-19 pandemic. In that context, the strategic forward thinking Inditex has been implementing since 2013 proved its worth.

The investment of over €13 billion in technology which has transformed our sales platform over the past eight years has proven uniquely effective in circumstances that can surely be described as the most uncertain in recent economic history. Perhaps more importantly, recent developments have shown us to have the right strategy and a future-proofed business model at a time of clear change throughout the sector.

True to our founding principle of placing the customer front and centre, and the engine powering all our decision-making, our company has delivered far-reaching strategic change during this time. As a result, our customers are now able to make their fashion and shopping decisions when and where it suits them best, something that was unthinkable just a few years ago; and they can browse a specific store virtually from their mobile phone, in an example of our teams' extraordinary ability to innovate, showcasing our company's digital leadership role.

To achieve all of this we have made specific technological changes and developed projects that have set us apart, leveraging a proprietary operating platform that has, for example, allowed us to integrate our online and store inventory management, injecting additional effectiveness into an already-flexible model. Technology has also been a key enabler of the unprecedented step up in our sustainability and traceability commitments across all processes, aspects that are crucial for the sector's future.

It was at this moment of strategic strength that we decided the time was right to conclude the generational succession process which the company has been working towards for a long time. Marta Ortega, daughter of Amancio Ortega, the company's founder and largest shareholder, will chair our board from 1 April 2022, with Óscar García Maceiras as CEO.

Today more than ever, after 17 years at the helm of this unique company, I can say with pride that I have honoured the commitments I made personally to Inditex and Amancio Ortega, whom I thank for his support and confidence. I have said on many occasions that Amancio Ortega is present in every corner of our company and that his presence translates into an incomparable culture of teamwork, entrepreneurial spirit and commitment.

It is precisely this culture that has steered us successfully through the pandemic. In 2020 I said it was the year I felt proudest of the dedication and flexibility of all our teams. Well this year I must once again pay tribute to their extraordinary energy and humility. That spirit has made it possible to come through this global situation as we have: stronger than ever, having beaten earnings records for several quarters running. The full-year results have naturally been affected by the health restrictions that forced us, for example, to forego the equivalent of 25% of our normal trading hours during the first quarter and the rapid transmission of the Omicron variant towards the end of the year.

As I have said, none of these achievements would have been possible without our people. The creative talent which, day after day, season after season, our designers and product managers are able to hone in products for our customers is truly remarkable. As is the web of coordination that weaves together our store, online, manufacturing and logistics teams, while engaging each of our country teams, all of which are constantly overseen by our sustainability experts, making our fashion and customer shopping experience so unique.

Indeed, sustainability is one of the company's key strategic drivers, an area in which we are making a decisive push. In 2021 we managed to achieve or even top all of the targets we had set for ourselves. Most notably, 91% of the energy we consumed came from renewable sources, above the target set and putting us on track to deliver our goal of 100% in 2022. Furthermore, 47% of our articles carried our Join Life label, outperforming our target of 40%. The biggest development on the sustainability front was our decision to bring our target for net zero emission operations – the sustainability goal that encompasses and drives all others – forward by a whole decade, to 2040.

Inditex has become an engine for the sustainable transformation of its suppliers. We have worked with them to become bolder in our ambitions for their transformation. We have moved the target for having all the cotton and viscose sourced from more sustainable sources forward to 2023, by [the end of] which we are also planning to reduce the water consumed in our supply chain by 25%.

As for plastics, we have pledged to use only polyester from more sustainable sources by 2025 and agreed with the Ellen McArthur Foundation to halve our virgin plastic footprint by 2025 from a 2019 baseline. Along the way we have eliminated all plastic shopping bags from our stores and started to charge for paper bags in a number of countries in order to encourage their reduction and reuse. All the proceeds from their sale are being put back into environmental projects.

All our sustainability initiatives are governed by two basic premises: firstly, it is an effort that requires constant fine-tuning; secondly, it is an effort that must be people-driven. Against that backdrop, we have reiterated and reinforced our commitment to the UN Guiding Principles on Business and Human Rights. We are also convinced that progress on digitalisation will fuel our sustainability strategy, framed by our commitment to the United Nations Global Compact, its Guiding Principles and its Sustainable Development Goals. In keeping with our transparency pledge, over the coming pages we seek to provide a transparent and detailed account of the progress we have made in all these areas, ensuring the integrity of the data reported and upholding, in our concluding sections, the principles of the Integrated Reporting framework.

In tandem with our end-to-end sustainability approach, we remain true to our community investment strategy. In 2021 that work benefitted more than 2.2 million people through 725 projects and initiatives carried out together with 427 organisations and charities, to which we committed €63.5 million.

Lastly, I would like to end this letter by extending my heartfelt thanks to everyone here at Inditex. Today our team numbers 100,000 more than it did 17 years ago. For my part, it has been the highest honour imaginable to lead this team of unrivalled individuals and watch you grow. Thank you so much for everything you do day after day and for the personal and professional relationships we have built. I will always carry you all in my heart.

Many thanks.

2. CEO's statement

GRI 102-14 and 103-3

Collaborating to transform

Dear friends of Inditex,

This is my first time addressing you and I would like to start by expressing how excited and honoured I feel to serve as Inditex's Chief Executive. Ever since Amancio Ortega laid the foundations of the company back in 1963, our Group has followed its own business philosophy and approach that is unique within the fashion retail sector. This approach is embedded into every aspect of our business and, together with the talent and engagement of our teams, defines who we are and who we will be going forward. That corporate culture has been nurtured by Pablo Isla, without whose contribution over the past 17 years, Inditex would not be the company it is today.

Inditex has been able to adapt to every cycle the fashion retail sector has been through. The reason for that ability to respond to unfolding market conditions lies with the Group's deep and longstanding connection with the real world of fashion, a premise so simple but core to our personality. Our business model is the result of a winning combination of teamwork, talent, creativity, innovation, dynamism, efficiency and flexibility, an entrenched culture that pushes boundaries beyond comfort zones.

Inditex boasts a business model capable of adapting to any environment and an international reach underpinned by a solid strategic approach. Its inspiring fashions combined with a fully integrated omnichannel offer in each region, and supported by technological innovation, has enabled us to extend our store leadership to the digital world, with online sales now accounting for one-quarter of the total.

We are, therefore, in a unique position to tackle the challenges facing us as the sector embarks on one of its biggest transformations. Far from sitting back, Inditex is ready to continue to lead our sector, which means collaborating to have a positive impact in every aspect.

We are in a unique position to tackle the challenges facing the sector as it embarks on one of its biggest ever transformations

To that end we will continue to:

- Prioritise values such as respect, inclusion, equality, diversity, integration and non-discrimination above all other considerations. Those values constitute one of our greatest strengths.
- Embed sustainability into all our processes and decisions, striving to do business in an even cleaner, kinder and fairer way. With that in mind, we have made ambitious sustainability commitments and we are working to deliver them as soon as possible. Notably, we have brought our net zero emission pledge forward by a whole decade to 2040, an effort that will entail not just cutting our own emissions but also require the collaboration of all our suppliers.

- Work with our suppliers towards having a positive impact on their communities. We are working specifically on 7 priority impact areas designed to forge a sustainable supply chain, underpinned by constant dialogue with workers, unions and business owners.

- Integrate circular economy criteria into all our processes with the aim of extending the useful life of our products via reuse or recycling. Here we are working with a range of organisations, including the Massachusetts Institute of Technology (MIT), on research to develop new techniques that make clothing last longer and optimise the recovery of used clothing.

- Inspire our people, by motivating them and giving them real chances to develop their careers at Inditex. We have created an environment in which the more than 50 thousand people who work with us can fully utilise their talent, put their ideas forward and participate in decision-making. We want motivated, capable and independent professionals who are always willing to bring their full capabilities to the task at hand.

- Foster, through collaboration, the sustainable transformation of the fashion retail sector, a commitment that is detailed throughout the pages of this Report and which recognises our awareness of our responsibility to take a leadership role.

- Aspire to meet the needs of those who use fashion to express their personality, identity, sense of style or enjoyment of life. Ultimately we are a fashion company; we are creators and purveyors of fashion and we live and breathe fashion in all its manifestations.

As CEO, I promise to keep our unique business approach and philosophy alive and well, a task that will be made easier by the appointment of Marta Ortega as Chairwoman of Inditex from April 2022. Our new corporate governance structure reflects the profound commitment of our largest shareholder. It will allow us to fully leverage Marta's knowledge of the business, her vision for the fashion business and for our design, product and brand image, vital in our sector. In assuming my duties, I am confident in the knowledge that I can rely on the best team of professionals, who possess a magnificent combination of talent and proven experience. I have the assurance that comes from knowing that I am buoyed by the passion of a group of ethically-committed designers and product, store, online, factory, logistics, international market and corporate service managers who, between them all, make this a leading global company. Thanks to all of them we will continue to build the company we are and aspire to be.

I promise to keep our unique business approach and philosophy alive and well, a task that will be made easier by the appointment of Marta Ortega as Chairwoman of Inditex from April 2022

3. Get to know Inditex

We have a unique business model, diverse and talented staff, myriad and varied fashion proposals, a circular approach, a unique company-customer relationship and a hallmark culture of innovation. As a result, and with the collaboration of our stakeholders, we drive a sustainable transformation that makes us standard-bearers beyond the bounds of our industry.

3.1. Global footprint and key data

Global presence

215
markets

Net Sales
(€M)

27,716
total

25.5%
online

Tax contribution
(€M)

6,093
total

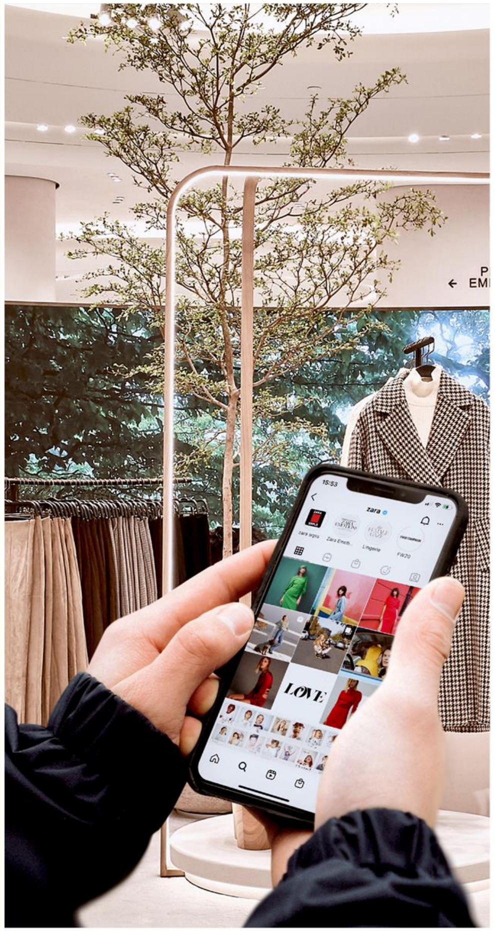
Other magnitudes
(€M)

3,243
profit

9,359
net financial position

2,180
dividend

Global presence and key figures in 2021



A unique team

+165,000
employees

177
nationalities

76%
women

29.3
average age

Sustainability commitments

91%
of energy from renewable sources

47%
of Join Life articles

Social programmes investment

+2M
beneficiaries

+63M€
investment

Supply chain

1,790
suppliers

8,756
manufacturers

1,366,420
workers benefited by Workers at the Centre activities

Innovating for our costumers


Inditex Open Platform


Store Mode


Virtual Try-on

3.2. Milestones in 2021

Milestones

February

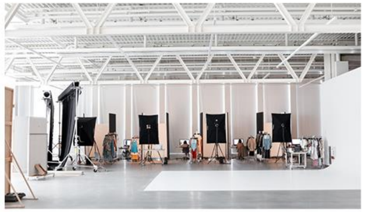
Massimo Dutti launches its virtual fitting room

The Shoes Experience, an augmented reality initiative, allows customers to simulate trying on shoes wherever they are using the brand's app.

March

New zara.com building

The new facility, which spans more than **67,000m²** and is fitted with the **latest technology and sustainability solutions,** houses the new zara.com studios and the Zara Man Design Centre.



Zara Home unveils its new global image in Coruña

The brand's **newly launched concept**, in which its stores are laid out like the rooms of a house, offers a new shopping experience that gives **greater prominence to its products** in a homely atmosphere.

Inditex widens its collaboration with ACNUR

The aim of this initiative is to donate Group products to refugee camps and urban settlements in **Rwanda, Burkina Faso, Ethiopia, Uganda and Belarus.**

May

Zara launches its cosmetics line

The new section is called **Zara Beauty** and includes a full range of beauty products for eyes, lips, face and nails made of high-quality compounds designed by make-up artist **Diane Kendal.**

July

New sustainability commitments

The Group approves new sustainability commitments at its Annual General Meeting, bringing delivery of the **net zero emissions** pledge forward a decade to 2040.

Inditex, among the world's 50 most innovative companies

Inditex was included by **Boston Consulting Group** on its list of **Most Innovative Companies 2021,** drawn up by more than 1,600 professionals from all around the world.

Inditex scores 4.9 out of 5 in FTSE4GOOD

Inditex has been traded in the benchmark **sustainability** stock index, FTSE4Good, since 2002, scoring 4.9 out of 5 in each of the last three years.

September

Inditex signs the International Accord

One of the main targets of the new agreement is to bring the lessons and achievements of the **Bangladesh** Accord to new markets so as to effectively and transparently implement **essential health and safety measures in the textile industry.**

Zara Athleticz

Zara Man's **new sports line** is available on the brand's app and in select stores. The collection, called Zara Athleticz, is articulated around three key concepts: **simplicity, comfort and functionality.**

October

Massimo Dutti launches Shop&Go

This new Massimo Dutti service lets customers **shop in-store** directly **from their phones**, so offering new ways to shop and elevating the store experience.

November

Financial Times includes Inditex in its Diversity Leaders index

The Group has joined the ranks of the **European diversity leaders** selected by the **Financial Times** following an assessment of over 850 companies.

Inditex receives the Terra Carta seal for its contribution to creating a sustainable future

This seal was created by the Prince of Wales as part of the **Sustainable Markets Initiative** to acknowledge global companies that are pushing for **innovation** and demonstrating their **commitment** to the creation of genuinely sustainable markets.

Inditex joins the Leaf Coalition

This **global initiative,** which brings together businesses and governments, has managed to mobilise over **$1 billion** in financing for the **conservation of tropical and subtropical forests.**

New management team

Marta Ortega Pérez was appointed Group Chair as proprietary director, with effect from 1 April 2022. In parallel, Oscar García Maceiras was named CEO of Inditex, with immediate effect.

December

New collaborations with MSF, Medicus Mundi and Entreculturas

New **€2.5m** donation to MSF.

Inditex's contribution will help fund the provision of health assistance to the Rohingya community in **Bangladesh** and medical and psychological care to migrants and refugees in **Mexico;** it will also support MSF's **Emergency Desk,** which manages the organisation's interventions in large-scale and highly-complex situations by dispatching teams of specialists.

Zara launches AZ Collection, marking its début foray into the metaverse

This new Zara collection, designed in collaboration with South Korean brand Ader Error (ADER), launched into the **virtual world** through the **ZEPETO** app. Users of this metaverse platform, in which Zara is participating for the first time, can purchase virtual clothing and make-up for their avatars in the **ADER ERROR X ZARA** store.

January

Inditex, one of the world's 100 most sustainable corporations

The Group has climbed 19 positions - to 73rd spot - on **The Global 100 Most Sustainable Corporations in the World,** an annual ranking based on an assessment of economic and ESG indicators.

3.3 Inditex in figures, key indicators

3.3.1. Economic indicators, evolution over the last four years[1]

GRI 102-7

	2021	2020	2019	2018
Turnover (millions of euros)				
Net sales	27,716	20,402	28,286	26,145
Online sales (2)	25.5%	32%	14%	12%
Sales by concept (millions of euros)				
Zara (Zara + Zara Home) (3)	19,586	14,129	19,564	18,021
Pull&Bear	1,876	1,425	1,970	1,862
Massimo Dutti (Massimo Dutti + Uterqüe) (4)	1,653	1,271	2,015	1,903
Bershka	2,177	1,772	2,384	2,240
Stradivarius	1,824	1,283	1,750	1,534
Oysho	600	522	604	585
Sales by geographic area (percentage)				
Spain	14.4%	14.6%	15.7%	16.2%
Europe ex-Spain	48.4%	48.7%	46.0%	45.1%
Americas	17.5%	13.5%	15.8%	15.5%
Asia and rest of the world	19.7%	23.2%	22.5%	23.2%
Total	**100%**	**100%**	**100%**	**100%**
Financial structure (millions of euros)				
Equity attributable to the parent company	15,733	14,520	14,913	14,653
Net financial position	9,359	7,560	8,060	6,705
Profits and cash flow (millions of euros)				
EBITDA	7,183	4,552	7,598	5,457
EBIT	4,282	1,507	4,772	4,357
Net profit	3,250	1,104	3,647	3,448
Net profit attributable to the parent company	3,243	1,106	3,639	3,444
Cash flow	6,531	3,864	6,695	4,378
Financial and management ratios				
ROE (Return On Equity)	21%	8%	25%	24%
ROCE (Return On Capital Employed)	28%	10%	32%	31%

[1] The explanation about the calculation methodology of the different APMs are included in the initial Note of the Consolidated Annual Accounts of financial year 2021.

[2] Percentage of online sales over total sales.

[3] Sales at Zara Home in all financial years are reported consolidated with those of Zara.

[4] Sales at Uterqüe in all financial years are reported consolidated with those of Massimo Dutti.

	2021	2020	2019	2018
Commercial presence				
Number of markets	215	216	202	202
Number of stores	6,477	6,829	7,469	7,490
Average store area (in m^2)	732	707	681	662
Total retail area (in m^2)	4,742,157	4,826,566	5,086,732	4,962,081
Headquarters effect				
Invoicing to suppliers in Spain (millions of euros)	5,376	4,221	5,140	5,248
Number of suppliers in Spain [5]	6,620	6,384	7,098	7,220

Tax contribution (millions of euros)

	2021	2020	2019	2018
Total contribution – Inditex	**6,093**	**4,689**	**6,749**	**6,166**
Own taxes	2,423	1,916	3,040	2,764
Taxes collected	3,670	2,773	3,709	3,402
Total contribution – Spain	**1,501**	**1,201**	**1,874**	**1,692**
Own taxes	780	620	1,049	928
Taxes collected	721	581	825	764
Total contribution – Europe (ex-Spain)	**3,217**	**2,562**	**3,398**	**3,168**
Own taxes	794	691	1,023	988
Taxes collected	2,423	1,871	2,375	2,180
Total contribution – America	**910**	**534**	**943**	**760**
Own taxes	592	357	623	489
Taxes collected	318	177	320	271
Total contribution – Asia and rest of the world	**465**	**392**	**534**	**546**
Own taxes	257	248	345	359
Taxes collected	208	144	189	187

Share performance

	2021	2020	2019	2018
Dividend	0.93	0.70	0.35	0.88

[5] Suppliers of both textiles and general services in Spain.

Dividend

In the month of May and November 2021, the dividend corresponding to the 2020 financial year of 0.70 euros per share was paid. In the 2021 financial year, a total of 2,180 million euros was paid to shareholders as a 2020 dividend. The Inditex Board of Directors will propose to the Annual General Meeting a dividend of 0.93 euros per share for the 2021 financial year. It will be made up of an ordinary dividend of 0.63 euros and an extraordinary dividend of 0.30 euros per share. The dividend is made up of two equal payments of 0.465 euros per share, the first payment will be made on May 2, 2022 and the second will be paid on November 2, 2022. Inditex maintains its dividend policy, which combines a 60 % of ordinary payout and extraordinary dividends.

3.3.2. Environmental and social indicators, evolution over the last four years

GRI 103-2; 103-3; 102-5; 102-7; 102-8; 102-9; 102-48; 203-1; 302-1; 302-2; 302-3; 302-4; 302-5; 308-1; 412-1; 414-1; AF2; AF8 and AF21

	2021	2020	2019	2018
Indicators for sustainable management of our products				
Articles placed on the market (in tonnes)	565,027	450,146	545,036	528,797
Join Life articles placed on the market (% of the total)	47%	38%	19%	9%
Cotton from more sustainable sources: organic, BC and recycled (in tonnes)	166,195	73,874	38,676	18,851
Polyester from more sustainable sources (in tonnes)	26,728	9,594	5,332	1,881
Linen from more sustainable sources (in tonnes)	4,201	1,245	1,813	266
Viscose and other man-made cellulosic fibres from more sustainable sources (in tonnes)	29,053	8,379	6,692	3,178
Garments collected through the Closing the Loop Programme (in tonnes) (6)	16,072	13,043	15,321	14,825
Materials recovered for its reuse (in tonnes)	19,048	16,871	21,298	19,247
Degree of compliance with CtW and StW standards	98.5%	98.3%	97.4%	97.4%
Picking programme: Inspections	49,999	42,856	56,352	63,420
Picking programme: Garment analyses	792,582	744,404	899,046	933,980
Indicators for sustainable supply chain management and Workers at the Centre				
Product suppliers with purchases in the year (7) (8)	1,790	1,805	1,985	1,866
Factories declared by suppliers (9)	8,756	8,543	8,155	7,235
Rejected suppliers	25	44	56	50
Audits of suppliers and manufacturers (10)	17,477	11,997	12,215	12,064
Progress in the Workers at the Centre strategic plan	85%	78%	NA	NA

[6] The figures for 2018 have been updated with respect to their Annual Report, to include data that were not available at that time.

[7] Since 2019, the scope of the information reported has been broadened to increase suppliers and manufacturers of non-textile articles. Consequently, the information for FY 2018 is not comparable.

[8] Suppliers of fashion articles with a production of over 20,000 units/year in the 2021 spring/summer and autumn/winter campaigns. Suppliers producing less than 20,000 units account for 0.25% of overall production.

[9] Factories declared by the suppliers in the manufacturer's management system for 2021 orders.

[10] In 2021 and 2020, traceability, pre-assessment, social, special and environmental audits are included. In previous years, environmental audits are not included since the changes to the Green to Wear standard do not allow their comparison.

	2021	2020	2019	2018
Number of Workers at the Centre projects implemented (11)	46	38	45	34
Number of workers benefited from the activities developed under Workers at the Centre	1,366,420	1,224,557	1,472,719	994,154
Suppliers and factories reached by the activities developed under Workers at the Centre	1,153	1,374	1,597	594
Indicators for planet preservation actions				
Global energy consumption (GJ)	6,322,357	4,574,536	6,814,610	7,088,858
Relative energy consumption (MJ/m^2)	809	593	855	943
Group energy needs covered by renewable energy (in %)	91%	81%	63%	45%
Market-based scope 1+2 emissions (t CO_2eq)	62,345	110,535	309,785	438,620
Kg CO_2eq per m2 (market-based scope 1+2)	8	14	39	58
Total number of persons in the Sustainability team	**4,522**	**5,637**	**6,404**	**4,925**
External	4,267	5,422	6,204	4,774
Internal	255	215	200	151
Corporate community investment indicators				
Corporate Community Investment (in euros)	63,500,135	71,803,602	49,231,909	46,218,895
Number of direct beneficiaries	2.217.342	3.313.581	2.441.300	2.425.639
Total number of community organisations supported	427	439	421	413
Number of community investment projects	725	703	670	622
Number of garments donated to social causes	5,899,270	4,114,490	3,164,084	3,225,462
Number of hours spent by employees on social initiatives during working hours	206,087	178,035	122,284	118,077
Indicators for our people				
Percentage of women/men	76% / 24%	76% / 24%	76% / 24%	75% / 25%
Number of nationalities	177	171	172	154

[11] Main programmes carried out in the field.

	2021	2020	2019	2018
Average employee age	29.3	30.1	28.9	28.7
Number of employees	165,042	144,116	176,611	174,386
Type of contract[12]				
- Permanent	81%	87%	77%	73%
- Temporary	19%	13%	23%	27%
Type of working day (13)[12]				
- Full-time	44%	50%	47%	51%
- Part-time	56%	50%	53%	49%
Employees by activity				
- Store	86%	86%	87%	87%
- Logistics	6%	6%	6%	5%
- Manufacturing	1%	1%	1%	1%
- Central services	7%	7%	6%	7%

[12] Data about type of working day and type of contract available in 2021 for 98.2% of the workforce (not available for Belgium) (95.4% in 2020 and 94.7% in 2019) To calculate the number of contracts by type of working day, broken down by gender, age and professional classification, the corresponding percentages are applied to the total number of employees.

[13] The figures for the proportion of full-time and part-time employees reported in 2020 have been corrected with respect to those published in the Annual Report for that year.

3.4. Acknowledgements

GRI 103-2

The relationship with trade unions, NGOs, governments and other civil organisations is key to implementing our sustainable business model throughout the value chain. The recognition from some of these organisations of our work in 2021 is an incentive to continue making progress.

BAPTIST WORLD AID AUSTRALIA

The Ethical Fashion Report by Baptist World Aid Australia ranked Inditex among the leaders in sustainability and labour rights in the supply chain. The report analyses 420 brands from 98 companies, including all eight of the Group's brands. All of them received an A rating.

Bloomberg Gender-Equality Index 2022

Inditex was included by Bloomberg in its 2022 Gender Equality Index (GEI) for the third year running. This index analyses companies' commitment to gender equality on the basis of five pillars: female leadership and talent pipeline, equal pay and gender pay parity, inclusive culture, sexual harassment policies, and pro-women brand. The list comprises 418 corporations of 45 countries and regions worldwide and across 50 different sectors.

CDP DRIVING SUSTAINABLE ECONOMIES

For the fifth year running, in 2021 CDP has awarded our initiatives to fight climate change, our leadership in disclosing information and our performance in this area with an A- rating.

GLOBAL100 2022 THE WORLD'S MOST SUSTAINABLE CORPORATIONS

The Global 100 Most Sustainable Corporations, in which Inditex has been included for the fourth consecutive year, evaluates the economic, environmental, social and governance indicators of more than 7,000 global companies and ranks Inditex 73rd in the general index and 2nd, once again, in its sector.

Dow Jones Sustainability Indexes

In 2021, Inditex scored 75/100 in S&P's Global Corporate Sustainability Assessment (score date: 12 November 2021). As a result, Inditex scored in the 98th percentile in the retail sector. With regard to the environment, Inditex was awarded a score of 94/100, i.e., in the highest percentile (100).

FINANCIAL TIMES

For the second time, in 2021 the Financial Times Diversity Leaders included Inditex in its list of European companies recognised by its employees for achieving full inclusion at the workplace.

The Financial Times also includes the Group in its list of Europe's Climate Leaders 2021, which features the 300 companies that have managed to reduce their greenhouse gas emissions the most.

Forbes

For a number of editions now, Inditex has been included in the Forbes Global 2000 list, which selects 2,000 leading global companies based on four indicators: sales, utilities, assets and market value.

FTSE4Good

For the third consecutive year, in 2021 the **FTSE4Good** sustainability index awarded Inditex a score of 4.9 out of 5. This sustainability stock index includes the global companies with the strongest sustainability commitment, and evaluates their environmental, social and corporate governance practices.

merco

In 2021, for the tenth consecutive year, Inditex claimed the top spot in the ranking of Companies with the Best Reputation in Spain. It also achieved first place again in the Merco Responsibility and Corporate Governance ranking.

REFINITIV

REFINITIV - *Global Diversity & Inclusion Index*

In 2021, Inditex was ranked 66 in Refinitiv's Global Diversity & Inclusion Index, which identifies companies from all over the world that are ground-breakers in diversity and inclusion. This year the Group's efforts to promote the values of diversity and inclusion were again recognised by Refinitiv, which included Inditex in its Top 100 Diversity and Inclusive Companies, based on the examination of policies and practices at more than 8,500 companies.

universum

Most Attractive Employers

Universum Most Attractive Employers identifies the 100 best companies to work for based on polls of university students. In 2021, Inditex again featured among Spanish business students' favourite companies.

World Benchmarking Alliance

By means of its Gender Benchmark Report 2021, practices in connection with equality and empowerment of women were analysed at the 35 most influential companies in the retail sector. The research, which ranked Inditex in sixth position, is based on information published by the companies themselves, and highlights their leadership and commitment to SDG 5 (Gender equality).

BCG

BOSTON CONSULTING GROUP- *Most Innovative Companies*

The consultancy firm selects the 50 most innovative companies in the world, which includes three retailers, and ranks Inditex 41st. According to BCG, the covid-19 pandemic has shown the importance of these companies' commitment and level of preparation, as well as their excellence in innovation.

TERRA CARTA

Inditex has obtained the Terra Carta Seal, a seal that recognizes global companies that drive innovation and demonstrates their commitment to creating genuinely sustainable markets. Inditex is one of 45 companies worldwide recognized with this distinction. The Terra Carta is a personal initiative of His Royal Highness The Prince of Wales' Sustainable Markets Initiative with the aim of accelerating the transition to a sustainable economy.

3.5. Retail formats

GRI 102-2

At Inditex we have fashion proposals to suit all tastes and requirements. Our eight brands (Zara, Pull&Bear, Massimo Dutti, Bershka, Stradivarius, Oysho, Zara Home and Uterqüe) continue to offer innovative new proposals to respond to our customers' requests. At the same time, our concepts continue to introduce cutting-edge technology into their integrated store and online platform, improving the experience we offer our customers and facilitating their interaction with fashion.

Zara

'There is no beauty, only beauties' is the defining slogan of Zara Beauty, one of the new commercial initiatives unveiled in the year. The top-quality make-up range designed by British make-up artist Diane Kendal offers a variety of colours and products in refillable containers whose slanted design is a nod to the 'Z' in Zara.

Zara again commissioned the video and photography work for the spring and autumn campaigns to Steven Meisel and Fabien Baron. This partnership, which evidences Zara's excellent rapport with two of the foremost names in fashion images, is completed with the brand's tribute to global photography icon, the late Peter Lindbergh, through the Tribute collection: a range of garments featuring some of the signature images lensed by the German artist of models like Kate Moss, Amber Valetta, Linda Evangelista, Helena Christensen and Lyonne Koester over the course of his career.

In 2021, Zara presented the new Athleticz collection of sportswear designed for athletes from any sports discipline, and unveiled Zara Origins, a proposal for creating a current and timeless basic wardrobe. Towards the end of the year, the brand launched capsule collaborations with fashion brands like KASSL Editions, from the Netherlands, and Ader Error, from South Korea, with which it has developed a virtual extension of the ZEPETO digital platform, Zara's first venture into the metaverse.

Zara remains committed to innovation as a means to integrate sustainability criteria into its products and processes, under the Join Life standard. Through the Sustainability Innovation Hub collaborative platform to boost new technologies and more sustainable materials, Zara has joined forces with the startup LanzaTech to launch a capsule collection that incorporates fabric made with carbon emissions.

19,586 million euros in net sales

116.2 million followers in social media

4,134 million visits to the website

Pull&Bear

Pull&Bear celebrated its thirtieth birthday with the slogan '30 Years Young', as a tribute to youth, creativity, passion and non-conformism, values ingrained in the brand's DNA and which have accompanied an entire generation. This brand philosophy is conveyed to consumers through a smiling and colourful graphic design that, in a special limited edition, took over the logo, packaging and store windows around the world.

The focus on denim is highlighted by (Un)Catalogued, a limited-edition capsule collection combining iconic garments made from this fabric. The brand also presented 19.91 Colours: a new category comprising a selection of key articles for the season based on a shared premise: colour.

The collaborations remain equally relevant, whether in the sphere of sports (NFL or Starter), entertainment (Space Jam: A New Legacy), or with the aim of bringing art to a younger audience (The Andy Warhol Foundation). New formats of digital innovation were also explored through Pacific Game, a Spark AR game developed with Facebook Creative Shop and inspired by the collection for its youngest customers.

In addition, channels such as Twitch have gained prominence, hosting live streams promoted by Pull&Bear, including *La Noche del Ropas,* alongside one of the most popular content creators for Generation Z: ByCalitos.

The brand has strengthened its commitment to circularity through the *Ecodiseño & Circularidad (Circularity & Eco-design)* project, a collection produced from other garments and belonging to the Join Life category.

1,876 million euros in net sales

23 million followers in social media

463 million visits to the website

Massimo Dutti

Landscapes of outstanding natural beauty such as the Hamptons in the US or the Côte d'Azure in France were an unbeatable backdrop for the Limited Edition collections from Massimo Dutti, noted for their exquisite fabrics and which, with a modern and avant-garde outlook, offer delicate design of exceptional quality and simplicity of lines.

The brand also debuted its Body Care line, a collection of personal body care products created using an exclusive selection of ingredients.

Summer saw the launches of the swimwear collections, using sustainable materials made from recycled plastics.

In winter, Massimo Dutti's first foray into the world of lingerie took us to the epicentre of the feminine universe. The result is a selection of garments that celebrate calm and well-being and that seek to convey sensations through their fabrics, cuttings and range of colours.

1,653 million euros in net sales

12.9 million followers in social media

240 million visits to the website

Bershka

Bershka continues to collaborate with important figures from the world of music such as Bad Gyal, Paloma Mami, the French rapper Hatik and, more recently, C. Tangana, one of the most prominent urban artists of the moment.

The link with brands that are significant for its audience has also been at the forefront this year. Evidence of this are the NBA capsule collection, collaborations with the world of anime, including *Naruto, Evangelion* and *Sakura* and, in gaming, the exclusive *League of Legends* collection.

In addition,the projects Hack Denim—a Join Life collection in collaboration with Organic Cotton Accelerator—and Denim Lab—a garment personalisation experience in partnership with Jeanologia—further evidence the brand's commitment to sustainability.

2,177 million euros in net sales

32 million followers in social media

579 million visits to the website

Stradivarius

Stradivarius ventured into the art world through its unique project Stradivarius Meets Art*,* a proposal based on the premise that art deserves to be shared. This new launch makes the brand a **global showcase for emerging artists from all over the world,** providing them with digital platforms in which to display their talent. A meticulous selection of artists from different disciplines have participated in the first two editions.

Varius has been other of this year's pillars. The campaign, featuring women from diverse backgrounds, **celebrates self-love and self-esteem** with the hashtag *#LOVEALLYOURVARIUS*.

New product lines have also been launched, such as: Sport, a collection of sportswear, *PSijamas* or the Pets Collection, a line of accessories for pets.

To disseminate all these projects, Stradivarius was supported by international ambassadors such as Beatrice Vendramin (Italy), Michelle Salas (Mexico), Julia Wieniawa (Poland), Sasha Spilberg and Dasha Kozlovskaya (Russia), Maya Bursali (France), Juultje Tieleman (Netherlands) and the Cuban artist Rachel Valdés, curator of the Stradivarius Meets Art project.

Stradivarius takes a step further towards sustainability, focusing on innovation to generate fabrics by recycling its garments.

1,824 million euros in net sales

18.6 million followers in social media

456 million visits to the website

Oysho

Oysho remains committed to **innovation and technicality** in its sports collections. By launching collections such as Silky Feeling, Comfortlux, Compressive and Light Touch, the brand has reaffirmed its commitment to sports and its technical lines for the practice of various disciplines.

The brand continues to offer sports-related content via the training programme Oysho Train With Us on its channels, including yoga and fitness classes and preparation for running at all levels, and with the input of international teachers and sportspeople.

It has also continued to collaborate with community races such as the Women's Race and Formentera Half-Marathon in Spain, and the Race for the Cure on the international stage. It has also become a sponsor of the *San Silvestre Vallecana* race in Madrid (Spain).

600 million euros in net sales

10.6 million followers in social media

115 million visits to the website

Zara Home[14]

The collaboration with Kassl Editions, the group of designers of functional, timeless and genderless fashion who have created a clothing collection and household items for Zara and Zara Home, has been one of the highlights of the year.

The household products brand has also expanded and renewed its product range with initiatives such as Bakery Kids and Pastry Collection, baking utensils collections (the latter designed by the French baker Cédric Grolet); the Pet and Tools collections, respectively for pets and DIY jobs at home; a collection of vinyl records and articles for organising a home cinema session; and even a collaboration with Fujifilm that includes cameras and all the necessary accessories for photography buffs and people starting out in this art form.

Still in the world of image, in the second half of the year Zara Home also launched a highly cinematographic campaign starring actress and fashion icon Chloë Sevigny, directed by Fabien Baron in the short film entitled *The Last Line*.

In keeping with the Group's commitment to sustainability, Zara Home has added more sustainable items to its Join Life collections. New furniture collections made from recycled wood, the first Join Life collection of household fragrances, recycled plastic baskets and a wide range of ceramic tableware produced with renewable energy. It has also launched a collection of part-recycled towels.

13.1 million followers in social media

195 million visits to the website

[14] Sales at Zara Home are reported consolidated with those of Zara.

Uterqüe[15]

As a perfect complement to the brand's collections, which showcase a mix of evocative colours and fabrics that invite customers to dream, Uterqüe has launched a perfume collection with four fragrances that combine floral and botanical nuances.

With the advent of autumn, the brand surprised its customers with an **avant-garde and sophisticated proposal** which it unveiled through a fashion film that takes place between parallel worlds in digital science fiction scenarios, directed by 3D artist Joe Mortell.

Moreover, following the Group's strategy of anticipation and digital transformation, **Uterqüe will be integrated into Massimo Dutti** over the course of 2022, **making the entire range of Uterqüe products** available on Massimo Dutti **website** and selected **stores**.

1.4 million followers in social media

41 million visits to the website

[15] Sales at Uterqüe are reported consolidated with those of Massimo Dutti.

4. Transforming with a unique model

At Inditex we have developed a unique business model the hallmarks of which are flexibility and efficiency, ceaseless innovation, the creativity of our teams and our focus on sustainability in every process involved. This model takes form from the design of our fashion products to their availability to customers in the over 200 markets where they are sold.

This is the starting point from which we work to effect through determination and collaboration, the transformation of the sector, generating a positive impact on society, the industry and our environment.

4.1. Our strategy and growth model, the fuel for transformation

The Group's detailed knowledge of the retail environment and its commitment to technology facilitates innovation and an agile, coordinated and global transformation throughout the value chain: design, manufacturing, logistics, sales channels and customers.

4.1.1. Business model and strategy

GRI 102-5; 102-12 and 102-16

We conduct our business within a framework of respect and transparency, in continuous dialogue with our stakeholders, based on promoting human rights, and with the ultimate purpose of having a positive impact on customers, society, the industry and our environment.

We strive to combine an efficient, sustainable and integrated economic model that generates opportunities for improvement for our entire ecosystem while minimising resource consumption, thus decoupling economic performance from its impact.

In this way, and through collaboration, we resolutely promote the sustainable transformation of the sector.

SUSTAINABLE BUSINESS MODEL

ZARA · PULL&BEAR · Massimo Dutti · Bershka · STRADIVARIUS · OYSHO · ZARA HOME · UTERQÜE

Inditex's business model, **characterised by integration, sustainability, innovation and collaboration** in all phases of the value chain, aims to satisfy our customers' expectations and to offer them **quality fashion** in keeping with the highest standards of **sustainability.**

The execution of this business model, and the performance of our activity as a Company, are based on a series of **action principles** validated and endorsed by the Board of Directors of Inditex, as well as on a series of **values** that define our corporate culture.

With them, through transparency and constant dialogue with our **stakeholders**, we work to promote **human rights**, the **Sustainable Development Goals** and, in particular, **to create value** and generate a **positive impact** on society.

Corporate values

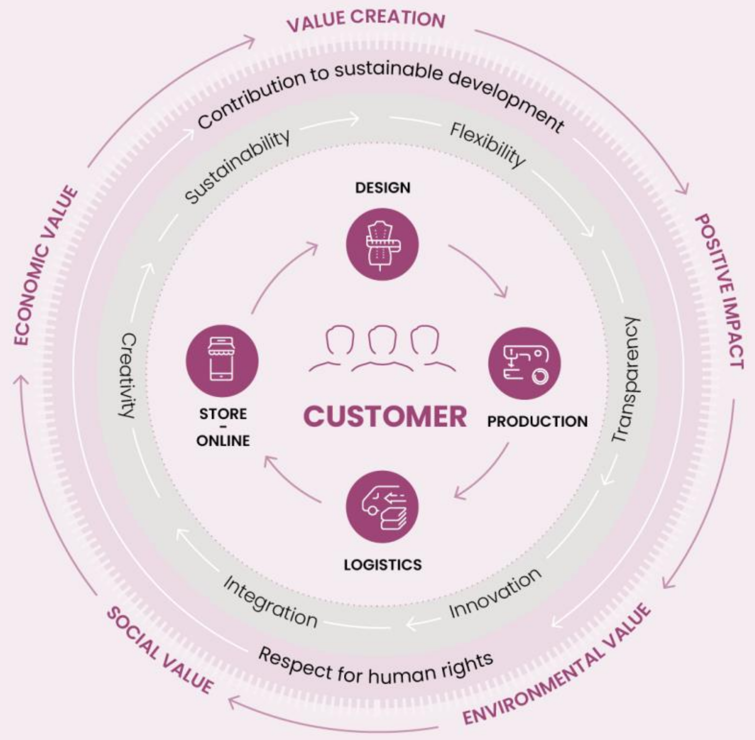
- Flexibility
- Pro-activeness
- Diversity
- Creativity
- Non-conformity
- Environmental awareness
- Respect for Human Rights
- Contribution to Sustainable Development

Action principles

- Policy on Human Rights
- Diversity and Inclusion Policy
- Corporate Citizenship Policy
- Procurement Policy
- Tax Strategy Policy
- Sustainability Policy
- Compliance Policy
- Criminal Risk Prevention Policy
- Occupational Health and Safety Policy
- Sustainability Roadmap
- Code of Conduct for Manufacturers and Suppliers
- Code of Conduct and Responsible Practices

Stakeholder groups

Employees · Customers · Suppliers · Community · Environment · Shareholders



Sustainability · **Innovation** · **Working together**

PILLARS ON WHICH OUR STRATEGY AND GROWTH MODEL ARE GROUNDED

Customers

Listening to our customers is the starting point of an essential process to know which products they want and to offer those products at the right time and place. Only by properly gearing this mechanism (*listening - identifying their needs - offering*) we can provide them with the best shopping experience.

Human Rights

To promote and uphold human rights in all areas of our activity, Inditex has a strategy based on the Guiding Principles on Business and Human Rights.

Value creation

The commitment to creating economic, social and environmental value for all our stakeholders generates a positive impact and contributes to the development of wider society and to caring for the planet.

Value chain

The hallmark of our business model is the integration of all phases of the value chain, which allows for swift decision-making and constant adaptation to the operational reality. Accordingly, we manage the Company with a low level of inventory.

Contribution to the SDGs

Our commitment to the Sustainable Development Goals of the 2030 Agenda is even more important in the current context. The SDGs will be fundamental to rebuilding the economy and society in the wake of the pandemic.

Positive impact

Sustainability is the path to a fairer society and one more balanced in respect of the planet's limits. A context in which, as a responsible company, we work alongside our stakeholders to transform the industry and generate a positive impact in the communities where we operate.

Integrated business model

Our fashion distribution and sales activity is organised through an international group of companies, whose parent company is **Industria de Diseño Textil, S.A.**, which is listed on all four Spanish stock exchanges and, together with its subsidiaries, makes up the Inditex Group (hereinafter, the 'Group'). We are present in more than 200 markets across five continents (detailed information for the markets in which we operate is included in the Consolidated Directors' Report). Details of the corporate structure at 31 January 2022 are provided in Annex I of the Notes to the Consolidated Annual Accounts of the Inditex Group.

We have always identified people as the key factor in our business model, both our customers, who demand our products, and all those people who place their talent at the service of our customers: our employees, supported by our supply chain. There are 165,042 of us, with 177 nationalities, working in a committed manner, inspired by values that are part of the Group's foundational principles: entrepreneurial spirit, non-conformism, innovation, inclusion and humility.

Fashion, as an element for the expression of individual and collective identity, is one of the hallmarks of communication between people. It is embodied through multiple products and channels, and is characterised by the constant evolution of tastes over time, influenced by multiple factors, both inherent to the sector itself and outside of it.

We are a reference in fashion, having achieved a global presence based on an integrated business model that sets us apart from the rest of the industry. Constant change, and the resulting need to adapt to trends and volumes, is the factor that has defined our Group's business model, which is unique in the sector, and the key to our Company's commercial success.

Since the outset, we have established a process of interaction with our customers as the main tool to identify the latest trends and create the products they want (clothing, footwear, accessories and household items), maintaining our high standards through a combination of design, quality and sustainability, at affordable prices. This constant connection has also enabled us to pinpoint new needs that we have gradually incorporated in the form of new services, technologies or channels.

Over time, this continuous evolution has enabled the Group to develop a unique business model, characterised by its **flexibility, integration, sustainability, creativity and innovation**. The key to our way of operating is the continuous process of centralised analysis of information concerning the business performance, which enables expedient decision-making suited to the business reality and allows constant adaptation to the actual operational circumstances, whether due to changes in trends or in the environment. We ensure that these continuous changes are made globally thanks to our presence throughout the value chain, which encompasses design, manufacturing, logistics, stores and customers.

From this starting point, we work to promote in a resolute and collaborative manner the transformation of the sector, generating a positive impact on society, the industry and our environment.

a) Design

The starting point for the Group's creativity, the foremost added value of Inditex's business model, is the more than 700 designers who drive our brands. Integrated within the buying teams, their constant contact with stores and online teams through the Product Management department, as well as their unrivalled capacity to respond, allow them to detect customer tastes at all times. This information is then interpreted and translated into products that are aligned with the latest demand in terms of trends and quantity. Moreover, our designers are at the forefront of the company's commitment to sustainability, selecting the most appropriate processes and materials for our products. This effort is embodied by collections that constantly incorporate creative novelties throughout the season, as evidenced by the windows and interiors of our stores and the digital content that we produce throughout the year, something unique in the fashion world. In addition, their active search and promotion for more sustainable materials and production processes help to raise quality standards and keep on improving in the circular economy model.

b) Manufacturing and procurement

Manufacturing and procurement are based on the socially and environmentally responsible management of the supply chain. Thus, decent working conditions are guaranteed for all workers at our suppliers and manufacturers with less environmental impact. Our supply chain has a global presence, organised through 12 clusters of suppliers with a highly significant part of procurement in areas close to the design centres. Accordingly, we have the capacity to adapt our commercial offer to any change of trend that emerges, immediately adjusting the number of garments to actual demand. We are therefore able to minimise any surpluses that may occur, thereby contributing to responsible stock management, not only in line with commercial objectives but also, in particular, with our sustainability goal. In this regard, we continue to innovate and use more durable and environmentally friendly materials, develop more efficient production processes and share all of this according to the highest standards of communication and transparency.

More information in section *5.5. Collaborating so our suppliers grow* of this Report.

c) Logistics and distribution

This stage of the value chain continuously adapts to commercial decisions, a flexibility that has been instrumental in underpinning our expansion to more than 200 markets. Each brand operates its own centralised logistics hubs, where its inventory is held and distributed to the stores and online warehouses around the world. This efficient integration of our store/online operations during the storage, transport and distribution processes is made possible thanks to tools such as our own inventory management system based on radio-frequency identification (RFID) of each and every garment. Accordingly, our customers can ultimately make their decisions in the environment of their choice, online or in-store, and enjoy an integrated shopping experience with constant technological innovations that adapt to their needs.

d) Stores/Online

The Inditex Group comprises eight retail concepts: Zara, Zara Home, Pull&Bear, Massimo Dutti, Bershka, Stradivarius, Oysho and Uterqüe. Each of them has its own personality, style and design team, with an integrated sales model in physical and online stores managed directly.

The shopping space, in both stores and online, is characterised by the pursuit of quality. The physical spaces are dedicated to customers enjoying experiencing the best locations in the world’s most prominent shopping streets, in carefully architecturally designed settings and with the right technological tools to ensure they receive the best customer service. The online environment of each of our brands is aimed at extending this fashion experience to any occasion and any location via mobile devices, with the added convenience that our customers can receive their products in the place of their choice. This eliminates the barriers between the physical and virtual worlds, and ensures that our designers' products reach both environments as efficiently as possible. The process of digital integration, which we have been developing over recent years, has seen the strongest growth in these historic times we are experiencing. This only serves to deepen our determined commitment to technological innovation, which is essential at a time in need of flexible solutions that adapt to continuous change.

A continuously evolving strategy

This integrated business model gives us a unified view of our customers and their demands at all times. Our strategy harnesses this advantage to evolve our model towards economic, sustainable and inclusive improvements.

The starting point is to maintain the level of commercial success achieved to date, which is based on two pillars:

- The strength of our commercial and design teams and the flexibility that proximity sourcing brings to our supply chain;

- We aim to offer the best experience to our customers, whether by maximising potential interaction possibilities through different channels, facilitating product availability by means of efficient inventory management or developing analytical tools to improve proposed services.

Our strategy is driven by the opportunities afforded by digitalisation and our sustainability ambitions. These pillars are developed through specific initiatives in the various phases of our business model:

- In order to maintain supply chain flexibility, we continue to consolidate and strengthen our supplier base. Cutting-edge technological developments give us a holistic view of our supplier base, thereby helping us to integrate sustainability criteria from the start of the design and purchasing process.

- We are continuing with the process of differentiating our commercial space. Ongoing investment in our stores network seeks to enhance the quality of our sales space, making it more attractive and improving the shopping experience for our customers. With this in mind, in addition to technological integration, which allows new functionalities to be introduced constantly, we implement a very active policy of renovations, extensions and relocations.

- We continue to deploy digitalisation as a key tool to grow online sales, both in digital channels and through in-store integration. The immediate availability of business data, obtained thanks to our complete integration, further speeds up decision-making processes, resulting in more efficient inventory management and an improvement in the standard of customer services.

- Sustainability, in its various facets, is a fundamental aspect of the future development of our Group. Tangible examples are the challenges and opportunities arising from the search for new materials and processes that minimise consumption, while at the same time increasing the life cycle of products, either through greater durability or by making them recyclable. Our ambition in this area is clear and encompasses not only the environmental aspect, but also the creation of opportunities across our entire production ecosystem, from recruitment, training and internal promotion opportunities for our people, to empowerment and development initiatives at various stages of our supply chain, with the aim of contributing to the well-being of all our stakeholders.

ⓘ More information in section *4.2. Sustainability, the basis for transformation* of this Report.

Our business model is defined on the basis of our goal of mitigating the risk derived from operating in a sector characterised by the dynamically changing trends our customers require. To achieve this, risk management 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 the Group. This precautionary approach applied by the Group across its entire business model enables it to manage the various risks identified when planning its operations and developing and marketing new products. The development of our business model is exposed to financial, geopolitical, technological, environmental, social and governance risks. Systematic processes are in place to identify, assess, record and monitor risk so as to ensure the best possible management as we pursue our goals, based on the levels of tolerance established by Senior Management. Risk management is a process in continuous evolution, many of the threats are emerging and we must try to anticipate their potential impact. The Integrated Risk Management and Control System, described in section *5.10. Responsible risk management*, emanates from the Board of Directors and is articulated in the form of regulations aimed at managing the various scenarios.

Likewise, at Inditex we have a solid Compliance System and, in particular, a corporate governance structure that ensures compliance with the standards, recommedations and best practices in this area. Our corporate governance system is aimed at promoting proper, transparent and sustainable management of the Company to achieve the utmost levels of competitiveness and generate trust among our shareholders, investors and other stakeholders, from a perspective of maximum integrity and honesty.

The operation of Inditex's corporate bodies over the course of 2021 has been a steady return to normality. In a context still shaped by the existence of specific measures restricting mobility in certain areas of Spain, and in order to guarantee the normal functioning of the Company and the attainment of its targets, as well as to protect the interests of its shareholders and other stakeholders, the Annual General Meeting held on first call on 13 July 2021, with shareholders and their representatives attending again both in person and by remote, real-time video-conferencing.

Meanwhile, meetings of the Board of Directors and its delegated Committees have taken a mixed format, involving both the physical and remote presence of board members. Furthermore, monitoring of the unfolding global health crisis and its impact on Group activity and the key risk indicators continued to set their agendas, in particular that of the Audit and Compliance Committee.

The Annual Corporate Governance Report for 2021, available on our corporate website, provides comprehensive and detailed information on the Company's governance structure and practices.

4.2. Sustainability, the basis for transformation

Sustainability is one of the cornerstones of our business model. Our strategy of collaboration, transparency and innovation involves all levels of the organisation and creates a culture of sustainability that permeates every aspect of our work and every stage of the value chain. Our aim is to progress on the path of positive impact to guarantee this transformation.

4.2.1. Our approach to sustainability

GRI 102-12; 103-2; 103-3; 201-2 and 201-3

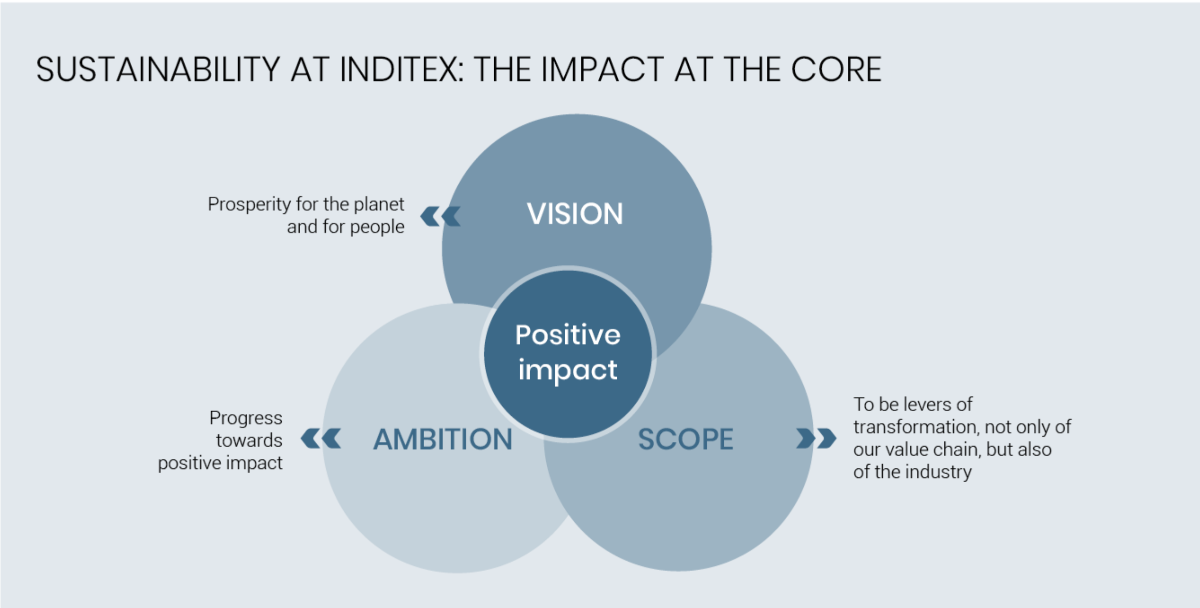
2021 MILESTONE

Inditex has been included in the index Global 100 World's Most Sustainable Corporations in the World 2022 (published in January 2022). The Group scaled 19 positions to 73 in this annual ranking, compiled by Corporate Knights, of companies' performance on the basis of economic, environmental, social and governance indicators.

In November 2021, Inditex also received the Terra Carta seal for its contribution to creating a sustainable future.

The Prince of Wales launched this seal as part of the Sustainable Markets Initiative, in recognition of global companies that are driving innovation and demonstrating their commitment to creating sustainable markets.

Sustainability is one of the cornerstones of our business model. We are committed to creating value for our stakeholders, with the ultimate goal of helping to generate a positive impact for society and the planet.



All our decisions and actions are based on respect for human and labour rights throughout the value chain and compliance with the most rigorous and ambitious environmental standards. Based on this compliance requirement, we have built an ambitious sustainability strategy that places the impact in the centre, as the light that guides our efforts. Our aim is to progress on the path of positive impact.

Our vision of sustainability stems from an intention to transcend short-term approaches and trends in order to create long-term strategies, structures and action plans. Hence, our perspective is twofold: to maintain an upright, timeless and organic strategic approach, while at the same time addressing the most important and urgent tactical challenges facing the planet, society and our industry.

Our actions are aimed at protecting and positively impacting three main areas: life as a whole and the ecosystems; people; and the substrate (comprising its different elements: water, land, air and energy). Consequently, we take a systemic, comprehensive and hybrid approach that combines the social and environmental spheres, with the ultimate goal of prosperity and sustainable development.

The commitment to sustainability permeates the entire Company: from the governance bodies, articulated through a strong sustainability governance structure, to the entire workforce, including offices, logistics centers and stores. This has enabled us to progress towards our specific goals to generate value.

We rely on four key elements to implement our sustainable strategy: culture, collaboration, transparency and innovation.

Sustainability culture

Sustainability is ingrained in all our processes and decisions throughout our value chain. From product design to store management, it is a shared principle. To ensure it permeates our entire staff, regardless of their position and function, we carry out various actions aimed at creating a culture of sustainability throughout the Company.

This culture begins as soon as our people join us. For example, new recruits at offices receive training in which sustainability is prominent. After an initial overview they receive more thorough training in the various Company's programmes, in accordance with their job position.

This training is especially important for our buying and product teams, since their actions and decisions have a direct impact on the sustainability of our products and supply chain. In this regard, communication and relations between the various teams is continuous, working together to achieve the Group's goals. Furthermore, this year we joined forces with one of the world's leading universities for textile-related studies to create the Sustainable Fashion School specialist training programme aimed at helping our buying and design teams.

Equally important is the training received by our store staff. In 2021, we launched the first pilot edition of the Changemakers programme, aimed at training and informing our store staff and creating a community of Changemakers who internalise our commitments and strategy and make them their own.

ⓘ More information in section *5.1.2. Talent management* of this Report.

In 2021, **15,560 employees** were trained on sustainability (6,960 employees in 2020).

Collaboration

We work together to transform: we are resolutely and collaboratively promoting the transformation of the sector.

In keeping with our aim of being a **driver of transformation** in the industry, we take a holistic approach to sustainability, which includes both its integration throughout our entire value chain and collaboration with each and every one of the related actors.

To address the paradigm shift needed to face the challenges posed by the fight against climate change, circularity or the sustainable development of communities, we have to join forces with all the actors involved. Hence, we take an open approach in which collaboration is a pillar of transformation. Examples of this are our engagement with entities such as the United Nations Global Compact, the International Labour Organization, UNI Global Union, IndustriALL Global Union, The Fashion Pact, Ellen MacArthur Foundation, Zero Discharge of Hazardous Chemicals and the Sustainable Apparel Coalition, among others.

ⓘ More information in section *4.4. Collaboration, the essence of transformation* of this Report.

Transparency

In line with our commitment to transparency, we share information with our stakeholders concerning our sustainability strategy, the programmes on which is it structured, our goals and the progress achieved, among other issues.

Among the foremost examples of our transparency is our annual accountability through this Integrated Directors' Report, as well as the information we regularly publish on our website. We also share a range of detailed and specific information with our various stakeholders, such as shareholders, suppliers, customers or the different organisations with which we collaborate.

ⓘ More information in section *4.4.1. Stakeholder engagement* of this Report.

Innovation

Inditex is unwaveringly committed to innovation in all its areas, including sustainability. The complexity of the global challenges we face and the path towards a positive impact require an increasingly prominent presence of **innovation, science and technology** in our actions.

We believe that in order to drive the industry's transformation, it is not enough to apply the current paradigms, but rather an innovative approach is necessary, one that strives for new solutions both technologically and in creating new models of for action and relation relationship with our environment.

More information in section *4.3. Innovation, vital for transformation* of this Report.

Roadmap and commitments

2021 MILESTONE

New sustainability commitments: The Group approves new sustainability objectives at its Annual General Meeting and brings forward its commitment to achieve net zero emissions by ten years to 2040.

We have a Sustainability Roadmap that is structured around two main pillars: a commitment to the circular economy and decarbonisation – in line with the objectives of the Paris Agreement, and a commitment to the Sustainable Development Goals, to which we add the promotion of and respect for human rights.

Within the framework of this Roadmap, and consistent with our sustainable strategy, we have established a series of ambitious milestones and objectives. In order to achieve them, we need the engagement of each and every one of the teams that make up Inditex, as well as the collaboration of the various stakeholders in our industry and in the communities in which we operate.

At the Annual General Meeting held on 13 July 2021, the Group announced that it will bring forward some objectives and the addition of new ones to those already set out in our Roadmap, raising the level of ambition. These include bringing forward our goal of net zero emissions to 2040, ten years earlier than initially scheduled.

OUR SUSTAINABILITY ROADMAP

2022

100% of energy consumption from renewable sources in all our facilities (headquarters, logistics centres and own stores), exceeding the 80% previously planned for 2025.

More than 50% of articles featuring the *Join Life* label.

2023

100% of cotton from more sustainable sources, two years ahead of the previous target of 2025.

100% man-made cellulosic fibres from more sustainable sources.

Zero waste from our facilities: headquarters, logistics centres and own stores.

100% elimination of single use plastic for customers.

100% collection of all packaging materials for recycling or reuse in the supply chain (Green to Pack).

2025

100% Polyester from more sustainable sources.

100% Linen from more sustainable sources.

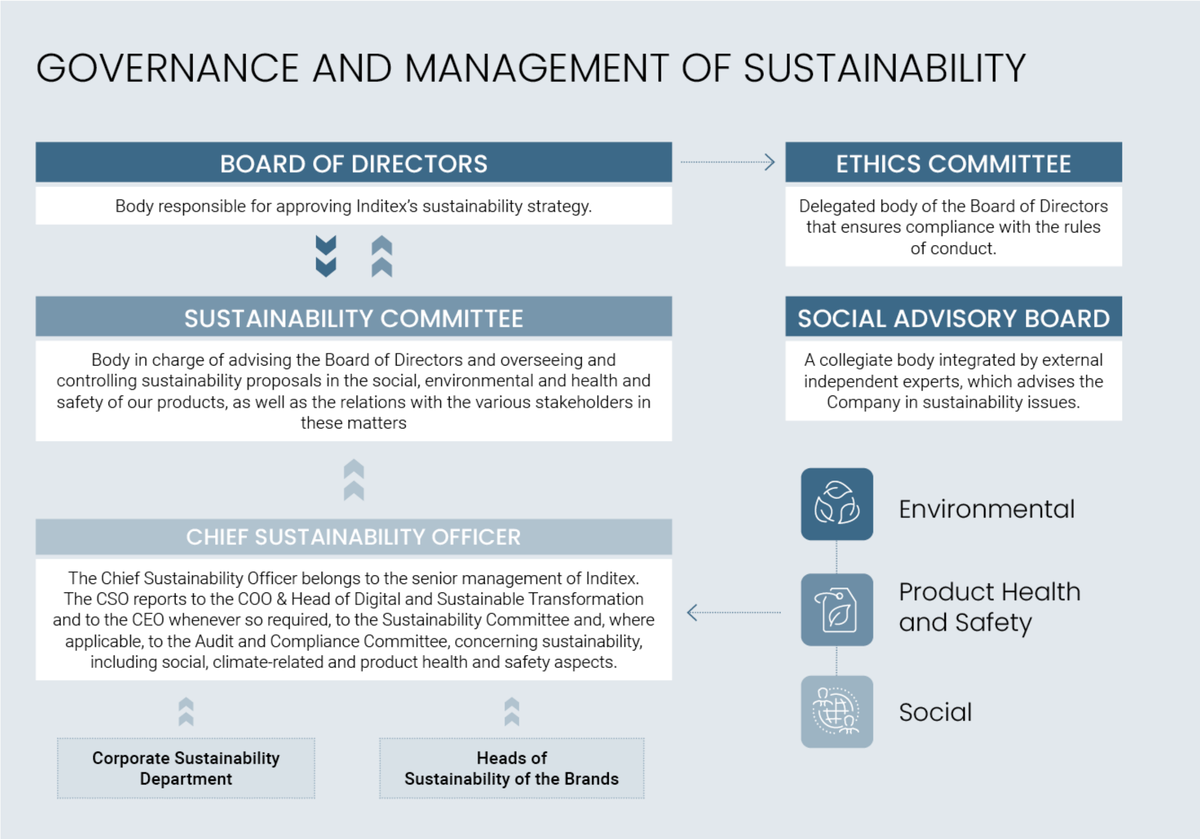
25% reduction of water consumption in the supply chain.

2040

Net zero emissions, ten years ahead of the previous target of 2050.

Sustainability governance

The commitment to sustainability extends to all levels of the Company, starting with the governing bodies and permeating the entire organisation, based on a solid system of governance.



The **Sustainability Committee** is the delegated body of the Board of Directors responsible for supervising and monitoring sustainability proposals in the social, environmental and product health and safety areas. It is also responsible for fostering the commitment to the Sustainable Development Goals and relations with the various stakeholders in this regard.

The Sustainability Committee, along with the Audit and Compliance Committee, is also responsible for overseeing the information included in the Statement on Non-Financial Information and other public documentation on matters within its purview. The Audit and Compliance Committee—as the body responsible for overseeing and controlling the effectiveness of the internal risk control and management systems —is entrusted with monitoring and assessing the risks arising from the Group's actions in relation to the Sustainability Policy.

Furthermore, the Group has an **Ethics Committee**, an internal body reporting to the Board of Directors, which oversees compliance with the standards of conduct, and a Social Advisory Board, an external sustainability advisory body in operation since 2002. The **Social Advisory Board** is made up of independent and external persons and institutions and its mission is to institutionalise dialogue with key stakeholders from civil society where we develop our business model.

ⓘ More information in section *5.9. Good governance, corporate ethics culture and solid compliance architecture* of this Report.

This governance system is based on a number of policies and strategies that guide our activities and our decision making, and that lay the groundwork to ensure that sustainability is integrated throughout our business model. These include, in particular, our Sustainability Policy, which comprises the principles adopted by the Group in relations with our stakeholders, encouraging integration of sustainability practices within the business model and ensuring that its business activity is carried out with full respect for people, the environment and the community at large, based upon the commitment the company has made to respecting human rights and to sustainable development. This Policy, approved by the Board of Directors on 14 December 2020, builds on and updates the previous Corporate Social Responsibility Policy and Environmental Sustainability Policy, consolidating them into a single text.

POLICIES THAT GUARANTEE INTEGRATION OF SUSTAINABILITY IN THE OPERATIONS AND DECISION MAKING AT THE INDITEX GROUP

- **Sustainability Policy**
- Policy on Human Rights
- Diversity and Inclusion Policy
- Compliance Policy
- Integrity Policy
- Forest Product Policy
- Code of Conduct and Responsible Practices
- Product Health and Safety Standards: *Clear to Wear* (CtW), *Safe to Wear* (StW) *Physical Testing Requirements* (PTR), and the I+ standards *(IPLUS: Inditex Precautions and Limits of Users' Safety)*
- Green to Wear environmental standard (GtW)
- Strategy on social management of the supply chain: Workers at the Centre 2019-2022
- Global Water Management Strategy, Global Energy Strategy, and Biodiversity Strategy

- Principles that govern sustainability in the Group.
- It includes the integration of sustainability into the business model and the cornerstones upon which the organisation's value generation is established.
- Principles governing stakeholder engagement and the identification of key stakeholders.
- Principles upon which the communication of sustainability practices is established, strengthening the ongoing dialogue and transparency as a cornerstone for relations with stakeholders.

The commitment to sustainability by the governing bodies and the entire Company is crystallised in the definition of ambitious goals and specific targets, including linking the variable remuneration of different areas within the Group to sustainability objectives.

15% of the variable annual remuneration of the Group's Executive Chairman and Chief Executive Officer is linked to the fulfilment of the sustainability policies. This progress is measured in accordance with a set of indicators, such as the increase in the percentage of Join Life products, among others.

We have a long-term incentive plan for members of the management team and other employees for the 2019-2023 period. This includes sustainability metrics which, in turn, represent 10% of the aggregate incentive. In our new long-term incentive plan for 2021-2024, approved by the Annual General Meeting in July 2021, the weighting of sustainability metrics has been increased to 25%.

The variable remuneration of all office employees in linked to sustainability metrics.

4.2.2. Contribution to sustainable development

GRI 103-2 and 201-2

At Inditex we aim to generate value and foster prosperity in the communities where we operate. With this in mind, since the approval in 2015 of the United Nations 2030 Agenda for Sustainable Development, we have aligned our strategy with the common action plan proposed by the Agenda through its 17 Sustainable Development Goals (SDGs) and their respective 169 targets.

The roadmap proposed by the SDGs is common to all parties involved in sustainable development —including governments, private companies and civil society— so it represents an opportunity for our Company to align our contribution to sustainable development and to maximise our positive impact together with our stakeholders.

As a result of aligning our strategy with the SDGs—facilitated by the already predominant position sustainability has in our business model—we have identified those goals where our contribution is most significant due to the nature of our business model and our activity.

INDITEX'S MOST RELEVANT CONTRIBUTION TO THE SDGS

This does not mean that our commitment and contribution is confined only to these goals. They encompass all 17 SDGs so as to adapt to the multidimensionality of the challenges they tackle, as they are closely interrelated and therefore cannot be addressed independently. Only by achieving all of the SDGs will we manage to eradicate poverty in all its forms, reduce inequalities and stop climate change.

Goal 17 stands out because of its transversality, as it highlights the need for partnership among the various players in society to achieve this common agenda. Consequently, among the actions we implement to contribute to sustainable development, collaboration with our stakeholders is fundamental, in line with our intention of joining forces to have a positive impact on society and help preserve the planet.

Moreover, we are convinced that **transparency and accountability** are essential to attaining the goals, which is why this Report includes detailed information on our contribution to the SDGs, indicating at the start of each chapter those goals impacted by the actions outlined therein. Our contribution to the global attainment of the 17 goals and their various targets extends throughout the value chain and is carried out from all areas of the business: from manufacturing products to the stores, encompassing all the Company's processes and areas.

In addition, we include a summary of the key indicators that show our contribution to the SDGs. These indicators were selected in accordance with the guide entitled *Business Reporting on the SDGs: An Analysis of Goals and Targets,* published by the Action Platform for Reporting on the Sustainable Development Goals (jointly organised by the United Nations Global Compact and the Global Reporting Initiative – GRI) to which Inditex has been adhered since its launch and which concluded its activity in 2020. Due to our interest in continuing to help attain the SDGs, this year we joined the *Business Leadership Forum on the SDGs*, a GRI programme spanning two years whose purpose is to foster the achievement of the SDGs by means of business reporting and the collaboration of various stakeholder groups.

ⓘ More information in section *6.1.6. Inditex's contribution to the SDGs. Main indicators* of this Report

INDITEX'S CONTRIBUTION TO THE SDGS MAIN MILESTONES IN 2021

SDG 3
GOOD HEALTH AND WELL-BEING

Health, safety and well-being are priorities for us, especially in the current context still shaped by the presence of covid-19. Consequently, we have measures in place throughout our value chain aimed at both our employees and supply chain workers. During 2021, the certification process of our facilities under the ISO 45001:2018 standard, one of the most widely recognised standards for occupational health, safety and well-being, has been reinforced. In addition, through our partnerships with Médecins Sans Frontières, Medicus Mundi and Every Mother Counts, we have contributed to improving the health and well-being of more than 6 million vulnerable people around the world.

SDG 5
GENDER EQUALITY

Gender equality and women empowerment are at the very essence of Inditex, where women account for 76% of the workforce. In this regard, we nurture diverse and inclusive working environments that guarantee fair access to opportunities for professional development, with wage parity between men and women. Furthermore, within the framework of the Workers at the Centre 2019-2022 strategy, we implement numerous initiatives to protect and empower women in our supply chain. Promoting women's empowerment is also a key pillar of our community investment programme, through partnerships with organisations such as Every Mother Counts, *Water.org* and Medicus Mundi.

ODS 8
DECENT WORK AND ECONOMIC GROWTH

At Inditex we encourage the creation of stimulating, stable and safe working environments in which all the people who make up our value chain have equal opportunities and where their professional development is boosted. In this regard, the initiatives aimed at our people are of great importance, but also our Workers at the Centre 2019-2022 strategy, aimed at supply chain workers, through which in 2021 we reached 1,366,420 workers. We collaborate with various organisations to achieve this goal, including IndustriALL Global Union, UNI Global Union or the International Labour Organization. As part of our investment in the community, we promote the employment of people at risk or in a situation of social exclusion through initiatives such as *for&from*, SALTA or the employment programme with Caritas.

SDG 12
RESPONSIBLE CONSUMPTION AND PRODUCTION

Sustainability, as an integrated aspect of our business model, implies promoting responsible consumption and production practices. We conduct numerous social and environmental actions that take into account the entire life cycle of our products. Thus, in 2021 we continued to promote the production of articles labelled under our *Join Life* standard, which identifies articles made of the most sustainable raw materials and the most environmentally friendly production processes - reaching 47% of items placed on the market under this standard. As part of our community investment, we are developing projects such as *Moda Re-* and partnerships such as the one initiated in 2020 with UNHCR, with the aim of extending the life cycle of textile products and reducing the generation of waste.

SDG 13
CLIMATE ACTION

We are strongly committed to fighting against climate change. In line with our unwavering commitment, we have brought forward our Net Zero Emissions goal to 2040 (previously 2050). We have also been involved in multiple initiatives focused on the fight against climate change, such as Race to Zero, within the framework of the United Nations Framework Convention on Climate Change (UNFCCC); the We Mean Business Coalition; or the Business Call for a UN Treaty on Plastic Pollution. Also notable is our participation in 2021 in the review of the objectives of the Fashion Industry Charter for Climate Action (FICCA).

SDG 17
PARTNERSHIPS FOR THE GOALS

At Inditex we believe partnerships are a fundamental tool for achieving the Sustainable Development Goals and generating a lasting impact on communities and the industry. That is why our initiatives always involve a significant component of collaboration, be it with organisations like the United Nations Global Compact, the International Labour Organization, IndustriALL Global Union, *Médecins Sans Frontières*, or through industry partnerships as in the Fashion Pact, *Make Fashion Circular*, or ACT (*Action, Collaboration, Transformation*).

OTHER NOTABLE CONTRIBUTIONS

This year we joined *Alianza País Pobreza Infantil Cero* (Country Partnership for Zero Child Poverty), an initiative by the Spanish Government's High Commissioner against Child Poverty. In addition to this initiative, we have continued our work in projects with different non-profit organisations such as Entreculturas. As a result of this alliance, more than 1.3 million vulnerable people in 27 countries have had access to more and better opportunities to transform their lives and their environment.

This year we have worked very closely with a number of entities such as the Spanish Federation of Food Banks (Spain), La Mie de Pain (France) or Entreculturas (Paraguay) on 9 projects focused on the eradication of hunger as part of our community investment programme.

At Inditex we promote the professional development of our employees through training and internal promotion. In 2021, 50% of the Group's vacancies were filled internally. We have also continued our efforts with NGOs that promote access to primary and secondary education, such as *Entreculturas*, as well as university education in collaboration with entities such as Tsinghua University, University of Dhaka or Universidade da Coruña, among others.

In 2021 we committed to a 25% reduction in water consumption in our supply chain by 2025. We also continue to collaborate with organisations such as *Water.org* to improve access to drinking water and sanitation in several countries. As a result, more than 2.3 million people in Bangladesh, India and Cambodia have improved their access to water and sanitation.

This year we have ramped up our ambition and set the goal of consuming 100% renewable energy in our facilities by 2022. In 2021, we have achieved 91% of energy consumption in our facilities from renewable sources, avoiding the emission of 493,723 tonnes of greenhouse gases.

Over the course of 2021, we commenced a number of innovation projects in various areas of our value chain. Boston Consulting Group included us in their ranking of Most Innovative Companies 2021.

In 2021 we broadened our collaboration with UNHCR to help refugees. Furthermore, we have promoted numerous community investment programmes to reduce inequalities, investing a total of 19.9 million euros in 2021 to initiatives linked to SDG 10.

Throughout 2021 we have developed 18 projects, in collaboration with organisations such as Teatro Real and Museo Nacional de Arte Reina Sofía (Spain), Fundação de Serralves (Portugal) or US Green Building Council (United States) that contribute to this objective.

This year Inditex joined the Board of the ZDHC (*Zero Discharge of Hazardous Chemicals*), with whom we have been working for some time and whose objective is to achieve zero discharge of hazardous chemicals in the textile industry. Consistent with this goal, we invest in programmes aimed at protecting aquatic life.

In 2021 we joined the LEAF coalition, which focuses on protecting tropical forests. We also continued our commitment to preserve ecosystems through a number of projects and by consuming raw materials from more sustainable sources, which account already for a 42% of the total.

Inditex has a robust corporate governance and compliance system aimed at showing our firm commitment to good governance and social and environmental sustainability, and conveying that corporate ethical culture to all our stakeholders.

4.2.3. Human Rights

GRI 102-12; 102-13; 103-2; 412-2; 412-3; AF1; AF7; AF24 and 407-1

For more information on our initiatives in relation with human rights, see the Human Rights Report, which will be available on the Inditex corporate website.

Our **Human Rights strategy** is aligned with the UN Guiding Principles on Business and Human Rights and covers all the Group's operations. Inditex has always tethered its development as a business to promoting and respecting human rights, but our track record has been especially notable since 2016, when we approved our Policy on Human Rights and structured our work within a strategic framework.

Human Rights Strategy Journey	
2016	Approval of the Policy on Human Rights
2017	Training the social sustainability team in due diligence processes
2018	Development of the impact matrix on supply chain
2019	Launch of the social sustainability strategy *Workers at the Centre 2019-2022*
2020	Analysis of the impact of the health crisis on human rights
2021	Ongoing development of the due diligence process in human rights in the value chain

Our human rights strategy is structured on the following three pillars:

For this report, we used the Reporting and Assurance Frameworks Initiative (RAFI) as a reference. RAFI is the first comprehensive guide for companies to report their progress on human rights, developed by Shift the leading center of expertise on the UN Guiding Principles on Business and Human Rights. This organisation also coordinates and organises the Business Learning Program, a space in which to share best practices and learnings in connection to the responsibility to respect human rights at companies in various sectors, in which Inditex also takes part.

1. Governance of respect for human rights

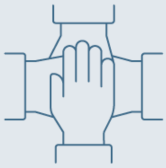
Policy commitment

Inditex advocates **respect for human rights in all its operations,** a principle that is ingrained in its business strategy and fully integrated throughout the business model.

A clear example of this is the Policy on Human Rights, approved by the Board of Directors in 2016, which represents the first pillar of our strategy. This Policy is binding upon the entire Group and its employees and extends to any legal person having a relationship with the Company. It is based on the Universal Declaration of Human Rights, and on the main conventions of the International Labour Organization and on the UN Guiding Principles on Business and Human Rights, among others, and embodies Inditex's commitment to the values that these frameworks represent.

For prioritisation purposes, the Policy also identifies the rights most directly related with the business model.

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 the rights of minorities and communities.
- Right to privacy.
- Right to health.
- Right to freedom of opinion, information and expression.
- Right to security of the person.
- Contribute to the fight against corruption.
- Right to environment and 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.
- Fair, just and favourable working conditions.

For comprehensive integration of respect for human rights throughout the Company, we consider that **collaboration and communication are key.** Every department implements its own specific actions in this regard, bonded together by the corporate human rights strategy. This integration permeates the entire Company.

The Board of Directors is the body responsible for approving the Policy on Human Rights. The Board has a Sustainability Committee, an informative and consultative body, responsible for promoting the commitment to human rights, among other matters.

The Group also has a Social Advisory Board, a collegiate body integrated by external independent experts, which advises on human rights, among other issues linked to sustainability.

ⓘ More information in section *5.9.3. Good corporate governance* of this Report.

Awareness

Awareness is the cornerstone for a human rights culture to flourish throughout the organisation. This culture is communicated both internally to the Company's employees, and externally to suppliers, manufacturers and other stakeholders. Particularly in the supply chain, training is complemented by our work on responsible purchasing practices, with the aim of aligning commercial teams with our with our performance in sustainability and human rights.

Parallel to the supply chain focus, the work we carry out to cover the rest of our activities and value chain is highly significant. In the last few years, training has been provided in business areas such as distribution, as well as fostering the work developed in the areas of diversity and inclusion transversally throughout the value chain.

2. Defining the approach

Our approach is based on developing the relevant **due diligence processes** to detect the potential impacts of our activities on human rights. By means of continuous interaction with our stakeholders and sustainability teams on the ground, these processes are kept permanently up to date. The due diligence processes that are part of the human rights strategy involve two main focus areas:

- **Supply Chain.** Considering our business model, our supply chain is one of the priority areas of our overall value chain, in which we place a special focus on the promotion of and respect for workers' human rights. Based on the due diligence process developed in collaboration with the organisation Shift, we have drawn up a social sustainability strategy entitled *Workers at the Centre 2019-2022*. The due diligence process identified the seven priority impact areas into which the strategy is structured.

  ⓘ More information in section *5.5.2. Workers at the Centre* of this Report.

- **Value chain**. At the same time, we carry out a range of activities to identify, prevent and mitigate potential impacts, by means of integrating responsible practices for respecting human rights. An example of this is the work carried out in the Distribution department. Human rights training was provided to the various teams, working together to establish due diligence processes. In this regard, in 2021 we performed 27 labour and social assessments at distribution centres.

RIGHTS LINKED TO PRIORITY IMPACT AREAS

PRIORITY IMPACT AREAS

	Worker participation	Living wages	Gender, diversity and inclusion	Occupational health and safety	Protection of migrants and refugees	Social protection	Protection of labour rights in the production of raw materials
Fair and favourable working conditions		✓	✓	✓			✓
Non-discrimination		✓	✓		✓		
Adequate standard of living		✓	✓			✓	✓
Education		✓	✓	✓	✓	✓	
Health		✓	✓	✓		✓	
Life		✓	✓	✓	✓		
Not being subject to degrading treatment			✓				
Not having to endure harassment			✓				
Equal pay			✓				
Freedom of movement			✓		✓		✓
Freedom and security of the person			✓				
Engagement in public life			✓				
Rights of employees with disabilities			✓				
Reproductive rights			✓				
Freedom of association	✓			✓	✓		✓
Healthy environment							✓
Ban on forced labour					✓		✓
Collective bargaining	✓	✓					
Collective rights of communities							✓
Social protection						✓	
Freedom of thought, conscience and religion					✓		✓
Privacy					✓		✓
Protection against violence					✓		✓
Healthcare					✓		✓
Freedom of opinion and expression					✓		✓
Property		✓			✓		✓

This list is not exhaustive. The main human rights most directly related to each of the priority impact areas have been identified.

Another ongoing line of work is the updating and monitoring of suppliers in all operations throughout the value chain, in order to analyse their potential impact even before they commence their relationship with Inditex.

In addition, the various policies and procedures governing the Group's actions are under constant review and are consistent with respect for human rights. For example, in 2021 the procedures related with security personnel's actions and compliance management in connection with personal data protection and privacy were updated, among others.

Our aim is to integrate responsible and ethical practices into everything we do, both internally and in our relations with third parties, for the promotion of and respect for human rights of all our employees and anyone with whom we stablish a relation within the course of our business.

3. Management of key aspects related to human rights

The Policy on Human Rights is complemented by other Group codes and policies and mandatory standards for our employees, suppliers and other stakeholders. Some of these significant policies and codes include the Sustainability Policy, the Diversity and Inclusion Policy, the Code of Conduct and Responsible Practices and the Code of Conduct for Manufacturers and Suppliers.

Collaboration

Communication and cooperation with stakeholders feeds our due diligence process. In this regard, there is no overstating the importance of the relationships we forge with international organisations and NGOs, among other experts in the field and who support us in developing specific projects, training and creating and implementing our strategies. Clear examples of this are our partnerships with the International Labour Organization, UNI Global Union, IndustriALL Global Union, the UN Global Compact and Shift.

ⓘ More information in section *4.4.2. Partnerships* of this Report.

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.

ⓘ More information in section *5.9.2. Compliance and criminal risk prevention systems* of this Report.

4.3. Innovation, vital for transformation

Innovation, a linchpin for transformation, is built into Inditex's DNA. Ongoing improvement stems from our ambition to satisfy our customers in every aspect of their relationship with us. The convergence of technology and our open innovation model, which fosters the recruitment of talent and the attraction of ideas, enables us to ensure the success at every stage of the shopping experience.

4.3.1. Collaborative and transformative innovation

GRI 103-2 and 103-3

2021 MILESTONE

The constant thread of innovation throughout our history has led international consultant Boston Consulting Group to rank Inditex among the 50 most innovative companies in the world in its Most Innovative Companies 2021 report.

Innovation is the transversal cornerstone upon which all the Company's actions are based. Collaborative and transformative innovation designed by and for people, with which we aim to be more creative, agile, efficient, respectful and sustainable both in our relationship with customers and with our the environment.

Our innovation activity is aimed at improving the customer experience and strengthening customers' trust every time they choose us. This trust is based on the efficiency of our processes and the quality of our products. But we are mindful that it also stems increasingly from such important intangibles as sustainability, health and care of our people, the community and the planet.

Innovation is crucial to achieving a sustainable transformation of the industry. Accordingly, 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, some of them as a continuation of processes initiated in previous years, others entirely new. These initiatives permeate all the Company's areas and levels and every stage of our value chain (design, manufacturing, transport, logistics, distribution, sales, product use, circularity and end-of-life), each of which has its own part to play.

4.3.2. Innovation to improve our customer experience

GRI 103-2 and 103-3

2021 MILESTONE

Massimo Dutti launches the new Shop&Go service, which allows customers to use their own mobile phones to make in-store purchases, thus offering customers new ways of shopping and enhancing in-store experience.

Our customers are at the heart of our innovation activity. Harnessing technology and talent, we design, create and connect people, processes and spaces to ensure customers are fully satisfied with their experience when they choose us, regardless of which channel they opt to use. With this goal in mind, our efforts are always aimed at guaranteeing three aspects: full availability of our articles, ease and efficiency of all our processes and services, and real and satisfactory integration of our sales channels.

To achieve this, we are committed to a flexible, adaptable and dynamic innovation model based on agile methodologies and principles, to maximise the value of our innovation at every stage of our activity. A good example of this is the technological development of our store management systems.

Our latest upgrades in this sphere have enabled us to improve day-to-day operations at our stores in such important areas as stock management, distribution, transport, labelling, etc. In this regard, novel technological solutions such as RFID alarm tags or the Pay&Go payment system make for a speedier and more efficient experience for the stores and for our customers, who require increasingly demand greater personalisation.

Full availability

Our goal is to ensure that our articles are always available wherever and whenever customers need them. To achieve this, we are constantly redefining all the processes that make up our business model (design, manufacturing, purchasing, transport, logistics, distribution and sales) in order to adapt them and evolve them in accordance with the needs our customers and the environment are demanding.

The coordination and synchronisation of these processes is grounded upon advanced analytical tools and cutting-edge technologies such as machine learning and IoT. These tools enable us to pinpoint customers' needs and propose the measures needed to fulfil them, from the start of the distribution chain to the commercial and operational management of the stores.

For example, to ensure that customers find the items they are looking for, we have developed models to identify in which stores they are most likely to find them. We can then estimate the volume of initial shipments required for each store, forecast the demand curve and thus determine the necessary stock to guarantee availability. In this respect, this year the Company has developed a new model to calculate the number of units to be included in the first shipment to optimise the success of the initial shipment and prevent stock-outs.

Also, another model has been developed in collaboration with MIT (the Massachusetts Institute of Technology), which has consisted of developing a 'dynamic coverage' model to ensure the service level for customers, reducing the safety stock necessary at each store.

Related to sales management in stores, our retail tool enables us to adapt in-store product exposure to our customers' demand, by means of notifications and through the use of information on comparable articles and stores. Another application of this technology to our integrated management model is in the movement of units not in demand in physical stores but very likely to be sold online.

In addition to applying the latest technology for store management, in 2021 we have also made considerable strides in its application to warehouse management. Specifically, we have started developing an empirical IoT model to comprehensively control logistics and distribution in the supply chain, with a particular focus on the process for warehouse management control, crucial to guaranteeing the availability of our articles.

Over the course of this year, another two projects have been key to ensuring customers enjoy full availability of our articles and services: Autonomous Mobile Robots (AMR/AGVs) and automated sorter induction.

We used AMRs to automate Zara.com e-commerce stock at the Marchamalo centre. Through the design and roll-out of a Goods to Person (GTP) solution based on AMR technology, 500 autonomous robots support the operators in tasks linked to the receipt, storage, picking and auditing of the centre's stock. The robots move 13,500 shelves storing a total of 4.5 million units. While operating, they reliably bring the shelf chosen by the Warehouse Management System (WMS) to the operators, with the articles required in each case. Thus, the operators need to cover less distance to perform their work, boosting productivity and enhancing the quality and experience of their role.

At the same time, as early adopters of any technology that can help improve our customers' end experience, we have launched the Automated Sorter Induction project, the Company's first pilot automated induction initiative for folded garments in package sorters.

This is state-of-the-art technology that identifies and sorts the garments that will subsequently be entered into the system, which has required advanced artificial intelligence systems underpinned by research at some of the world's leading technological centres.

Integration: all in a click

We want our customers' shopping experience to be easy and efficient, and, therefore, satisfactory throughout. Customers should find what they want, when and where they want it.

In the current context of transformation, shaped by the unstoppable advance of technology and by the socio-economic circumstances resulting from the covid-19 pandemic, the integration of the physical and digital worlds has been pivotal for Inditex. We see this integration from a holistic standpoint that encompasses strategy, processes, data, structure and people, and rests on our technological platform, Inditex Open Platform (IOP).

IOP is a living platform that is constantly being evolved, continually adding new functionalities that enable us to offer an integrated experience so that our customers can shop as they choose: in-store, online or easily and transparently combining the two with a simple click.

Its open and modular design enables all the Company's areas to adapt their processes to customers' needs in real time and to respond to their preferences, contributing to our aim of improving their experience. In fact, IOP enables us to respond to the Group's requirements of flexibility, speed and performance by constantly adopting new technologies, work practices and organisation.

From a technological standpoint, its architecture of independent but interconnected micro-services can be integrated with next-generation business modules to make applications easier to scale and faster to develop.

When it comes to work practices, the application programming interface (API) and the adoption of internal, open-source code boost collaboration between Inditex teams and make for a more seamless collaboration with third parties, be they major software organisations or individuals with singular knowledge of specific applications.

Moreover, they enable us to offer a friendlier culture for our developers, giving them greater insight into the value they provide to our customers and increasing our capacity to attract talent.

Some examples of how the Inditex Open Platform improves integration that can be seen directly by our customers are the Store Mode, Pay&Go and Shop&Go functionalities.

Throughout the year, we have launched and refined numerous projects to offer a more agile shopping experience. In this sense, Massimo Dutti's new Shop&Go service stands out, which allows customers to make purchases from their mobile phone without going through the checkout, also choosing where and how to receive their garments. In addition, we have also made a mobile point of sale available to our customers in stores to provide a complete shopping service for the launch of new spaces such as Zara Beauty or new collections such as Zara Origins.

4.3.3. Technology for boosting the efficiency of our operations

GRI 103-2 and 103-3

2021 MILESTONE

The new Zara.com building was inaugurated in 2021. These facilities, spanning more than 67,000 m^2 and featuring the latest advances in technology and sustainability, house the new Zara.com studios and the Design Centre for Zara Man. The new building is a milestone for advanced communications, with 5G and wifi 6 coverage to achieve communications up to 10 times faster and more reliable than using LTE (Long Term Evolution). Thanks to wifi 6, scope and coverage are very high, optimising the performance of all devices connected to the network.

Our capacity for change has a great deal to do with technology. The digital transformation we have been undertaking in the last few years, and in particular in 2020 and 2021—despite the covid-19 pandemic—enables us to develop initiatives and projects that place us at the forefront of the industry in purely technological aspects such as channel integration, anticipation of demand and stock management. It also gives us the edge in other, more intangible areas, such as the well-being of our people and communities and care for the planet.

To achieve this we harness state-of-the-art technology: artificial intelligence, machine learning, cloud computing, IoT, Business Analytics, and so on. We develop or adapt it to suit our business objectives and place it at the service of our customers and our people. In fact, technology is the link in the chain that enables us to complete the circle of collaborative innovation. In other words, to materialise the ideas that emerge in all the Company's areas.

A reflection of our constant commitment to the search for the latest innovations and technological applications is the launch at the end of 2021 of our Open Innovation Logistics Hub. With this initiative we pursue the creation of a structured model of open innovation in relation to the latest technologies and innovative solutions in the logistics area. Through the Hub, relationships are established with all the actors in the ecosystem - such as start-ups, research centers and universities, entrepreneurs, technology companies and even other companies - to enhance the innovative capacity of the industry and collaborative development in a sustained manner in the long term.

Flexibility, agility, scalability, resilience, integration, security and learning are the terms that best define our day-to-day reality on the technological front and lend meaning to our purpose. The latest developments in systems in the Operations area are evidence of this. In 2021 Inditex launched a transformation process which, based on data provided by the various tools and systems of which the Company's technological ecosystem is comprised, improves the experience of both application developers and customers in stores. Examples include creating applications to control the number of people inside stores and oversee virtual queuing so that customers do not have to wait in person, or improving the operating efficiency of the store devices to prevent waiting times.

But our technological advances have not focused solely on the Operations area. The latest developments in data management systems, consisting of the technological transformation, evolution and creation of tools and disruptive data collection systems, and data management and analysis, which help us to make smart decisions based on data that is updated daily at the global level.

In this regard, our Data Processing Centre (DPC) is an unrivalled benchmark of our capacity to innovate for ourselves, our customers and the environment. The technology deployed at the new DPC also reduces energy consumption and, therefore, boosts energy efficiency.

The new DPC extracts the very best performance and stores all the data handled by the Company in keeping with the most stringent security standards. The building is certified to Uptime TIER IV Design and Build standards, ensuring maximum reliability and availability, and an infrastructure that is fully outage-tolerant, with duplicate electric power and climate control systems. Furthermore, as part of Inditex's commitment to the environment, the DPC uses green technology with a Power Usage Effectiveness (PUE) score of under 1.3 (1.0 indicates 100% efficiency), thanks to the deployment of best practices and the optimisation of infrastructure.

Also equipped with state-of-the-art and sustainable technology, the new Zara.com building represents a milestone in terms of architecture and advanced communications. 5G and wifi 6 coverage make communications up to 10 times faster and more reliable than using LTE (Long-Term Evolution). Thanks to wifi 6, scope and coverage are very high, optimising the performance of all devices connected to the network.

Automation is one of the goals of implementing technology. Over the course of 2021, we continued or launched projects to significantly improve our operating processes. The automatic restocking of material in stores is one such initiative. The new model will replace requests that are currently handled manually by stores with a refined algorithm to calculate the stores' requirements. This will reduce the administrative burden in stores and central services alike. At the same time, we have enhanced the traceability and receipt process for material shipments so as to know their real-time location and make the process of receiving them in stores more agile and accurate using mobile scanning.

With a view to optimising processes, we have developed a comprehensive advanced facility management system which, by integrating our current tools for managing incidents, maintaining infrastructure and using Inergy, expedites the operating, administrative and financial management of store facilities. Accordingly, incident management uses a parametrised traffic light system incorporating automatisms to swiftly identify and resolve incidents based on their criticality. It also affords us the capacity to anticipate incidents in certain assets; in other words, predictive maintenance.

Our commitment to technology also encompasses our relations with suppliers, control of raw materials and of energy, and even the development of new messaging and communications technologies, such as the **Inline** project to eliminate the use of telephones, freesets and walkie-talkies in stores.

The Group's constant efforts to achieve full digitalisation have led us to focus strongly on two clearly defined aspects: improving the real-time availability and accessibility of information; and securing 100% effective integration of our applications, also making them mobile.

With this in mind, over the course of this year, we have **migrated** our information systems to the **cloud**, moving from a segregated repository to one that is centralised, much more effective and in keeping with business needs. This migration also enabled us to evolve the system, allowing us to provide each area of the Company with the data it needs in real time, thereby facilitating decision making. The new system encompasses more than 100 collaborative cloud workspaces.

The availability of real-time data has also enabled us to launch another two projects: **ONE, for real-time sales tracking**, and the **integrated store management tool,** to show stores the sales indicators most relevant for them in real time.

4.3.4. Projects and tools for our people

GRI 103-2 and 103-3

Innovation is a crucial value at Inditex that helps us to strengthen the trust that both customers and the people who work directly or indirectly with the Company have placed in us. Innovation enables us to research, develop and realise a multitude of projects with which, ultimately, we aim to improve the quality of life of **our people and the communities** Inditex relates to.

We put a premium on fostering values as important for us as sustainability, diversity, responsibility and transparency, harnessing technology and the know-how of our human capital for this purpose.

People are crucial for achieving our innovation potential

Our people

The people who work at the Group are key to placing all of our innovative skill at the service of customers, but also to keep learning, progressing and growing. Accordingly, in 2021 we have devised several initiatives linked to unlocking their potential and nurturing their talent in a wide range of spheres. One example of this is the launch of the *Inditex Careers chatbot* in Instagram. This recruitment chatbot helps candidates to register for our job vacancies and set up their profile in Inditex Careers in a simple, fast and friendly way.

Also in connection with recruitment, this year we have opted to **digitalise interviews** via Team Plays*,* online interviewing and the VideoAsk extension for external candidates, as well as the processes of **on-boarding and digital contract signing,** the former implemented in stores in Spain, and the latter in Spain, the Netherlands and Germany.

In the realm of training, our commitment to digitalisation paved the way for the international launch of the **Train** learning platform, a virtual, modern and agile space to which our teams worldwide can connect. There they can access a broad range of training content such as product and fashion, culture and values, health and safety or sustainability, among others. The content is produced both internally, harnessing and sharing the know-how of our staff, and in partnership with leading educational institutions.

ⓘ More information in section *5.1. We are collaborating with our people, the engine of that transformation* of this Report.

Furthermore, to improve our people's health and ergonomics and to optimise their time, we have implemented an **automatic rotation system in logistics tasks** which, based on our *Orquest* staff scheduling tool and on artificial intelligence, switches the duties performed by operators at distribution centres.

Well-being at our headquarters

Innovation enables us to boost well-being at our headquarters in the broadest sense: comfort, efficiency, sustainability, architecture and occupational health, among others, and we have implemented a number of projects at all of them in 2021. Examples include the **latest construction techniques and architectural concepts aimed at achieving maximum environmental efficiency** in buildings and headquarters, while at the same time boosting the comfort and, as a result, the quality of life of the people using them.

Likewise, the Company has undertaken research into **new building solutions for developing smart, sustainable and efficient offices.** On this basis, we have refurbished the Bershka headquarters, applying wholly innovative proposals for employee comfort and for optimising their daily activity, while at the same time meeting strict efficiency and sustainability requirements. The building required a series of technological updates, such as the specific design of structural components to ensure top-quality acoustic properties, or the design of a highly energy-efficient lighting system. Both of these signalled a key scientific and technical improvement for the Company.

We are a community

Social innovation is a part of who we are. Our goal is to develop and apply solutions to satisfy social needs in an efficient and sustainable way. In this regard, our community investment programme is structured around three main axes: identifying new social needs, developing solutions to help respond to them, assessing their efficacy and extending those initiatives that have proven to be effective.

Our work for the community would not be possible without the direct engagement of stakeholders such as local and international organisations, governments, trade unions, academic institutions and representatives of civil society. Consequently, we establish partnerships with each of them that enable us to join forces and launch innovative initiatives in fields as varied as research into new diseases, improvement in the provision of water and sanitation in developing countries, and research programmes in the field of education and the social economy.

The Zara Tribute project represents a social initiative aligned with our commercial activity, based on the launch of limited edition collections linked to social causes. Zara's first Tribute collection, called "Icons by Peter Lindbergh", is a project that features iconic photographs by legendary photographer Peter Lindbergh and curated by creative director Fabien Baron. 100% of the proceeds from this collection go to the Franca Sozzani Fund for Preventive Genomics, with the aim of financing the Global Babyseq initiative, a human genome sequencing project that seeks to support research and innovation in predictive medicine in collaboration with Brigham and Women's Hospital and Harvard Medical School.

And in the medical field, our alliance with Doctors Without Borders is also framed. We invest in research projects for the response to new diseases and the development of new care protocols that contribute to the improvement of community well-being. During 2021, projects such as POCUS (point-of-care ultrasound), Patient Multimedia Engagement toolkit or the Mobile Outbreak Lab, among others, have stood out for their innovation.

ⓘ More information in section *5.7. We are collaborating to generate value in the community* of this Report.

Lastly, in 2021 we undertook two initiatives of significance for the Company linked to people in our supply chain and, therefore, in the field of social sustainability: arranging the use of a **tool to measure projects' social impact and**, as a result, to **standardise project management in the supply chain**.

4.3.5. Projects for the planet

GRI 103-2 and 103-3

For Inditex, it is a non-negotiable pre-requisite that our innovation must positively impact the planet for the present and future. We are convinced we must innovate not only in aspects directly linked to our Company, but taking a 360º approach aimed at developing solutions to allow us to help preserve the planet for generations to come.

In this context, a key aspect for us is to be able to implement our environmental solutions throughout our supply chain, for which purpose, again, we establish strategic partnerships with our collaborators.

Our commitment to innovation throughout the value chain and life cycle of our products is aimed at fostering and supporting the achievement of our sustainability objectives.

Our actions in innovation to minimise our impact on the planet encompass a broad range of goals: reducing polluting emissions, water and textile consumption and cutting the carbon footprint. We structure these actions upon two main axes: **circularity, and safe and sustainable products**.

Circularity

The circular economy drives us. We are constantly seeking tools and solutions that help us minimise the negative impacts of our activity throughout the life cycle of our products: fibres, processes, use and end of life. With this in mind we set up the **Sustainability Innovation Hub,** our open innovation platform, a fundamental reference underpinning our respectful approach to the planet. Through this platform we tirelessly seek and develop new and more sustainable raw materials and fibres and, in many cases, we do so through collaborations with cutting-edge start-ups involved in multiple aspects of textile production: materials, processes, end of life, micro-plastics, traceability, etc. In fact, some of the most disruptive projects to have emerged in 2021 were a result of such collaborations. For example, **LanzaTech,** an initiative in the field of research into raw materials.

ⓘ More information in section *5.4. Collaborating to transform through sustainable management of our products* of this Report.

We have also reached a number of agreements resulting in collaborations, such as the one with the accelerator **Plug and Play** to identify those start-ups that best contribute to our main objectives and organise work with them; the agreement with the innovation platform called **Fashion for Good***,* in which we work with other major players in the fashion business to foster the acceleration of sustainability projects in the sector; and our partnership with **Quantis** to build on its experience in life cycle analysis and use its impact measurements with the startups we partner.

Safe and sustainable manufacturing

Making our products in a safe and sustainable manner is non-negotiable for Inditex. Products must be safe for both the people who make them and those who receive them, our customers, and must also be environmentally sustainable. To achieve this, the Company works with leading technology and science companies, and internationally renowned technological experts, to better understand the properties of the substances that may be present in the processes and of the chemicals used throughout the manufacturing chain, and to take any appropriate action.

Within this framework of cooperation, in 2021 we commenced industrial partnerships with leading companies in the industry enabling us to fast-track the incorporation of disruptive solutions. Specifically, global research partnerships were established in science with **BASF** and in technology with **EPSON,** both grounded on their commitment to sustainability, leadership, multi-sector know-how and their R&D capacity.

BASF-Inditex. The understanding and establishment of synergies between both companies has allowed us to work together in a **sustainable technology for domestic laundering** aimed at mitigating microfibres; obtaining **sustainable solutions in wet processes** (dyeing and printing); the joint exploration of **sustainable materials and fibres,** alternatives to the existing ones; and the design of a joint R&D agenda in recycling technologies (mechanic, chemic and biologic) as a reference solution for the industry.

ⓘ More information in section *5.4.5. Use and end-of-life of products* of this Report.

EPSON-Inditex. Throughout 2021, the collaboration with this multinational has allowed to jointly prepare and validate, as a proof of concept, the technological and scientific bases necessary for the design and development of the R&D and innovation agenda in technologies of digitalization of wet processes as a reference solution in the Industry.

In the field of chemical safety, the Company, in partnership with *Universitat Pompeu-Fabra* and the University of Santiago, launched a joint action known for the development of computational methods and tools to characterise chemical safety in the compounds used in the textile and leather industry. This is an extraordinarily innovative project because, for the first time, a database was built to facilitate access to all the available information on this topic.

Improving the health and safety of our products is also the aim of another three projects launched in 2021 as a result of our RD&i: the **latest update of our Clear to Wear (CTW) standard**, which involved evaluating more than 1,800 substances with particular attention to their impact on the environment and human health; the rollout of a **guide to best manufacturing practices for products in contact with food**, to ensure that any product or item that will enter into direct or indirect contact with food is safe enough to prevent the transfer of harmful substances that might endanger human health; and, lastly, the creation, in conjunction with the University of Lleida, of a **method to detect volatile perfluorinated compounds (PFCs)** in textiles and chemicals to comply with the most stringent limits.

ⓘ More information in section *5.4.4. Health and safety aspects of products* of this Report.

4.3.6. Secure information, safe privacy

GRI 103-2 and 103-3

In the current framework of digital transformation, in which changes ensue quickly and constantly, information is the fuel that drives the machinery of any industry. Mindful of its importance and of the pre-eminent role of data security, at Inditex we are committed to the continuous improvement of our security management model and we invest in harnessing the latest technologies and cutting-edge controls to keep our own and our customers' data safe.

Consequently, in 2021 we have further strengthened our plans, systems and controls for remote working, and the associated risks, derived from the global covid-19 pandemic, and we have also finalised the Next Generation Cybersecurity strategic plan to optimise the maturity of our Information Security programme and, at the same time, identify the Company's needs and challenges for the coming years.

With regard to the sharp increase in cyber-attacks worldwide, which have not had an impact on our Company, new working groups were set up under the supervision of the Information Security Committee to continue designing and implementing fresh initiatives such as the Supply Chain – Third-Party Risk Management programme, focusing on the impact of cybersecurity in the supply chain.

The increase in global cybersecurity incidents against supply chains has underscored the need to establish controls in this regard. Accordingly, Inditex has bolstered its control programmes, including a specific review regarding the method of access, use and management of Inditex suppliers' information. Mindful, furthermore, that the human factor is one of the weakest links in terms of information security, we have implemented a number of training and skill-building initiatives to gauge their performance in security.

Moreover, the change in the traditional, on-premises technological model to the new cloud focus has required new approaches to ensure maximum information security and, at the same time, to enhance the user experience. These are precisely the two pillars on which our Zero Trust-Road to passwordless programme rests, paving the way for passwordless connection to services.

4.4. Collaboration, the essence of transformation

At Inditex, we design multiple strategies that involve permanent dialogue and transparency with our stakeholders, as we believe that constant collaboration is crucial to building and achieving our common goals and to contributing to the transformation of our sector.

4.4.1. Stakeholder engagement

GRI 102-21; 102-33; 102-40; 102-42; 102-43; 103-2 and 103-3

The principles governing our relationship with stakeholders are transparency and permanent dialogue, which are necessary levers to promote joint collaboration on the path towards sustainable development.

At Inditex, we are committed to generating a **positive impact** and **creating value in a sustainable manner** for our stakeholders, as well as for society as a whole. Accordingly, we believe working together with them is key to both making progress on our Sustainability Roadmap and decisively driving the sustainable transformation of our sector.

We are aware that maintaining a **continuous dialogue, listening and taking into account the demands and needs of our stakeholders** and joining forces with them is essential to making headway in common and shared goals. Circularity, preserving the planet and its resources, and promoting human and labour rights are some of the common and shared goals that pursue the necessary transformation, so that in the future sustainability will be a present and fully integrated maxim in all areas of society.

How and with whom we collaborate

We consider stakeholders to be those groups or entities that may be related to our Group throughout our value chain and in the environment in which we carry out our activity and which, simultaneously, have the capacity to influence Inditex with their decisions and opinions. Based on our business model—and their relationship to it—we classify our stakeholders as follows: **customers, employees, suppliers, shareholders, the community as a whole and the environment** (represented by various environmental organisations).

DEFINING THE STRATEGY FOR ENGAGING WITH STAKEHOLDERS

Identification

Identification of all the stakeholders who may be linked to Inditex throughout our value chain and in the environment in which we operate.

Prioritisation

Classification and determination of priority stakeholders based on our business model and value chain.

Taking into account both their engagement and the possible impacts that this model may have on them.

Definition of the strategy

A specific strategy is defined for each stakeholder based on their characteristics and needs. Specific objectives, commitments and dialogue tools are defined.

COMMON ELEMENTS OF ALL THE STRATEGIES: PERMANENT DIALOGUE AND TRANSPARENCY

The principles guiding our relationship with all our stakeholders are transparency and permanent dialogue, as stated in our Sustainability Policy. These common principles are embodied in specific strategies, objectives and communication and dialogue channels, which are constantly reviewed and updated. Thus, we have policies that define the principles of the relationship with each stakeholder group, such as our Code of Conduct and Responsible Practices, our Code of Conduct for Manufacturers and Suppliers or the Policy on Human Rights, among others.

INDITEX'S MAIN STAKEHOLDERS AND ENGAGEMENT AND DIALOGUE TOOLS

FREQUENCY: Constant dialogue · Biannual · Annual · On demand

INDITEX'S MAIN STAKEHOLDERS	EXAMPLES OF STAKEHOLDERS	ENGAGEMENT AND DIALOGUE TOOLS – COMMON	ENGAGEMENT AND DIALOGUE TOOLS – SPECIFIC	OUR COMMITMENTS – SPECIFIC
Employees Any person who works at Inditex, whether in stores, offices or logistics centres.	Store employees Office employees Logistics centres employees Union representatives	Sustainability Committee	Ethics Committee UNI Global Union Agreement Training and internal promotion Internal communications 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 Any person who purchases any product sold by any of the Inditex Group's brands.	Physical store customers Online store customers Potential customers	Materiality Analysis	Specialised customer service teams Physical and online stores Social media Information Security and Data Protection and Privacy 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's supply chain as well as their respective employees.	Direct suppliers Manufacturers Workers Trade union organisations International organisations	Social Advisory Board	Supplier clusters Ethics Committee Buying and sustainability teams Global Framework Agreement with IndustriALL Global Union Data Protection and Privacy Department	Promotion and protection of fundamental 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 administrations Academic institutions Civil society Media	Strategic Alliances	Social Advisory Board Cooperation with 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	Corporate Website	Social Advisory Board Commitments with NGOs Environmental sustainability teams	Respect for the environment Conservation of biodiversity Sustainable management of resources Fighting against climate change
Shareholders Any person or entity who owns shares of the Inditex Group.	Institutional investors Individual investors	Integrated report	Annual General Meeting Sustainability indexes Investor relations	Social interest and ommon interest of all shareholders Fostering informed participation

OUR COMMITMENTS – COMMON: Sustainable Development Goals 1–17

Featured collaboration tools

Since 2019 we have a Sustainability Committee, a delegate committee of the Board of Directors, whose responsibilities include the supervision of the Company's stakeholders engagement in the sustainability field. Furthermore, since 2002 we have a Social Advisory Board which acts as an advisory body on sustainability matters, and comprises independent external members, whose responsibilities include arranging and institutionalising dialogue with key stakeholders in civil society.

ⓘ More information in section *4.2.1. Our vision of sustainability* of this Report.

We establish various strategic partnerships for collaboration with stakeholders to foster sustainable development throughout our value chain and in the communities where we operate. This enables us to maximise our contribution to the Sustainable Development Goals and advance in our Sustainability Roadmap.

ⓘ More information in section *4.4.2. Partnerships* of this Report.

In order to identify and respond to those issues that are most relevant to our stakeholders, we yearly perform a materiality analysis involving both internal and external stakeholders. The findings of this analysis are a very valuable source of information, as they enable us not only to discover our stakeholders' needs and expectations, but at the same time serve as a guide to define our priorities as we progress in the creation of economic, social and environmental value.

ⓘ More information in section *4.4.3. Materiality analysis* of this Report.

GENERATION OF VALUE FOR STAKEHOLDERS

Customers

Our commitment to CUSTOMERS involves maintaining their trust and sustainably producing fashion products that meet their needs and expectations.

Employees

Our EMPLOYEES are our driving force.

We want to positively impact on their professional and personal development.

Suppliers

We seek to strengthen all our SUPPLIERS and benefit their workers. It would not be possible to manufacture our products without our supply chain.

Community

We want to have a positive impact on the economic, social and environmental development of the COMMUNITY. A key aspect is our investment programmes in social initiatives aligned with our business.

Environment

We are committed to the development of a circular economy model that mitigates the impact of our activity on the ENVIRONMENT and where efficiency in the use of resources is paramount.

Shareholders

We ensure that SHAREHOLDERS have access to the necessary information to ensure inclusive, participatory and representative decision-making that respond to their needs.

4.4.2. Partnerships

GRI 103-12 and 103-13

We work together with various organisations to advance in the sustainable transformation of our sector in particular, and of society and the planet in general

At Inditex, we maintain a **close, multi-directional and constant cooperative relationship** with various organisations and institutions, both locally and internationally. Establishing partnerships based on working together is pivotal for us, as we are aware that only by joining forces with key actors can we move towards the sustainable transformation of our sector in particular, and of society and the planet in general.

Thus, we maintain partnerships with governments, trade unions, academic institutions, local and international organisations and representatives of civil society, among others, to progress towards sustainable development. We also work with other companies in our sector through different platforms and partnerships, as we face common challenges and opportunities that require the collaboration of all actors involved. Accordingly, we maximise our contribution to the SDGs and foster economic, social and environmental value creation.

Partnerships

POSITIVE IMPACT ON THE PEOPLE OF OUR VALUE CHAIN AND ON THE COMMUNITY

ENVIRONMENT PROTECTION AND FIGHT AGAINST CLIMATE CHANGE

CROSS-CUTTING ALLIANCES WITH SOCIAL, ENVIRONMENTAL AND GOOD GOVERNANCE IMPACT

ACCELERATING CIRCULARITY	A collaborative initiative within the garment industry that brings together the endeavours of various operators, from areas encompassing waste collection, recycling, fibre production and textile distribution, to promote circularity. With the support of Textile Exchange, Euratex, Wrap, Circle Economy, Fashion for Good, ReFashion or Apparel Impact Institute among others, Inditex is a founding partner and member of the Steering Committee of the initiative in Europe, together with other members representing fibre manufacturers, and experts in textile waste and supply chains, as well as brands and retailers. We also belong to the initiative's Brand & Retailer Working Group in the US.
UNITED NATIONS HIGH COMMISSIONER FOR REFUGEES (UNHCR)	Inditex and UNHCR have been working together since 2020 with the common goal of meeting the clothing needs of refugees and internally displaced people. Through this strategic partnership, Inditex, in collaboration with its suppliers, supports UNHCR in its task of sheltering refugees who have been forced to abandon their homes and helping to restore their dignity. Thanks to this partnership, Inditex has provided more than three million products from its collections to refugees and internally displaced people.
ACT (ACTION, COLLABORATION, TRANSFORMATION)	A collaboration initiative between retail brands, suppliers and trade unions to transform the textile industry and achieve living wages in the sector, by means of collective bargaining and responsible purchasing practices. Inditex has been an active participant in ACT and its work groups since 2015.
AFIRM GROUP	A working forum comprising leading companies in the fashion, footwear and sport goods sector that share the common goal of reducing the use and impact of substances of health and environmental concern in the textile and leather supply chain.
COUNTRY PARTNERSHIP FOR ZERO CHILD POVERTY *(Alianza País por la Pobreza Infantil Cero)*	This initiative, fostered by the Spanish Government's High Commissioner against Child Poverty, is aimed at encouraging the engagement in and the creation of partnerships between all social actors to work towards a common mission: a Spain in which all children and adolescents have the same opportunities for the future, regardless of the conditions into which they are born. Inditex joined the Partnership in January 2021.
PARTNERSHIP FOR SUSTAINABLE ECONOMIC RECOVERY *(Alianza por una recuperación económica sostenible)*	A partnership promoted by ECODES and the Spanish Group for Green Growth (*Grupo de Crecimiento Verde*), among others, to advocate for economically and socially effective stimulus policies and, in turn, to ensure they are aligned with sustainability and biodiversity policies.
ARBORUS	Inditex collaborates with the Arborus Endowment Fund, created by the Arborus association and large international corporations, with the support of the European Economic and Social Council. Its goal is to promote equality between women and men in the world, in particular through the dissemination of a European and global standard: the European and international label GEEIS (Gender Equality European and International Standard), which is a tool that fosters diversity and inclusion in enterprises and with which Inditex has certified several of its subsidiaries.
ISTANBUL TEXTILE AND APPAREL EXPORTER ASSOCIATIONS – ITKIB	In Turkey, we have established a long and fruitful collaboration with ITKIB (Istanbul Textile and Apparel Exporter Associations) and EKOTEKS (the customs surveillance laboratory), to develop new techniques for the analysis of cosmetics and sustainable fibres.

BETTER COTTON	At Inditex, we belong to the Better Cotton initiative, which develops and promotes best practices in traditional cotton cultivation to benefit the farmers and the environment, and to ensure the future of the sector.
BETTER THAN CASH ALLIANCE	Based on the UN, this is a partnership of governments, companies and different international organisations, whose objective is to globally promote the transition towards a digital economy. We focus our collaboration with this alliance on the financial education and digitalisation of the supply chain.
BSR (BUSSINESS FOR SOCIAL RESPONSIBILITY)	A global non-profit organisation working with a network of over 200 members to build a fair and sustainable world. As a member of BSR since 2019, we are involved in several of the organisation's initiatives, such as the HER women empowerment programme or projects in relation to the social impact of the transition to a circular economy.
BUSINESS AMBITION FOR 1.5º BY UNITED NATIONS	An urgent call to action by a global coalition of United Nations agencies, business and industry leaders to commit to setting ambitious science-based emission reduction targets.
BUSINESS FOR SOCIETAL IMPACT (B4SI)	A global standard, formerly known as LBG, to measure corporate social impact. Inditex belongs to the global B4SI network which currently comprises more than 150 companies.
CANOPY PLANET INITIATIVE	As founders of the Canopy Style initiative, we collaborate with Canopy Planet to protect primary high conservation-value (HCV) forests through the textile chain. This is a commitment to protecting these forests, and in particular to ensuring that no cellulose originating in this type of forests will be used in man-made fibres (viscose, modal, lyocell).
CÁRITAS	We have been working with the non-profit organisation Cáritas since 2007 to help improve well-being in the community. Within the frame of our strategic partnership with Cáritas, we are currently developing a number of projects such as the circular economy project *Moda Re-* or the programme to boost employment in Spain.
FASHION INDUSTRY CHARTER FOR CLIMATE ACTION (UNFCCC)	We have committed to implementing this Charter, launched by United Nations Climate Change, and aligned with the Paris Agreement goals. The aim is for the industry to achieve net zero emissions by 2050.
CEOE (Spain's Employers' Association)	We cooperate actively with Spain's Employers' Association (CEOE), which is the main spokesperson between companies in Spain and the Government and international institutions. At Inditex, we belong to several working groups linked to various aspects related with sustainability and circularity.

CEO WATER MANDATE	We have signed up to this United Nations initiative that aims to support companies in the development, implementation and disclosure of their water-related strategies and policies.
CIQ SHANGHAI	We participate in the Pre-Testing Programme with CIQ Shanghai, which belongs to the China Customs Inspection and Quarantine Department, reserved for companies with a very high level of compliance with health regulations on imported goods.
CLEAN CARGO WORKING GROUP	We joined this initiative in 2020 with the aim of reducing the environmental impacts of worldwide freight transport and to promote responsible ocean freight. At the Clean Cargo Working Group, there is collaboration between companies dedicated to integrating environmental and socially responsible business principles into transport management. Its CO_2 emission calculation methodology is the shipping standard used by other initiatives, such as the US Environmental Protection Agency (EPA) SmartWay programme and the Global Logistics Emissions Council (GLEC).
COTTON CAMPAIGN	Cotton Campaign is an initiative led by companies and tertiary sector organisations to improve working conditions and defend human rights with regard to cotton production and supply.
COVID-19: ACTION IN THE GLOBAL GARMENT INDUSTRY	An initiative aimed at spurring action in the global textile sector to help the industry tackle the economic impact of the covid-19, while protecting the incomes, health and employment of workers in the industry. This call to action was agreed in 2020 by the International Organisation of Employers (IOE), the International Trade Union Confederation (ITUC) and IndustriALL Global Union together with other international brands, with the technical support of the International Labour Organization (ILO). Inditex belongs to the international working group created for its implementation.
COZEV (CARGO OWNERS FOR ZERO EMISSION VESSELS)	CoZEV is an initiative led by the Aspen Institute as part of its Shipping Decarbonization Initiative (SDI). This initiative has brought together a number of shippers to accelerate the transition to zero-emissions vessels and to establish a commitment to only use this kind of vessel by 2040.
RED CROSS	We have been collaborating with the Red Cross since 2004 in a number of emergency relief programmes linked to natural disasters and similar crises. Over the course of the last seventeen years we have cooperated to tackle emergency situations in countries like India, China, Japan, Mexico, Australia, Italy and Spain, among others. We also have a stable arrangement with the Red Cross through programmes such as *SALTA* and Closing the Loop.

ELLEN MACARTHUR FOUNDATION	Ten years after the Ellen MacArthur Foundation was launched, Inditex has strengthened its collaboration with the organisation by becoming a Partner. This year we renewed our involvement as a member of the Advisory Board for its Make Fashion Circular initiative. Furthermore, we ramped up our ambition on plastics reduction by signing a new commitment to the New Plastics Economy promoted by the Ellen MacArthur Foundation in partnership with United Nations Environment to 2025. The commitment enables all plastics used in our business to be reused or recycled, in order to be reintroduced into the circuit, while cutting the amount of unnecessary plastic *packaging* and increasing the percentage of recycled content in such materials. This year we also signed a manifesto with the Ellen MacArthur Foundation, emphasising the Business Call for a UN Treaty on Plastic Pollution, calling on governments to ensure that the new treaty on plastic pollution includes measures and instruments that affect the entire life cycle of plastics, not just addressing the challenges associated with managing plastic waste.
ENTRECULTURAS	Since 2001 we have been collaborating with the Jesuit-sponsored NGO with the goal of generating social change through education. Thanks to this partnership, over the last 20 years we have developed a number of educational programmes that have directly benefited more than 1.3 million vulnerable people in Africa, America and Asia.
ETHICAL TRADING INITIATIVE (ETI)	A dialogue platform to improve working conditions of supply chain workers, comprising companies, international trade unions and non-governmental organisations. Inditex has been a member of ETI since 2005 and is an active participant of its programmes in different countries.
EUROCOMMERCE	We are actively involved with EuroCommerce, the largest representative body of the retail industry in Europe, comprising 6 million retail and wholesale companies from various sectors. We are also members of its environmental committee and founding members of its representative body TEFRIG, made up of companies form the textile sector.
EUROPEAN NETWORK AGAINST RACISM	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 34 Champions of Diversity in Europe, developed in conjunction with experts in D&I management.
EVERY MOTHER COUNTS	A charitable organisation dedicated to helping women receive quality health care to prevent infant and maternal mortality. Our partnership with Every Mother Counts, which commenced in 2015, has developed (among others) a number of maternal health projects in countries such as Bangladesh and the United States.
FASHION FOR GOOD	Fashion for Good is a global innovation accelerator specialising in the textile sector. Through this platform, brands, producers suppliers, non-profit organisations and innovators work together to scale sustainable solutions. At Inditex we participated in a study on the actual typology of post-consumer textile waste according to their characteristics and compositions. The aim is to gauge textile waste sorting capacities in Europe.

THE FASHION PACT	We are co-founding partners of this agreement among leading companies in the fashion sector to set specific goals to handle the challenges of the industry in terms of fighting climate change, caring for oceans and conservation of biodiversity.
FORO SOCIAL DE LA MODA	Launched in 2018 as a joint initiative between tertiary sector organisations, local trade unions affiliated with IndustriALL Global Union (CCOO and UGT) and a number of Spanish textile brands, including Inditex. It aims to promote a forum for multi-stakeholder dialogue on global supply chains.
FUR FREE ALLIANCE	Fur Free Alliance is an international coalition of animal welfare protection organisations working to bring an end to the exploitation and killing of animals for their fur. Inditex is a member of the Fur Free Alliance's Fur Free Retailer Program.
GLOBAL FASHION AGENDA (GFA)	At the Company we continue to strive to improve and afford continuity to circularity commitments made to the GFA and fulfilled in 2020. 100% of our stores continue to offer the used garment collection programme, we continue to train our design teams in circularity and we have accelerated our efforts to scale up textile-to-textile recycling. In addition, Inditex is a founding partner, through its brands Pull and Bear and Bershka, in the Circular Fashion Partnership project, which supports the development of the recycling industry in Bangladesh.
INDUSTRIALL GLOBAL UNION	An international federation of trade unions representing more than 50 million industrial workers belonging to more than 600 trade unions in 140 countries. The collaboration with IndustriALL Global Union is embodied through the Global Framework Agreement, signed in 2007, the first to cover the entire supply chain of a textile company. The agreement, renewed in 2019, highlights the essential role of respect for freedom of association and collective bargaining rights. In this regard, the two organisations agreed to work together to ensure a more effective implementation of the International Labour Conventions.
INTERNATIONAL ACCORD	This is the agreement signed in 2021 between brands and international trade unions, with non-governmental organisations acting as witnesses for its fulfilment. It encompasses the commitment to continue and expand the efforts, initiated in Bangladesh in 2013, for a safe and healthy textile industry. The International Accord recognises the RMG Sustainability Council (RSC) as the independent organisation that continues these efforts in Bangladesh. Inditex is a founding member and sits on the Steering Committee.
CHINESE INSTITUTE OF PUBLIC AND ENVIRONMENTAL AFFAIRS (IPE)	We work with the Chinese Institute of Public and Environmental Affairs (IPE) to improve the environmental management of our supply chain in China and to disseminate the results of wastewater analyses. We continue to work together to prepare a map to monitor the performance of textile companies in China.
LBG (LONDON BENCHMARKING GROUP) ESPAÑA	Methodology to measure business contributions to the community. Inditex is a member of *LBG España*, which currently comprises 19 companies.

The LEAF Coalition Lowering Emissions by Accelerating Forest finance LEAF COALITION	This year we have signed up to the LEAF Coalition, coordinated by Emergent and combining public and private involvement. It focuses on protecting tropical forests from deforestation and on supporting sustainable development in the countries where they are located.
Massachusetts Institute of Technology MASSACHUSETTS INSTITUTE OF TECHNOLOGY (MIT)	Within the framework of our Closing the Loop Programme, we collaborate with the Massachusetts Institute of Technology (MIT) in the MIT International Science and Technology Initiatives (MISTI) to research the development of recycling processes and the creation of textile fibres through new non-polluting methods or from waste, as well as any other sustainable initiative related to the circular economy in the textile industry. We have endowed the Inditex Materials Science and Engineering Fellowship Fund Chair at MIT's Department of Materials Science and Engineering. This lifelong chair focuses on promoting research into sustainability.
medicusmundi MEDICOS MUNDI	Since 2015, we have been working with this international NGO founded in 1963 towards the common goal of promoting the right to health. Through this partnership, we contribute to improving the social and health situation for workers in the garment industry in Morocco.
MEDICOS SIN FRONTERAS MÉDECINS SANS FRONTIÈRES (MSF)	Since 2008 we have been cooperating with the medical-humanitarian endeavours of *Médecins Sans Frontières/Doctors Without Borders (MSF)* to help people threatened by armed conflict, epidemics, natural disasters or exclusion from medical care. As a result of this strategic partnership in community investment, we have rolled out projects in 52 countries that have benefited more than six million people.
Climate & Sustainability Consortium MIT CLIMATE AND SUSTAINABILITY CONSORTIUM	Inditex belongs to a group of founding companies of the MIT Climate and Sustainability Consortium (MCSC), created to accelerate the development of large-scale solutions to stop climate change. The initiative brings together leading multinationals of various industries to work with the Massachusetts Institute of Technology (MIT) to pool environmental innovation processes and strategies.
LDF DEFEND EDUCATE EMPOWER NAACP LEGAL DEFENSE AND EDUCATIONAL FUND	NAACP Legal Defense and Educational Fund is the foremost US legal organisation advocating for racial justice. Inditex collaborates with this organisation to finance projects primarily in the area of education that seek to improve access for African-American students, bringing about structural changes in society to eliminate disparities and achieve racial equality. NAACP LDF works for civil rights and to improve the quality of education.
Open For Business OPEN FOR BUSINESS	Coalition of leading global companies dedicated to LGBT+ inclusion and the rights of the LGBT+ community (lesbian, gay, bisexual and transgender) to prove that inclusive societies are better for business and that companies that promote LGBT+ inclusion are more dynamic, productive and innovative.
OPEN TO ALL OPEN TO ALL	Inditex is a supporter of Open to All, a campaign led by retailers in the US to combat discrimination and make everyone entering our establishments feel welcome, regardless of their race, ethnicity, origin, gender, sexual orientation, gender identity and expression, religion or disability. This coalition brings together businesses and more than 200 non-profit organisations.
OC ORGANIC COTTON ACCELERATOR ORGANIC COTTON ACCELERATOR (OCA FOUNDATION)	We are a founding member and sit on the Investor Committee of Organic Cotton Accelerator (OCA). This initiative seeks the commitment to help develop a responsible and healthy market of organic cotton for all parties involved.

INTERNATIONAL LABOUR ORGANIZATION (ILO)	The International Labour Organization (ILO) is a specialist UN body focusing on all matters relating to work and labour relations. We collaborate closely in various spheres such as, for example, the Better Work programme, the SCORE programme, the Workplace Adaptation Programme and the covid-19 initiative: *Call to Action in the Global Garment Industry*. In 2017 we entered in a three-year public–private partnership with the ILO aimed at jointly promoting core principles and labour rights in the cotton supply chain.
UNITED NATIONS GLOBAL COMPACT	A United Nations initiative that encourages social dialogue between companies and civil society. Inditex signed up in October 2001 and actively participates in various working platforms alongside other stakeholder groups, such as the Action Platform on Decent Work in Global Supply Chains.
RACE TO ZERO	Race to Zero is a campaign under the umbrella of the United Nations Framework Convention on Climate Change (UNFCCC) aimed at driving the change to a decarbonised economy.
REDI (BUSINESS NETWORK FOR LGTB+ DIVERSITY AND INCLUSION)	Inditex is a member of REDI, Spain's first inter-company and expert network for diversity and inclusion of LGBTI employees and allies. REDI aims to nurture an inclusive and respectful environment in organisations in which talent is appreciated, regardless of sexual identity, gender expression and sexual orientation.
EURATEX REHUBS	As a founding partner, in 2021 Inditex joined the Business Council of the ReHubs initiative developed by Euratex to set up five recycling centres in Europe with the aim of collecting, processing and recovering textile waste.
RMG SUSTAINABILITY COUNCIL (RSC)	As the heir of the Accord on Fire and Building Safety since 2020, the RMG Sustainability Council (RSC) delivers building safety inspection and remediation programmes in production facilities in Bangladesh. Textile brands, trade union federations and employers' associations in the country are represented equally on its Board. Inditex works actively with its suppliers and manufacturers in the aforementioned programmes, and serves on the Board of Directors.
SHIFT	A non-profit organisation specialising in human rights. Since 2019, Inditex takes part in its Business Learning Programme, a programme for leadership in human rights that involves companies from all sectors in efforts to implement the Guiding Principles.
SMART FREIGHT CENTRE	It is a non-profit organisation dedicated to sustainable transport. Its vision is to achieve an efficient global logistics sector and zero emissions, that contributes to the goals of the Paris Agreement and the Sustainable Development Goals. To achieve this vision, they bring together the global logistics community through their *Global Logistics Emissions Council* (GLEC).
SUSTAINABLE APPAREL COALITION (SAC)	We are active members of the Sustainable Apparel Coalition (SAC), a textile sector initiative to develop a common sustainability index to assess the performance of retailers, suppliers and products.

SUSTAINABLE FIBRE ALLIANCE	Sustainable Fibre Alliance (SFA) is an international non-profit organisation working with cashmere supply chains, from herders to retailers. Its purpose is to promote a global sustainability standard in cashmere production so as to preserve and restore pastureland, ensure animal welfare and guarantee livelihood.
TENT PARTNERSHIP FOR REFUGEES	Founded by Tent Foundation, a non-profit organisation, this is a global network of more than 200 companies that seeks to mobilise the private sector to create partnerships to improve the lives of refugees.
TEXTILE EXCHANGE	As members of the Textile Exchange, we partner with this independent and non-profit organisation that is an international benchmark in the sector. It is a platform to promote organic grown cotton, and global sustainability within the textile sector.
THE BUSINESS CALL FOR A UN TREATY ON PLASTIC POLLUTION	An open call ahead of the fifth session of the United Nations Environment Assembly, which seeks to encourage talks among UN member states to create an international treaty on plastic pollution to help drive the transition to a circular economy for plastics.
THE POLICY HUB	We are actively involved with Policy Hub, which brings together the textile industry and its stakeholders in order to accelerate the sector's circular transformation.
TSINGHUA UNIVERSITY	Through our partnership with Tsinghua University, since 2016 we have been involved in a number of academic programmes related to our community investment model. Notable among these are the Sustainable Development Fund, the Oversea Student Scholarship and Teaching Fund or the collaboration programme with this university's School of Economics and Management, among others.
UNI GLOBAL UNION	In 2019, Inditex and the trade union federation UNI Global Union, which represents 20 million workers in more than 150 countries, celebrated the 10th anniversary of the Global Agreement reached by both entities in 2009 to foster respect for and promotion of labour rights and decent work across the commercial and distribution network.
UNITING BUSINESS AND GOVERNMENTS TO RECOVER BETTER BY THE UNITED NATIONS	Inditex is one of over 150 companies involved in *Science Based Targets* that have signed a declaration in 2020 urging governments worldwide to align their recovery efforts to combat the crisis caused by covid-19 and work on economic aid, using cutting-edge climate-related scientific developments.

UNIVERSITY OF A CORUÑA	Pursuant to our strategic partnership with the University of A Coruña (UDC), we have implemented a range of programmes such as Intalent, the Inditex-UDC Sustainability Chair, the Inditex Chair of Spanish language and culture in Bangladesh, or the Inditex-UDC Predoctoral Residency Grant Programme, among others.
UNIVERSITY OF SANTIAGO DE COMPOSTELA	As part of our community investment efforts, we have been cooperating with the University of Santiago de Compostela since 2010 to develop the Inditex Chair of Spanish language and culture in Bangladesh.
MIGUEL HERNÁNDEZ UNIVERSITY	We collaborate with Miguel Hernández University in Elche in offering the TEMPE-APSA Chair of Disability and Employability, as part of our community investment initiatives.
COMILLAS PONTIFICAL UNIVERSITY	We work with Comillas Pontifical University to run the Inditex Chair of Refugees and Forced Migrants within the framework of our community investment.
UNIVERSITY OF LLEIDA. A3 LEATHER INNOVATION CENTER IN IGUALADA	The development of the best leather tanning and finishing technologies, as well as sensitive and versatile methods for the analysis of key substances such as formaldehyde and chromium (VI), are the focus of our cooperation with A3 Center.
POLYTECHNIC UNIVERSITY OF CATALONIA	Inditex carries out research in conjunction with the Polytechnic University of Catalonia on the microplastics present in marine ecosystems as a result of waste water from washing clothes. The project focuses on minimising the detachment of these particles (measuring less than 5mm) from garments, with the aim of preventing them from ending up in the sea.
UNIVERSITY OF DHAKA	Since 2010 we have been collaborating with the University of Dhaka in developing the Inditex Chair of Spanish language and culture. This Chair, located at the University of Dhaka's Institute of Modern Languages, promotes Spanish language and culture in Bangladesh through various academic and cultural dissemination initiatives, notably including annual courses in Spanish language and culture, the student mobility grants programme and the hosting of especially significant artistic events.
WATER.ORG	We have been working since 2015 with the non-profit organisation Water.org to improve access to drinking water and sanitation for low income families in Bangladesh, Cambodia and India. As a result of our strategic partnership with Water.org, more than two million three hundred thousand people have improved their access to drinking water and sanitation through the granting of microloans.
ZERO DISCHARGE OF HAZARDOUS CHEMICALS (ZDHC)	In this organisation, we join 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.

4.4.3. Materiality analysis

GRI 102-29; 102-43; 102-44; 102-46; 102-47; 102-49 and 103-1

In 2021, for the eleventh consecutive year, we performed a materiality analysis to understand the needs and expectations of our stakeholders. This exercise enables us to identify and prioritise the issues that are most relevant, both to internal stakeholders, i.e., our employees, and external stakeholders, i.e., international bodies, trade unions, NGOs, universities, media, local communities and suppliers, among others. The matters identified through this process are known as material topics.

The materiality analysis has a dual purpose. On the one hand, it enables us to identify the priorities we need to focus on in order to make progress in creating value for our stakeholders and thus ensure that our sustainability strategy is aligned with their needs. On the other, it helps us to determine the content to be included in this Report.

A double approach to materiality is adopted in the process of determining material topics and their relevance, which is reviewed annually. Hence, attention is paid not only to the impact these issues have on our Group's strategy, but also to the impact the Company has on the environment. Accordingly, in the process of determining the materiality matrix, the Global Reporting Initiative recommendations are followed, most specifically GRI 101: Foundation 2016 standard, in addition to other relevant methodologies and recommendations in connection with reporting. This year we have introduced the financial perspective when it comes to assessing the impact of material topics relating to sustainability (including environmental, social and governance aspects). This considers the impact of each topic on Inditex's capacity to generate revenues, reduce costs or make the business more efficient and mitigate risks. Furthermore, an assessment of the relevance of the topics over time has also been taken into account, assessing whether the impact occurs in the short, medium or long term.

For the process of identifying material topics, a range of relevant information sources are used, including: analysis of industry and global trends, public opinion (through the analysis of social and digital media), lernings and contributions from the various stakeholder with whom the Company has relations, findings of internal working groups specifically created for this purpose, in which both managers and technical experts from key areas take part, among others.

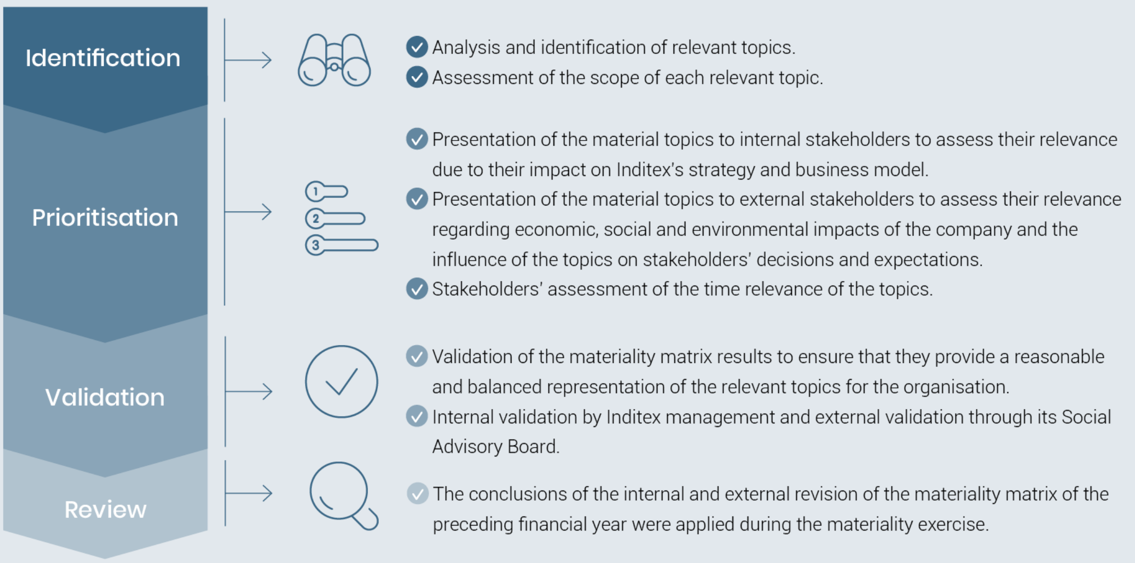
Once the material topics are identified, they are presented to the internal and external stakeholders for prioritisation. This process is conducted through online surveys in which internal stakeholders assess the relevance of the material topics on the basis of their impact on Inditex's strategy and business model (y-axis of the matrix), and external stakeholders assess their relevance on the basis of the economic, social and environmental impacts of the company, as well as the influence of the topics on their decisions and expectations (x-axis of the matrix). Both internal and external stakeholders assess the temporal relevance of all the topics.

To ensure equal representation of all the stakeholder groups involved (employees, international bodies, trade unions, NGOs, universities, media, local communities and suppliers, among others), they are grouped according to the broad spheres to which each of them relate and their responses are weighted so that no sphere is over-represented.

In this year's exercise, representatives from more than 70 organisations of a different nature took part[16], as well as internal employees. It is worth noting the participation of our Social Advisory Board, as a collegiate body made up of external independent experts that advise our Group on sustainability issues.

After prioritising the topics the results are checked internally by the Company's management and externally by the Social Advisory Board. In addition, the findings of the previous year's review are applied during the materiality process in order to implement any conclusions drawn during the matrix ellaboration exercise.

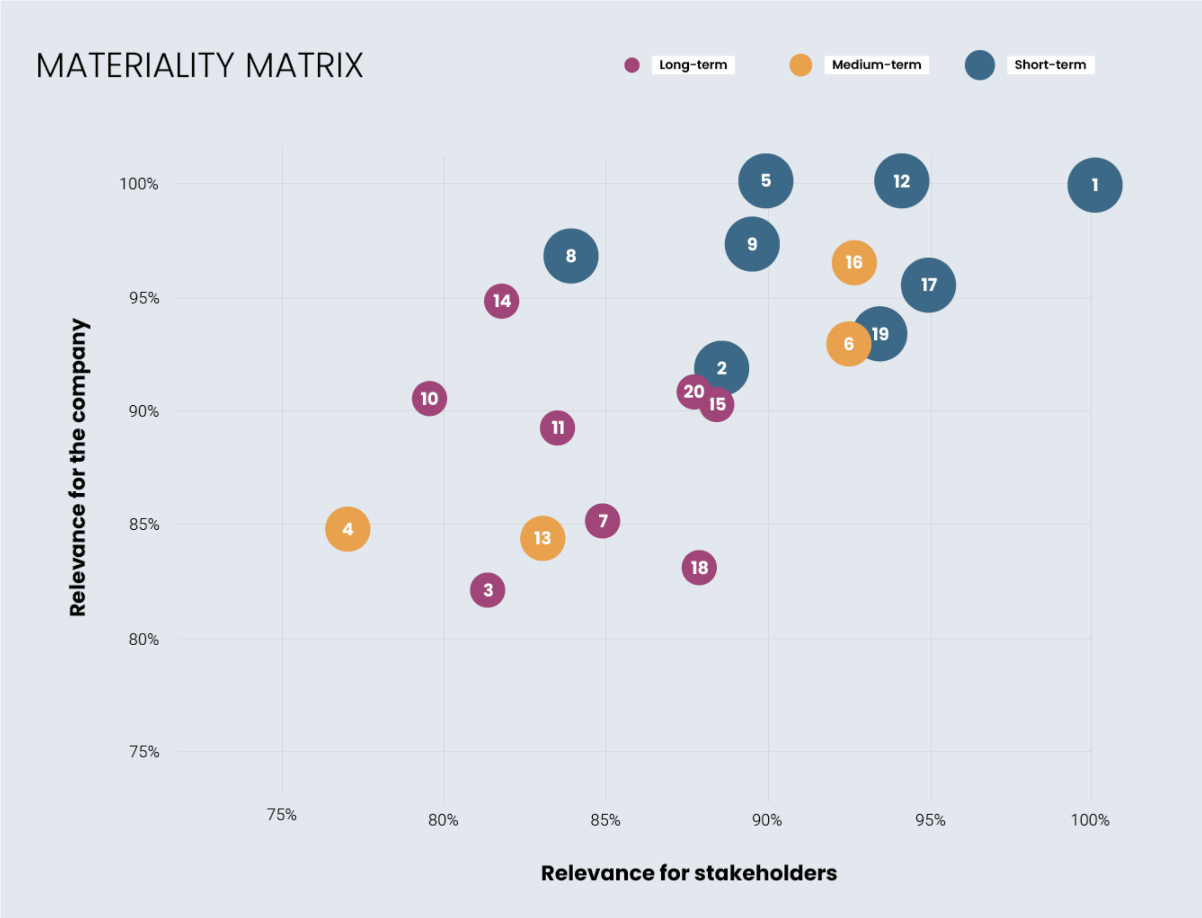
ELABORATION PROCESS OF INDITEX'S MATERIALITY MATRIX



[16] The participant organisations include, among others: Inditex Social Advisory Board, Accelerating Circularity, Asociación Española de Contabilidad y Administración de Empresas (AECA), AFIRM Group, Canopy, Cáritas, Centre for Business and Public Sector Ethics of Cambridge, Red Cross Spain (Cruz Roja), Ethical Trading Initiative, Eurocommerce, Fashion for Good, Entreculturas Foundation, Seres Foundation, United Nations Global Compact Spanish Network, Greenpeace, Humane Society of the United States (HSUS), IndustriALL Global Union, Medicus Mundi, Organic Cotton Accelerator (OCA), Social & Labour Convergence Programme (SLCP), University of A Coruña, Comillas Pontifical University, Oxford University, University of Santiago de Compostela, Tsinghua University and the United Nations High Commissioner for Refugees (UNHCR).

The result is a **materiality matrix** showing 20 topics based on their relevance to stakeholders and for developing the Company's business model. In 2021, for the first time the matrix also shows the temporal relevance of each topic. The matrix is complemented with the Balance of Material Topics, which includes an analysis of the scope or boundary of each material topic and the involvement of Inditex in the potential impact.

ⓘ More information in section *6.2.2. Balance of material topics* of this Report.

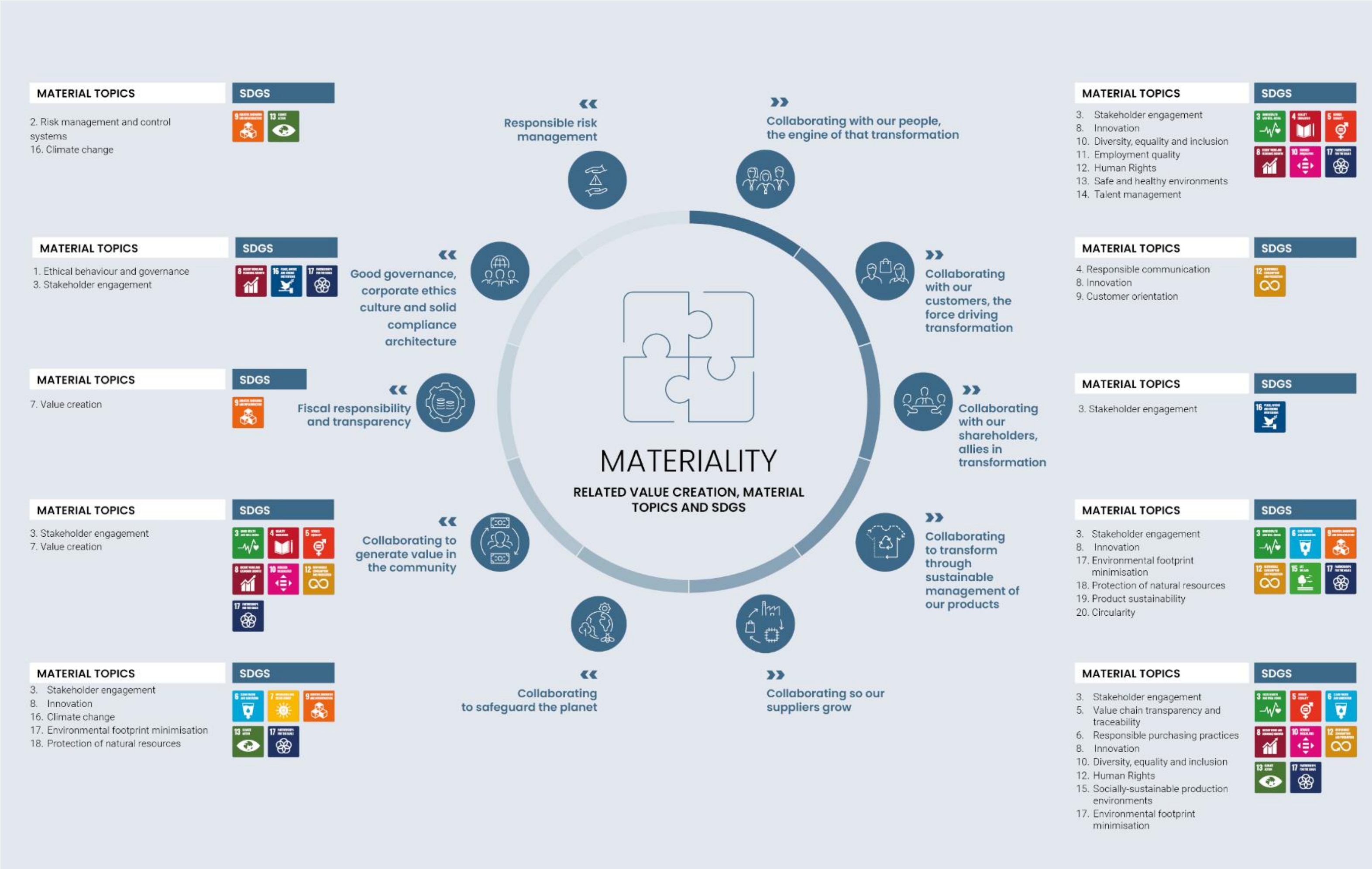


MATERIAL TOPICS

NUMBER	MATERIAL TOPIC	SUBTOPICS	
1	**Ethical behaviour and governance**	Good governance Corporate ethics Compliance and responsible practices	Anti-corruption Grievance mechanisms Public policy
2	**Risk management and control systems**	Financial risk management and control systems Cybersecurity	Non-financial risk management and control systems Management of climate change risks and opportunities
3	**Stakeholder engagement**	Stakeholder commitments Alliances and partnerships	Transparency and continuous dialogue
4	**Responsible Communication**	Responsible communication and marketing Brand management	Product information and labelling
5	**Value chain transparency and traceability**	Raw material traceability Transparency	Process traceability
6	**Responsible purchasing practices**	Suppliers relations	Responsible purchasing training and commitments
7	**Value creation**	Financial performance Socio-economic impact on society	Tax contribution and tax transparency Community investment Contribution to the SDGs
8	**Innovation**	Digitalisation Innovation in sustainability	Process innovation
9	**Customer orientation**	Sales practices	Shopping experience
10	**Diversity, equality and inclusion**	Diversity Equality	Inclusion

NUMBER	MATERIAL TOPIC	SUBTOPICS	
11	**Quality of employment**	Employment Remuneration	Labour relations
12	**Human Rights**	Human Rights strategy	Due diligence processes
13	**Safe and healthy environments**	Health and Safety management systems Health and well-being promotion	Health and safety training Implemented measures derived from covid-19
14	**Talent management**	Talent attraction Talent retention	Talent development
15	**Socially-sustainable production environments**	Employee well-being Industrial relations Living wages	Women empowerment Social assessment and supply chain improvement
16	**Climate change**	Energy Management Emissions	Decarbonisation Energy efficiency
17	**Environmental footprint minimisation**	Water usage Management of chemical substances and sustainable processes in manufacturing	Waste management Environmental assessment and supply chain improvement
18	**Protection of natural resources**	Biodiversity	Animal welfare
19	**Product sustainability**	Sustainable raw materials	Product quality, health and safety
20	**Circularity**	Eco-design Packaging	Recycling

Moreover, based on our materiality analysis and the alignment of our strategy with the United Nations 2030 Agenda, the Sustainable Development Goals most impacted through our value creation model have been identified.



5. Collaborating to have a positive impact

We face a positive paradigm shift involving many actors who, together, can bring about the sustainable transformation of our industry. Our people are pushing us to pursue this change. And us, we are striving to help our suppliers grow and to continue generating value in the communities where we operate. Furthermore, we see sustainability as the opportunity to align economic progress with a positive impact on people and on the planet.

5.1. Collaborating with our people, the engine of that transformation

Related material topics: Stakeholder engagement; Innovation; Diversity, Equality and inclusion; Quality of employment; Human Rights; Safe and healthy environments; Talent management.

Our team of people, their talent and their energy are the real drivers of our transformation. Accordingly, at Inditex we foster opportunities for development and training, with the aim of contributing to the professional and personal growth of all our people.

People are Inditex's core value. We trust them fully to support the growth of our Group. It is our people who convey their enthusiasm and passion for responsible fashion to our customers, and who enable us to constantly reinvent ourselves and tackle new challenges.

Five principles guide Inditex in its aim to achieve **sustainable people management**: our **culture** and the **values** we share and nurture; the **diversity** of our teams and **equal** opportunities; our unwavering commitment to **talent**, in particular professional growth and internal promotion; creating **quality**, stimulating, stable and safe **workplaces**; and guaranteeing the **safety, health and well-being** of our teams.

5.1.1. Diversity, inclusion, equality and work-life balance

GRI 103-2; 103-3; 102-8; AF32; 404-2; 405-1; 405-2; 406-1; 401-3 and AF23

5.1.1.1. About us

At the close of 2021, our Group comprised a team of **165,042 people, located in 60 different markets and representing a total of 177 nationalities** (144,116 people, 60 markets and 171 nationalities in 2020; 176,611 people, 60 markets and 172 nationalities in 2019; 174,386 people, 60 markets and 154 nationalities in 2018).

Our organisation is characterised by four main features:

- Generational and gender diversity
- International presence
- Horizontal organisation
- A customer-centric approach

Firstly, Inditex is a company characterised by gender and age diversity. Women account for the majority, although the proportion of women to men has been gradually evening up over the last decade, with 76% of our workforce being women, compared to 24% men (76% and 24% in 2020, 76% and 24% in 2019, and 75% and 25% in 2018, respectively). With regard to age, Inditex's workforce is distinguished by its generational diversity. Teams within the Company are currently made up of employees of different generations, the youngest groups being the largest. The average age is 29.3 years old (30.1 years in 2020; 28.9 years in 2019; and 28.7 years in 2018).

Secondly, we are a notably international workforce, with staff employed in 60 markets. This circumstance enriches our people management, as we can focus on the local reality of each market, while applying global management policies. Spain, with 46,075 employees, accounts for 28% of the total workforce.

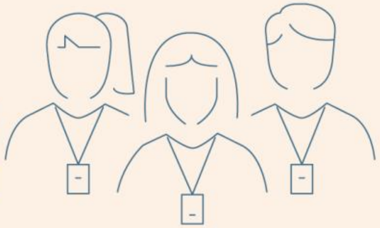
Thirdly, Inditex's horizontal organisation, favours open and continuous communication and collaborative work. Our approach to job classification is broad, with store employees having a special relevance in this classification.

Lastly, Inditex is a customer-centric organisation. Stores, where 86% of our people work, play a paramount role in our Organisation, in which online teams have also grown exponentially in the last few years. The rest of the Group's activity areas (factories, logistics and central services) serv the integrated store and online platform of our eight brands, which are made up of over 6,000 stores.

OUR PEOPLE IN 2021

165,042

PEOPLE



DISTRIBUTION BY ACTIVITY

	2021		2020		2019		2018	
	Number of employees	%	Number of employees	%	Number of employees	%	Number of employees	%
Store	143,592	86%	123,660	86%	154,465	87%	152,057	87%
Central services	11,283	7%	10,844	7%	11,386	6%	11,547	7%
Logistics	9,439	6%	8,862	6%	9,932	6%	9,929	5%
Factories	728	1%	750	1%	828	1%	853	1%
Total	165,042	100%	144,116	100%	176,611	100%	174,386	100%

DISTRIBUTION BY AGE

	2021		2020		2019		2018	
Years	Number of employees	%	Number of employees	%	Number of employees	%	Number of employees	%
< 30	95,752	58%	77,597	54%	107,042	61%	107,639	62%
30-40	46,115	28%	45,792	32%	49,336	28%	48,709	28%
> 40	23,175	14%	20,727	14%	20,233	11%	18,038	10%
Total	165,042	100%	144,116	100%	176,611	100%	174,386	100%

DISTRIBUTION BY GENDER

	2021		2020		2019		2018	
	Number of employees	%	Number of employees	%	Number of employees	%	Number of employees	%
Women	124,993	76%	109,323	76%	133,465	76%	131,385	75%
Men	40,049	24%	34,793	24%	43,146	24%	43,001	25%
Total	165,042	100%	144,116	100%	176,611	100%	174,386	100%

DISTRIBUTION BY GEOGRAPHY

	2021		2020		2019		2018	
	Number of employees	%	Number of employees	%	Number of employees	%	Number of employees	%
Americas	19,888	12%	16,788	12%	19,749	11%	20,785	12%
Asia and Rest of the world	16,460	10%	17,215	12%	23,541	13%	23,452	13%
Spain	46,075	28%	40,279	28%	48,687	28%	47,930	28%
Europe (ex-Spain)	82,619	50%	69,834	48%	84,634	48%	82,219	47%
Total	165,042	100%	144,116	100%	176,611	100%	174,386	100%

DISTRIBUTION BY PROFESSIONAL CLASSIFICATION

	2021		2020		2019		2018	
	Number of employees	%	Number of employees	%	Number of employees	%	Number of employees	%
Management	11,890	7%	12,591	9%	10,473	6%	7,601	4%
Supervisors	15,367	9%	16,480	11%	19,779	11%	20,350	12%
Specialists	137,785	84%	115,045	80%	146,359	83%	146,435	84%
Total	165,042	100%	144,116	100%	176,611	100%	174,386	100%

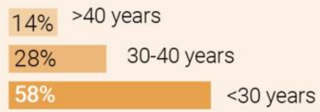
* The description of the functions of the three professional classification groups is:

Management: employees in management positions with responsibility for interdisciplinary working groups related to the areas of design, manufacturing, distribution, logistics, stores, technology, sustainability and other general services. Store managers are included in this category.

Supervisors:: employees who are part of interdepartmental and transversal working groups for design, logistics and stores, as well as sustainability, technology and other general services.

Specialists: employees with an impact due to their 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.

AGE



DISTRIBUTION BY MARKET

EUROPE (EX-SPAIN)

	2021	2020	2019	2018
Albania	249	221	243	263
Germany	4,684	4,753	5,531	5,874
Austria	1,334	1,253	1,455	1,477
Belgium	2,929	2,562	2,945	2,818
Belarus	350	278	290	298
Bosnia-Herzegovina	369	314	424	360
Bulgaria	663	600	716	733
Croatia	1,041	923	1,160	1,078
Denmark	309	292	329	335
Slovakia	443	305	359	302
Slovenia	235	235	276	267
Finland	240	249	260	269
France	10,315	8,729	10,030	9,414
Greece	4,004	3,639	4,278	4,014
Hungary	1,116	818	1,126	1,067
Ireland	958	743	854	882
Italy	8,794	6,890	8,626	8,600
Kosovo	245	215	211	157
Luxembourg	325	300	318	179
North Macedonia	289	132	154	155
Monaco	39	39	39	36
Montenegro	143	99	128	123
Norway	392	363	386	383
Netherlands	2,701	2,536	3,018	2,856
Poland	4,239	4,040	4,679	4,617
Portugal	6,572	5,050	7,247	7,001
United Kingdom	6,547	4,398	5,429	5,486
Czech Republic	605	505	700	643
Romania	2,532	2,238	3,027	2,864
Russia	10,148	9,119	10,696	10,365
Serbia	894	656	736	742
Sweden	754	736	844	833
Switzerland	1,479	1,478	1,564	1,506
Turkey	5,258	3,956	5,166	4,896
Ukraine	1,424	1,170	1,390	1,326
Total	82,619	69,834	84,634	82,219

ASIA AND REST OF THE WORLD

	2021	2020	2019	2018
Australia	1,763	1,501	1,636	1,504
Bangladesh	71	62	59	57
Cambodia	4	4	6	4
Mainland China	5,838	7,113	11,169	11,680
Hong Kong SAR	627	558	1,020	1,252
Macao SAR	75	105	170	181
Taiwan, China	447	498	626	649
South Korea	1,438	1,269	1,673	1,514
India	1,300	1,173	1,294	1,227
Japan	3,247	3,488	4,314	3,979
Kazakhstan	989	746	779	723
Morocco	38	34	26	16
New Zealand	112	119	115	99
Pakistan	3	2	2	2
Singapore	4	4	4	4
South Africa	490	524	633	548
Vietnam	14	15	15	13
Total	16,460	17,215	23,541	23,452

SPAIN

Spain	46,075	40,279	48,687	47,930
Spain–workforce, permanent contracts	37,657	36,627	36,632	35,745

AMERICAS

Argentina	795	848	872	885
Brazil	2,219	2,418	2,849	2,810
Canada	2,564	2,077	2,595	2,466
Chile	1,018	726	871	878
United States	6,897	5,080	6,310	6,267
Mexico	6,081	5,334	5,897	7,137
Uruguay	314	305	355	342
Total	19,888	16,788	19,749	20,785

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Nationalities

5.1.1.2. Diversity and Inclusion Policy

Inditex's commitment to **diversity and multiculturalism** is one of our strengths. Our goal is to build diverse teams made up of people of different profiles, cultures, backgrounds and experiences, as part of an inclusive corporate culture that fosters equality of opportunities and zero tolerance to all kinds of discrimination. We believe that nurturing this culture of inclusion and respect makes us a more competitive, creative and innovative company. Therefore, our teams are composed of people of different gender, gender identity and expression, sexual orientation, race, ethnicity, age, education, socio-economic status, disability or religion, among others.

Inditex advocates globally for a culture of **inclusion, equality and respect**. We are committed to creating fair working environments in an atmosphere of understanding and acceptance so that everyone can achieve their goals and develop their talents. We also implement a zero-tolerance approach to any kind of discrimination. For the Group, an inclusive culture means:

- Guaranteeing diversity of profiles for all positions and at all levels of the Company by attracting and retaining talented professionals.

- Fostering equality of opportunities regardless of gender, gender identity, race, ethnicity, origin or different abilities, among others.

- Promoting human rights, collaboration and respectful communication between people, both internally and externally.

- Developing procedures and implementing appropriate training initiatives and programmes to achieve these goals.

Recognising that a diverse and inclusive work environment is a crucial contributor to the achievement of Inditex's corporate objectives and improved business performance, in December 2020 the Board of Directors approved the modification of Inditex's **Diversity and Inclusion Policy**, in force since 2017. This shows its firm commitment to the values contained in its Code of Conduct and to a culture based on equality, respect and acceptance of differences. In particular, the Policy mentions the Company's commitment to ensuring that there is no discrimination of any kind, particularly on grounds of gender, when appointing members of the Board or Senior Management of the Group.

This Policy, which is promoted and supported by Senior Management, is present across all our areas of action, especially in matters relating to people management: recruitment and selection, remuneration and benefits, promotion, training and professional development. Within the Human Resources Team, the Department of Equality, Diversity and Inclusion steers the training programmes and initiatives on diversity and inclusion at the Group, and ensures that the Diversity and Inclusion Policy guides all of the Company's actions. The Policy also directly impacts areas linked to our relationship with people in our business model: customer services, marketing and communication, procurement, etc.

Accordingly, the Policy applies to anyone associated with the Group, whether they are employees, customers or third parties such as contractors, suppliers, professionals involved in recruitment processes or people working in the supply chain.

Our staff are responsible for promoting **diverse and inclusive workplaces** that encourage equal opportunities, 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.

Inditex also has an Ethics Committee and an Ethics Line to ensure compliance with the Diversity and Inclusion Policy, which receives and addresses all the comments, doubts or complaints made in good faith regarding the interpretation, application or enforcement of the Policy.

ⓘ More information on the Ethics Committee and the Ethics Line in section *5.9.2. Compliance and criminal risk prevention* of this Report.

The Diversity and Inclusion Policy is derived from the Company's Code of Conduct and Responsible Practices, the foundations of which include **respect, acceptance and equality.** Likewise, it is consistent with the Group's Compliance and Human Rights policies.

Furthermore, to resolve queries in connection with the interpretation of our Policy, two e-mail inboxes have been set up: one for queries (d&I@inditex.com) and another to report complaints concerning its interpretation, application or compliance (canaletico@inditex.com); in addition to contacting the people from Human Resources and the Diversity Champion in many of our markets.

5.1.1.3. Global initiatives to promote diversity and inclusion

2021 MILESTONES
The Financial Times includes Inditex in its Diversity Leaders index. The Company is among the European leaders in promoting diversity, according to the Financial Times ranking, which evaluates the performance of more than 850 companies across 16 countries, chosen from among more than 15,000 companies throughout Europe.
Inditex also further cemented its place in 2021 among the 100 leading companies in the promotion of diversity and inclusion at the global level, as ranked by Refinitiv. This index transparently and objectively measures the data from around 11,000 worldwide companies, representing more than 80% of global market capitalisation, using 24 metrics across four key pillars: Diversity, Inclusion, People Development and News and Controversies.

At Inditex, we believe the power of creating a diverse and inclusive culture lies in **our people**. In a markedly international company, the D&I project was devised from a global perspective, and is implemented in all our markets, which are a source of diversity and multiculturalism.

In this context, in order to reinforce our own employees as the conveyors of our values of inclusion and respect, since 2018 we have appointed **Diversity Champions** among our staff in the various subsidiaries. Their mission is to act as ambassadors of diversity and inclusion in their countries and workplaces to contribute with ideas and projects that enrich our inclusive culture. At present, there are more than 40 Champions. Further cementing their collaborative efforts, the community of Champions in Europe was awarded the **Holistic Diversity Management** certificate by the ENAR Foundation, awarded for the first time to a European company.

In 2021 our subsidiaries in Greece, Portugal, Poland and Bulgaria, as well as the office of our subsidiary in Belgium, signed up to the **Diversity Charter**, a European Commission equality initiative that has been adhered to by other eight subsidiaries in Europe (France, Germany, Croatia, Romania, Slovenia, Italy, the Netherlands and Sweden).

Furthermore, in 2019 we joined the **Open to All** Commitment in the US, in which over 50 fashion companies worldwide take part. This is a coalition of companies endeavouring to raise awareness and increase visibility regarding the importance of protecting people from discrimination in public retail spaces.

In terms of recognitions, since 2020 Inditex has been listed in the **Refinitiv Diversity and Inclusion Index**, which includes the 100 most diverse and inclusive organisations in the world. In 2021, Inditex was also listed in the Financial Times **Diversity Leaders** ranking, which includes the 850 leading companies in the field of diversity and inclusion in 16 countries, chosen from over 15,000 companies across Europe.

ⓘ More information in section *3.4. Acknowledments* of this Report.

On 21 May 2021, at Inditex we celebrated the United Nations **World Day for Cultural Diversity for Dialogue and Development.**

We work on the following **four global priorities,** as well as establishing local initiatives in our various subsidiaries:

- Gender Equality
- Inclusion of people with disabilities
- LGTB+ Inclusion
- Socio-ethnic inclusion

5.1.1.3.1. Gender Equality

Gender equality and **women empowerment** are a part of the essence of our Group. With 76% of women at the Group, we foster more diverse and inclusive working environments in which women feel supported in their professional development.

To promote diversity and inclusion, we work to ensure that the entire workforce can develop their professional potential and to guarantee that no discriminatory practices deprive the women in our teams of the same development opportunities as men.

To achieve this, we guarantee fair access to opportunities for development at work, we implement continuous training and we strive to create safe spaces in which there is no harassment or violence against women's well-being in the workplace. We also foster wage parity.

By cultivating the **talent of the women** in our Company, we have been able to make major leaps in their leadership within the Organisation. The figures speak for themselves, and in 2021, **81% of the Company's management positions were filled by women** (81% in 2020 and 79% in 2019). Moreover, in the last years, the representation of women on the Board of Directors has also improved notably (+14 percentage points since 2016, up to 36% in 2021).

ⓘ More information in section *5.9.3. Good corporate governance* of this Report.

In Spain, the **equality plans** at Inditex's different companies, as well as those which are currently being negotiated, include measures that affect different areas of labour relations, such as selection, recruitment, promotion, training, health at work, remuneration and work-life balance. This work is further underpinned by the committees that monitor these plans, which meet half-yearly to verify their compliance and effectiveness. There are also action protocols designed to combat sexual and/or gender-based harassment.

Our organisation **rejects discrimination in any form**. Hence, we strive to prevent sexual harassment, abuse and exploitation in the workplace by implementing an internal policy to stop sexual or gender-based harassment at work. With its **Policy to Prevent Sexual and Gender-Based Harassment in the Workplace**, devised and developed over the course of 2021, Inditex aims to improve the information and training in this area for the entire workforce. The main lines of this proposal will be prevention, care and support and response for victims.

This Policy takes into account the recent approval of International Labour Organization (ILO) Violence and Harassment Convention – C190, which has not yet been ratified by Spain, and ILO Violence and Harassment Recommendation – R206 (June 2019).

Through this global policy, the Inditex Group establishes the general principles that will serve as a framework for the various policies to prevent sexual and gender-based harassment that, in the event, are approved locally in the markets where the Group operates. In this regard, implementation of the Policy will be adapted to each country's legislation where there is already a local internal policy.

We highlight our commitment to stop gender violence through various campaigns to disseminate information that we conduct every year on 25 November, the International Day for the Elimination of Violence Against Women. In this regard, we have been working since 2013 with the then Ministry for Health, Social Services and Equality to raise awareness and promote the integration of victims into the workplace. Furthermore, *Salta*, the project to promote the integration of vulnerable young people into the workplace has also generated employment opportunities for the victims of gender violence. *Salta* is implemented in Spain, France, Italy, Greece, Germany, UK, Poland, Portugal, Mexico, Brazil, USA, South Korea and Turkey.

ⓘ More information on *Salta* in section *5.7. Collaborating to generate value in the community* of this Report.

With regard to other equality-related labour measures, in 2021, the remuneration area has been strengthened. A job assessment was performed by an external supplier, as well as a salary audit and a remuneration register set up to guarantee the principle of **pay transparency** and equal pay for work of equal value.

Moreover, since 2019 we have had a guide to inclusive language to help our teams communicate more equally in the workplace.

We have also continued to implement work plans and monitoring and assessment systems to foster gender equality and women empowerment in our workplaces. In 2021, the subsidiaries in Germany, Russia, Bulgaria and Ukraine obtained the **GEEIS (Gender Equality European and International Standard)** certification, recognising those companies that promote equality between men and women at work, and helping to define opportunities for improvement in workplaces. These subsidiaries joined Belgium and the global corporate group, which were certified in 2018, and France, Italy and Sweden, which received the certification in 2020. Over the course of 2022, other Inditex subsidiaries on both sides of the Atlantic will continue to obtain this certification.

The effort to implement initiatives that foster gender equality on a global scale is evidenced by the fact that, in January 2022, Inditex was included for the third year running in **Bloomberg's Gender-Equality Index**, which features the companies most committed to gender equality. Likewise, we are also among the 100 companies featured in the **Equileap** Ranking, resulting from a study of around 4,000 businesses, based on 19 gender equality criteria.

We also foster equality, diversity and inclusion among the workers in our supply chain. To do this, we have a Gender, Diversity and Inclusion Strategy, within the framework of which a number of actions are carried out aimed at the workers from our suppliers and manufacturers.

ⓘ More information in section *5.5.2. Workers at the Centre* of this Report.

Women in Tech: science and technology from an inclusive perspective

Within the field of talent development, in 2020 Inditex created the Women in Tech initiative, which aims to promote inclusion in the world of technology and foster the role of women in innovation and science. In 2021 we have held a number of sessions and masterclasses to encourage talented women to pursue careers in Science, Technology, Engineering and Mathematics, and to increase the presence of women performing digital and technological duties.

In this context, a number of awareness initiatives were promoted: talks with women leaders in technology, and awareness projects in schools and universities. We have implemented educational activities to celebrate the International Day of Women and Girls in Science and have actively collaborated with organisations working to train and empower girls in the technological area. Internally, we have also set up programmes to develop leadership skills aimed at women in our technology teams. Along with this purpose of generating an internal and external community with other groups and associations, we have set ourselves measurable goals in terms of recruitment and internal and external selection through our collaborators.

5.1.1.3.2. Inclusion of people with disabilities

One of Inditex's top priorities is to comply with the **principles of universal accessibility**, particularly for our staff and customers with any kind of disability. We endeavour to ensure that all the Group's workplaces meet the functional and dimensional requirements that allow an independent use by people with disabilities or impaired mobility. We also consider it a duty to make technical adaptations to workplaces that require specific modifications in terms of mobility or other types of sensory, visual or hearing differences.

In this context, for Inditex it is important to provide equal opportunities for access to our various websites and apps so that people with different disabilities can use the information shown on our platforms and to provide a more inclusive online browsing and app experience. Based on the principles of dignity, accessibility and independence, both our jobs portal—Inditex Careers, which has WCAG International Web Accessibility Certification, with AA-level conformance—and the websites and applications of our commercial brands allow access to the range of content through functionalities adapted for people with various kinds of disability. This evidences our continuous commitment to provide a service that is accessible to as wide an audience as possible and to facilitate the use of electronic devices so that anyone can browse online quickly and conveniently.

We are also strongly committed to the **employability of people with disabilities**.

At the end of 2021, in Inditex we directly employed 1,443 persons with disabilities (1,325 in 2020, 1,568 in 2019 and 1,498 in 2018). In Spain, we have also implemented alternative measures (e.g. collaboration with special employment centres, donations and sponsorships to conduct employment insertion activities for people with disabilities) equivalent to 64 workers (alternative measures equivalent to 69 workers in 2020, 180 in 2019, and 186 in 2018). The reduction in the number of alternative measures is due to the steady prioritisation of direct recruitment as a means of integration.

There are different regulatory frameworks in the various markets where our Company operates, hence, 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 many cases we have no registered data available.

In the rest of the world, we also work with non-governmental organisations, specialist companies and even public entities to foster the recruitment of people with disabilities, whether or not there are local regulations in this regard, including in countries such as Belgium, the Netherlands and the UK, among others. In the UK, we have joined the Business Disability Forum, a non-profit organisation aimed at transforming the lives of disabled people, working together with business leaders, public institutions and disabled people themselves to understand what must change to improve their life opportunities and experiences in terms of work, economic growth and society in general.

We are also involved in similar initiatives in Belgium and the Netherlands, where there are no legal quotas in place, and where we have launched a number of initiatives aimed at recruiting people with disabilities in partnership with companies specialising in inclusion and with local public entities, and at training customer service teams to better cater for disabled people. Furthermore, countries with legislation in place concerning recruitment quotas, such as Germany, with its 'Future' training programme; France, with its *'Accord Handicap'* business agreement; Italy, which has implemented the 'ALL IN' project to help people with intellectual disabilities to access employment in Milan and Verona; and Romania, with its constant efforts to improve internal training for its staff and also to hire people with disabilities, continue to work towards recruitment goals and to improve the labour conditions of their workers with disabilities.

To promote the inclusion of people with disabilities at a global level, which is a key pillar of our diversity and inclusion strategy, between November and December 2021, we held the second yearly edition of **Impact Week**, focusing on the inclusion of people with disabilities. This year, the vast majority of our subsidiaries and central offices took part. The aim of Impact Week is to raise awareness and mobilise everyone at the Company to continue to promote projects that foster the full inclusion of people with disabilities, be they employees, customers or candidates. Through partnerships with local entities in the different markets, training, workshops, round table discussions and other activities, this year's Impact Week focused on areas such as accessibility, or the experience of a 'customer' or 'employee' with disabilities, thereby helping to break down barriers and foster equal opportunities. In total, more than 26,000 people from 47 subsidiaries worldwide took an active part in one or more of the Impact Week initiatives, either through our interactive app or participating in the many local initiatives.

INCLUYE Project

INCLUYE Project is an initiative aimed at the socio-occupational integration of people with disabilities. It consists of the incorporation of people with intellectual disabilities into our logistics teams. This programme, launched in 2021, is conducted in conjunction with local organisations such as Prodis and COGAMI that work to foster the inclusion in the workplace of people with different talents. The programme is based on adapting the job position and functions to the abilities of the participants, providing on-site support from NGOs and tutors from Inditex and implementing inclusion activities with participants and tutors. Through the *INCLUYE* initiative, 20 people with intellectual disabilities have joined Zara's Logistics Platforms in Arteixo (A Coruña), Zaragoza and Meco (Madrid).

Furthermore, we should also highlight our for&from project, which consists of the creation of a network of social franchises from our different concepts, managed by non-profit organisations and staffed by people with disabilities. This initiative currently has 15 stores generating more than 200 jobs for people with various kinds of disability. All profits generated by for&from stores are reinvested in social projects run by the partner organisations.

5.1.1.3.3. Inclusion of the LGTB+ community

To stop discrimination against people belonging to the LGTB+ community in the workplace, in 2018 we signed up to the UN LGTBI Standards of Conduct, based on the UN Guiding Principles on Business and Human Rights, and including contributions from hundreds of companies from a range of sectors.

Since 2016 we have been a member of Open for Business, a coalition of leading global companies that advocate for the rights and inclusion of the LGTB+ community. From this forum we endeavour to show that more inclusive societies are better for businesses. We also contend that enterprises that promote the inclusion of the LGTB+ community are more dynamic, productive and innovative.

In Spain, Inditex joined REDI (Red Empresarial de Diversidad e Inclusión LGTB+, Business Network for LGTB+ Diversity and Inclusion) in 2018. This network fosters an inclusive environment in organisations and seeks to eradicate stereotypes. The aim is to value employees' talents regardless of their gender identity, gender expression and sexual orientation.

Once again in 2021 various Inditex subsidiaries in Europe and North America took part in the LGTB+ Pride celebrations in June and July, through a range of actions that included courses in LGTB+ inclusion in Germany, all stores' involvement in an inclusive competition to develop the Love&Pride initiative in Italy, or collaboration with the solidarity festival Solidays in France.

This year a number of projects have been launched to help transgender and non-binary people access employment. In Spain, the *SALTA* project involved initiatives to include trans people in our store and logistics teams thanks to the collaboration with entities like *Fundación 26 Diciembre*. And in the United States we launched the IN Pride project aimed at creating job opportunities at our stores in conjunction with two New York organisations: The Door and The Ali Forney Center.

In addition, our US subsidiary has been named one of the 'Best Places to Work' for LGTB+ people in the Human Rights Campaign Foundation's Corporate Equality Index 2022, recognising those companies that implemented the best LGTB+ inclusion practices in 2021. Zara USA obtained the top score (100 out of 100 points) in the support and empowerment of our LGTB+ people and in promoting inclusive workplaces for all.

5.1.1.3.4. Socio-ethnic inclusion

Our project for the employment of vulnerable groups, *SALTA,* is the foremost of our socio-ethnic inclusion initiatives. This programme is aimed at generating employment opportunities in our stores, logistics centres and factories for people or groups in special circumstances that make their employability more complex. In *Salta* we work with NGOs that support us in the process of recrutiment, training and follow-up of the participants.

This programme, which was launched in 2008 in France, has evolved its format for the training and integration of people in vulnerable circumstances in our teams. This year there have been several editions with different formats. One such format is the in-person training conducted in France, Greece and Portugal where NGOs and teams from Inditex work on basic skills, fashion and customer care. And another modality, implemented in Spain, the US and Germany, was to hold an initial stage of training online and a second phase of practical training in stores. Lastly, some countries such as Mexico and Turkey held mixed editions.

SALTA is now present in 13 markets (France, Spain, Italy, Portugal, Poland, Brazil, the United States, the United Kingdom, Germany, Mexico, Greece, South Korea and Turkey). Since 2008, 1,545 people have joined our teams in stores, logistics platforms and factories. Two of the groups most strongly supported by *SALTA* are women victims of gender-based violence and refugees.

This social commitment initiative is an important means to strengthen the links and engagement with the people who are part of Inditex. Our workforce actively participates, acting as mentors for people joining us via *SALTA*, and devoting their time to train and mentor them. Since 2008, more than 3,200 colleagues have taken part in this project as trainers or tutors.

With regard to recognitions, in 2021 *SALTA* was awarded the *Trophée GEEIS SDG* at a ceremony in Paris, for its contribution to gender equality through employment opportunities, consistent with the United Nations Sustainable Development Goals. The programme also received a special mention from the jury for 'offering a global project to promote social and sustainable inclusion'.

5.1.1.3.5. Against any kind of racism and discrimination

As a global company, our values are founded on diversity, equality and respect for human rights, and we therefore work to stop all kinds of racism and discrimination. In this sense, our Diversity and Inclusion Policy specifically mentions our zero tolerance as a company towards any type of discrimination.

Our determination in favour of the equality of all people is not a simple statement, but defines our position against racism in any of its expressions. Inditex's corporate culture is firmly based on listening to our employees and our customers. This listening allows us to determine what company, fully diverse and inclusive, we want.

At the same time, we recognise that education is a key component of any long-term change and that is why we have pledged to increase the educational programmes against racism and discrimination.

Our work of listening and reinforcing education materialized in 2021 with numerous training actions on diversity, equality and inclusion both globally and focused on different markets, which have reached more than 30,000 employees from all over the world. With them, we aspire to make our people participate in why a diverse, inclusive work environment, free from any form of discrimination, reverts positively not only to our employees but to the company in general.

ⓘ More information in section *5.1.2. Talent management* of this Report.

On the other hand, in 2021, we made again a donation to the NAACP Legal Defense Fund*,* a US organisation that actively combats racism, discrimination and injustice, especially in African-American communities.

Likewise, and since 2018, Inditex is among the companies that collaborates with ENAR, a European organisation based in Brussels that is focused on fighting racism and discrimination in all their forms. Within the framework of collaboration with this entity, the Inditex Diversity Champions community in Europe was awarded the Holistic Diversity Management certificate, awarded for the first time to a European company.

5.1.1.4. Work-life balance

At Inditex we encourage measures that seek to facilitate work-life balance, advocating especially for co-responsibility. The equality plans negotiated within the Group aim to make co-responsibility a right and a duty.

In this regard, in 2021 diagnostic instruments were presented to properly monitor both data and the implementation of measures under the equality plans in Spain. Based on the term of the equality plan in force, negotiations for new plans are underway in the corresponding companies. This is the case with Plataforma Cabanillas, where the negotiation of its second equality plan has now begun, and Grupo Massimo Dutti, which is due to start the negotiation of its third plan.

In 2021, as in previous years, 100% of our employees in Spain (46.075) had their right to parental leave in connection with birth or placement for adoption or foster care. 2,164 people took leave for birth, adoption or foster care placement (1,640 women and 524 men), almost all of whom returned to work: 2,148 people (1,630 women and 518 men). In addition, 17% of employees in Spain enjoy a reduction in working hours for childcare (18% in 2020, 16% in 2019 and 16% in 2018).

Parental leave	2021	2020	2019	2018
Total figures for parental leave	**2,164**	**2,204**	**2,353**	**2,166**
Women	1,640	1,726	1,902	1,770
Men	524	478	451	396
Return to work rate	**99%**	**100%**	**99%**	**99%**
Women	99%	100%	100%	100%
Men	99%	99%	95%	99%
People who continued working at the Group 12 months after returning from leave	**1,927**	**2,287**	**2,034**	**2,240**
Women	1,459	1,842	1,640	1,881
Men	468	445	394	359
Overall retention rate	**87%**	**97%**	**94%**	**86%**
Women	85%	97%	93%	90%
Men	98%	99%	97%	87%

However, beyond shared responsibility, our equality plans contain other work-life 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.

Internationally, the Inditex Group strives 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. This is the case in the United States, where since 2019 Inditex has implemented a policy of paid leave for birth or adoption for all our people. The purpose of this paid leave is to enable all employees meeting minimum requirements to be able to devote time to the care of a new-born or newly-adopted or fostered child.

As already indicated in the case of Spain, Inditex also advocates implementing measures in other markets 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, the expansion of leave for caring for children and/or dependants and even financial assistance to help cover the cost of childcare or other care. All of the foregoing takes into account the local reality in the context of each market, such as the United Kingdom, Italy, Germany, France or Argentina, among others, where packages of measures have been designed whose priority goal of improving people’s quality of life.

5.1.1.4.1. Work disconnection policies

With the approval of Organic Law 3/2018, of 5 December on Protection of Personal Data and Guarantee of Digital Rights, Inditex is fully committed to encouraging an internal policy that ensures the **right to digital disconnection in the workplace.** In this regard, the staff are encouraged to adopt habits such as resting between working days and during the holiday period, as well as to foster direct contact between colleagues as one of the corporate values of Inditex. Notwithstanding the commitment acquired at the corporate level, negotiations with workers’ representative have also resulted in other measures on this front, included in the latest Equality Plans of the various brands (the 2nd Equality Plan of Zara, Massimo Dutti, Bershka, Stradivarius, Oysho and Pull&Bear) and in place in Spain.

France, a pioneer on this topic, has been incentivising digital disconnection to improve work-life balance for some years now, and has even opted to include the right to disconnect in the company collective bargaining agreement on quality of life at work (Article 6). Thus, other than in exceptional cases, all our people are advised to limit messages and phone calls outside normal working hours and they are reminded that they are not obliged to respond to the e-mails or phone calls they receive outside those hours. Department heads and store managers are aware of this system and the company undertakes to remind them of this right periodically.

In other markets, such as the UK, where there is no legislation entitling employees to digital disconnection, the Group's brands have rolled out an initiative whereby employees do not receive communications from the company on their days off and eliminating instant messaging applications as a work tool. Ireland plans to launch a guide in February 2022 concerning the right to disconnect so as to ensure that work is not routinely performed outside normal hours, and the duty to respect another person’s right to disconnect (for example: by not routinely emailing or calling outside normal working hours).

There are other awareness campaigns, such as the one conducted at the Russian subsidiary, offering legal training to human resources managers regarding working and resting hours, and the potential consequences for employers if they do not meet the requirements.

In Nordic countries supervisors and store managers have been issued with guidelines for leaving their work equipment in stores, so that they cannot make use of their work electronic devices during their time off.

In general, both the IT and human resources teams at our subsidiaries are working to promote and implement healthy work habits, regardless of whether there is legislation in place, either through information, training and awareness, or by adopting specific measures applied to our corporate systems, such as e-mail.

5.1.2. Talent management

GRI 103-2; 102-8; 404-1; 404-2 and AF5

2021 MILESTONE

Inditex launches The Sustainable Fashion School, a space for knowledge and inspiration where our commercial teams are backed by a very solid foundation of technical knowledge and access to the latest innovations in sustainability.

We joined forces with the University of Leeds, a world's leading university for textile-related studies, to co-create this specialist programme on the fundamentals of the textile process.

Talent is our main asset when it comes to being able to convey our passion for responsible fashion to our customers. We place people at the centre, whether they are our employees or candidates, and we work on four goals from the perspective of talent management:

- Being able to **attract the most talented professionals** to work at our Company.
- Providing **opportunities for professional development and growth** through internal promotion and mobility.
- Facilitating continuous **learning**, both in new functions as they emerge and in transforming what we were already doing through training, awareness and communication.
- Providing a safe, enriching and motivating working environment with attractive conditions that enable us to **retain talented professionals, connect with our people and boost their commitment**.

5.1.2.1. Talent attraction

Communicating our value proposition as an employer across the Group's brands and work areas and communicating with our candidates is key to attracting the best talent. More than two million people follow our employer brand, **Inditex Careers**, on social media: LinkedIn, Instagram, Facebook, Twitter, Wechat and Weibo. In a new development, this year we debuted on TikTok with a challenge to work in our stores in Portugal. Inditex Careers, our employment portal, has also cemented its position as our main recruitment source, with more than 14.3 million visits from over 200 markets in 2021 (9.4 million visits from 200 markets in 2020 and 6.8 million visits from over 190 markets in 2019). In January 2020, this portal was awarded the WCAG Web Accessibility International Certification, with conformance at level AA.

In 2021, the **digitalisation** of the selection process for store staff was completed, from receiving the stores' recruitment needs to signing the contract digitally (a pilot project in Spain). Interviews to get to know our candidates become online experiences through webinars, team plays or videos sent to us by people who want to join our Group. This ensures that we have a flexible and sustainable process that significantly reduces the use of paper and commuting.

Our relationships with the top universities and schools remain vital to reach talent in all creative, management and technological areas. In 2021, we launched Zara Boost, a programme to discover junior talent in the areas of technology and e-commerce. Through an online coding challenge, more than 1,600 young people put into practice their knowledge and skills. People joining the Group through this initiative received initial training and a mentoring programme from our technology teams.

With regard to acknowledgements in employer branding, for the eleventh year running, Merco Talento ranked Inditex top of its survey, in which it analyses the 100 best companies to work for. Also in Spain, for the seventh consecutive year, Universum has included Inditex among the best companies in which to develop professionally in the Business and Trade category based on surveys among university students. Zara also entered Universum's *World's Most Attractive Employers* ranking in the Business category for the first time; this index analyses the companies that students consider to be the most attractive in terms of attracting talent in the 10 most significant international markets.

5.1.2.2. Developing talent

At Inditex, we are committed to providing our people with opportunities for development, something that is embedded in our DNA. Opportunities for internal promotion and mobility enable our teams to grow personally and professionally, and trace countless different paths and journeys at the Company.

In 2021, 50% of the Group's vacancies were filled internally (46% in 2020), resulting in nearly 7,500 people being promoted throughout the year (nearly 2,000 in 2020). By gender, 76% of the promotions have been for women and 24% for men, a figure that corresponds to the distribution of our workforce. Our commitment to generating opportunities for internal development results, in our office teams, in around 550 promotions and more than 710 changes of functions, department, brand or market.

InTalent plays a pivotal role in fostering the internal promotion of our store personnel, giving them visibility on opportunities for development in the Company and helping our talent teams to identify people interested in growing professionally. More than 59,000 people are registered on InTalent, across 53 markets worldwide.

Moreover, LEAP&Co, our talent management and in-job training application for our store staff enables store managers and area support teams to act independently when managing development plans for their teams, organising their network of specialist trainers per area and following up on new employees and trainees. This platform operates at Zara stores in 37 countries across Europe, America and Asia. Of our brands, Pull&Bear has implemented LEAP in Spain and Zara Home has implemented it in Spain, the Netherlands, Germany and Romania. Almost 51,000 employees are currently registered in the application, where this year more than 800,000 training hours were held, more than six times the previous year's figure (121,000 hours).

This year we also launched Big Store, a programme that helps our store teams to evolve so as to provide our customers with a uniform shopping experience regardless of their chosen channel. In this way, our store teams support our integrated store, serving our customers in both physical stores and online. For this, candidates complete a recruitment process and enter a development programme in which they receive the necessary knowledge for these functions. We therefore ensure that the store teams naturally support our goal of achieving an integrated store and that they are involved and play a prominent role in the Group's digital transformation, making better use of available resources towards more sustainable management. Big Store is present in Spain and in 2021 had more than 450 participants, implying more than 107,000 hours of our staff in physical stores devoted to customer services over digital channels.

5.1.2.3. Training

Training is another fundamental driver of professional growth among our staff.

Our culture is eminently practical, determining that staff training is fundamentally on-the-job, and that we implement a model in which internal training is key. We maintain a network of internal trainers that convey the Company's culture and operations, to ensure the success of all new employees.

In 2021 our new, modern, agile learning platform Tra!n was launched internationally, with an appearance similar to existing streaming platforms. This platform provides access to all our staff worldwide, from their computers or mobile devices, to a varied range of training content classified by topics such as Product and Fashion, Sustainability, Culture & Values, Customer, Processes, Skills, Health and Safety and Digital & Tech. The content is produced both internally, harnessing and sharing the know-how of our staff, and in partnership with leading educational institutions.

From 1 February 2021 to 31 January 2022, more than 2.3 million training hours were imparted to 551,000 participants (more than 1 million hours and more than 370,000 participants in 2020, more than 3 million hours and 360,000 participants in 2019 and more than 2.7 million hours and 146,000 participants in 2018).

Details of the training indicators are as follows:

Distribution by job classification[17]:

JOB CLASSIFICATION

2021

	Training hours	Participants	Average staff	Hours per person
Management	159,783	62,816	11,890	13.4
Supervisors	196,199	58,174	15,367	12.8
Specialist	1,986,390	430,890	137,785	14.4
Total	**2,342,373**	**551,880**	**165,042**	**14.2**

2020

	Training hours	Participants	Average staff	Hours per person
Management	126,121	46,054	12,591	10.0
Supervisors	126,282	49,892	16,480	7.7
Specialist	748,448	275,659	115,045	6.5
Total	**1,000,851**	**371,605**	**144,116**	**6.9**

2019

	Training hours	Participants	Average staff	Hours per person
Management	170,913	26,647	10,473	16.3
Supervisors	260,524	39,447	19,779	13.2
Specialist	2,657,853	295,156	146,359	18.2
Total	**3,089,290**	**361,250**	**176,611**	**17.5**

2018

	Training hours	Participants	Average staff	Hours per person
Management	98,282	9,044	7,601	12.9
Supervisors	253,276	19,124	20,350	12.4
Specialist	2,400,265	118,278	146,435	16.4
Total	**2,751,823**	**146,446**	**174,386**	**15.8**

[17] The description of the functions of the three job classification groups:

Management: employees in managerial positions with responsibility for interdisciplinary working groups related to the areas of design, manufacturing, distribution, logistics, stores, technology, sustainability and other general services. This category includes store managers.

Head: employees who are part of interdepartmental and transversal working groups for design, logistics and stores, as well as sustainability, technology and other general services.

Specialist: employees with an impact through individual contribution related to one of the Group's activities in the areas of design, manufacturing, distribution, logistics, stores, sustainability, technology and other general services.

Distribution by gender[18]:

GENDER

2021

	Unique people trained	Training hours	Participants	Average staff	Hours per person
Male	32,373	610,137	123,766	40,049	15.2
Female	97,698	1,732,236	428,114	124,993	13.9
Total	130,071	2,342,373	551,880	165,042	14.2

2020

	Training hours	Participants	Average staff	Hours per person
Male	259,185	89,809	34,793	7.4
Female	741,666	281,796	109,323	6.8
Total	1,000,851	371,605	144,116	6.9

2019

	Training hours	Participants	Average staff	Hours per person
Male	717,280	82,930	43,146	16.6
Female	2,372,010	278,320	133,465	17.8
Total	3,089,290	361,250	176,611	17.5

Distribution by geographical area:

GEOGRAPHICAL AREA

	2021				2020				2019			
	Training hours	Partici-pants	Average staff	Hours per person	Training hours	Partici-pants	Average staff	Hours per person	Training hours	Partici-pants	Average staff	Hours per person
Spain	316,712	110,930	46,075	6.9	218,789	113,150	40,279	5.4	351,421	117,637	48,687	7.2
Europe (excl. Spain)	1,213,307	345,372	82,619	14.7	565,654	156,289	69,834	8.1	2,085,281	163,656	84,634	24.6
Americas	348,139	71,624	19,888	17.5	61,725	60,877	16,788	3.7	45,684	48,929	19,749	2.3
Asia & Rest of the world	464,215	23,954	16,460	28.2	154,683	41,289	17,215	9	606,904	31,028	23,541	25.8
Total	2,342,373	551,880	165,042	14.2	1,000,851	371,605	144,116	6.9	3,089,290	361,250	176,611	17.5

[18] A person can attend more than one training. In the indicator 'unique people trained' those people who have attended more than one training are counted only once. Breakdown by gender is only available for this indicator.

Distribution by content:

CONTENT	2021		2020		2019	
	Training hours	Participants	Training hours	Participants	Training hours	Participants
Corporate (About us)	675,216	241,322	252,570	168,746	1,358,388	131,289
Customer	74,634	39,021	35,241	25,420	106,818	102,982
Fashion and Product	49,768	62,975	124,328	88,236		
Languages	73,666	18,737	52,617	2,433	52,033	2,536
Processes, Techniques & Tools	1,313,940	155,757	488,963	55,992	475,668	60,701
Skills	155,150	34,068	47,132	30,778	1,096,383	63,742
Total	**2,342,373**	**551,880**	**1,000,851**	**371,605**	**3,089,290**	**361,250**

Main training initiatives in 2021

- Diversity and inclusion. In addition to the awareness actions presented in section 5.1.1.3. Global initiatives to promote diversity and inclusion, in 2021 a number of training programmes were held, involving more than 30,000 people (more than 6,200 people in 2020). The goal is to convey and explain to our workforce the reasons why a diverse, equal and integrating working environment free of any form of discrimination is especially positive for the Company. The main courses are as follows:

  – Diversity, Inclusion and Belonging consists of training in e-learning format to disseminate our Diversity and Inclusion Policy and introduce basic concepts concerning our Company's inclusive values. It is available in various languages for our different markets.

  – The Right leader @ Inditex is inclusive is an international interactive workshop devised to help our management teams build more inclusive work environments based on a strategic vision of diversity management.

  – Prevention of harassment and discrimination refers to a series of in-person and online training programmes conducted in various countries to nurture more respectful and inclusive environments free of any form of discrimination or harassment.

  – D&I Matching HR is expert level training for Human Resources staff that delves into the various lines of action linked to Diversity and Inclusion, providing tools to foster more respectful workplaces and to understand how to stop discrimination from various angles.

- Promoting LGTB+ inclusion in the workplace is a course created in the USA that fosters inclusion of members of the LGTB+ community in our work environment.

- Over the course of this year, multiple workshops, masterclasses and talks have been held at international and local levels, and we conducted sessions on unconscious bias (Inclusion 2.0) to help combat stereotypes, and on inclusive leadership (Sustain yourself), among other diversity topics. In addition, the Diversity Champions from the various countries took part in expert talks covering areas such as how to fight discrimination, foster inclusion or welcome people with disabilities, among other topics.

- Languages. *Busuu* is an app for mobile devices that offers employees the opportunity to learn up to 13 languages, having added Dutch this year. We offer everyone access to its premium version which includes the option to obtain official certificates (more than 2,600 this year), with English and Spanish the most widely studied languages. Overall, our staff devoted more than 34,000 hours to improving their language skills using Busuu during 2021.

- Zara Campus. This initiative emerged to respond to the need for training and development among new promotions and people in positions of responsibility in stores. Campus stores are some of our Zara stores which are used as a practical scenario for training in positions of responsibility in three areas (management, sales and operations). In 2021, 2,500 people were trained and a total of 22,000 hours were imparted. This year also saw the launch of Zara School, designed to provide ongoing training to all store staff. For this, the Campus team of specialists has trained more than 650 tutors to run the training capsules in their respective stores.

- Virtual training programmes. Throughout this year we have continued with the virtual training programmes we launched last year. In 2021, we launched HR Virtual Training, a specialisation itinerary designed to keep Human Resources staff abreast of the latest trends in people management. In the first module, known as *Core,* 10 talks were given to 2,814 recipients in 40 countries. The second part, a specialisation track, tackles topics such as leadership, management, well-being and big data, and was followed by 350 people.

5.1.2.4. Connection and engagement with our people

The fourth pillar of our talent management strategy is to provide an enriching work environment with attractive conditions that help us retain talent, connect with our people and enhance their engagement. In this regard, INET, our internal communication application, performs an essential role in how we connect with our staff.

Present both in app and online format in all our markets with employees, it recorded more than 21 million accesses in 2021 (more than 19 million in 2020). Furthermore, we have fully revamped its design this year, offering our users a more intuitive and simplified browsing experience. INET enables us to digitalise all communication in the markets where we are present with our people, continually incorporating new features and staying permanently connected.

In 2021 we launched **specific communication channels for some of our brands**. This provides us with the opportunity to bring our 'good morning meetings' omnichannel, sharing with our people information about products, processes, people, news, trends and inspiration every morning in all the markets where we operate. These channels also enable us to receive first-hand opinions, suggestions and feedback from our teams. Zara uses *Dear Team*, Zara Home uses *#tengoalgoquecontarte*, Pull&Bear uses *#stayawake* and Massimo Dutti uses *Journal*.

In 2021 we have also made headway in rolling out **InStories**, our internal social network, present in 13 markets (Mexico, Russia, Belarus, Brazil, UK and the Netherlands joined Italy, Portugal, Greece, Turkey, Poland, South Korea and Japan). The InStories community has shared more than 100,000 posts.

#BoostYourPower

#BoostYourPower is an initiative aimed at informing, training and raising awareness among our people on sustainability, integrating it into all the Company's areas.

We are convinced that sustainability goes way beyond being a mere concept, and is in fact a way of working, a way of thinking, an approach to everything we do. It is a value we want to weave into the Company's culture, and to do so we must engage not only our own teams, but our entire ecosystem: customers, collaborators and supply chain. Being more sustainable is everyone's responsibility.

Our aim is to involve everyone at the Company, wherever they are, and to build that vision together. In 2021 we focused on two key areas due to their impact: buying teams, with their purchasing offices, due to their decision-making power on the product itself, and our stores, because they are our direct contact with customers.

The Sustainable Fashion School was launched within the framework of this initiative. This consists of a space for knowledge and inspiration where our buying and design teams are backed by a very solid foundation of technical knowledge and access to the latest innovations in sustainability. We joined forces with the University of Leeds, a world's leading university for textile-related studies, to create this specialist programme on the fundamentals of textile processing. About 1,000 people take part in this programme, which is scheduled to conclude at the end of 2022, and they receive new content weekly.

Furthermore, at each of our new Zara stores worldwide we have identified the people most committed to sustainability, our **Changemakers**. This community ensures that sustainability reaches all our store teams. They receive continuous information and are directly connected to people in various areas of the Company, who share with them the initiatives Inditex carries out in the area of sustainability, so that the Changemakers can in turn convey them to their colleagues, while at the same time collecting suggestions and concerns from our teams and our customers. At year-end, the project is already operating at 650 stores in 53 markets, with more than 33,000 people already learning about our sustainability initiatives thanks to our more than 700 Changemakers.

5.1.3. Employment

GRI 103-2; 103-3; 102-8; 405-1 and AF22

At Inditex we always endeavour to ensure stimulating, stable and safe working environments, in which equal opportunities and professional development are a reality and in which we look after our people and their working conditions. As an international Group operating in many very different markets, we strive to adapt our responses to the local needs of our employees. The goal is to create quality workplaces in each of the markets where the Group is present.

Over the course of 2021, when many markets have still been impacted by the global covid-19 pandemic, the Group's priority and efforts continue to focus on reducing, as far as possible, the impact of restrictions and measures to stop the spread of the virus, approved by the various governments, on employment and normal functioning of our business. For this reason, with the main objective of preserving employment, the legal instruments made available mainly by the administrations of France, Germany, Portugal, the United Kingdom and Canada, among others, were once again used to compensate the remuneration of the workforce during the periods of restrictions due to covid-19, which made it possible to recover around 65 million euros.

5.1.3.1. Distribution of the workforce by contract type

In financial year 2021, 81% of our people were on a permanent contract (compared with 87% in 2020, 77% in 2019 and 73% in 2018). This is because, with the gradual return to normality after the pandemic, we have reinforced store recruitment at peak sales times of the year, so that, although the number of permanent staff is up in absolute terms (8,931 more than 2020), their proportion of the total is slightly lower.

The tables below show the different types of contract by gender, age and job classification:

Distribution of employees by contract type, gender, age and job classification[19]

	2021				2020				2019				2018			
	Permanent		Temporary		Permanent		Temporary		Permanent		Temporary		Permanent		Temporary	
	Number of employees	%	Number of employees	%	Number of employees	%	Number of employees	%	Number of employees	%	Number of employees	%	Number of employees	%	Number of employees	%
Distribution by gender																
Women	100,925	81%	24,235	19%	93,748	87%	14,543	13%	100,968	76%	31,606	24%	96,518	74%	34,607	26%
Men	32,904	83%	6,978	17%	31,690	88%	4,135	12%	34,219	78%	9,818	22%	30,655	71%	12,606	29%
TOTAL	**133,829**	**81%**	**31,213**	**19%**	**125,438**	**87%**	**18,678**	**13%**	**135,187**	**77%**	**41,424**	**23%**	**127,173**	**73%**	**47,213**	**27%**
Distribution by age																
<30 years old	64,824	71%	26,252	29%	64,716	81%	15,034	19%	70,658	68%	33,387	32%	65,186	63%	38,797	37%
30-40 years old	45,593	92%	4,066	8%	41,677	93%	3,031	7%	44,874	87%	6,711	13%	44,145	86%	7,155	14%
> 40 years old	23,412	96%	895	4%	19,045	97%	613	3%	19,655	94%	1,326	6%	17,842	93%	1,261	7%
TOTAL	**133,829**	**81%**	**31,213**	**19%**	**125,438**	**87%**	**18,678**	**13%**	**135,187**	**77%**	**41,424**	**23%**	**127,173**	**73%**	**47,213**	**27%**
Distribution by job classification [20]																
Management	13,788	97%	2,313	3%	11,451	96%	539	4%	9,268	89%	1,146	11%	7,000	90%	808	10%
Supervisor	15,582	96%	4,677	4%	15,596	95%	811	5%	19,209	92%	1,657	8%	18,215	88%	2,614	12%
Specialist	104,459	78%	24,223	22%	98,391	85%	17,328	15%	106,710	73%	38,622	27%	101,958	70%	43,791	30%
TOTAL	**133,829**	**81%**	**31,213**	**19%**	**125,438**	**87%**	**18,678**	**13%**	**135,187**	**77%**	**41,424**	**23%**	**127,173**	**73%**	**47,213**	**27%**

5.1.3.2. Distribution of the workforce by type of working day

In terms of working day, in 2021 56% of the workforce was part-time and 44% full-time (50% part-time and 50% full-time in 2020[21]; 53% part-time and 47% full-time in 2019; and 49% part-time and 51% full-time in 2018).

The distribution of full-time and part-time workers reflects a situation directly associated with the retail sector, where part-time backup teams are routinely required at certain times of the season, and where employment is often combined with other activities, mainly studies. In 2021, changes in the distribution of the workforce by type of working hours are explained by the large number of markets in which stores have not been able to open in full business hours throughout the year, operating under restrictions on hours and/or the number of people allowed inside, owing to the health situation. In this context, it is important to note also that the replacements to cover the increase in medical leave among staff as a result of covid-19 led to a slight increase in the number of part-time hours.

[19] Type of contract and type of working day data available in the 2021 financial year for 98.2% of the workforce (not available for Belgium) (95.4% in 2020 and 94.7% in 2019). To calculate the number of contracts by type of working day by gender, age and professional classification, the corresponding percentages are applied to the total workforce data.

[20] The description of the functions of the three job classification groups:

· Management: employees in managerial positions with responsibility for interdisciplinary working groups related to the areas of design, manufacturing, distribution, logistics, stores, technology, sustainability and other general services. This category includes store managers.

· Supervisors: employees who are part of interdepartmental and transversal working groups for design, logistics and stores, as well as sustainability, technology and other general services.

· Specialists: 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.

[21] The proportion of full-time and part-time employees reported in 2020 has been corrected. The correct figure is 50% full-time and 50% part-time.

FTE employment (Full Time Equivalent), that is, the resulting workforce after consolidating all full-time hours, constituted 90.9% of all jobs in 2021[22] (89.5% in 2020, 89.2% in 2019 and 89.3% in 2018). This is a relevant indicator when it comes to explaining the quality of employment, and it reflects that part-time shifts have an extension close to full-time.

The distribution of the part-time workforce, according to gender, age and professional classification is shown below:

Distribution of part-time employees by gender, age and job classification [23]

	2021		2020		2019		2018	
	Number of employees	%	Number of employees	%	Number of employees	%	Number of employees	%
Distribution by gender								
Women	72,992	58%	56,640	52%	70,308	55%	63,292	51%
Men	19,026	48%	15,861	44%	23,601	47%	22,091	43%
TOTAL	**92,018**	**56%**	**72,501**	**50%**	**93,909**	**53%**	**85,383**	**49%**
Distribution by age								
<30 years old	65,213	72%	49,137	62%	66,978	64%	58,626	58%
30-40 years old	19,375	39%	17,576	39%	20,854	40%	21,471	41%
> 40 years old	7,430	31%	5,788	29%	6,077	29%	5,286	27%
TOTAL	**92,018**	**56%**	**72,501**	**50%**	**93,909**	**53%**	**85,383**	**49%**
Distribution by job classification [(24)]								
Management	493	4%	428	4%	273	3%	139	2%
Supervisor	1,873	11%	1,545	9%	1,804	9%	1,831	9%
Specialist	89,652	67%	70,528	61%	91,832	63%	83,413	57%
TOTAL	**92,018**	**56%**	**72,501**	**50%**	**93,909**	**53%**	**85,383**	**49%**

5.1.3.3. Leavers

The workforce in Spain at the end of the financial year 2021 came to 46,075 people, of whom 74% were women and 26% were men (74% women and 26% men in 2020, 76% women and 24% men in 2019 and 75% women and 25% men in 2018).

In 2021, there were 741 dismissals in Spain for various reasons (968 in 2020, 978 in 2019 and 954 in 2018). Breaking down dismissals by gender, the distribution is similar to that of the workforce, as the number of women dismissed was 537, i.e. 73%, compared to 204 men, i.e. 27% (770 women, i.e. 80%, compared to 198 men, i.e. 20%, in 2020; and 746 women, i.e. 75%, compared to 232 men, i.e. 25%, in 2019; and 721 women, i.e. 76%, compared to 233 men, i.e. 24%, in 2018).

[22] FTE employment data in 2021 financial year available for 91% of the workforce (not available for Belgium, United States and Turkey).

[23] Type of contract and type of working day data available in the 2021 financial year for 98.2% of the workforce (not available for Belgium) (95.4% in 2020 and 94.7% in 2019). To calculate the number of contracts by type of working day by gender, age and professional classification, the corresponding percentages are applied to the total workforce data.

[24] The description of the functions of the three job classification groups is:

Management: employees in managerial positions with responsibility for interdisciplinary working groups related to the areas of design, manufacturing, distribution, logistics, stores, technology, sustainability and other general services. This category includes store managers.

Head: 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.

With regard to dismissals by job classification, in Spain, 76% were concentrated in specialist positions, according to the classification previously provided (71%, 71% and 75% in 2020, 2019 and 2018, respectively), for store and corporate headquarters, own factories and logistics centres alike. 14% of the dismissals have been in supervisors positions, and the remaining 10% in management positions. Regarding dismissals due to age in Spain, 43% (51%, 56% and 52% in 2020, 2019 and 2018, respectively) affected staff aged 30 to 40 years, the age group which accounts for the bulk of staff in Spain. This proportion is consistent with the distribution of the workforce in our home country, where the Company's headquarters are based. 35% of the dismissals have occurred in the group over 40 years old (representing 33% of our workforce), and the remaining 22% in the group under 30 years old (which represents 32% of our people in Spain).

Worldwide, with a workforce of 165,042 people in 2021 (144,116 in 2020, 176,611 in 2019 and 174,386 in 2018), dismissals amounted to 4,892 (5,870, 6,428 and 8,661 dismissals in 2020, 2019 and 2018, respectively). Of the total number of dismissals, the number of women who terminated their relationship with the Group for this reason was 3,441, 70%, compared to 1,451 men, 30% (4,332 women, 74% and 1,538 men, 26% in 2020; 4,344 women, 68% and 2,084 men, 32% in 2019; and 6,134 women, 71% and 2,527 men, 29% in 2018), again consistent with the gender distribution of the overall workforce. As for dismissals by professional classification, 83% are concentrated in Specialist positions (81%, 87% and 89% in 2020, 2019 and 2018, respectively), 10% in supervisor positions, and the remaining 7% in management positions, which is also consistent with our workforce distribution. By age, 60% correspond to those under 30 years of age (61%, 68% and 75% in 2020, 2019 and 2018, respectively), an age group which accounts for 58% of the Group's total employees (54%, 61% and 62% in 2020, 2019 and 2018, respectively). 30% of dismissals occur in the 30 to 40-year-old bracket (which represents 28% of our workforce), and the remaining 10% in the group over 40 years of age (which represents 14% of our people).

5.1.4. Labour Relations

GRI 102-41; 102-8; AF26 and AF29

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.

Inditex's Code of Conduct and Responsible Practices, applicable to all Group employees, addresses **respect for trade union relations and rights** in Chapter 3 on General Principles. The Code states that "The employees of Inditex have their right recognised to associate or organise themselves or to bargain collectively". Additionally, pursuant to section 4.2 of the Code: "Inditex makes its own, as part of its internal regulations, the contents of any national and international agreements and conventions to which it has adhered, and undertakes to promote and enforce them".

This commitment is evidenced by our global agreement for the respect and promotion of decent work and labour rights, signed in 2009 with the International Trade Union Federation UNI Global Union (UNI), the network of trade unions in the trade and retail sector, which encompasses more than 900 trade unions worldwide and represents more than 20 million workers. 100% of the Inditex Group employees are covered by the Global Agreement signed with UNI.

The Agreement between UNI and Inditex includes specific provisions regarding a number of issues governed pursuant to the principles established by the International Labour Organization (ILO):

- Among other rights, special mention is made therein to the enforcement of ILO Conventions 87 and 98 on ensuring **freedom of association and the right to collective bargaining.** In this regard, the Agreement states that 'Inditex recognises the right of trade unions to represent the workers and to regulate through collective bargaining the terms and conditions of their employment'.

- The **freedom to join any trade unions and non-discrimination** on account of membership to a trade union as part of labour relations is also ensured. Additionally, pursuant to ILO Conventions 100 and 111 and based upon non-discrimination on employment, equal opportunities and equal treatment for all people and non-discrimination in terms of remuneration for equal jobs are upheld. Inditex is committed to complying with applicable national laws and/or conventions, in furtherance of ILO Conventions 1 and 47 and of ILO Recommendation 116 concerning the working week and hours of work.

As for the 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 24 stores in the states of New York, New Jersey and Connecticut (21 stores in 2020).

Meanwhile, the Inditex Group's European Works Council (EWC), formally set up in 2019, was devised to be a body for assurance and effectiveness of information and consultation of employees on transnational issues. Consequently, it played a crucial role during the pandemic as a natural liaison for the Company in all matters related to the situation arising from the global health emergency, but also as guarantor of the Digital Transformation Plan Agreement, which remains in force.

With the involvement of the local trade union representation and monitoring by the members of the EWC, in 2021 progress was made consensually on this state framework agreement between the retail brands of Inditex in Spain and the Federations of Services of the trade union CC.OO. and the Services, Mobility and Consumer Affairs Federation of the trade union UGT, on the working conditions of the staff in stores absorbed as a result of the implementation of this Plan and the *Integrated Store* concept.

One of the main developments in connection with the European Works Council (EWC) this year has been the launch of a working group on gender equality. In this regard, in June 2021, training on this topic was provided by UNI Global Union for all EWC members and alternates. In addition, two other EWC plenary sessions were held during the year to inform members of key aspects of the Group regarding the economic situation, progress on the Digital Transformation Plan in the rest of the European countries, health measures implemented during the year, and investments made in humanitarian matters, among other topics. All eight member countries took part in the sessions, held in May and November.

Furthermore, regarding international social relations, a Collective Bargaining Agreement was signed between Zara Luxembourg and the trade unions, dated 22 October 2021 and in force from 1 November 2021 to 31 October 2024.

The progress was reflected in the health of social dialogue at the local level at Inditex subsidiaries, with training provided to human resources teams and store managers concerning trade union rights and cooperation with our workforce's legal representatives. The works councils and management of our subsidiaries meet periodically to inform, consult and listen to the union representatives and reach agreements to improve people's working conditions and quality of life. Markets such as France, Italy, Germany, Austria, Belgium, Luxembourg, Norway, Sweden, Finland, Denmark, Chile and Argentina represent tradition in labour relations, while other countries like Poland are exploring new ways to manage their workforce on a day-to-day basis, with new employee representation. But even in markets where there is no trade union culture, there are ways that aim to achieve the same goal, namely people's engagement in their working environment. Such is the case in South Korea, where there is a collegiate body of 3 members who represent the rest of the employees in regular monitoring meetings and in the agreements reached with the company regarding working conditions.

Overall, the measures implemented this year in terms of social relations mean that, globally, the percentage of employees covered by local collective bargaining agreements remains at 60% (60% in 2020, 56% in 2019, and 70% in 2018) while, in Europe, the percentage is close to 70%, as in 2018, 2019 and 2020.

Work organisation

The Inditex Group Code of Conduct and Responsible Practices assumes as part of its internal regulation the content of applicable legislation and agreements and conventions, national and international, of which the Company is a party, and commits itself to comply with them.

Regarding organisation of work, the Code specifically regulates respect for the time limits set by the applicable laws in each country in terms of weekly working hours and overtime.

This commitment to compliance with working hours is addressed in the Global Agreement with UNI, which includes a section on the guidelines provided in ILO Conventions 1 and 47 regarding eight-hour days and 40-hour weeks, respectively, and in Recommendation 116 regarding reduction of normal working hours established as a minimum standard for each country.

In practice, laws and collective bargaining agreements applicable to Inditex establish maximum annual working hours for employees, based upon which work schedules are agreed. Inditex has in place a working time control system, in accordance with the applicable legislation in each market.

Constant attention to market developments throughout the year has enabled us to react in a timely and proper manner to the needs arising from changing health scenarios, and thus to keep adapting organisational measures to ensure the health and well-being of our people. Furthermore, our teams of managers play a crucial role in monitoring compliance and seeking improvements in the working environment, holding regular individual meetings with staff to discuss other social challenges and concerns they may have in the store, beyond mere compliance with labour regulations.

5.1.5. Remuneration policy

GRI 103-2; 103-3; 102-35; 102-8; 102-36; 102-37; 102-38; 102-39 and 405-2

Our policy on remuneration seeks to adapt, at all times, to each of the 60 working markets where we operate, always commensurate with the Group's culture and values, respecting the specific identity of each commercial brand. Accordingly, we strive to ensure that the remuneration standard is adapted to the local reality of each market, establishing remuneration according to the reference practices of each of these markets in local currency.

The remuneration policy at Inditex **guarantees non-discrimination** by reason of sex, age, culture, religion or ethnicity or any other circumstance. In this regard, the team of professionals at Inditex are remunerated according to their professional skills, experience, dedication and responsibility undertaken. Inditex's remuneration comprises a fixed component and a variable component.

Experience, personal contribution to the work, and responsibility within the organisation determine the fixed remuneration. Variable remuneration depends fully on predefined, quantifiable and measurable indicators, all linked to the Company's results. Based on this criterion, variable remuneration does not depend on a discretionary assessment of a person's individual performance, but is based solely on objective parameters. The purpose is to guarantee non-discrimination. In this regard, **variable remuneration is one of the key components of Inditex's remuneration policy and applies to employees in all areas of the Company's activity.** We encourage decision-making and initiative at all levels, and we reward people in proportion to the responsibility assumed.

In stores, our most widely used variable remuneration system is that of the monthly sales commission scheme. This is a way to reward the engagement of store employees in such key issues as sales results, feedback on products and store coordination and organisation. Over the last few years, we have started implementing a new system of in-store variable remuneration with a special focus on transparency and simplicity and taking into account the changing environment.

Moreover, true to our values of transparency and results orientation, in 2020 we aligned the Group's sustainability objectives with those of the office staff in terms of remuneration. Accordingly, **the achievement of our sustainability goals is a component of our office employees' variable remuneration**. This underpins our commitment to our people in this regard, highlighting the fact that our variables are fully linked to business results. In addition, during 2021, the level of achievement with structural variables has improved, thus enhancing the recognition of extraordinary results in our employees' remuneration.

Gender pay gap

To analyse differences in salaries by gender, the pay gap is the clearest indicator in methodological terms. The gender pay gap is calculated based upon the median salary in each market (considering total salary: fixed + 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 2021 shows **wage parity between men and women in Inditex.** In total salary terms, women are paid 0.3% more than men, indicating a slight variation from previous years (in 2020, men were paid 0.4% more than women; in 2019, women were paid 0.2% more than men; and in 2018, women were paid 0.8% more than men), which is explained by staff turnover during the period.

PAY GAP	2021	2020	2019	2018
TOTAL	**0.3%**	**-0.4%**	**0.2%**	**0.8%**

The wage gap by geographic area is detailed below:

PAY GAP	2021	2020	2019	2018
Spain	-0.8%	-0.8%	0.5%	1.0%
Europe without Spain	0.4%	-0.7%	-0.6%	0.2%
Americas	1.7%	2.6%	3.6%	0.3%
Asia and rest of the world	1.8%	-1.1%	-0.1%	0.0%
TOTAL	**0.3%**	**-0.4%**	**0.2%**	**0.8%**

Global average remuneration

Average remuneration is defined as the average wages in the Group (taking into account the total salary: fixed plus variable, consisting of commission and bonus), translated into euros, using the average exchange rate in 2021. Based on this calculation, global average remuneration in this period at Inditex amounted to 23,701 euros (gross) annually (23,959, 22,073 and 20,996 euros in 2020, 2019 and 2018, respectively).

With regard to this figure, it should be noted that the number of employees in Spain, our home market, only represents 28% of the total, and a significant portion of the 72% remaining staff are based in markets where wages translated into euros result to lower average remuneration (28% and 72% of workforce in 2020, 2019 and 2018, respectively).

By gender, the average remuneration of women in 2021 amounted to an annual gross figure of 22,770 euros, and that of men came to 26,502 euros (women: 22,749 euros in 2020, 21,142 euros in 2019 and 19,935 euros in 2018; men: 27,657 euros in 2020, 24,897 euros in 2019 and 23,556 euros in 2018). It should be pointed out that 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.

Regarding equal pay, the gender pay gap is a transparent indicator of pay received by men and women. In fact, the gender pay gap is calculated by market (weighted with the weight each of them represents), allowing for the isolation of the impact of the different local currencies, changes in the exchange rate and the geographic distribution of the workforce.

Based on these premises, the average remuneration by age and by job classification is provided below:

TOTAL WAGES in €	2021	2020	2019	2018
JOB CLASSIFICATION[25]				
Management	52,744	50,050	51,327	47,804
Supervisors	33,840	32,859	31,002	27,963
Specialists	20,875	20,751	19,260	18,480
AGE				
Under 30	17,054	16,598	16,444	15,350
Between 30 and 40	28,689	28,214	27,433	26,320
Over 40	42,130	43,648	42,297	41,062

[25] The description of the functions of the three job classification groups is:

Management: employees in managerial positions with responsibility for interdisciplinary working groups related to the areas of design, manufacturing, distribution, logistics, stores, technology, sustainability and other general services. This category includes store managers.

Head: employees who are part of interdepartmental and transversal working groups for design, logistics and stores, as well as sustainability, technology and other general services.

Specialist: employees with an impact through individual contribution related to one of the Group's activities in the areas of design, manufacturing, distribution, logistics, stores, sustainability, technology and other general services.

5.1.6. Our people's health, safety and well-being

GRI 102-10; 102-8; 102-12; 103-2; 103-3; 403-1; 403-2; 403-3; 403-4; 403-5; 403-6; 403-7; 403-8; 403-9; 403-10; 413-1; AF24 and AF31

Over the course of 2021, we have continued to monitor the impact of covid-19 during the various waves that have occurred in the different markets, as well as its potential short- and medium-term effects on workers, customers, suppliers and other stakeholders. Our priority continues to be to **guarantee the necessary health and well-being** for our Company to function normally.

5.1.6.1. Health and safety protection

At Inditex, we have an Occupational Health and Safety Policy, the latest version of which was approved by the Board of Directors in their meeting of 10 September 2019. This policy states that the Company "strongly believes that health and safety at work enables and increases productivity and guides the way the Company operates its business activities".

In 2021, the **ISO 45001:2018 certification** process continued, with the objective of guaranteeing the safety, health and well-being of employees and stakeholders commensurate with the highest international standard on OH&S Management Systems. During the year, sales and design activity was certified in Mainland China, Russia, Luxembourg, Canada, Romania, Argentina, Uruguay, Slovenia, Montenegro and Serbia, up to a total of 25 markets. In addition, during the fiscal year, progress was made in the ISO 45001 Certification Audit process at manufacturing and logistics companies in Spain and certification was obtained for this activity at the Cajamar Distribution Centre in Brazil. In 2022 the plan is to advance in the implementation of the ISO 45001 standard in India and at the distribution centre in Mexico.

80% of the company's own employees who work in Inditex Group's activities, companies and markets—over 132,000 people—do so in areas where the highest standard in the Occupational Health, Safety and Well-being Management System is implemented, in keeping with the maximum requirements of the ISO 45001 standard and in a process of continuous improvement.

As for the execution of refurbishment and construction works of stores and singular buildings in Europe within the Inditex Group, carried out by the company GOA INVEST, S.A., it is also certified to ISO 45001, the highest international OH&S standard.

Employee health and safety training

Training is a pivotal and indispensable activity for occupational health and safety, for both companies and workers. For companies, it represents a measure to help reduce accidents, while for workers it is a means of acquiring knowledge of their workplace, any risks to which they might be exposed, and how to prevent them effectively.

Occupational health and safety competencies and qualifications form a body of specialised knowledge. There are as many types of training programmes as there are tasks or jobs, and different objectives are set, ranging from training required for a management position to training that aims to equip workers with the knowledge they need to work safely.

In this case, the number of workers receiving on-the-job training in 2021 is reported.

Workers trained/Market	2021
Spain	14,706
Germany	434
Argentina	781
Australia and New Zealand	404
Austria	579
Belarus	386
Belgium	1,309
Brazil	671
Bulgaria	590
Canada	1,702
Chile	201
Mainland China	5,782
Croatia	1,030
Slovakia	436
United States	2,687
France	2,870
Greece	1,244
India	63
Ireland	432
Italy	3,494
Kazakhstan	970
Luxembourg	181
Mexico	1,398
Norway	6
Poland	4,182
Portugal	1,888
United Kingdom	4,568
Czech Republic	479
Romania	2,567
Russia	1,573
Serbia	910
South Africa	42
Turkey	2,338
Ukraine	1,314
Uruguay	322

5.1.6.2. Promoting well-being

INDITEX, Healthy Organisation

At Inditex, we see promoting the health, safety and well-being of all our employees as a priority. In 2021, the Group's companies in Spain, Italy, the United Kingdom and Ireland maintained their Healthy Company certification, and the markets of Japan, Portugal, Greece, Argentina, Mexico, Uruguay, Germany, Poland, Turkey and Chile were included. This standard identifies **cross-cutting issues in managing the Health, Safety and Well-Being** of individuals based on physical and psycho-social issues, in resources allocated to the health of the workers, and in the participation of the company and its workers in the community, and it is based on the World Health Organization model. In addition, the goal for 2022 is to obtain certification for the Group's companies in Mainland China, Belgium, Luxembourg, Romania, Canada, Croatia and Bulgaria.

Well-being Committees

In 2021 we also made progress in setting up new Well-Being Committees in Bulgaria, Mexico, Mainland China, the United Kingdom, Ireland, Italy, Portugal, Chile, Japan, Romania, Greece, Russia, Turkey and Croatia; in Spain they have been set up at Massimo Dutti, Bershka and Oysho brands. These are cross-cutting bodies for the promotion and coordination of a range of initiatives and actions aimed at promoting people's well-being, in such varied aspects as diversity, equality, health, inclusion, work-life balance, mental and psycho-social health, working hours, food, ergonomics, work spaces, sports activities, employee mobility, events and social actions (participating in world days and employee engagement in the community).

Promoting health

Considering the current special circumstances, in 2021 we celebrated World Day for Safety and Health at Work with the slogan 'The power of resilience'. This global awareness campaign included all the markets in which Inditex is present and all Group companies.

Inditex also runs the **InHealth** portal, which focuses on promoting health and healthy habits among the Group's employees, through news, actions or challenges adapted to their working environment, aimed at raising awareness on the importance of maintaining a balance between body, mind and emotions. This portal is currently accessible in 22 markets, having been launched during 2021 in Croatia, the Netherlands, Japan and Chile. Furthermore, in 2022 it is scheduled to be rolled out in Romania, Belgium, Luxembourg, India, Australia and Serbia. InHealth received 165,980 visits over the 2021 financial year.

Health services

The commitment to our workers' healthcare is a principle of the Inditex Group's Health and Safety Policy. Accordingly, in all logistics and manufacturing centres there is a **medical service** available to workers which, among other functions, carries out periodic medical check-ups and other complementary health control tests for workers, as well as flu vaccination campaigns.

Likewise, in the markets where we operate we are developing health services initiatives as part of the objectives of the Healthy Organisation certification, such as the psychological support line in Mainland China, South Africa and Portugal, additional health insurance in Slovakia, Greece, Turkey, India, Romania or Canada and initiatives in other markets related to physiotherapy services, additional eye tests with subsidies for acquiring prescription glasses and more frequent medical check-ups involving additional types of tests in addition to those legally established in the local legislation.

Prevention of musculoskeletal injuries

In relation to the prevention of musculo-skeletal injuries, at Inditex we continually assess the ergonomic conditions associated with physical strain in tasks carried out at work centres, both by our teams and by third parties who perform their activities there. Through this assessment, based on an entirely preventive approach, we identify tasks that involve manually handling loads, awkward postures and repetitive movements in order to plan preventive actions on ergonomic conditions, aimed at protecting workers' health. For this purpose, we provide initial training on musculo-skeletal injuries to all workers at our logistics centres and stores.

In 2021, we continued to implement initiatives such as the 'Let's Move' Posture Coach, Ergo@Home training or the Prevent and Recover Plan, which includes training at various partner centres for yoga, pilates, swimming pool with specific exercises or training on 'Caring for your Back' at stores. All these training sessions reached more than 5,000 workers in the period.

5.1.6.3. Health and safety indicators

In 2021, we compiled information on accidents in our own logistics, store, office, manufacturing and construction activities. The risks we have studied include falls on the same or different levels, as well as sprains or strains due to overexertion in the activity. This helps us to work on preventive and remedial measures.

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.

In 2021, we registered 12 occupational accidents with recovery periods of more than 180 days in Spain, and 34 in other markets (6 and 0 in 2020, respectively). On the other hand, no death resulting from an injury or accident at work has been recorded in any of the markets where the Group operates.

Other accident rates (26)

2021 (27)

Spain

Own stores

	Incident rate[28]	Frequency rate[29]	Severity rate[30]
Women	15.2	12.79	0.28
Men	15.1	11.26	0.20

Logistics centres

	Incident rate[28]	Frequency rate[29]	Severity rate[30]
Women	85.4	63.83	2.03
Men	107.8	74.66	2.25

Own factories

	Incident rate[28]	Frequency rate[29]	Severity rate[30]
Women	19.2	10.55	0.44
Men	53.7	21.07	0.67

Central services

	Incident rate[28]	Frequency rate[29]	Severity rate[30]
Women	1.8	0.88	0.01
Men	3.3	1.63	0.04

Europe (31)

	Incident rate[28]	Frequency rate[29]
Women	14.83	12.80
Men	15.37	11.64

Asia and rest of the world (32)

	Incident rate[28]	Frequency rate[29]
Women	5.28	3.80
Men	4.53	3.03

[26] Accident data are shown as ratios only, as these are a reliable representation of the Company's health and safety performance.

[27] In the process of implementation of Systems to report data on severity rates in Europe, America, Asia and the rest of the world.

[28] Incident rate with leave= (No. accidents with leave *1,000) / Average no. workers

[29] Frequency rate= (No. accidents with leave *1,000,000) / No. hours worked

[30] Severity rate = (Days of leave*1,000) / No. hours worked

[31] Albania, Austria, Belgium, Belarus, Bosnia Herzegovina, Bulgaria, Croatia, Czech Republic, Denmark, Finland, France, Germany, Greece, Hungary, Ireland, Italy, Luxembourg, Montenegro, the Netherlands, Norway, Poland, Portugal, Republic of North Macedonia, Romania, Russia, Serbia, Slovakia, Slovenia, Sweden, Switzerland, Turkey and the United Kingdom.

[32] Australia, New Zealand, India, South Korea, Japan, Mainland China, Kazakhstan, Hong Kong, Taiwan and South Africa.

Americas (33)		
	Incident rate[34]	Frequency rate[35]
Women	13.04	9.43
Men	11.58	7.85

Occupational diseases

Spain

	Logistics centres	Own stores	Own factories
Women	2	0	7
Men	5	0	2

Rest (Europe, America and Asia and rest of the world)

	Logistics centres	Own stores	Own factories
Women	0	23	NA
Men	0	13	NA

2020 (36)

Spain

Own stores

	Incident rate[34]	Frequency rate[35]	Severity rate[37]
Women	14.08	14.81	1.08
Men	12.17	12.88	1.6

Logistics centres

	Incident rate[34]	Frequency rate[35]	Severity rate[37]
Women	68.99	72.38	1.24
Men	81.95	76.80	1.18

Own factories

	Incident rate[34]	Frequency rate[35]	Severity rate[37]
Women	8.40	6.93	1.14
Men	0.00	0.00	0.00

[33] Argentina, Brazil, Canada, Chile, United States, Mexico and Uruguay.

[34] Incident rate with leave= (No. accidents with leave *1,000) / Average no. workers

[35] Frequency rate= (No. accidents with leave *1,000,000) / No. hours worked

[36] In the process of implementation of Systems to report data on severity rates in Europe, America, Asia and the rest of the world.

[37] Severity rate = (Days of leave*1,000) / No. hours worked

Central services

	Incident rate[38]	Frequency rate[39]	Severity rate[40]
Women	2.68	1.77	0.38
Men	2.50	1.4	0.47

Europe (41)

	Incident rate[38]	Frequency rate[39]
Women	13.06	14.76
Men	15.31	17.29

Asia and rest of the world (42)

	Incident rate[38]	Frequency rate[39]
Women	4.50	3.73
Men	4.00	3.26

Americas (43)

	Incident rate[38]	Frequency rate[39]
Women	40.86	45.84
Men	31.20	34.20

Occupational diseases

Spain

	Logistics centres	Own stores	Own factories
Women	4	1	2
Men	10	0	0

Rest (Europe, America and Asia and rest of the world)

	Europe	Asia and rest of the world	America
Women	21	0	23
Men	3	0	11

[38] Incident rate with leave= (No. accidents with leave *1,000) / Average no. workers

[39] Frequency rate= (No. accidents with leave *1,000,000) / No. hours worked

[40] Severity rate = (Days of leave*1,000) / No. hours worked

[41] Germany, Belgium, Croatia, France, Greece, Italy, Poland, Portugal, United Kingdom, Romania, Russia, Serbia, Switzerland and Turkey.

[42] Australia, South Korea, Japan, Mainland China and South Africa.

[43] Argentina, Canada, Chile, United States, Mexico and Uruguay.

2019

Spain

Own stores

	Incident rate[44]	Frequency rate[45]	Severity rate [46]
Women	19.28	10.71	0.19
Men	13.31	7.39	0.15

Logistics centres

	Incident rate[44]	Frequency rate[45]	Severity rate[46]
Women	100.45	55.80	1.58
Men	107.94	59.97	1.53

Own factories

	Incident rate[44]	Frequency rate[45]	Severity rate[46]
Women	58.12	32.29	0.99
Men	64.91	36.06	1.88

Central services

	Incident rate[44]	Frequency rate[45]	Severity rate[46]
Women	3.51	1.95	0.03
Men	2.48	1.38	0.00

Europe

	Incident rate[44]	Frequency rate[45]
Women	20.80	17.50
Men	17.30	13.50

Asia and rest of the world

	Incident rate[44]	Frequency rate[45]
Women	3.50	2.60
Men	2.80	2.00

Americas

	Incident rate[44]	Frequency rate[45]
Women	17.90	13.00
Men	15.40	10.70

[44] Incident rate with leave= (No. accidents with leave *1,000) / Average no. workers

[45] Frequency rate= (No. accidents with leave *1,000,000) / No. hours worked

[46] Severity rate = (Days of leave*1,000) / No. hours worked

Occupational diseases[47]

Spain

	Logistics centres	Own stores	Own factories
Women	10	1	9
Men	9	0	0

2018

Spain

Own stores

	Incident rate[48]	Frequency rate[49]	Severity rate[50]
Women	18.00	14.70	0.41
Men	20.70	14.60	0.25

Logistics centres

	Incident rate[48]	Frequency rate[49]	Severity rate[50]
Women	107.80	70.90	1.96
Men	126.50	78.80	1.65

Own factories

	Incident rate[48]	Frequency rate[49]	Severity rate[50]
Women	73.80	53.60	1.82
Men	167.70	102.00	3.00

Central services

	Incident rate[48]	Frequency rate[49]	Severity rate[50]
Women	3.20	1.80	0.05
Men	2.20	1.20	0.07

Europe

	Incident rate[48]	Frequency rate[49]
Women	19.30	16.90
Men	17.00	14.70

Asia and rest of the world

	Incident rate[48]	Frequency rate[49]
Women	6.70	5.40
Men	3.50	2.80

[47] Data on occupational diseases outside of Spain in 2019 are not included, nor data on occupational diseases in 2018, since there is no information on these indicators for these periods.

[48] Incident rate with leave= (No. accidents with leave *1,000) / Average no. workers

[49] Frequency rate= (No. accidents with leave *1,000,000) / No. hours worked

[50] Severity rate = (Days of leave*1,000) / No. hours worked

Americas

	Incident rate[48]	Frequency rate[49]
Women	12.00	9.10
Men	11.40	8.50

In financial year 2021, the total number of hours of absenteeism due to common illness, corresponding to 95.4%[51] of the Group's employees (including all logistics and store employees in the world and office employees in Spain), amounted to 11,028,054 hours (10,761,725 hours in 2020, corresponding to 96% of employees; 10,275,537 hours in 2019, corresponding to 92% of employees; and 9,107,205 hours in 2018, corresponding to 83% of employees).

The total number of hours worked in financial year 2021, corresponding to 92.7% of Group's employees (including all logistics and store employees in the world), amounted to 169,194,610 hours (92% of employees and 132,302,227 hours in 2020).

Accidents involving employees from external companies[52]

The Health and Safety protection of the workers of external companies that provide their services on a permanent basis in the work centres is part of the Inditex Group's commitment. In 2021 there were workplace accidents in Spain (33), Germany (2) and Russia (0) in sales, design, logistics and own manufacturing activities (5, 3 and 1, respectively, in 2020).

With regard to refurbishment and construction works of stores and singular buildings, there were 38 workplace accidents—contractors and sub-contractors—in the following markets: Australia (1), Slovakia (1), Spain (26), France (1), the Netherlands (3), Ireland (1), Italy (3), the Republic of Northern Macedonia (1) and Serbia (1).

Emergency management

So as to actively manage at all times the risks that may arise in any workplace, and in keeping with our philosophy of following the precautionary principle, we have designed, prepared and implemented Emergency and Evacuation Plans and Self-Protection Plans that establish the organisational and functional criteria in the different facilities. The objective is to prevent, control and provide an adequate response, from the outset, to potential emergency situations that may cause harm to people and/or their property.

Through these plans, we comply with the regulatory requirements applicable to occupational risk prevention and occupational health and safety, as well as with the internal requirements established by the Group for the workplaces.

In short, these Emergency and Evacuation Plans and Self-Protection Plans include the necessary steps for prevention and control, as well as protection measures and other actions to be taken in the event of emergencies.

[51] There is no available information on the remaining 4.6%.

[52] The Group is working to improve its reporting systems in the commitment to continue making headway in reporting accidents at suppliers in new markets in future reporting periods.

In the last four years, the following actions were taken:

	2021			2020		
	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	9	6	14		14	10
Massimo Dutti	12	3	1		4	7
Oysho	2	5	24		1	12
Pull&Bear	6	3	31		7	46
Stradivarius	5	16	17		21	11
Uterqüe	1				1	2
Zara	27	17	36	2	22	83
Zara Home	4	5	7		1	7
TOTAL	**66**	**55**	**130**	**2**	**71**	**178**

	2019			2018			
	Self- Protection Plan	Emergency and Evacuation Plan	Emergency and Evacuation Plan	Self- Protection Plan	Emergency and Evacuation Plan	Emergency and Evacuation Plan	Emergency and Evacuation Plan
Brand		New	Updated	New	Updated	New	Updated
Bershka		10	8			24	
Massimo Dutti		13	8	1		18	9
Oysho		12				17	
Pull&Bear		18	26			14	32
Stradivarius		21	2			56	4
Uterqüe		1	3		1	5	
Zara	1	29	28	1	2	47	74
Zara Home		4				8	8
TOTAL	**1**	**108**	**75**	**2**	**3**	**190**	**127**

Emergency, Self-Protection and Evacuation Plans

Market	2021	2020	2019	2018
Spain	251	251	184	322
Albania	0	41	33	38
Germany	14	122	138	0
Argentina	12	11	11	11
Australia and New Zealand	1	19	2	0
Austria	0	25	23	24
Belarus	0	0	0	25
Belgium	3	0	3	0
Bosnia Herzegovina	0	4	16	13
Brazil	3	7	2	0
Bulgaria	0	35	40	39
Canada	0	0	0	43
Chile	1	1	0	13
Mainland China	9	167	164	0
South Korea	0	40	46	1
Croatia	1	3	10	43
Denmark	0	0	0	17
Slovakia	7	16	16	16
Slovenia	2	16	5	40
United States	12	16	0	2
Finland	0	0	0	8
France	15	378	300	0
Greece	158	164	166	165
Hungary	0	39	39	39
India	0	0	0	0
Ireland	0	20	0	13
Italy	476	70	285	287
Japan	1	4	3	3
Kazakhstan	0	2	36	80
Luxembourg	0	0	12	0
North Macedonia	7	0	5	5
Mexico	399	315	116	38
Montenegro	0	0	2	0
Norway	0	0	1	8
The Netherlands	5	0	0	0
Poland	230	245	248	238
Portugal	5	18	0	0
United Kingdom	27	14	0	49
Czech Republic	0	22	0	24
Romania	3	143	0	10
Russia	110	124	0	123
Serbia	0	23	0	26
South Africa	0	0	0	9
Sweden	0	2	0	0
Switzerland	0	40	0	0
Turkey	7	229	0	15
Ukraine	45	0	0	0
Uruguay	4	4	0	4

Other emergency management activities are summarised in the tables below:

2021

Work centre	Description
Stradivarius Headquarters	Platform Evacuation Drill
Meco Platform	Practical Fire Prevention Training at the Meco Logistics Platform
Cabanillas Platform	Practical Fire Prevention Training at the Cabanillas Platform
Plataforma Europa, S.A.	Plataforma Europa, S.A.
Zara Home Logistics	Evacuation drill

2020

Work centre	Description
Industria de Diseño Textil, S.A.	Evacuation drill at the Laracha logistics centre
Factories	Evacuation drill
Bershka Indipunt Pull&Bear logistics Meco logistics platform Tordera offices (all concepts) Oysho logistics	Event Report - New SS20 Collection
Indipunt	Evacuation drill
Pull&Bear logistics	Updating of Self-Protection Plan and Drill
Meco logistics platform	Updating of Self-Protection Plan
Tordera offices (the entire chain)	Report on process drill
Oysho logistics	Report on process drill

2019

Work centre	Description
Pull&Bear logistics	EEP (Works) Provisional Canteen Narón
TEMPE, S.A.	Classroom course on First Intervention Teams
Pull&Bear	Event (El Instante Foundation)
Industria de Diseño Textil, S.A.	EEP and Implementation *Talent Centre* Inditex Barcelona
Industria de Diseño Textil, S.A.	EEP and Implementation *Talent Centre* Inditex Madrid
Plataforma Europa, S.A.	Platform Evacuation Drill
Meco platform	Platform Evacuation Drill

5.1.6.4. Covid-19 care

At Inditex, we endeavour to ensure the health and safety of our people, especially in these difficult circumstances. In 2021 we have made headway in the implementation of the New Normal Measures based on adapting swiftly to the epidemiological situation in each market.

To achieve this, we have actively implemented the measures established by the health authorities to safeguard the health and safety of our employees. Accordingly, we have maintained and updated measures such as:

- Defining the prevention measures and protocols to implement in our various workplaces and markets.
- Normalising and adapting our staff's work processes.
- Monitoring the effective implementation of preventive measures to protect our employees' health.
- Providing regular information to our employees regarding the prevention measures set forth in corporate protocols and/or by the health and other local authorities, pandemic developments, etc.
- Creating and consolidating committees to manage the emergency, headed by the management of each business unit.
- Compiling data on the epidemiological situation and monitoring the impact of covid-19 on our employees.
- Updating our protocols based on published information and verifying their adecuacy at all times with the applicable standards and guidelines issued by the various competent authorities in the different markets.
- At headquarters and logistics centres, a varied raft of measures has been put in place to create safe common spaces and areas (mainly in canteens and rest areas), such as adapting seating capacities, marking distances, removing furniture to ensure social distancing and/or facilitating the movement of people and, in some cases, the placing of protective screens.
- Installing protective screens in most workstations.
- Prioritising video calls and other telematic applications and reducing seating capacity in meeting rooms.
- Adapting smoking areas to the new regulations, moving them away from doorways and transit areas and, in all cases, ensuring compliance with social distancing.

5.2. Collaborating with our customers, the force driving transformation

Related material topics: Responsible communication; Customer orientation; Innovation.

The relationship with our customers is the cornerstone of our business model, and shapes each and every phase of our value chain. Consequently, we understand that listening to their demands is the basis of a singular activity that enables us to ascertain which products they want and to make them available at the most suitable time and place. Furthermore, our customers' insights and comments are key in driving us to achieve a more sustainable industry.

5.2.1. Inditex, a model by and for the customer

GRI 103-2; 103-3; 416-1; 416-2 and 417-1

At Inditex we work to satisfy the interests and desires of our customers, ensuring the proper functioning of all the inner machinery of our Company: stores, design, manufacturing and logistics. This effort enable us to offer products that combine design, quality and sustainability at accessible prices, while also allowing us to make progress in aspects such as circularity, diversity and transparency, key values that underpin a relationship of mutual trust.

This commitment means implementing a continuous process of active listening and dialogue with our customers to understand their needs and promote new proposals, initiatives and services to respond to them. For example, over the course of the year Zara has launched new product lines such as Beauty, its cosmetics range, or Athleticz, a new sportswear section for athletes from all disciplines.

Innovation is a pivotal axis of this task and is a necessary pillar for our Company to continue evolving its proposals and services, always hand-in-hand with its customers, who drive us to be more efficient every day. At Inditex we have an stores and online integrated platform of that place our customers in direct contact with fashion, allowing them to access our offer in their chosen time, place and manner. That is why we are continuously working on new experiences to help us progress in terms of the availability of our products and the tools to better reach our customers.

ⓘ More information in section *4.3. Innovation, vital for transformation* of this Report.

Among the multiple options offered by this model, our customers may choose to access our new arrivals online, and complete the purchase in a store. Or they may visit a store as the initial point of contact with our products, buy online and request delivery to their home or a pick-up point of their convenience.

One of our customers' chosen ways of learning about our commercial offer is to visit the websites of our various brands, the online showcase for our products. In 2021, our websites received **more than 6.2 billion visits**[53] (more than 5.2 billion in 2020 and more than 3.5 billion in 2019), equating to more than 17 million daily visitors to our brands' online stores.

These figures are a testament to the importance of listening to our customers, learning how they relate to us through the various channels and identifying and meeting their needs in the way that best suits them, especially in a context of transformation and changing consumer habits. Only by doing so can we continue to develop a model that suits their daily needs, fostered by constant dialogue.

ⓘ More information in section *4.1.1. Business model and strategy* of this Report.

Our stores and online integrated platform puts our customers in direct contact with fashion.

To ensure a pleasant and satisfactory shopping experience for our customers, Inditex endeavours to guarantee the accessibility of its facilities, both in store and online. In this regard, the Group's stores are compliant with the architectural standards of accessibility, while the brands' websites follow the Accessibility Guidelines or General Accessible Design Principles established by the Web Accessibility Initiative (WAI) Working Group, belonging to the World Wide Web Consortium (W3C).

In addition, this year we have also strengthened the accessibility menus on the Group's websites. This functionality, the adoption of which began in previous years, is now available on our corporate website and the online stores of our brands. The menus, visible from the home pages of each website, provide a variety of voice and browsing, colour and content settings to ensure an inclusive and barrier-free browsing experience for users and customers.

At Inditex we believe that our commitment to our customers also implies anticipating their demands in areas such as **diversity, sustainability or transparency,** issues in which we want to involve them in our efforts and progress. In this regard, of particular importance is our Join Life label, which distinguishes the most sustainable garments and highlights their environmental attributes.

ⓘ More information in section *5.4. Collaborating to transform through sustainable management of our products* of this Report.

Accordingly, we continually update our brands' websites to include content that keeps our customers informed of the most notable actions in sustainability carried out in the various spheres of our value chain. Likewise, the development of projects such as Changemakers or our for&from stores, managed by people with disabilities, enables us to make progress in our strategy of achieving a positive impact, engaging our people and customers as we do so.

ⓘ More information in section *5.1. Collaborating with our people, the engine of that transformation* of this Report.

[53] The data on visits to websites reported comes from Google Analytics and does not include visits from users who have rejected cookies.

5.2.2. Response to our customers in 2021

GRI 103-2; 103-3; 416-1; 416-2 and 417-1

The relationship with our customers goes beyond the shopping experience. At Inditex, we believe that a satisfactory experience is one that allows us to accompany the customer from the moment they see a product in a store window or on one of our brands' apps right through to the garment's end-of-life process.

To meet this challenge, we have a large **customer service team** to respond to our customers' needs in the more than 200 markets in which our articles are available. Our teams serve customers in the native languages of all the markets in which we have a commercial presence.

In addition, we train our teams in product knowledge, its sustainability features, store processes, customer orientation and respect for diversity and inclusion.

5.2.3. Customer service channels: contacts and service level

GRI 417-1; 416-1 and 416-2

2021 MILESTONE

Visits to our website have continued to increase, reaching more than 6.2 billion in 2021. Our brands have also seen a notable increase in their social media followers, which now exceed 228 million.

In 2021, we handled a total of **51,609,795 contacts** from our customers (calls, e-mails, chats and messages via social media profiles). The customer service teams of all our brands responded to a variety of issues linked to products, purchase processes, shipments, possible incidents or current issues affecting our retail concepts, among others.

The rise in online sales in the last two years has increased the number of contacts, since most queries received referred to questions about order status or delivery periods. Service level (meaning the percentage of contacts resolved over the total and weighted in accordance with the contacts of each brand) was **98%**.

Response to our customers

	2021			2020			2019			2018		
	No. of contacts	Service Level	No. of services provided	No. of contacts	Service Level	No. of services provided	No. of contacts	Service Level	No. of services provided	No. of contacts	Service Level	No. of services provided
ZARA	37,188,449	98%	36,433,559	40,009,841	92%	36,848,936	21,559,476	97%	20,912,691	19,320,000	96%	18,547,200
ZARA HOME	2,544,199	97%	2,477,226	2,856,719	98%	2,800,376	1,368,310	93%	1,278,275	905,907	92%	833,434
PULL&BEAR	3,079,063	96%	2,956,030	3,724,755	72%	2,666,292	1,820,713	86%	1,565,813	3,033,792	94%	2,851,764
Massimo Dutti	2,595,172	98%	2,548,597	2,902,437[54]	93%[54]	2,707,888[54]	2,010,181	93%	1,869,468	1,366,782	89%	1,216,436
Bershka	2,656,660	98%	2,601,334	2,551,062	84%	2,150,189	1,161,875	92%	1,068,925	1,874,696	85%	1,593,492
STRADIVARIUS	2,266,446	98%	2,214,808	2,241,811	83%	1,860,808	1,212,346	71%	860,766	1,511,405	97%	1,466,063
OYSHO	1,062,508	99%	1,046,787	1,393,302	93%	1,299,341	889,846	99%	881,214	922,297	80%	737,838
UTERQÜE	217,298	98%	212,990	129,951	81%	105,644	90,635	85%	76,904	97,864	93%	91,014
	51,609,795	**98%**	**50,491,331**	**55,809,878[54]**	**90%**	**50,439,474[54]**	**30,100,931**	**95%**	**28,514,056**	**29,032,743**	**94%**	**27,337,240**

In 2021, Inditex's brands exceeded **228 million** followers in the various social media platforms (199 million in 2020, 175 million in 2019 and 143 million in 2018).

[54] Due to an improvement in the data extraction and consolidation systems, the data on contacts received and handled, and the service level at Massimo Dutti reported in the 2020 SNFI (828,848; 700,505 and 85%, respectively) were revised for this report. The table below also shows the actual data for total contacts received and handled for the entire Inditex Group in 2020.

The count of brands' followers includes the profiles on the leading social media platforms. The Instagram and Facebook accounts of each brand, with more than 90 million and 67 million users, respectively (more than 80 million and 65 million in 2020; more than 70 million and 61 million in 2019; and 55 million and 60 million in 2018) are the social media accounts with the highest number of followers.

The various social media platforms of Inditex together accumulated over 228 million followers in 2021.

Main social media platforms of our brands by number of followers:

Followers in social media

								Others	**Total**
ZARA	51,588,720	30,502,473	23,259,336	3,086,745	1,531,102	1,436,114	1,075,821	3,722,575	116,202,886
ZARA HOME	7,200,000	2,975,973	2,320,000	121,565	243,700	86,600		192,066	13,139,904
PULL&BEAR	7,382,537	7,425,066	6,580,000	226,498	185,751	368,343	361,816	507,170	23,037,181
Massimo Dutti	3,117,753	4,373,286	4,500,500	357,147	18,300	80,831	83,200	399,696	12,930,713
Bershka	10,200,000	11,900,000	7,870,000	334,000	403,000	447,000	209,000	663,700	32,026,700
STRADIVARIUS	7,500,000	6,100,000	4,200,000	106,000	119,000	243,000	129,000	226,000	18,623,000
OYSHO	2,789,689	3,428,362	3,785,111	160,760	58,400	112,689		355,747	10,690,758
UTERQÜE	940,568	369,802		32,014	5,434	18,677	9,387	62,007	1,437,889
Total	**90,719,267**	**67,074,962**	**52,514,947**	**4,424,729**	**2,564,687**	**2,793,254**	**1,868,224**	**6,128,961**	**228,089,031**

5.2.3.1. Complaint and response mechanisms

Over the course of 2021, our brands handled 13,076 formal complaints through Customer Services in all the markets where we have a commercial presence. In this regard, all Inditex brands classify claims and complaints according to the kind of queries received.

This figure includes complaint forms and claim procedures in Spain using official complaint and response mechanisms, a total of 5,288 cases (4,814; 6,436 and 6,586 cases managed in Spain in 2020, 2019 and 2018, respectively). Of the total, Inditex responded to 3,263 complaint forms and 460 claim procedures, including mainly inspection requests and summons (2,956 complaint forms and 500 claim procedures in 2020).

Health and Safety claims

The health and safety of our products is paramount to Inditex. Consequently, our sustainability teams set strict standards to ensure that all our products comply with the most stringent requirements and recommendations in all the markets where we operate.

These teams are, furthermore, in permanent contact with store staff and customer service in order to respond to any query or incident that may arise. Accordingly, any notification from our customers, from social organisations or from any inspection body is forwarded to our technical experts for evaluation and follow-up. In cases where there are signs that a product on sale might be insecure for consumers, such product would be withdrawn from the market, all units sold would be recalled and customers would be notified through the relevant channels. All of this is regulated through solid guidelines that establish how to proceed in these exceptional situations, allowing not only rapid and effective identification of such cases, but also the taking of immediate action.

In 2021 there were two recalls linked to product health and safety. In such cases, we implement specific programmes to identify the root cause of the issue, so as to adopt the necessary measures to prevent this from happening again. In 2020, 2019 and 2018, there were no product recalls.

ⓘ More information in section *5.5.4. Health and safety of our products* of this Report.

5.3. Collaborating with our shareholders, allies in transformation

Related material topics: Stakeholder engagement.

Our shareholders are our allies in driving this transformation. Hence, we foster open communication with them and we guarantee their access to information, encouraging their involvement in decision-making. We combine attractive, predictable and sustainable shareholder retribution with the reinvestment of profits in the Company's present and future growth – key to continue fostering the sustainable transformation of the industry.

2021 MILESTONE

The FTSE4Good Index awarded Inditex a score of 4.9 out of 5.

Inditex has been included in this sustainability equity index since 2002. In the last three years, the Group has scored 4.9 out of 5.

5.3.1. Ownership structure and shareholder remuneration

The approximate overview of the ownership structure[55] of Inditex is as follows:

Inditex shareholders 31/01/2022	Shares	%
Pontegadea Inversiones, S.L.	1,558,637,990	50.01%
Partler 2006, S.L.	289,362,325	9.28%
Rosp Corunna Participaciones Empresariales, S.L.	157,474,030	5.05%
Institutional	1,054,983,804	33.85%
Retailer	51,967,546	1.67%
Treasury shares	4,226,305	0.14%
Total	**3,116,652,000**	**100%**

The shareholder remuneration policy, approved by the Inditex Annual General Meeting, aims to offer an attractive, predictable and sustainable dividend over time, consistent with the Company's growth. This policy prioritizes maintaining a high level of funds to guarantee investment in the Company's future growth and ensure value creation.

[55] 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).

In line with this policy, in the month of May and November 2021, the dividend corresponding to the 2020 financial year of 0.70 euros per share was paid. In the 2021 financial year, a total of 2,180 million euros was paid to shareholders as a 2020 dividend. The Inditex Board of Directors will propose to the Annual General Meeting a dividend of 0.93 euros per share for the 2021 financial year. It will be made up of an ordinary dividend of 0.63 euros and an extraordinary dividend of 0.30 euros per share. The dividend is made up of two equal payments of 0.465 euros per share, the first payment will be made on May 2, 2022 and the second will be paid on November 2, 2022. Inditex maintains its dividend policy, which combines a 60 % of ordinary payout and extraordinary dividends.

5.3.2. Investor relations

GRI 102-53

All the communication channels, as well as Inditex's relations with its current or potential shareholders, are governed by the Policy on Communications and Contact with Shareholders, Institutional Investors and Proxy Advisers, as well as by the Regulations of the Board of Directors.

Inditex guarantees the market (shareholders and potential shareholders in particular) equal access to information through all its channels. The Inditex website plays a very significant role in this regard, including, for example, an Investor's Agenda, as well as reports and presentations on the Company's performance. The Group's website also features a comprehensive list of the companies and analysts that compile reports and research on its performance and with whom it maintains regular relations governed by the same aforementioned parameters.

Individual Shareholders' Department

In 2021, we handled around 800 requests from individual shareholders for information on the Company by means of the Shareholders' Department. Any individual investor may contact this channel to obtain detailed information on the evolution of the business, Inditex's strategy, or any other matter they consider relevant to the future of the Group.

The Individual Shareholders' Department takes on particular significance when the Annual General Meeting, which traditionally takes place in mid-July, is called. Inditex sends out accurate information and documentation to provide shareholders with adequate knowledge of the meeting called and the proposed content thereof, as well as to facilitate their participation in the decision-making process of the Group's highest governing body.

Investor Relations Department

Material information concerning the business performance is provided on Inditex's corporate website and distributed to a database of investors and analysts containing more than 1,100 entries.

The Investor Relations staff hold quarterly, open-access conference calls to complement this information. Moreover, Inditex makes presentations to analysts and investors over the course of the year in the world's leading financial capitals.

Likewise, a total of 35 financial and stock market entities publish analysis reports on Inditex's market position. The Company's shareholder structure comprises institutional shareholders, holding 33.85% of the share capital, together with individual investors, holding 1.67%, who play a key role in the formation of the share price and its liquidity.

5.3.3. Indices

In keeping with the mandate of its shareholders, Inditex is listed in **benchmark indices**, from the perspective of both its financial performance and best practices in sustainability matters.

Euro STOXX 50/IBEX 35

Inditex has been listed on the European benchmark index Euro STOXX 50 since 2011 and on Spain's selective IBEX 35 index since 2001.

FTSE4Good

The FTSE4Good sustainability index, which has included Inditex in its index since October 2002, awarded it in 2021 a **score of 4.9 out of 5**. This sustainability stock index includes companies worldwide with the strongest commitment in this sphere, taking into account their environmental, social and corporate governance practices.

Dow Jones Sustainability Index (DJSI)

Since 1999, the *Dow Jones Sustainability Index* has been analysing the performance in terms of sustainability of listed companies from a total of 61 sectors. In 2021, our Company scored 75/100 in S&P's Global Corporate Sustainability Assessment (score date: 12 November 2021). As a result, Inditex scored in the 98th percentile in the retail sector, meaning that **98% of companies achieved an equal or lower ESG score.** With regard to the environment, Inditex was awarded a score of 94/100, i.e., in the highest percentile (100).

Specifically, 94 companies from the retail sector were invited to participate in the evaluation carried out in 2021 by S&P Dow Jones Indexes, with Inditex being one of 12 member companies of the DJSI World index, and one of five in the DJSI Europe index. The minimum score for inclusion in these indexes was 66 and 44 points, respectively.

	Inditex's score				Percentile rank [56]				Average score in the sector			
	2021	2020	2019	2018	2021	2020	2019	2018	2021	2020	2019	2018
Economic and governance	70	67	63	61	98	97	92	93	25	27	29	26
Environmental	94	97	95	91	100	100	100	100	22	25	31	23
Social	69	72	57	61	98	97	92	100	20	20	22	19
Total	**75**	**75**	**68**	**68**	**98**	**99**	**97**	**100**	**23**	**24**	**28**	**23**

[56] Percentage of companies in the same sector scoring equal to or lower than the score obtained by Inditex.

5.4. Collaborating to transform through sustainable management of our products

Related material topics: Stakeholder engagement; Innovation; Environmental footprint minimisation; Protection of natural resources; Product sustainability; Circularity.

Sustainable management of our products is crucial to transform our sector. At Inditex, we see circularity as a very important tool to achieve real transformation in our industry, and we work with a number of players, from competitors to industry organisations, to achieve this. Furthermore, we are mindful of the importance of offering our customers sustainable products. Raising awareness among them regarding, for example, best practices for caring for our products, in turn drives the transformation we target.

2021 MILESTONE

New sustainability commitments

The Group approves new sustainability targets in its Annual General Meeting. These notably include:

- In 2022, more than 50% of articles will feature the Join Life label.
- In 2023, all cotton and man-made cellulosic fibres used will come from more sustainable sources, ramping up the previous cotton target by two years.

5.4.1. Our approach to circularity

GRI 103-2; 103-3 and 306-4

CIRCULARITY

What is circularity?

- Circularity is a differential model of production and consumption encompassing all stages from design to end of life.
- It aims to reduce the consumption of resources, and to reuse and recycle.
- Positive impacts on the economy, society and the environment.
- It is an opportunity for transformation: growth based on the conservation of natural resources and the promotion of renewable energies, enhanced competitiveness and job creation.
- It requires the collaboration of different actors (industry, governments, etc.), as well as investment and innovation, transparency and traceability.

Circularity at Inditex

- It includes the entire value chain, offices, products, logistics, point of sale management, etc.
- The aim is to create shared value between Inditex and the environment using a holistic approach: economic, social and environmental.
- We see circularity as a responsibility and an opportunity.
- We integrate circularity into our corporate strategy.

Main associated challenges

- Recognising secondary raw materials as resources rather than waste.
- Facilitating cross-border movements of secondary raw material.
- Traceability from the fibre to the end of life of products.
- Extended Producer Responsibility specific to the textile sector.
- Developing a common methodology for assessing the environmental impact associated with products.

MAIN LINES OF ACTION

Minimising impact...

- ... in the supply chain
- ... in the use of products
- ... at the end of life

Raising consumer awareness

COLLABORATION PROJECTS

- **MIT Spain** -Inditex Circularity Seed Fund
- **Accelerating Circularity**
- **Global Fashion Agenda:** Call to Action
- **Circular Fashion Partnership** with GFA, BGMEA and Reverse Resources
- **Ellen MacArthur Foundation.** Make Fashion Circular
- **Euratex ReHubs**
- **Keeping Workers in the Loop** with BSR
- **PEF Pilot for Apparel and Footwear**
- **Fashion for Good**

As part of our commitment to sustainable development, **at Inditex we are strongly committed to circularity,** an economic, management and production model that enables growth while conserving natural resources and advancing in the decarbonisation of the value chain. For us, circularity represents a differential model for production and consumption that spans every stage of a product from design to end of life, promotes the recycling and reuse of articles to extend their life cycle and thus minimises the use of natural resources, energy consumption and waste generation.

Integrated into our corporate strategy and our Sustainability Roadmap, **circularity encompasses the entire business model:** from the various processes carried out along the value chain to the management of commercial space, including logistics, product design and the Company's offices. We therefore strive to achieve a more resilient and sustainable activity in the long term. We also believe that circularity represents a great opportunity not only for Inditex, but for the entire industry and the community as a whole, as it represents a paradigm shift that benefits people, the environment and the economy.

Consistent with this concept of circularity, the fibres and materials we use must be designed to achieve the greatest possible longevity, while at the same time being resource efficient, non-toxic and recyclable. In this way, we are focused on minimising our impact on the value chain through process efficiency and the quest for more sustainable materials, on extending the life of our products through innovation, and on promoting recycling and reuse when they reach the end of their life cycle. Innovation and technological development are, therefore, essential to meet the challenges posed by the development of new materials and new processes as we advance towards this circular model.

In order to close the life cycle of our products and the materials we use, when reuse is not possible, we work to consider waste as a **secondary raw material** and, as such, we endeavour to collect it and reintroduce it into the production processes. As an example of this, we provide locations for our customers to deposit their articles when they decide to dispose of them: our Closing the Loop programme. We are also committed to ensuring that by 2023 the waste generated at our own facilities —headquarters, logistics centres, factories and stores— does not end up in landfill, a goal we are working towards through our Zero Waste programme.

We are aware that achieving a fully circular model is not an issue that can be tackled by individual initiative alone; it requires a concerted effort by consumers, industry, the scientific community and governments. **Collaboration is key,** and at Inditex this occurs through our involvement in various projects and initiatives both within our industry and across multiple sectors, which add up to our individual projects. Thus, we join forces to support the production and marketing of sustainable and circular products, encourage reuse and promote collection and recycling.

As part of this holistic view of circularity, we share our experience and align positions with relevant stakeholders, thus contributing to the debates held on this subject. Accordingly, we address this issue both collectively, through sector associations or specific partnerships, and individually. We want to help define actions to overcome barriers to circularity, stimulate its collective and collaborative management and support public and private investment and innovation.

Our main lines of work on circularity revolve around minimising impact at all stages of the value chain, focusing mainly on the supply chain, product use and end-of-life. Raising consumer awareness also has a very significant part to play in the strategy. In our view, in a circular economy, consumers will play a vital role not only in making purchasing decisions, but also in sorting, recycling and reusing products. Hence, we join forces and work to obtain a harmonised framework of action for consumer empowerment and protection.

MINIMISING IMPACT...

... in the supply chain

Recycled raw material projects with less impact:

- **t2t** (*textile to textile*) programmes.
- **Recycled polyester.**

... in the use of products

- Optimising systems and partnerships with third parties within the **Closing the Loop** programme for the **collection of used garments**.
- Research to identify materials that require less maintenance.
- Training for buying teams, on raw materials coming from more sustainable sources and wet processes, to foster a more sustainable product.
- Research into promoting maintenance with a lower impact.
- Research into measuring and reducing the release of microfibres when washing the garment.
- Research into increasing the usability of garments.

... at the end of life

- **Zero Waste** Programme
- **Green to Pack** Programme.
- **Closing the Loop** programme: Promoting **Closing the Loop** garment identification and classification systems, according to their qualities, composition and colour, in collaboration with our partners.
- Evaluation of monomaterial design through designer training.
- Driving design with recyclable colours.

RAISING CONSUMER AWARENESS

Consumer information and empowerment regarding their role in circularity. »

« Traceability and transparency.

The **Group's commitment to traceability and transparency** also plays a key role in circularity to ensure that our products are made with the most environmentally-friendly raw materials and production processes. Furthermore, traceability and transparency are two fundamental tools for empowering consumers, and we also provide them with information on the origin, impact and characteristics of the most sustainable materials in our collections on the Group's brands various websites, so that they can make more responsible choices.

Circularity poses technological, industrial, economic and regulatory challenges that cannot be overcome without a **firm commitment to innovation.** As this is a key element of our business model, the Group devotes great efforts to research and development to bring quality products to the market with the lowest possible environmental impact. For example, we invest in obtaining raw materials from more sustainable sources and more efficient production and recycling techniques. We are mindful of the importance of transforming the concept of waste into a valuable resource that can be recovered and reintroduced as a raw material in the various production systems.

The results of these innovation efforts are evidenced in the various circularity projects launched by the Group's brands.

ⓘ More information in section *4.3. Innovation, vital for transformation* of this Report.

Featured collaboration projects

At Inditex we are aware that our sustainability objectives can only be achieved through **collaboration,** both within our sector and with other industries, as well as with all our stakeholders. In this regard, we work with prestigious entities such as the Massachusetts Institute of Technology (MIT) and Cáritas, among others, to advance in our strategic circular economy focus.

MIT Spain - *Inditex Circularity Seed Fund*

This is a fund set up by Inditex to finance collaborative projects between research teams comprising **MIT** faculty and students (under its MISTI - MIT International Science and Technology Initiatives) together with Spanish universities and non-profit research institutions.

The projects financed are aimed at developing **recycling or transformation initiatives,** creating textile fibres by new, non-polluting methods or from waste, as well as any other sustainable initiative related to the circular economy in the textile industry.

In 2021, the fifth period for applications to this fund was opened to finance research in areas such as:

- New textile recycling techniques.
- Creating new fibres based on sustainable technologies.
- New methodologies for improving maintenance and extending the use of garments.
- Optimising the biodegradability of garments.
- Developing new fibre-level trace systems.

The second three-year edition covers the 2020-2022 period and Inditex has contributed an amount of 450,000 dollars (403,370 euros, at the exchange rate at the close of 2021 financial year).

Among the projects funded by this initiative, we highlight the **University of Vigo's Chemical Recycling project,** focused on overcoming the challenge of chemical recycling for fabrics with mixed compositions.

Additionally, also in collaboration with MIT (specifically, with the Department of Material Science and Engineering), in 2019 we set up the Inditex Materials Science and Engineering Fellowship Fund with the aim of promoting research on sustainability.

Accelerating Circularity

Accelerating Circularity is a collaborative project of the textile industry that combines efforts of various actors to **develop circular supply chains,** with a special focus on chemical and mechanical recycling of synthetic and cellulosic materials. With the support of organisation such as Textile Exchange, Euratex, Wrap, Circle Economy, Fashion for Good, ReFashion or Apparel Impact Institute, among others, the project is aimed at establishing systems that harness the value and resources in existing textiles to create new products. This reduces the amount of textile waste going to landfill annually, therefore helping reduce the environmental impacts of the industry and the need for virgin materials.

In June 2021, the European arm of Accelerating Circularity was launched, with Inditex as a founding partner and member of its Steering Committee along with other representatives of fibre manufacturers, textile waste and supply chain experts, as well as brands and retailers. We are also members of this initiative's Brand and Retailer Working Group in the United States. From our position, we work with the value chain actors such as collectors, sorters and mechanical and chemical recyclers of various technologies to identify the requirements for producing recycled fibre using post-consumer textiles. The short-term objective is to scale up pilot production of collections incorporating recycled fibres from textile waste produced in Europe.

Global Fashion Agenda: Call to Action

In 2021, we continued to work with the non-profit organisation Global Fashion Agenda, which runs the Global Fashion Summit (formerly Copenhagen Fashion Summit) and calls upon fashion brands and retailers to implement **actions to boost circularity.**

Of the projects in which we collaborate, we highlight our involvement in the Circular Fashion Partnership with GFA, BGMEA and Reverse Resources.

Circular Fashion Partnership

Inditex is one of the founding partners of this cross-sectoral project, led by *Global Fashion Agenda* with *Reverse Resources* and BGMEA (a Bangladeshi employer association) as project partners. The aim is to **develop the textile recycling industry in Bangladesh,** using secondary raw materials from post-production fashion to make new products.

This project facilitates collaboration between textile manufacturers, recyclers and fashion brands operating in Bangladesh. The workflow is structured into two stages. The first focuses on traceability and recovering waste flows. Manufacturers in Bangladesh work together with the partner brands and are supported by Reverse Resources to establish the sorting of cutting waste at their premises. Waste flows are combined with a recycling solution that provides an 'integrated solution' with traceability for all the parties involved. In the second stage, once the waste flows have been redirected to recycling solutions, the project's participants assess the opportunity of making these flows circulate back into production. The price of the material must be moderate (it must not exceed that of virgin material), fully traceable and of the highest possible quality.

Over the course of the year, Inditex brands Pull&Bear and Bershka have contributed to this project, involving our supply chain and bringing some of our local suppliers on board.

Also in 2021, as members of the Circular Fashion partnership we took part in an event with political leaders and textile industry executives in Bangladesh to discuss opportunities for overcoming the barriers to developing a circular industry in the country. In addition, the initiative this year published a study *(The Scale and Value of Bangladesh Textile Waste)* evidencing the importance of fostering recycling in Bangladesh.

Ellen MacArthur Foundation. Make Fashion Circular

In 2021 we have strengthened our strategic alliance with the *Ellen MacArthur Foundation,* becoming a partner. At the same time:

- We have renewed our participation as a member of the Advisory Board for its Make Fashion Circular initiative.
- We have joined the Jeans Redesign initiative with six of our brands.
- We have ramped up our ambition on reducing plastics by signing a new pledge through the Global Commitment, led by the Ellen MacArthur Foundation.

Our collaboration with Make Fashion Circular has led us to participate in **developing a common vision of the circular economy for fashion** that we have integrated into our strategy. This vision was defined thanks to the contribution of over 100 experts and aims to develop a common language for the fashion industry: *Used more, Made to be made again* and *Made from safe and recycled or renewable inputs.*

Moreover, we have contributed to the Foundation's research project Circular business models*:* Redefining growth for a thriving fashion industry (2021), along with Boston Consulting Group, which compiles growth forecasts and circular business models, examining strategic topics necessary for these models to be able to develop their economic and environmental potential.

We have also contributed to the *Circular Design for Fashion Book* (2021), the Ellen MacArthur Foundation's new eco-design guide for the fashion world, based on the principles of the circular economy and in the development of the Product Design Tool, aimed at affording key insight into how to make design decisions to ensure products last longer and can be repaired, recycled and, at the same time, manufactured using the most environmentally-friendly materials and processes.

Lastly, with respect to the Jeans Redesign initiative, we also contributed to compiling its eco-design guide for producing denim articles in keeping with the principles of the circular economy.

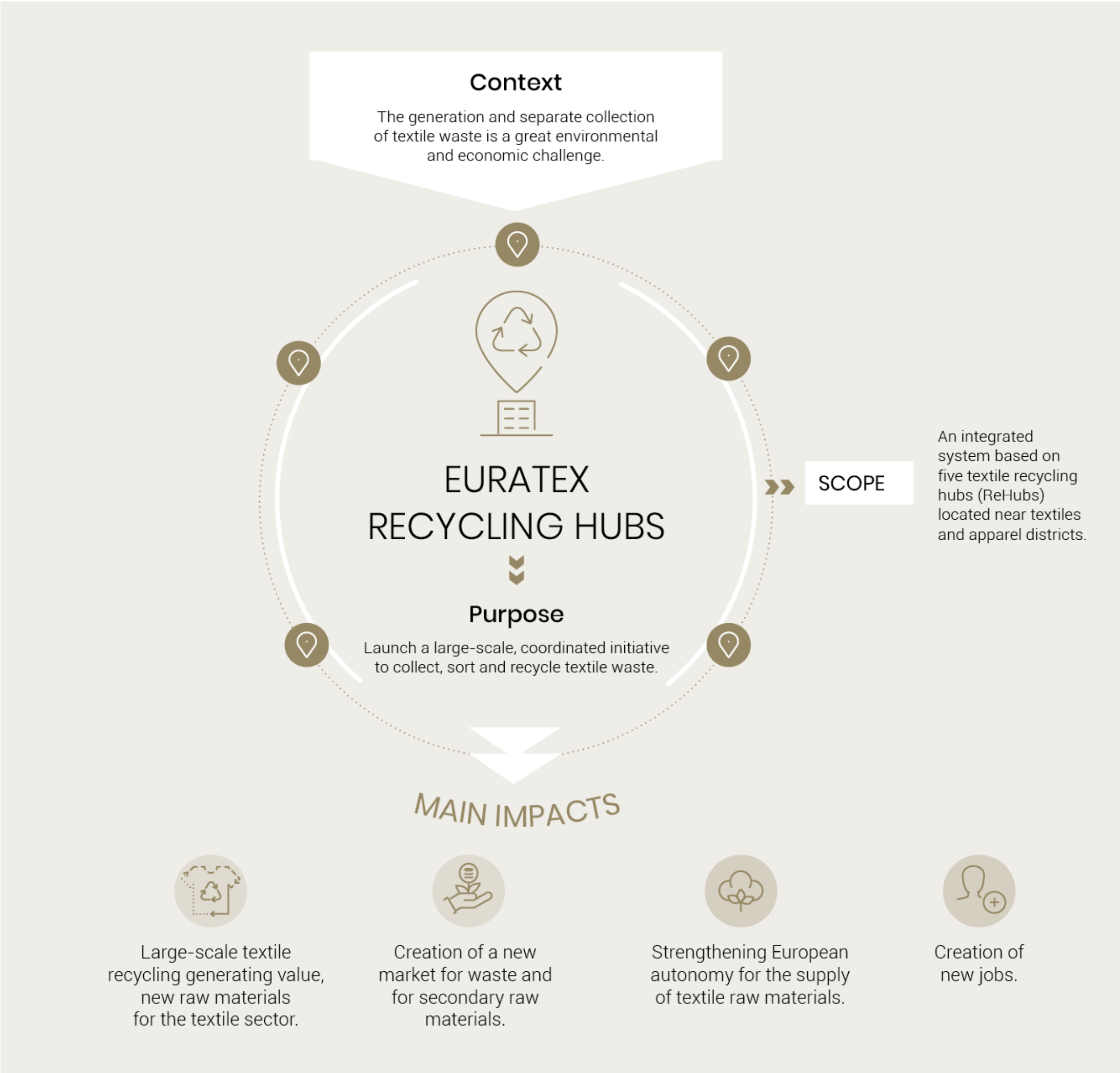
Euratex recycling ReHubs

We support Euratex in the development of a proposal to create five recycling centres or ReHubs in Europe for the purpose of **collecting, processing and recovering textile waste.** This project was submitted by Euratex to the European Commission in November 2020 with the backing of Inditex and other key European businesses. In 2021, we also joined the initiative's business council.

This year, ReHubs focused on identifying adequate financial resources to develop technological and economic feasibility studies for the five ReHubs and trigger a broader public-private partnership. Inditex, as a member of the business council, took part in the definition of the technical requirements for carrying out those feasibility studies.

Located close to Europe's textile and garment hubs, these ReHubs will bring the benefits of the circular economy to these areas by recycling textile waste and offering a completely new, coordinated and large-scale process for materials management. At the same time, they will enable the creation of a new European market for recycled raw materials that will save additional costs linked to waste, also boosting cooperation between manufacturers and buyers throughout the value chain by pooling know-how about products, recyclability and design.

In Spain, Inditex works with the Spanish Intertextile Council, *Consejo Intertextil Español (CIE)*, to define the properties, needs and network of synergies of Euratex's Spanish *ReHub*.



PEF Pilot for Apparel and Footwear

This European Commission project is aimed at developing a shared methodology to **calculate the environmental impact of clothing and footwear,** based on Life Cycle Analysis (LCA).

Convinced that a common methodology based on standard industry principles can help accelerate the transition towards more sustainable products, at Inditex we have taken part in the pilot edition of this programme as members of the Technical Secretariat, helping to define such a methodology and a simplified approach to Life Cycle Analysis.

In 2021, the secretariat submitted for public consultation the first version of the PEFCR (Product Environmental Footprint Categories Rules), a document that includes specific methodological rules for clothing and footwear products, for review by the stakeholders.

Keeping Workers in the Loop with BSR

The goal of this initiative, in which Inditex is actively involved, is to **map and explore the impact on labour of the transition to a circular economy** model in the fashion industry –primarily in the United States, India and Europe–.

This is a global collaborative project, backed by the Laudes Foundation and led by Business for Social Responsibility (BSR), in partnership with CMS – Social Impact Specialists and economists from the University of Lincoln. Its mission is to analyse how the shift towards circular fashion may affect job opportunities, quality and consumption-production dynamics, developing potential future scenarios including, for example, automation and climate change.

After compiling all this information, the project aims to develop recommendations for fashion industry leaders, policy makers and other stakeholders to promote circular models with decent and inclusive employment opportunities that are resilient to future changes.

Fashion for Good

Fashion for Good is a global initiative for accelerating innovation specialising in the textile sector. Through this platform, brands, producers suppliers, non-profit organisations and innovators work together to **scale sustainable solutions**.

At Inditex we participated in a study on the actual typology of post-consumer textile waste according to its characteristics and composition. The aim is to gauge textile waste sorting capacities in Europe.

In addition, in December 2021 we signed an agreement with Fashion for Good to accelerate various sustainability projects for our industry and society in general.

5.4.2. Design and selection of materials

GRI 102-13; 103-2; 103-3; 413-2; 306-1; 306-2; 306-3; 301-1; 301-2; 301-3; AF18; AF19; AF20 and 304-2

5.4.2.1. Design

At Inditex we work to offer **high-quality, healthy, safe and environmentally-sustainable** products. Our designers set about making their drawings taking these considerations into account, as well as the availability of more sustainable raw materials and the aim of maximising the life cycle of our articles, prolonging their durability or facilitating their subsequent recycling.

To ensure that our designers and buying and product teams master the best practices in circularity and sustainability, we provide them with training focused primarily on sharing with them Inditex's vision of sustainability, inspiring them, and informing them of the variety of available more sustainable raw materials, the most efficient and cutting-edge manufacturing processes, circular design by article type and the corporate tools we have to ensure, for example, the traceability of the processes, among other aspects.

Article evaluation

Ensuring that our products are healthy and safe, both for consumers and for the workers involved in their production, **begins at the design stage,** since aspects such as the raw materials chosen or the processes necessary for their manufacture are parameters that influence their health and safety.

To ensure compliance with our Safe to Wear (StW) article safety standard, we provide the supplier with detailed manufacturing guidelines that include, among others, measurement tables with requirements for the position of *appliqués* and cords, maximum lengths of free ends, ways to attach components and accessories to the garment, frequency of checking small parts during garment manufacturing or what to do when a broken needle is found, among other relevant information to ensure the safety of the final product.

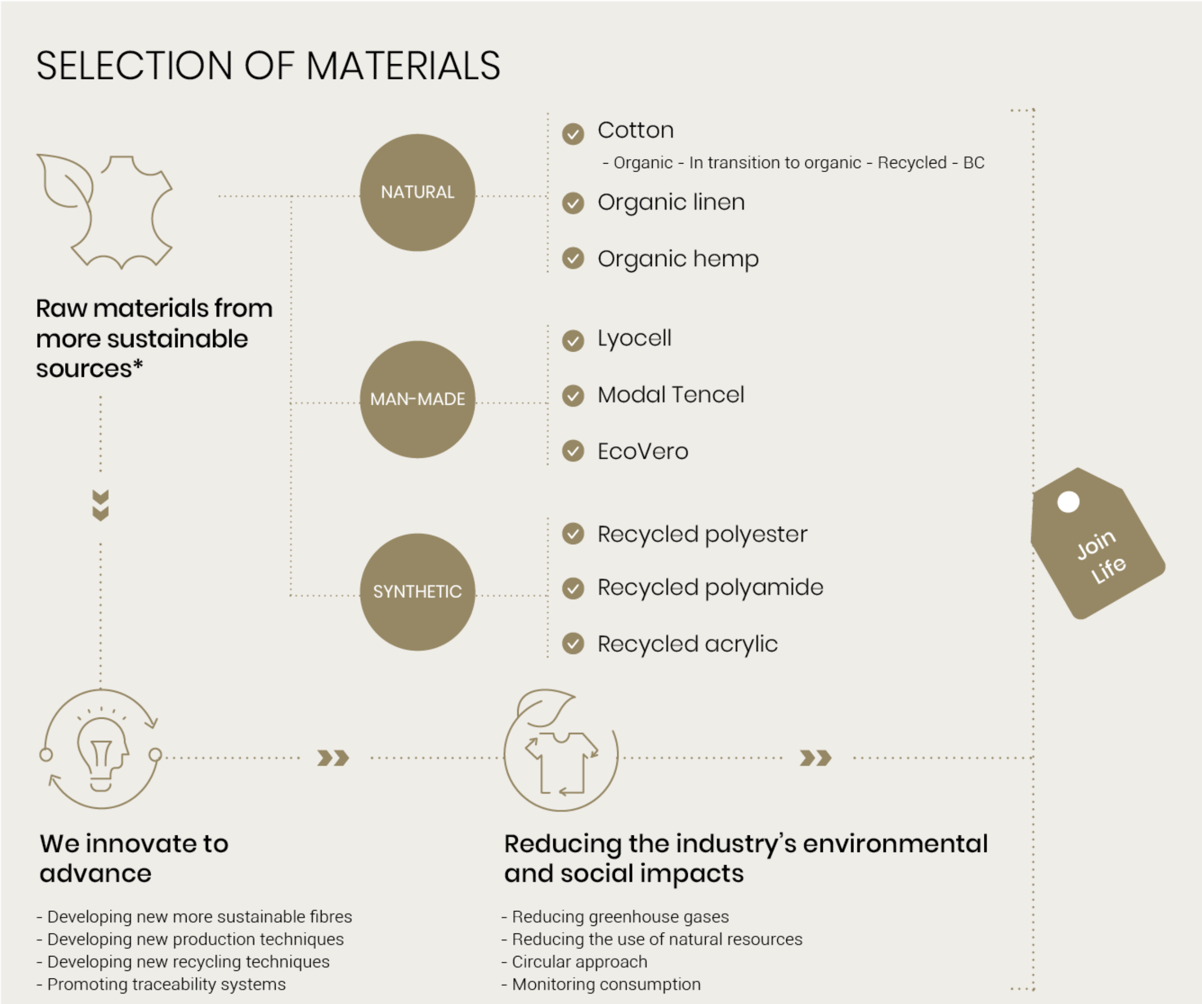
ⓘ More information about our Health and Safety standards in section *5.4.4. Health and safety of our products* of this Report.

5.4.2.2. Selection of materials

In line with our unwavering commitment to protecting the planet and its ecosystems, reducing the impact on resources and the fight against climate change, **choosing raw materials from more sustainable sources for our products is paramount.** Furthermore, we invest and work with other organisations and institutions to increase the range of materials with better environmental performance, which make more efficient use of natural resources and contain recycled materials.

These principles and guidelines are set out in key Company documents, such as our Sustainability Policy, our Sustainability Roadmap and our Biodiversity Strategy — based on the principles of the United Nations Convention on Biological Diversity. Likewise, our Forest Product Policy stipulates that any timber used to produce furniture, objects or paper products we sell must come from sustainably managed plantations or certified forests.

ⓘ More information in section *5.6. Collaborating to safeguard the planet* of this Report.



**A comprehensive list of raw materials coming from more sustainable sources is available at www.wateractionplan.com.*

Commitments

Our commitment to the protection of ecosystems and the use of more sustainable materials has steadily grown more ambitious in recent years. Thus, at the last Annual General Meeting, held in July 2021, we announced new, even more demanding commitments in this area, highlighting, for example, that by 2023—two years ahead of schedule—all the cotton used in our products will be organic, recycled of from more sustainable sources, and that 50% of our products will be Join Life by 2022.

By 2023, 100% of the cotton and man-made cellulosic fibres used in our products will come from more sustainable sources, while by 2025 100% of the polyester and linen will come from more sustainable sources.

In line with our ambition, and thanks to the efforts of our buying and product teams, this year we have reached the following results in terms of **tonnes of raw materials from more sustainable sources** used in the articles we sell:

Raw material	2021 tonnes	2020 tonnes	2019 tonnes	2018 tonnes
Cotton from more sustainable sources (organic, recycled or other more sustainable sources)	166,195	73,874	38,676	18,851
Polyester from more sustainable sources	26,728	9,594	5,332	1,881
Linen from more sustainable sources	4,201	1,245	1,813	266
Viscose and other man-made cellulosic fibres from more sustainable sources	29,053	8,379	6,692	3,178

Thanks to the hard work in this area, in 2021 consumption of raw materials from more sustainable sources represents **42%** of the total consumed, doubling the percentage compared with 2020 (21%).

Innovation

Innovation is key for achieving our sustainability goals. Evidence of this is that Inditex was the only Spanish company to be included in the 2021 ranking of the 50 most innovative companies compiled by Boston Consulting Group (BCG). With regard to materials, our commitment to innovation focuses on fostering permanent **development of new raw materials and technologies that improve their sustainability and subsequent recycling.** In this respect, we collaborate both with renowned academic institutions and with local and international organisations.

Sustainability Innovation Hub

One of the Group's most noteworthy initiatives when it comes to innovation in sustainability is the Sustainability Innovation Hub. We have created this **platform for innovation based on collaborative technology monitoring,** to take an active part in the quest for new materials, technologies and processes that improve the environmental impact of our products and help us to advance towards more sustainable and circular solutions.

The main objective of this platform is to identify and test innovative initiatives to enhance environmental impacts, **for the purpose of scaling them in our supply chain and across the textile industry**.

From the initial screening process of startups and subsequent collaboration agreements, various pilot tests are conducted. The materials, technologies and processes that successfully come through this pilot phase will continue to the next stages with the aim of testing their results in the commercial phase and the industry in general. In 2021, we collaborated with more than 145 startups and took part in more than 30 pilot tests to improve production processes, aspects of recyclability and recycling, traceability and new materials, among others.

Our impact assessment methodology is based on the analysis of quantitative data obtained through Life Cycle Analysis (LCA), as well as on a qualitative approach that takes into account other aspects such as animal welfare and social issues.

KEY COLLABORATIONS WITHIN THE SUSTAINABILITY INNOVATION HUB
1. Collaboration with the Plug and Play Center tech accelerator to identify the startups best suited to our goals and the programme's philosophy.
2. Agreement with the Fashion for Good innovation platform whereby we work together with other major players in the fashion sector to promote the acceleration of sustainability projects for our industry and society in general.
3. Collaboration with Quantis to measure the environmental impacts of the projects implemented by the startups we partner with.

LanzaTech x Zara startup

In 2021, we offered our customers a series of highly innovative products thanks to our collaboration with LanzaTech Inc. This startup has developed a new CO_2 capture technology to transform carbon dioxide emissions into ethanol, which can then be used to produce new materials like polyester.

The capture and reuse of carbon dioxide emissions from industrial and agricultural processes and household waste limits the direct release of these emissions into the atmosphere and helps reduce the use of virgin fossil resources. Using technology developed by LanzaTech, fibres maintain properties similar to virgin polyester in terms of, for example, quality, performance and care.

Our brands' circularity projects

Zara

RECYCLING OF PRE-CONSUMPTION COTTON AND WOOL FROM OUR PRODUCTION

The aim of this circularity project is to integrate in new collections the waste generated in the manufacturing process of previous campaigns. This requires working with the supply chain to develop circuits and materials that can be adapted to the quality and design requirements of the brand. Currently, this waste already transformed into new materials is present in certain Zara collections in percentages that vary between a 15% a 50%. At this moment, all Zara sections participate on it.

Stradivarius

TEXTILE TO TEXTILE MECHANICAL RECYCLING PROJECT – R-Denim

The goal of this project is to market denim trousers produced from other garments—mainly also denim—in various colours and shades. The resulting trousers are made of 25% post-consumer recycled cotton, 65% pre-consumer recycled cotton and 10% recycled polyester. The main advantages of this project are:

- Positive social impact: involving local social organisations.
- Positive local impact: using a proximity circuit of extraction and manufacturing.
- Zero Waste: aligned with our zero landfill waste programme.
- Efficiency: the washing process involves less water consumption.

Zara Home

RECYCLING OUR OWN COTTON WASTE

Also in line with our Zero Waste programme, we have launched in the market a series of towels made from mechanically recycled cotton threads from leftovers of our production. These leftovers are shredded and prepared through a complex recycling process to turn them back into a fibre with the right texture, resilience and feel, which is then blended with 50% virgin fibre to obtain a new cotton yarn with which to weave the new towels.

Obtaining quality thread from recycled fibre can be highly complex. However, thanks to a joint effort with highly experienced recyclers and spinners, we have been able to increase the recycled content from the initial 15% to the current 50%. This project continues, with new models and designs in the pipeline.

Pull&Bear

CIRCULAR COLLECTIONS

For the second consecutive year, we have launched circular collections in which fibres are sourced from used textile garments (post-consumer) and leftovers from our own production. This is a complex process that requires that the garments used —once any chance of re-using them has been ruled out— are classified individually by composition and colour. Once classified, zips, buttons and any other elements that might hamper their subsequent mechanical recycling are removed. Scraps of used fabric, together with textile production leftovers, are turned back into fibres that are carefully spun into the recycled fabrics from which these collections are made. In addition to being environmentally friendly, these circular collections are notable for their:

- Local impact: the classification process takes place in textile waste treatment plants equipped with cutting-edge technology located in Spain.
- Traceability: all the information concerning recycled leftovers and garments, as well as the various processes involved, is recorded in a blockchain platform.

Tempe[57]

CIRCULAR INDUSTRY CV

Aimed at repurposing multi-composition waste (made up of different raw materials), this project seeks ways of reintroducing waste from the footwear sector into other areas of the sector and other value chains, as well as incorporating waste from other areas into the footwear sector. Tempe's involvement in the project consists of assigning various kinds of footwear so that research can be conducted on its recycling at the end of its useful life.

Tempe

GREENSHOES4ALL

We continue to work on this European project that aims to implement, demonstrate and disseminate a methodology to measure the environmental footprint of footwear and to promote the development of efficient eco-design, recycling and manufacturing solutions that help to improve it. Tempe contributes to this initiative by providing data on our footwear models —composition, size and type— with 21 product inventories having so far been completed including the type and quantity of raw materials used, waste generated, energy consumed in the manufacturing, distribution and sale of products, etc.

[57] Tempe is the Inditex Group company accounted for using the equity method, specialising in the design, manufacture and distribution of footwear and accessories for the Group's retail concepts.

5.4.2.2.1. More sustainable raw materials

2021 MILESTONE

The consumption of more raw materials from more sustainable sources represents **42%** of the total consumption in 2021.

a) Natural fibres

Cotton

We are committed to achieving a 100% of the cotton used in our products to be organic, recycled or from more sustainable sources (BC or in conversion cotton, among others) by 2023, two years ahead of our previous target, and the target set through the 2025 Sustainable Cotton Challenge initiative of the non-profit organisation Textile Exchange, a benchmark in the sector, of which we are a member. In 2021, we made significant strides on this front, and 65% of the cotton used by the Group is more from more sustainable.

Organic cotton

Organic cotton is cotton that has not been genetically modified and where only natural fertilisers and pesticides have been used during cultivation. As indicated by Textile Exchange, this cotton needs less water than conventional cotton. It also enhances soil quality with more nutrients that retain moisture requiring less watering, promotes biodiversity and seed diversity, as well as exclusive use of natural fertilisers and pesticides, resulting in better conditions for farmers and their families.

Organic cotton production currently accounts for less than 1% of global cotton production. In accordance with our goal of increasing the use and availability of organic cotton, we are one of the founding partners of the Organic Cotton Accelerator (OCA) initiative, which aims to support organic cotton producers to grow the sector in a sustainable way and to benefit all stakeholders, from the farmer to the end consumer and society as a whole. We have ramped up our own sourcing of the OCA cotton by 200% compared to previous year.

COLLABORATION WITH *ORGANIC COTTON ACCELERATOR* (OCA)

We are a founding partner of OCA, a multi-sector initiative that supports cotton farmers to ensure sustainable development of the sector, where both the farmer and the consumer benefit.

How the Organic Cotton Accelerator works

COLLABORATION

Transparency regarding the source of the cotton enables us to improve farmers' way of life, while at the same time managing the integrity of organic cotton.

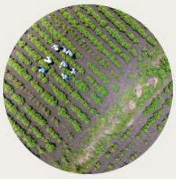
SUPPLIERS AND PRODUCERS

Farmers are at the centre of the programme, working directly with a field specialist who **regularly visits** farmers throughout the process, to help them with **training and follow-up,** from growing to selling the cotton.

+9,300 farmers participate in our programme with OCA

Social and environmental benefits

Increased organic matter in the soil, due to organic pesticides and fertilisers, as well as crop rotation.



Improved water quality, with cleaner aquifers for farmers and their communities.

Improvement of animal welfare and highlighting the relevance of livestock as a generator of inputs necessary for organic crops.

Greater economic stability and equity for farmers and their families.

Photos: OCA

In-conversion cotton

For farmers, transitioning from growing conventional cotton to organic cotton is a process that may be complex, and many therefore hesitate to make the leap. To help foster this process of transition to organic cotton, the Group supports so-called in-conversion cotton, which is cotton grown using 100% organic practices in fields where the required time has not yet elapsed to eliminate from the soil all traces of the synthetic chemicals that might have been used.

Inditex strongly backs in-conversion cotton as a tool to foster the cultivation of organic cotton.

BC cotton

Inditex also cooperates with Better Cotton (BC), whose mission is to help cotton communities thrive, while helping to protect the environment by implementing practices that lower the environmental impact compared with conventional growing practices. BC seeks to foster a holistic approach to sustainability, the aim being to promote a more environmentally-friendly cotton supply chain. It is also a standard that can be quickly adopted by conventional farmers, enabling the transition to lower-impact cotton production models.

Inditex takes part in this organisation's Retailer and Brand Traceability Panel working group, set up to implement systems that allow chronological documentation and trace evidence to track the movement of products through the supply chain.

b) More sustainable man-made fibres

Protecting forests is key to fight climate change and to prevent the loss of biodiversity. Always at the forefront of best practice in the textile industry, at Inditex we are committed to ensuring that the cellulosic fibres we use to create our fabrics—lyocell, viscose and modal—come from sources that do not pose a risk to the planet's primary and endangered forests.

In this regard, the Group only uses suppliers of cellulosic fibres designated as 'green shirts' in the Hot Button Report by Canopy, an international organisation with which we have been cooperating since 2014 whose mission is to protect primary forests. For a manufacturer to earn 'green shirt' designation, it must prove that its fibres do not pose a supply risk to primary or endangered forests.

Moreover, 100% of the man-made cellulosic fibres we use by 2023 will be from more sustainable sources, supporting the responsible viscose commitment by the Changing Markets organisation in its Roadmap Towards Responsible Viscose and Modal Fibre Manufacturing, which is currently activated and underway at all of our suppliers.

c) Recycled materials

Using recycled materials enables us to improve certain of our products' impacts by, for example, reducing the consumption of natural resources required to manufacture and/or treat them, and by fostering the use of the waste generated. For example, via the Sustainability Innovation Hub, we are researching alternative, innovative and sustainable materials based on second- and third-generation waste that enables us to fulfil the specific technical and durability requirements of certain products.

Regarding recycled polyester, Inditex aims to achieve its supply in a timely and cost-effective manner in line with our goal of using 100% polyester from more sustainable sources by 2025. We have also signed up to the 2025 Recycled Polyester Challenge, a joint initiative of the Textile Exchange and the UN Fashion Industry Charter for Climate Action, which aims to accelerate the use of recycled polyester to help reduce the sector's greenhouse gas emissions.

Thanks to our efforts this year, we have managed to place a total of 41,317 tonnes of recycled materials on the market, 187% more than in 2020.

Ultramid® Ccyled™ by BASF – 100%Recycled polyamide made from tires

BASF and Inditex, under the framework of a pioneering research alliance in the textile industry that began in 2019, are working on industrial-scale research and development of textile recycling solutions with two approaches: textile and non-textile waste. In line with the non-textile waste approach and under specific cooperation agreements with BASF's Polyamide business unit, work is being done on the commercial development of the first Polyamide 6 and 6.6 (Ultramid® Ccyled™) used in the textile industry. The technology partners use exclusively end of life tires as feedstock at the beginning of the chemical recycling process transforming it into a raw material that can be used instead of fossil raw materials at the beginning of the value chain. The share of recycled material is third-party audited. Its commercial launch is scheduled for Zara and Oysho in the first half of 2022.

Jointly, Inditex and BASF work for further circularity solutions for textiles on industrial scale.

5.4.2.2.2. Consumption of raw materials

In 2021, we used a variety of different raw materials. For information purposes, all these raw materials have been grouped, according to their origin, into two main categories: **fibres and non-fibres.**

Raw materials	2021	2020	2019	2018
Fibres	88%	88%	89%	88%
Non-fibres	12%	12%	11%	12%

Furthermore, the fibres category has in turn been divided into three groups: **natural fibres**[58], **synthetic fibres**[59] and lastly, **man-made fibres**[60], the weight of which in terms of consumption was as follows in 2021:

Percentage of total fibre consumption	Fibres			
	2021	2020	2019	2018
Natural	55%	52%	50%	49%
Synthetic	36%	38%	38%	39%
Man-made	9%	10%	12%	12%
Total	**100%**	**100%**	**100%**	**100%**

The "non-fibres" category includes many different raw materials from natural (vegetable, animal and mineral) and man-made sources, with limited relative importance in the Group's overall consumption, thus, there is no individual breakdown.

[58] Natural fibres are filaments that can be threaded to obtain strands, threads or twine.

[59] 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.

[60] 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.

5.4.2.3. Raw material control

At Inditex we have **strict health and safety standards,** such as Clear to Wear (CtW) and Safe to Wear (StW), which must be met by all the raw materials we select from the supply stage (this applies to fabrics, leathers, piping and appliqués, among others).

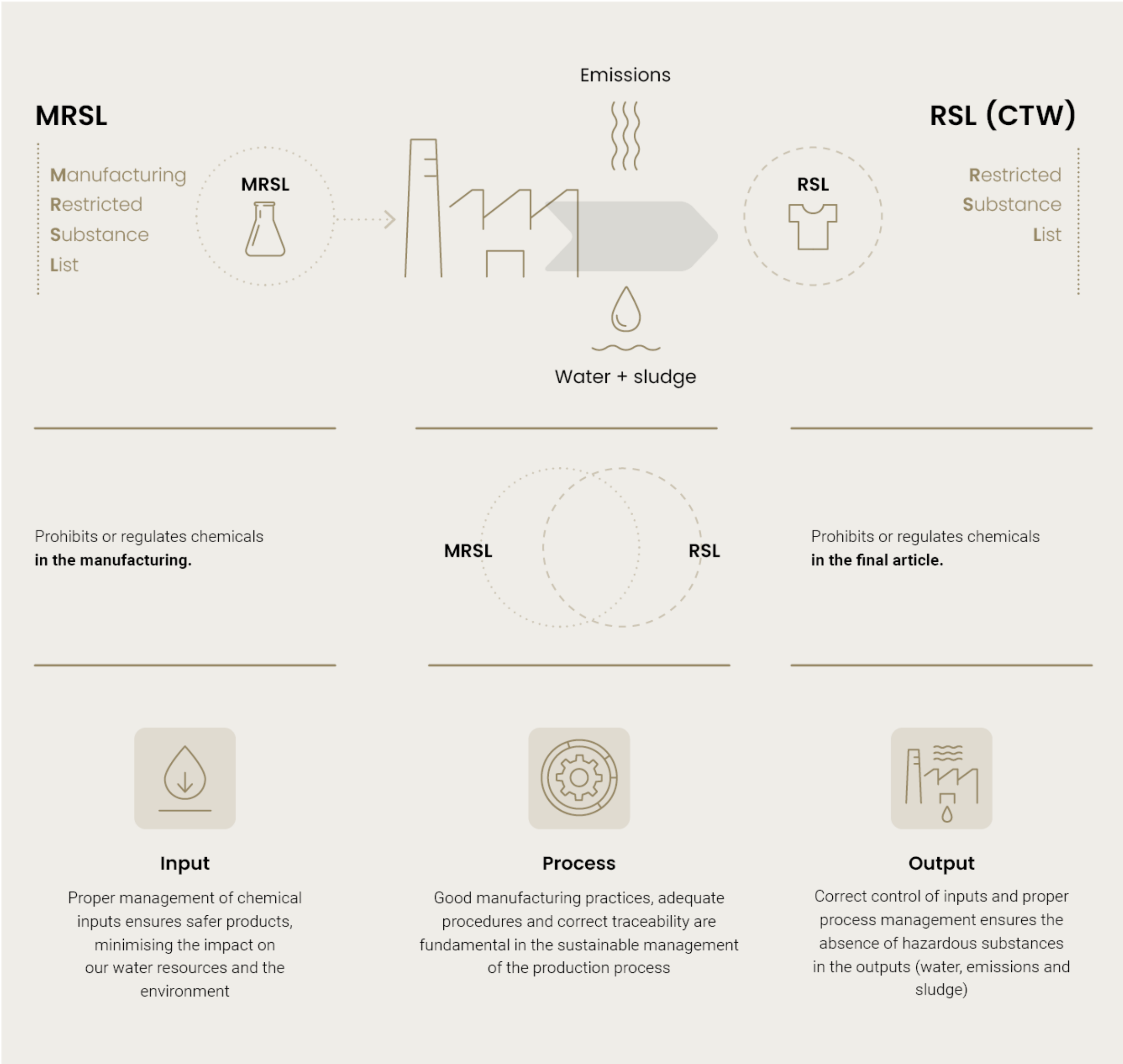
To ensure the thorough inspection of the product and prevent potential non-conformities with our product health and safety standards, we supplement the control of our Picking Programme with a network of internal control laboratories that perform testing according to the most stringent international standards. We have an internal analytical structure with six laboratories and the necessary technology to analyse 18 substances and parameters regulated under the Clear to Wear, Physical Testing Requirements and Safe to Wear standards. At these facilities we also oversee the conformity of fabrics with the health, safety, and quality parameters of our standards.

ⓘ More information in section *5.4.4. Health and safety of our products* of this Report.

The List

In 2013, The List, by Inditex was launched with the aim of partnering with the chemical industry to **improve the quality of the chemicals used** to manufacture articles and to enhance the health and safety control policies applied to our suppliers and manufacturers. Through an exhaustive evaluation of the manufacturers and their chemical products, The List, by Inditex classifies the latter according to the degree of compliance with the Clear to Wear standard and the Zero Discharge of Hazardous Chemicals (ZDHC) commitment, ensuring compliance with the chemical restrictions of both standards.

The use of the products with best classification in The List, by Inditex guarantees compliance with our requirements, which go beyond the ones of the Manufacturing Restricted Substance List (MRSL) and the conventional Restricted Substances List (RSL).



The huge potential of this programme is reflected in the high level of support it has received from chemical manufacturers linked to the textile and leather industry.

As part of our continuous improvement process, in 2021 we have continued to extend the case studies (to ascertain the relationship between the content of the restricted substance in a chemical product and the content after its industrial application) of the substances included in The List, by Inditex.

At the same time, we have continued to work with ZDHC to complete the integration of The List into their platform and to develop and enhance new standards of chemical certification.

ⓘ More information in section *5.4.4. Health and safety of our products* of this Report.

5.4.3. *Join Life* programme

GRI 103-2 and 417-1

2021 MILESTONE

In 2021, **47%** of our articles placed on the market are Join Life.

At Inditex, we continuously work on our commitment to sustainability to transform the industry by reducing its environmental impact and contributing to the Sustainable Development Goals. Our Join Life label identifies the Group's products that use **more sustainable raw materials and more environmentally-friendly production processes**.

For the creation of a Join Life article, we use only those suppliers who have obtained the highest scores (A or B) in accordance with the Group's social and environmental standards or, failing that, who demonstrate a firm commitment to improvement by pledging to implement a Corrective Action Plan. Our Join Life products are classified into one or more of the following categories in accordance with their environmental benefits: Care for Fiber, Care for Water and/or Care for Planet.

ⓘ More information about our assessment processes and Corrective Action Plans in section *5.5.1. Sustainable management of the supply chain* of this Report.

The Join life label is a fundamental aspect of the programme and enables us to share with our customers detailed information on our products and the environmental excellence properties associated with them. In this connection, in 2021 we updated our Join Life labels to offer the best shopping experience and information to customers:

OUR *JOIN LIFE* LABEL

CARE FOR FIBER

We use the Care for fiber label for garments produced using **raw materials from more sustainable sources**, such as organic cotton or recycled fibres, among others.

CARE FOR WATER

Garments produced using technologies that **reduce water usage in their production processes.** The garment dyeing and washing processes use the largest amounts of water. The use of closed cycles that allow for water reuse or technologies, such as ozone or *cold pad batch* help us to preserve freshwater resources.

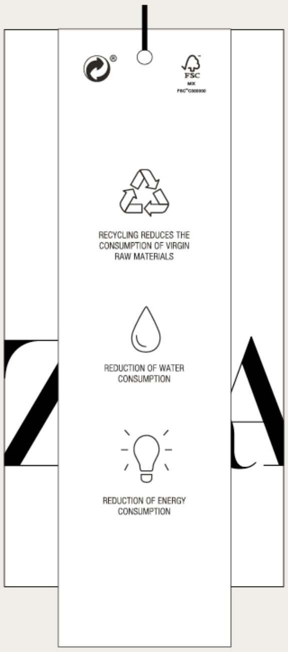
CARE FOR PLANET

Articles produced using processes that help **reduce emissions and/or the use of chemical products** in production processes. The use of technologies such as renewable energy consumption or have been certified by *Leather Working Group* enable us to carry out washing, dyeing or tanning processes in a more sustainable way.

FRONT

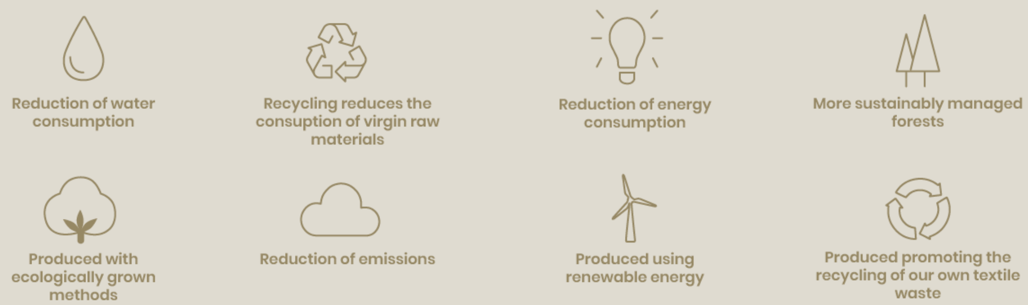
- The **front** on our ***Join Life*** label shows the category that the article belongs to (Care for Fiber, Care for Water and/or Care for Planet) and its **main environmental attributes.**
- Our *Join Life* labels have a **QR code** that customers can scan to obtain detailed product information.

REVERSE



- The **reverse side** of our Join Life label features information on **environmental benefits.**
- The label is made of **100% recycled paper,** or certified by the **Forest Stewardship Council (FSC).**

Examples of some environmental benefits of our *Join Life* articles:



At the Annual General Meeting held in July 2021, we also announced our ambition to label **50% of the articles we place on the market Join Life by 2022,** a significant increase on our previous pledge (25% Join Life products in 2020). This year, 47% of our articles were labelled under our Join Life standard.

	2021	2020	2019	2018
Join Life articles placed on the market	47%	38%	19%	9%

JOIN LIFE STANDARD

Suppliers

Suppliers who have obtained the highest scores (A or B) in accordance with the Group's social and environmental standards, or who demonstrate a firm commitment to improvement by implementing a Corrective Action Plan (CAP).

Materials

Materials certified to international standards: OCS or GOTS, RCS or GRS, RWS, RJC, FSC® 100%, FSC® Recycled, among others.

Traceability

More sustainable **raw material traceability**.

Packaging

Compliance with Join Life criteria in the primary container (candle glass, glasses case, etc.).

Join Life guideline requirements

TEXTILE AND FOOTWEAR

Care for Fiber *Care for Water* *Care for Planet*

JEWELLERY, GLASSES AND OBJECTS

Care for Planet

For more information about Join Life, visit the corporate website.

5.4.4. Health and safety of our products

GRI 103-2; 103-3; 416-1; 416-2; 417-1 and AF5

A relevant and essential aspect for us is to ensure that all the articles we sell are **safe and healthy.** In particular, in the context of health and safety, we have specific product standards that allow us to ensure that all the articles we market are free of health, safety and environment risks. In this regard, we have a team of scientists and technology experts who monitor and review health and safety regulatory developments, identify chemical substances used in the industry and evaluate every process in the manufacture of our products.

We uphold our commitments to the Sustainable Development Goals, also in relation to Good Health and Well-being and Responsible Consumption and Production, with health and safety standards which aim to guarantee the **highest quality and safety of chemical products** used in the supply chain and to foster safer alternatives for human health and the environment.

These standards are of **general mandatory application** to all the articles[61] we manufacture and sell, and serve as a benchmark for the manufacturing practices of all the suppliers across our entire supply chain. We also continuously review their specifications to ensure they comply with new legal requirements, our commitments to sustainability, and to increase their scope by adapting them to new types of articles we market.

To verify compliance with these standards, we work with technology companies, research centres and laboratories of international reference to verify that they are being properly applied by using our own innovative programmes that include:

- The **analysis** of both the finished articles and the chemical products used in their production.
- The carrying out of **audits** both in the factories that manufacture our articles, as well as in the facilities that produce the chemical products which are subsequently used to manufacture them.

DIFFERENCES BETWEEN PRODUCT HEALTH AND PRODUCT SAFETY

PRODUCT HEALTH

Means that the final product does not contain any hazardous substance that might affect customers' health.

PRODUCT SAFETY

Means that the garment's design and characteristics do not pose risks that could affect customers' physical integrity.

[61] Articles that are outside the scope of Inditex's health and safety standards are, nevertheless, subject to minimum requirement reports specifically compiled in accordance with the statutory requirements which apply to the type of products and the markets where they are sold.

The manufacturing process of our articles entails various stages of treatment and transformation of the raw materials in which these are exposed to the application of chemical products such as dyes, pigments and other ancillary products before reaching the finished product stage. Therefore, our requirement extends to the chemical industry, responsible for producing chemical products used in the textile and leather industries within the framework of *The List, by Inditex* programme.

ⓘ More information in section *5.4.2.3. Raw material control* of this Report.

Based on the premise of striving for excellence in our products, our teams of scientists and experts in technology:

- Monitor **regulatory developments** in connection with health and safety.
- Identify the **chemical substances** used in the industry.
- Carefully examine our **manufacturing processes.**

As a result, we have managed to go beyond conventional Restricted Substances Lists and ensure that our health and safety requirements are the most exacting.

Likewise, in order to comply with our environmental commitments, particularly the ZDHC Commitment (*Zero Discharge of Hazardous Chemicals*), we have our own **Manufacturing Restricted Substances** List (MRSL). Our MRSL, available on our corporate website and applicable to all manufacturing processes of our products, specifies the chemical substances that are subject to specific restrictions or whose use is prohibited.

ⓘ More information in section *5.4.2.3. Raw material control* of this Report.

Furthermore, all the information generated by our **control programmes** (Picking, Minilabs, among others) allows us to identify new substances used in the textile and leather industry, thus enabling us to continuously assess their chemical safety.

Based on the premise of striving for excellence in our products, we develop initiatives that are conducive to **generating knowledge.** We therefore carry out Root Cause Analysis (RCA) when an article fails to comply with any of the requirements laid out in our standards, and we work with researchers specialising in the sector to develop predictive tools to optimise the analysis process.

The knowledge we acquire through these programmes is of vital importance for the Group, since it positions us as standard-bearers, not only for our manufacturers but for the industry as a whole when it comes to ensuring production health and safety. In our view, this is another way to foster the transformation of our industry.

At Inditex we are committed to **continuous improvement** through collaboration initiatives, proprietary programmes (APPLABs), R&D and training.

In this context, after participating actively in the AFIRM group, in 2021 we have endeavoured to align our Clear to Wear (CtW) product health standard with the rest of the textile and leather industry. We are convinced that these efforts strengthen the identification and elimination of chemical substances of concern in the supply chain. In this way, we will be able to ensure the same level of requirements and chemical substances management is used in manufacturing at all the facilities in the supply chain regardless of which brand they work for (*Clean Factory Approach*).

5.4.4.1. Our product health and safety standards

PRODUCT HEALTH AND SAFETY STANDARDS

	Safe to Wear	PTR	Clear to Wear	i+Cosmetics	I+FCM	i+Home	i+Child Care Furniture
SCOPE	Garments, accessories and footwear	Garments, accessories, footwear and home textile	Garments, fabrics, accessories, footwear and home textile	Cosmetics	Products in contact with food	Ambiance products for the home Decorative candles and their accessories	Children's furniture and child care articles

At Inditex, in addition to compiling the different requirements within the international framework, we wanted to go a step further by creating lists that provide additional information to the conventional Restricted Substances Lists (RSL). Our own standards are used as reference manuals in the industry, to which we provide additional knowledge that identifies regulated substances and controls manufacturing processes, while at the same time we propose the use of alternative technologies to prevent non-conformities. Thus, we inform our entire supply chain of the health and safety requirements that all our articles must meet from the earliest stages of design before production begins.

At Inditex we have gone one step further by creating advanced standards that convey fundamental knowledge to ensure that the product meets all health and safety requirements.

Clear to Wear (CtW)

Our Clear to Wear (CtW) health standard regulates substances and parameters legally restricted for use and restricts the use of some substances not included in current legislation that could potentially be a health hazard. Likewise, it includes the European REACH regulation (Registration, Evaluation, Authorisation and Restriction of Chemicals). Compliance with this EU regulation is mandatory for our suppliers. Accordingly, Clear to Wear is **consistent with the most exacting product health legislation.** In this regard, we work in partnership with scientific and technological advisers, research centres and academic institutions.

This standard is mandatory for all our apparel, footwear and accessories, including trimmings and fabrics used in their manufacture.

During the process of designing the update of CtW 2021, we evaluated more than 1,800 substances, focusing especially on their consequences for human health and the environment. We also examined their potential use in the various manufacturing stages within the textile and leather industry.

Back in 2020, we already enhanced the CtW format so as to make it easier to understand the requirements in the supply chain. And in 2021 we have implemented the CtW 2021 update and we have published a version of it in six languages (English, Spanish, French, Turkish, Chinese and Portuguese) to make it easier to understand in the supply chain. In this context, it is worth noting that the physical parameters laid out in editions prior to the 2021 CtW have now been incorporated into a new standard known as Physical Testing Requirements (hereinafter, PTR). Accordingly, the 2021 CtW standard refers solely to chemicals.

Physical Testing Requirements (PTR)

The first edition of PTR, our own physical testing standard, was published in 2021. It was devised as a result of splitting the edition of CtW 2018 so as to compile more independently the physical-chemical parameters linked to textile quality testing.

In this respect, the emergence of this quality standard is related to our active involvement in the creation of the European Product Environmental Footprint (PEF) methodology, associated with product durability and which includes some of these physical quality parameters.

Safe to Wear

Our Safe to Wear (StW) standard regulates design, the fastening degree of small parts, sharp edges and sharp points in clothing for children, and restricts parameters such as flammability in articles for both children and adults. Safe to Wear was drafted in accordance with the most exacting product safety legislation, for which purpose we have worked with international experts in children safety.

This standard is mandatory for all our apparel, footwear and accessories, including trimmings and fabrics used in their manufacture.

Moreover, in 2021 we have published the first edition of our Safe to Wear for Children's Footwear safety standard, specifically designed and generally applicable and mandatory for all children's footwear, which further reinforces the requirements for footwear included in the Safe to Wear standard.

I+Cosmetics

Our health standard for cosmetic products, I+Cosmetics, regulates parameters and substances whose use is legally restricted, as well as limiting the maximum amount of impurities permitted in the starting materials. Its application is mandatory for our entire range of cosmetic products.

I+Cosmetics has been developed in accordance with the most stringent product health legislation in the cosmetics sector, for which we have worked in collaboration with scientific and technological advisers, research centres and academic institutions.

I+FCM

Our I+FCM standard governs the health and safety of all products that are in contact with food. This standard governs the parameters and substances whose use is restricted by law for all types of materials used in articles in contact with food (plastic, crockery, glass, metal, paper or wood, among others). It also restricts the transmission (in ordinary or foreseeable use conditions) of the constituent chemicals of the articles to the food they are in contact with. Its application is mandatory for our entire range of products in contact with food.

I+FCM has been developed in accordance with the most stringent food health and safety legislation, for which we have worked in collaboration with scientific and technological advisers, research centres and academic institutions.

I+Home Fragrances & Candles

Our product health and safety standard I+Home Fragrances & Candles is mandatory for all our household fragrances (including candles and incense, among others). It governs the safety parameters and substances whose use is legally restricted.

As with all our own standards, it seeks to ensure that our products meet the necessary characteristics to avoid risks to customer health.

In 2021 we published the second edition of this standard, incorporating the most relevant regulation changes in relation with product health and safety.

I+Child Care Furniture

Our I+Child Care Furniture product health and safety standard is mandatory for all our childcare articles, such as changing tables, high chairs and cribs. It governs the safety parameters and substances whose use is legally restricted.

As with all our own standards, it seeks to ensure that our products meet the necessary characteristics to avoid risks to user safety.

5.4.4.2. Prevention

Good Manufacturing Practices (GMP)

Good Manufacturing Practices (GMP) aim to define and control the activities to be carried out at each stage of production, to ensure that products are manufactured in compliance with quality standards, as well as with the requirements of our product health and safety standards.

Good Practice Guidance for the prevention of Cr(VI) formation in chrome tanned leather

As part of our continuous support to our supply chain for a proper implementation of the requirements of our Green to Wear programme, it is necessary to develop and make available tools and recommendations.

Among the requirements for facilities carrying out post-tanning processes for chrome tanned leathers, the most common tanning procedure in the textile industry, noteworthy are those related to good manufacturing and parameters control, and the use of additional antioxidant treatments for the prevention of hexavalent chromium or Cr(VI) formation.

In 2021, we have published the GMP guidelines for leather articles at facilities that carry out post-tanning processes of chrome-tanned leathers, in four different versions, according to the type of article being manufactured.

Best practices guidelines for cross-contamination prevention

Over the course of this financial year, we have observed through the various control programmes, such as the Picking programme and the subsequent Root Cause Analyses (RCA), incidents in some of Inditex's productions, not due to the intentional use of banned products, but as a result of cross contamination from previous productions in which products not authorised by Inditex had been used.

As a consequence, we have developed GMP guidelines to inform suppliers about the problem linked to these substances and specific actions to prevent their occurrence.

Training plans for the supply chain

In the Health and Safety area, we are convinced that the training of our supply chain is the vital first step to achieve product conformity and, as a result, to also drive improvements in the industry.

Within the framework of the action plans to support our supply chain suppliers or manufacturers who carry out wet processes involving chemicals (dyes, pigments and ancillary products) and to improve the understanding of the practices required for the proper selection, purchase, handling, storage and use of this type of products, training and advice activities are developed in the main production clusters.

5.4.4.3. Control

Picking programme

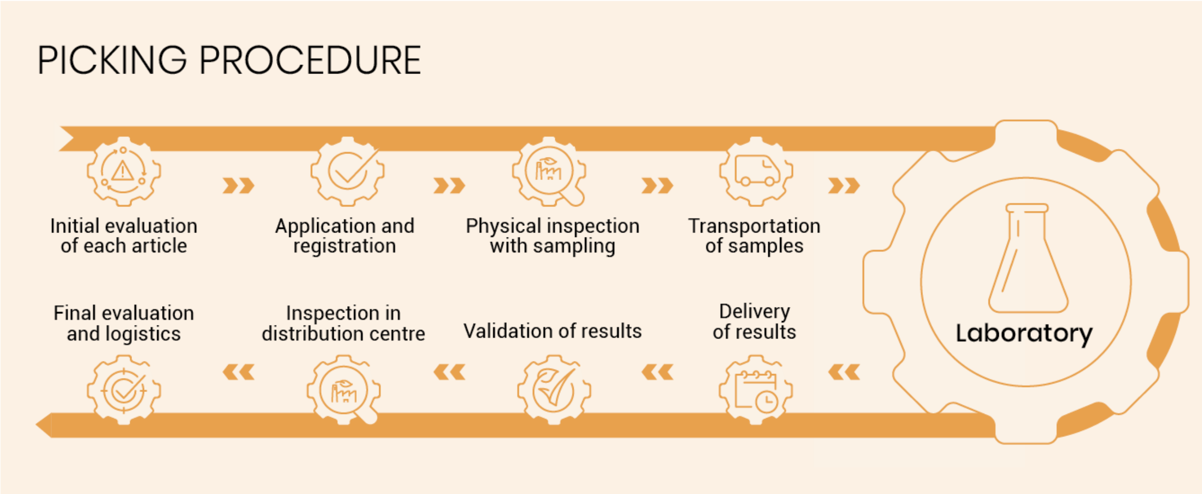
In 2021, **49,999 Picking inspections** have been carried out, with 792,582 analyses and tests performed[62].

Picking is a control and analysis programme which seeks the effective **identification of non conformities in articles** through the involvement of scientific and technological advisers and the support of benchmark international suppliers of analytical services.

Specifically, the goal of Picking is to verify compliance with our health and safety standards before production is distributed. The process involves an external certifying company collecting samples at factory and/or supplier sites for subsequent analysis, as well as the use of external laboratories with proven competence through our APPLABs programme.

In addition to the verification of Inditex's production, the Picking programme allows us to provide the analytical support necessary for the issuance of product certifications for safe import into certain markets.

[62] In 2020, 42,856 inspections and 744,404 analyses were carried out; in 2019, 56,352 inspections and 899,046 analyses were carried out; and in 2018, 63,420 inspections and 933,980 analyses were carried out. In 2020, the number of inspections and analyses decreased sharply due to the impact of the pandemic lockdowns in certain manufacturing countries, and this did not respond to a change in the risk assessment strategy.



Minilabs

In 2021, **3,753 Picking inspections** were performed with **Minilabs**, carrying out 33,325 analyses and screening tests[63].

As a complement to our Picking control and analysis programme, we have launched the so-called Minilabs. These **portable laboratories are the size of a suitcase** and can carry out up to six screening tests for substances and parameters regulated in the Clear to Wear and Physical Testing Requirements standard at any one time. The portability and ease of implementation makes this mini-laboratory a highly versatile tool for detecting non-compliance with these standards at any stage of the production process.

Early detection provides us a considerable advantage when it comes to correcting problems, as the article can be reprocessed before it leaves the supplier's premises, thus minimising the impact of transporting potentially non-compliant articles. It is also a basic tool for raising awareness since tests are performed in front of the supplier.

[63] In 2020, 2,671 inspections and 27,431 screening analyses were carried out; in 2019, 2,977 inspections and 36,929 screening analyses were carried out; and in 2018, 1,276 inspections and 17,212 screening analyses were carried out.

5.4.4.4. Generating knowledge

Analysis optimisation

Within the framework of the Picking programme, Inditex teams up with researchers specialised in the textile industry to develop **statistical prediction tools** for manufacturing technologies which carry a greater risk.

In accordance with a continuous updating and improvement process, we can compare conformity with standards in a greater number of references and fewer analyses. All without varying the commitment to and our maximum responsibility for the health and safety of our products.

Root Cause Analysis (RCA)

The Root Cause Analysis (RCA) programme involves different **technical audits** carried out by textile and leather technology experts to identify the source of non-compliance in wet process facilities (dyeing, washing, tannery, printing) and propose a specific corrective action plan to avoid recurrence in future production.

These audits are deployed as soon as we detect a restricted chemical in the Picking control programme. The resulting information feeds the rest of the preventive and control programmes to reinforce, on the one hand, the transmission of knowledge to the rest of the supply chain, so as to avoid repetition (thanks to initiatives as The List, Green to Wear or Clear to Wear) and, on the other, to reinforce controls by identifying risk components/technologies. In 2021, **17 RCA audits** were conducted.

Evolution of non-conformities detected

	2021	2020	2019	2018
Chemical products classified as "C" in The List, by Inditex or without prior controls applied suited to manufacturing	12%	45%	89%	79%
Cross contamination	23%	11%	11%	13%
Restricted substances in raw materials conditioning	0%	11%	0%	2%
Inadequate manufacturing procedure	6%	0%	0%	0%
Non-conclusive	59%	33%	0%	4%

5.4.4.5. Continuous improvement

Recovery of productions

We have designed and implemented an advanced and comprehensive product health and safety oversight strategy that includes preventive programmes and a rigorous production control of our supply chain. This enables us to guarantee that the final product complies with our standards, but sometimes there may be non-conformities that affect the chemical safety of production. In these cases, we are obliged to investigate, learn and develop methodologies that allow us to reduce the production discarded due to non-conformities with our standards. For this, we work with our scientific and technological partners to recover them by means of eliminating the substances causing the non-conformity, avoiding the rejection of the affected goods. Due to this collaboration, we have implemented production reprocessing protocols for cases in which substances such as arylamines, phenols, formaldehyde, phthalates, and dimethylformamide are present, or parameters such as colour fastness or pH.

Having procedures in place to avoid rejection of non-compliant production by eliminating the problematic substance is a key tool for product sustainability.

APPLABs

To establish whether a production meets our standards, having trust on external testing laboratories that assess our articles is crucial. Given how stringent our requirements are, it is very important to control the laboratories in our analytical network so that they work in a standardised way, pursuing always the highest precision and accuracy in the final result. Confidence in these laboratories is based on the external laboratory approval programme called APPLABs.

APPLABS

Audits

Conducting on-site **audits** that verify, among other aspects, the **infrastructure, internal procedures and technical competency of the laboratory's personnel and their diligence in the analyses.**

Monitoring

Monitoring results by means of proficiency or correlation exercises **to verify the response and competence in the execution of analyses remotely at any time.**

Technical Committees

Creation of specific technical committees, resolution of detected problems, testing methodologies optimization or development of new analysis methods among others.

A total of **38 on-site audits were conducted of external laboratories,** in addition to 35 comparison exercises, which involved analysing 6,653 samples.

In 2021, we continued the process of outsourcing laboratory audits. To this end, we designed a specific audit procedure to inspect the most critical in-laboratory processes, and the auditors received training for its correct performance. This led to a significant increase in the number of external laboratories inspected, and with it the inclusion of new laboratories in our trusted analytical network. Similarly, the number of substances and parameters monitored has been increased with correlation exercises. Following the trend of past year.

Collaborations

Insofar as we have a global supply chain that is shared with other retailers, it is vital to **align requirements between different industry players** to ensure compliance on health, safety, environmental sustainability and facility upgrades. Our experience from our various programmes has given us valuable knowledge so as to avoid the use of restricted substances throughout the supply chain. We share this experience through our involvement in initiatives such as Zero Discharge of Hazardous Chemicals (ZDHC), of which we are Board members, Sustainable Apparel Coalition (SAC) or AFIRM Group. We also collaborate with a number of prestigious technological centres and universities.

Moreover, participating in Greenpeace's Clean Factory Approach encourages us to work in a collaborative environment by sharing our experience with the rest of the industry and enhancing our own knowledge through the experience of other retailers.

ⓘ More information in section *4.4.2. Partnerships* of this Report.

Internal training

With regard to raising awareness among our design and buying teams, we have strengthened product health and safety areas across all our brands for the purposes of:

- Providing ongoing training to buying and design teams on all product health and safety related issues.
- Providing technical assistance on-site to buying and design teams.
- Cutting the time required to detect potential breaches and providing solutions best suited to the specific type of product.

In 2021, **13 training sessions** were provided to 296 attendees from internal design and buying teams and the department of product health and safety itself. This training is conducted in partnership with academic institutions and scientific and technological experts.

R&D

R&D is one of the cornerstones of continuous improvement for safer and more sustainable products. The scope of our **R&D activities** ranges from the creation of new advanced analytical methods to the design of technical solutions required by other areas of the Company:

Development of an analytical methodology for the detection and quantification of phenolic-lipid antioxidants in leather

The use of phenolic-lipid antioxidants in leather is one of the most successful strategies to ensure a Cr(VI)-free material. Having a method of analysis in place makes it possible to monitor that the implementation process is carried out properly, as well as to detect when it is not.

Improved method of analysis of organochlorinated compounds in chemicals and textiles

The official international method of analysis produces false positives for organochlorinated compounds in certain specific matrices. Developing a new method will mean being able to measure organochlorinated compounds without incurring false positives.

Development of a test (Propensity Test) to determine whether a fatliquor agent presents risks related to the generation of hexavalent chromium

Using fat liquors that are not protected against auto-oxidation is one of the most common causes of Cr(VI) formation in leather. This test will allow tanneries to check whether a fat liquor is properly protected before using it in leather production.

Fine-tuning solid-state dye doping technique for correlation studies

Correlation studies are essential to define the risks of chemicals. Using the doping technique, correlation studies can be carried out for all kinds of restricted substances, even those where it is difficult to find commercial chemicals that contain them in the concentrations of interest.

5.4.5. Use and end-of-life of products

GRI 103-2; 103-3; 306-1; 301-1; 301-2; 301-3; AF18; AF19 and AF20

To ensure our products generate the least possible impact from start to finish, at Inditex we also implement a number of projects in connection with the use and end-of-life phase. Consistent with **our unwavering commitment to circularity and the optimisation of natural resources**, we highlight, for example, our innovation initiatives to reduce the release of microfibres; the Closing the Loop programme for the collection of used consumer garments with the aim of giving them a second life; or the Green to Pack programme, aimed at optimising the use of packaging, while facilitating their recycling and improving their transport.

5.4.5.1. Minimising the impact in the use of products

Our aim is to increase the useful life and reduce the impact in the use of our products. To achieve this, we carry out a number of projects to **improve their functionality, usability and re-usability,** in line with our circularity strategy.

Using resistant materials, with better dyes and finishes that seek to ensure physical durability, increasing the versatility and functionality of the products, or increasing the emotional bond with garments through customisation, among many others, are just some ways to reduce the impact in product use and extend product life.

Projects related to reducing environmental impact in the use of products

- Optimising systems and partnerships with third parties within the *Closing the Loop* programme for collection of used garments.
- Research to identify materials that require less maintenance.
- Training for buying teams, focusing on more sustainable raw materials and wet processes, to foster a more sustainable product.
- Research to promote maintenance with a lower impact.
- Research to measure and reduce the release of microfibres when washing the garment.
- Research to increase the usability of garments.

Microfibres

At Inditex, acknowledging textile fragmentation as a priority area for research into the issue of microfibres, we have developed a specific multidisciplinary research programme aimed at broadening knowledge and developing and implementing sustainable and impactful solutions to the challenge that microfibre shedding represents for the environment and health. In this regard, in 2021 we intensified our work with internationally renowned universities and research centres in three areas of action (eco-design, processes and end use), while joining forces with leading industry players through industrial partnerships and international consortiums.

We are a member of the Microfiber Consortium, a global initiative which focuses on developing practical solutions regarding microfibres for the textile industry.

Eco-design

In eco-design, our focus is on researching and promoting design and manufacturing options that reduce microfibre shedding, as well as training our teams in sustainable design.

In 2021, we prioritised work to produce fibres from recycled waste such as tyres and plastic packaging and the replacement of synthetic fibres in textile fabric structures with higher microfibre shedding rates.

Processes

We endeavour to identify all those manufacturing processes that lead to the highest microfibre shedding rates in order to implement specific measures. In this line:

- As part of our Green to Wear standard, it is a mandatory requirement for all wet processing facilities in our supply chain to manage filtered textile waste as solid waste.

- We work with the leading filter manufacturers across all industries to promote the adoption of technologies that reduce microfibre shedding in the textile industry. In particular, our innovation targets filtering systems for dry cleaners, laundries and wastewater treatment plants and we have developed—together with Chemipol—a technological solution that is currently being tested in industrial pilot programmes.

As a consequence of the first domestic wash having been identified as the main source of microfibres, we are working with prominent industrial machinery manufacturers to find a technological solution that, through its application in pre-market manufacturing stages and as a sustainable alternative to the pre-market industrial wash approach, eliminates shedding in the first domestic wash in a sustainable way. In 2021, we successfully completed the proof-of-concept development of a pilot plant-scale industrial microfibre removal technology, the design and industrial implementation of which is expected in 2022.

In addition, we work with leading companies in the chemical industry to develop preparation and finishing chemicals that minimise garment hairiness and pilling, a prelude to microfibre shedding.

End use

We collaborate with a leader in the chemical industry BASF on a ground-breaking industrial research into the development and industrial-scale manufacture of sustainable solutions for home laundry to minimize microfiber shedding, while also notably reducing greenhouse gas. The aim is to make it usable on all types of fabrics, reducing the shedding of microfibers. It also seeks to improve the sustainability of the washing process thanks to the reduction of greenhouse gas emissions.

Parallel to this promising development and with the ambition to completely eliminate microfibre shedding, we are closely monitoring the development of filters for domestic washing machines created by technology suppliers and manufacturers. In this regard, we are also supporting and funding a research programme with the Polytechnic University of Catalonia (Spain).

5.4.5.2. Minimising impact in end-of-life

To reuse and recycle textile product components, it is essential to reduce the complexity of materials, design for ease of disassembly and raise consumer awareness regarding the best practices available to them.

At Inditex, we undertake **a number of projects** related to reducing the environmental impact at the end-of-life stage of our products. Some of the most outstanding ones are presented below.

ⓘ More information on other programmes in section *5.6. Collaborating to safeguard the planet* of this Report.

5.4.5.2.1. *Closing the Loop*

At Inditex we have designed a voluntary programme for the collection of products at the end of their useful life, which we call Closing the Loop. Through this programme, we want to offer our customers and employees the best channel to **close the loop of textile products, footwear and accessories,** so that they do not end up in a landfill and can be reused or recycled in the best possible way.

The Closing the Loop programme aims to extend the useful life of textile products through their reuse, giving them a second life if possible, or recycling them when they can no longer be reused.

Under the umbrella of the programme, Inditex works with non-profit organisations and specialist third parties in each market where we have a commercial presence. **The garments collected are donated in their entirety** to these organisations, which either give them to people in need or repair them, give them a second life and sell them to finance their social projects. The goal is to reinvest profits from this programme in the market where the garments were collected. After years of hard work, all of our stores[64] now have collection containers for used garments.

In addition, Closing the Loop offers both Inditex customers and our employees additional collection points. In Spain, we work with the social organisation Cáritas, to enable the collection of garments by means of containers located in the streets of a number of cities, 100% funded by Inditex. For our employees, collection points are also available at our logistics centres, headquarters and our own factories.

Finally, we are also working to make it possible for customers to request a pick-up when ordering online. This service is available in Spain, in several Chinese cities, Paris, London and New York.

[64] This does not include stores in markets where the initiative can not be implemented due to local legislation or contexts.

If it is not possible to return them to the market, the collected or donated articles are recycled, so that their useful life is extended for the production of secondary raw materials which then re-enter the production process, thus reducing the need for virgin raw materials and decreasing waste generation.

This last step involves business organisations and universities working on the research and development of more sustainable raw materials and technologies.

The programme in figures:

- Since 2015, **over 78,500 tonnes** of garments, footwear and accessories have been donated.
- In 2020: we achieved our target of rolling out this programme **in all markets and all stores** where we operate.
- In 2021: efforts focused primarily on **consolidating the programme** and strengthening the training of all store personnel.
- In 2022: the activity will focus on fostering the **participation of our customers and employees,** and on financing new fibres and recycling technologies.


CLOSING THE LOOP
In addition to extending the useful life of garments, we generate a positive impact on communities by collaborating with local organisations.
Our story
2015
Programme start
2018
18% of markets with physical stores have containers
2020
100% of markets with physical stores have containers
2021
Consolidation of the programme, improvement and awareness raising
How can I donate clothing, footwear and accessories I no longer use?
IN PHYSICAL STORES
using the available containers
CONTAINERS
Through the 2,446 on-street containers implemented in Spain
AT HOME
The only free, online, door-to-door collection programme, available in Spain and cities in 4 international markets
16,072 tn
of clothing, footwear and accessories collected in 2021
The delivery of online orders is used to collect garments, maximising efficiency
ZARA
REVERSE LOGISTICS
LOGISTICS PLATFORM
NGOs channel donations to various non-profit programmes
Where do the garments I donate go?
Sold though solidarity channels of non-profit organisations to finance their social projects.
Recycled into new textile fibres and raw materials for other industries.
Reused and transformed into other textile by-products.
Donated to people in need.
Responsible consumption
Solidarity economy
Social and sustainable employment
What is achieved using my donations?
SOCIAL IMPACT
Direct social help
Employment of persons in social exclusion
Reinvestment in social projects

5.4.5.2.2. *Packaging. Green to Pack*

The **quality standards of our packaging** are provided in our Green to Pack programme, which aims to introduce as many recycled materials as possible into packaging, extend its useful life and facilitate its subsequent recycling, while at the same time optimising the transport of our products.

We are constantly endeavouring to optimise the use of natural resources and foster care for ecosystems and biodiversity throughout our business model. Consistent with our long-term sustainability strategy, and convinced that we all have a pivotal role to play, we offer our customers re-usable bags. In 2020 we eliminated the plastic from the bags and packaging that we deliver to our customers in our stores and online orders and this 2021, with the aim of reducing its consumption, we began to charge for them in some markets. We allocate an amount equivalent to that collected to environmental initiatives of organizations with which we collaborate.

Furthermore, we continue to work with our buying and product teams to meet our 2023 target for the products we sell to contain no packaging elements that are considered single-use plastics.

In this respect, and with the aim of promoting best practices in terms of packaging, in 2021 we commenced a periodic review of all the packaging elements that we use in shipping and distribution operations, or that accompany our products, and of which are the most sustainable alternatives.

In another step to further our ambition in this regard, we undertook with the Ellen MacArthur Foundation (EMF) to **reduce a 50% the use of virgin plastics in our packaging by 2025** compared to 2019. This goal underpins the reuse, disposal and recycling efforts being undertaken across the Company's multiple teams.

Our goal is to ensure that **100% of packaging is reused or recycled in the supply chain.** On that basis, in 2021 we signed the manifesto titled *The Business Call for a UN Treaty on Plastic Pollution* in order to call on governments to negotiate a global treaty to end plastic pollution. This being an issue that affects so many sectors, societies and ecosystems, an international agreement is needed that presents clear goals, binding targets and consistent measurement mechanisms to drive the transition to a circular economy for plastics globally and at scale.

We also signed a second manifesto with the EMF that goes even further than previously: *The Advanced Corporate Statement*. As signatories, we call on governments to ensure that the new plastics treaty includes measures and instruments that address the entire life cycle of plastics, beyond the challenges associated with managing plastics as waste. Through a circular economy of plastics, we will contribute to efforts to stop climate change and prevent the loss of biodiversity, while generating positive social and economic impacts.

FEATURED INITIATIVES

Cardboard boxes

The first step is to continue to enhance the quality of the cardboard boxes that transport our garments from suppliers, prioritising the use of recycled materials and extending their useful life. Our boxes currently contain 75% recycled cardboard sourced from the market and can be used up to five times before being sent for recycling.

The cardboard obtained from the recycling of Green to Pack boxes is used to manufacture boxes for Zara's online deliveries, in addition to other uses.

All the Group's brands are part of the Green to Pack programme, which is being joined by increasingly more markets. The programme is currently operating in Albania, Bulgaria, Bangladesh, Cambodia, Mainland China, Egypt, India, Morocco, Myanmar, Pakistan, Portugal, Serbia, Tunisia, Turkey and Vietnam. More than 21.8 million certified boxes were acquired in 2021.

Plastic

In addition to our individual efforts to eliminate single-use plastics in our operations, we work closely with other organisations and institutions to accelerate the transformation of the entire industry in this area.

In 2021:

- We started an R&D+i project with 15 fashion companies to find more sustainable solutions for logistics packaging.
- We took part in the Ellen MacArthur Foundation's The New Plastics Economy initiative, ramping up the ambition of our Global Commitment by 2025 to eliminate unnecessary packaging and encourage reuse and recycling models.
- We also joined in The Fashion Pact’s Oceans Pillar initiative (goals for 2025 and 2030).

5.5. Collaborating so our suppliers grow

Related material topics: Stakeholder engagement; Value chain transparency and traceability; Responsible purchasing practices; Innovation; Diversity, equality and inclusion; Human rights; Socially-sustainable production environments; Environmental footprint minimisation.

Sustainability in the supply chain requires responsible management that entails studying the challenges and circumstances in each market where we operate and engaging all our suppliers and manufacturers. By means of a relationship based on dialogue and respect for human rights, we ensure the sustainability of the supply chain by going one step further, allowing our suppliers to grow with us. This growth in turn has positive ripple effects on the markets in which our suppliers operate. Thus, the transformation we foster extends beyond the bounds of our industry.

5.5.1. Sustainable management of the supply chain

GRI 102-9; 102-10; 102-13; 102-48; 103-2; 103-3; 413-2; 308-1; 414-1; 414-2; AF3; AF5; AF6; AF17; AF7; AF8; 407-1; 408-1; 409-1; 412-1; AF9; AF10; AF11; AF12; AF13; AF14; AF15; AF16; AF18; AF20; 305-6; 303-2 and 308-1

At Inditex we are committed to fight against climate change, protecting the environment and respecting and promoting human rights. Our goal is not only to adapt our fashion range to our customers' needs, but to do so in a sustainable manner. Having a **sustainable, highly specialised, agile and flexible supply chain** is key to achieving this.

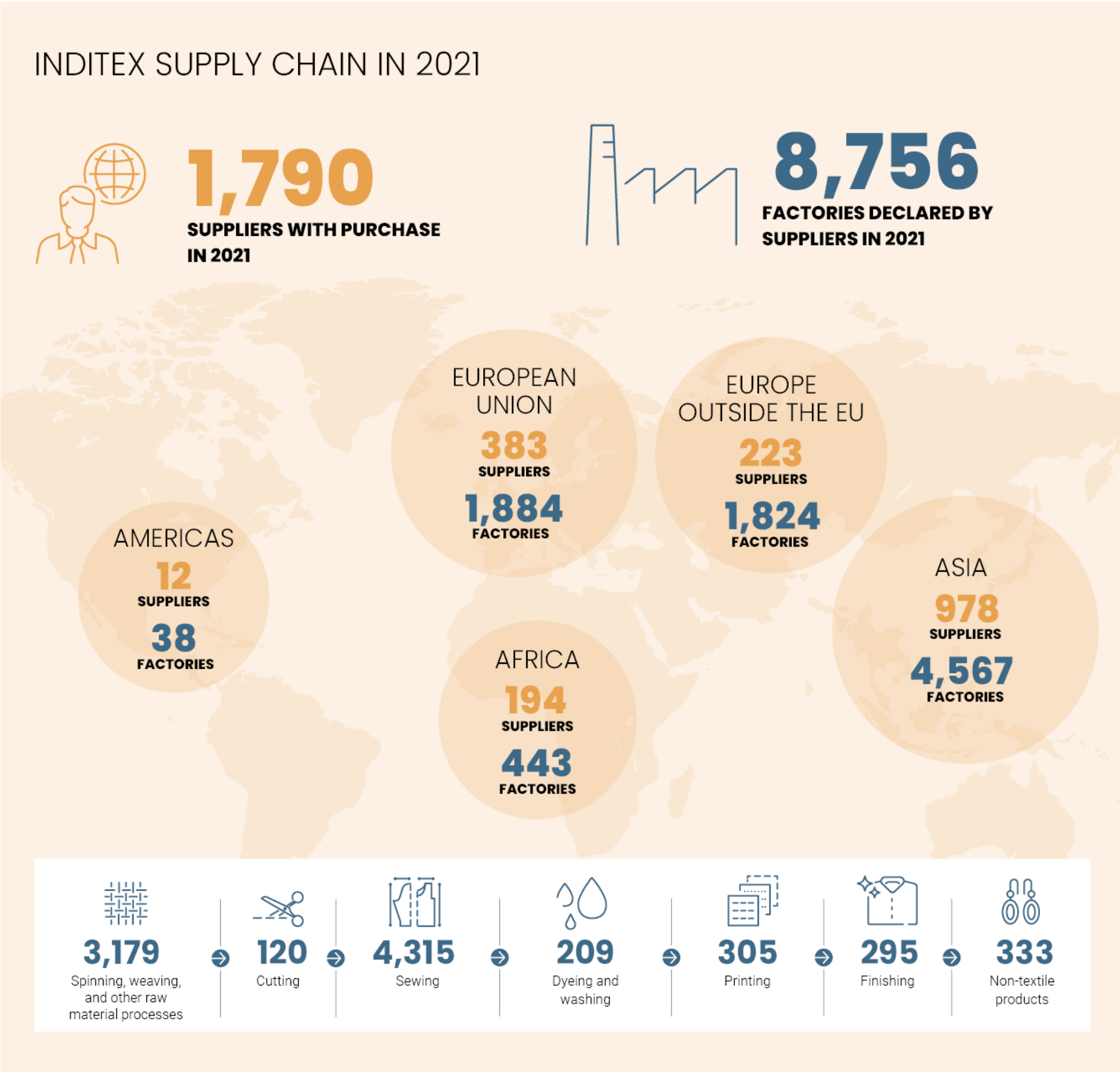
This ambitious goal necessitates a responsible management of our supply chain —including each and every supplier and manufacturer— applying strict policies and procedures to tackle geopolitical, demographic, socio-economic and environmental challenges in all the supply chain countries.

One hallmark of our supply chain is that a large number of the factories where our articles are produced are located in markets close to our Arteixo headquarters (such as Spain, Portugal, Morocco, Turkey). More specifically, **50%[65] of factories** involved in end product processes are located in these nearby markets.

[65] It includes cutting, sewing, dyeing and washing, printing and finishes factories.

In 2021, our supply chain comprised 1,790 direct suppliers[66] located in 44 markets which, at the same time, used 8,756 factories[67] for their productions, providing employment to more than three million people (1,805 suppliers, 50 markets and 8,543 factories in 2020 and 1,985 suppliers, 51 markets and 8,155 factories in 2019)[68].

The increase in the number of factories compared to 2020 is directly linked to Inditex's efforts to reinforce the traceability of processes related to the transformation of raw materials. Thus, we have gradually incorporated the centres for processes such as spinning or weaving, for example, which we have afforded special consideration in recent years and which provide us with an increasingly accurate picture of the various stages of textile production.



[66] Suppliers of fashion articles with a production of over 20,000 units/year in the 2021 spring/summer and autumn/winter campaigns. Suppliers with lower productions account for 0.25% of total production.

[67] Factories declared by the suppliers in the manufacturer's management system for 2021 orders.

[68] The data published in 2018 are not comparable with those in 2021, 2020 and 2019 due to the extended scope in the report on the number of suppliers and manufacturers made in 2019.

THE SUPPLY CHAIN AT INDITEX IN 2021	Suppliers with purchase in 2020	Unused suppliers in 2021	New suppliers in 2021	Suppliers with purchase in 2021
Africa	156	16	54	194
Americas	9	4	7	12
Asia	991	177	164	978
Europe outside the EU	242	56	37	223
European Union	407	79	55	383
Total	**1,805**	**332**	**317**	**1,790**

Our sustainable supply chain management model rests on three pillars:

- Ensuring the traceability and thorough knowledge of our suppliers and manufacturers.
- Applying solid social and environmental sustainability standards and requirements to our suppliers and manufacturers:
  - Social sustainability: we ensure decent working conditions, consistent with respect for the human and labour rights of the workers in the supply chain, as provided in our Code of Conduct for Manufacturers and Suppliers.
  - Environmental sustainability: we implement initiatives in connection with sustainable production, responsible water management, the use of renewable energy sources and the reduction of CO_2 emissions, notably including the application programme of our Green to Wear standard. Through this, we also reinforce compliance with our product health and safety standards.
  - This commitment to sustainability is also evidenced through our policies for fostering responsible purchasing practices.
- Verifying application of our standards and continuously improving our supply chain.

Our principles and requirements are binding upon all our suppliers and manufacturers, irrespective of the process they perform or the tier they belong to in the supply chain, including those tiers and processes furthest from the end product (such as those linked to producing raw materials).

To achieve this goal, in 2021 we have continued to collaborate with our suppliers and to support them constantly to improve their own supply chains, providing them with adequate training, helping them to implement our standards and requirements and always developing areas for improvement, among other support and backing actions.

Sustainable supply chain management and continuous support to suppliers would be impossible without the work in our supplier clusters, which concentrate 97% of production, as they function as spaces for cooperation and dialogue to create a suitable framework in which to develop a sustainable production environment in each region, always respecting human rights and the environment. In 2021, we continued to have 12 such clusters: Spain, Portugal, Morocco, Turkey, India, Bangladesh, Pakistan, Vietnam, China, Cambodia, Argentina and Brazil.

TRANSPARENCY AND ACCOUNTABILITY

Transparency is one of the pillars of our sustainability strategy, as provided in our Sustainability Policy. To achieve it, we share comprehensive information regarding our supply chain with stakeholders.

INDUSTRIALL GLOBAL UNION

We share the complete and updated list of our manufacturers and their degree of sustainability compliance with IndustriALL, as part of our Global Framework Agreement. In addition, we provide *IndustriALL* and its local affiliates with access to all the factories in our supply chain.

ⓘ More information in section *4.4.2. Partnerships* of this Report.

INTERNATIONAL LABOUR ORGANIZATION (ILO)

In those countries where we take part in the Better Work programme, we provide the ILO with information about our supply chain in order to work together to advise and improve factory conditions.

In the case of cotton, we also have a public-private partnership with the ILO to protect labour rights in this raw material's supply chain.

ⓘ More information in section *4.4.2. Partnerships* of this Report.

ZERO DISCHARGE OF HAZARDOUS CHEMICALS (ZDHC) AND CHINA'S INSTITUTE OF PUBLIC & ENVIRONMENTAL AFFAIRS (IPE)

We share environmental information concerning our supply chain with various bodies.

We work with our suppliers to publish the results of wastewater analyses—obtained from the Green to Wear audits—on the ZDHC Gateway platform.

We share information with the IPE and work actively and concertedly to improve the environmental management of the supply chain in China.

ⓘ More information in section *4.4.2. Partnerships* of this Report.

NGOs

We work with various non-profit organisations such as Greenpeace, Textile Exchange, Clean Clothes Campaign, Fashion Revolution and Baptist World Aid, and provide them with social, economic and environmental information, regularly and on request.

ⓘ More information in sections *3.4. Acknowledgements* and *4.4.2. Partnerships* of this Report.

INVESTORS, STOCK MARKET INDICES

International organisations such as the Dow Jones Sustainability Index, FTSE4Good, Sustainalytics and Corporate Knights have very positively recognised our level of commitment to transparency and accountability.

ⓘ More information in section *5.3. Collaborating with our shareholders, allies in transformation* of this Report.

CUSTOMERS

There is information available to our customers on the sustainability parameters of our products, in particular through the Join Life label standard. However, we also respond to specific requests for information on sustainability, such as the origin of our articles or the conditions of the workers involved in their production. In fact, in 2021 more than 10,800 of our customer information requests regarding the sustainability of our articles and our Join Life standard were handled.

ⓘ More information in section *5.2. Collaborating with our customers, the force driving transformation* of this Report.

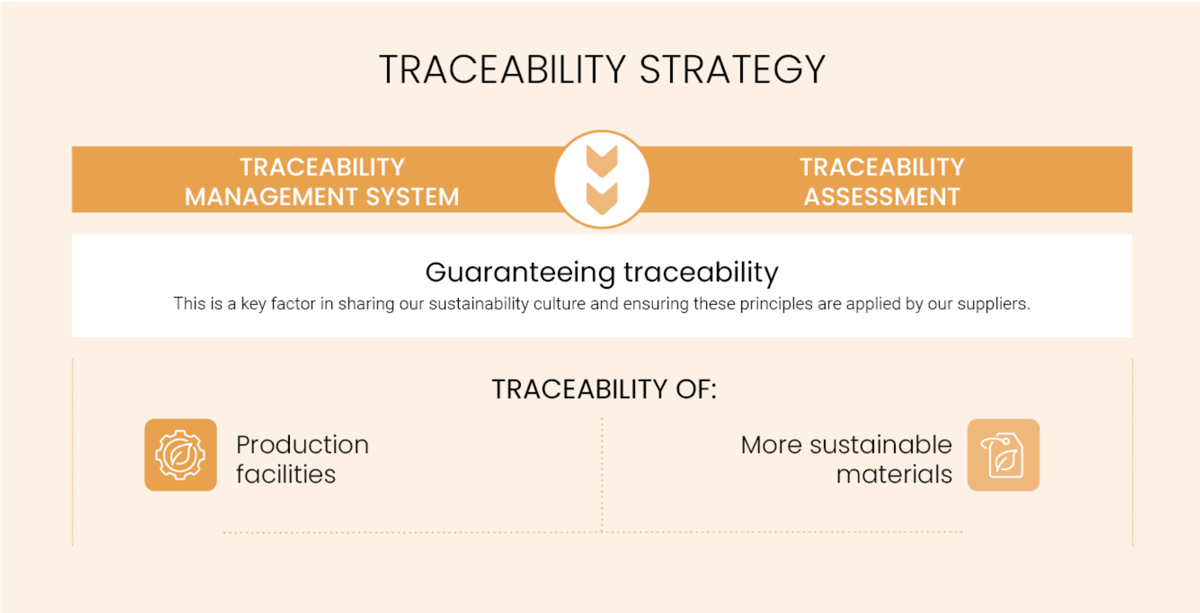
INDUSTRY

In line with our commitment to collaborate to help drive industry transformation, we share sustainability information with other companies and industry stakeholders, within the framework of our participation in collaborative initiatives such as ACT (Action, Collaboration, Transformation), among others.

ⓘ More information in section *4.4.2. Partnerships* of this Report.

5.5.1.1. Traceability of the supply chain

Enforcing and monitoring compliance with our sustainability standards and requirements, in both our products and the facilities where they are manufactured, is made possible by traceability, meaning **the ability to identify and trace the history, application, location and distribution of products, parts and materials**[69]. Inditex manages supply chain traceability through two main lines of action: its traceability management system and traceability assessment.



Our traceability strategy factors in the provisions of Recommendation 46 of the United Nations Economic Commission for Europe (UNECE), issued in July 2021, concerning the implementation of a global approach to traceability that responds to the increasing demand for policies and legislative action to foster responsible business conduct in global value chains. We have collaborated with the UNECE project to enhance the traceability of the garment textile and footwear sector value chain since its inception, and in 2021 we supported its launch by committing to evolving our traceability management to a new level, a pledge embodied in a call to action sent to UNECE.

The first aspect of this commitment has been to complete in 2021 the actions commenced in previous years aimed at preparing and publishing the *Traceability Requirements for Suppliers*, a document that encompasses the actions that suppliers were in fact already implementing based on our sustainability requirements. Our goal in publishing this document is to convey to our suppliers, as partners in developing our sustainability strategy, just how important traceability is as a global vision.

[69] Recommendation No. 46 of the United Nations Economic Commission for Europe: Enhancing traceability and transparency of sustainable value chains in the garment and footwear sector.

5.5.1.1.1. Traceability management system

Inditex's traceability management system is based on:

- Requiring each supplier to know and share with us **all the data of their own supply chain** in the traceability management system. Factories registered in the system must pass the relevant filters to be approved and authorised. The management system itself includes social, environmental and product safety information for each of the facilities.

- Requiring that our suppliers inform us, at all times, of the **factories involved in our production** (from raw materials to finishing processes). For every order received, suppliers must designate the participating factories, detailing units and processes. Each supplier is responsible for the factories they use and must work with Inditex to ensure compliance with our sustainability standards, with any factories that fail to comply being excluded from the manufacture of our products. They must digitalise the information using an in-house developed Traceability Management System, which has evolved to facilitate its use by stakeholders (both internal teams and suppliers), as well as to broaden the scope of the information compiled, with a particular emphasis on raw materials traceability.

In 2021, we began implementing our new i-Trust management system, which is an enhancement of the previous version. The main goal is to enable suppliers to reflect the reality of their own supply chain in a flexible, usable and simple way. The system's scope will cover all possible variations of the supply chain set-up.

We have also developed a proof-of-concept in connection with a new traceability system based on blockchain methodology: i-Dots. This new system covers a first use case for improving order traceability information in a simplified way.

5.5.1.1.2. Traceability assessment

To confirm *in-situ* that the Group's production takes place in properly declared and authorised factories, the information entered by suppliers in the traceability management system is verified through **traceability audits,** which follow three steps:

- Analyse the traceability management system information to identify the productions to be checked.

- Unannounced visit to the reported factory's facilities to verify the production processes it can perform, as well as production in progress and completed production.

- Compare the findings from the visit with the information entered in the traceability tool, to verify both the processes and the units completed by the factory.

To select productions for verification, we perform a risk analysis, based on the information provided by the suppliers in the management system and the data gathered by the clusters. In the event of any indication of the existence of deviations in the traceability of the production, the clusters' traceability teams carry out additional investigations.

In 2021, **6,119 traceability audits** were performed, and 553 traceability breaches were discovered. The traceability team manages these breaches with suppliers and buying teams, analysing their root cause to prevent their repetition. The increase in the number of audits performed shows the importance of supply chain traceability for Inditex. In this regard, in 2021 we increased the human and technological resources devoted to traceability, by designing and piloting i-Trace, our new application for conducting traceability visits. This application provides all the necessary data to perform the traceability checks on our productions. Auditors can easily access and configure the app, and Inditex teams can oversee the process online.

TRACEABILITY AUDITS

	2021	2020	2019	2018
Africa	2,128	139	184	554
Americas	181	28	299	561
Asia	2,031	642	484	481
Europe outside the EU	1,111	385	258	733
European Union	668	148	171	217
Total	**6,119**	**1,342**	**1,396**	**2,546**

Of the 6,119 traceability audits conducted in 2021, 5,804 were conducted by external auditors belonging to independent audit firms.

ASSESSMENT OF THE TRACEABILITY OF MATERIALS

Inditex's traceability strategy includes the definition and implementation of the necessary procedures to enable us to approve the most sustainable materials used in our products, so as to ensure compliance with the standards approved by our Join Life collections. Traceability is also a key in ensuring the circularity of our products.

In line with our aim to cooperate with the rest of the industry players, we are committed to achieving the standardisation and integration of homogeneous data in our sector. Consequently, we support organisations and contribute in projects and committees that work to improve the way in which sustainable fibres are certified.

In 2021 we joined the pilot initiative to be developed by Textile Exchange with the technology supplier Textile Genesis. The aim is to develop a new platform to certify sustainable fibres, using a ground-breaking digital system that enables approval between parties and leverages third-party certification bodies in the transaction verification process. The pilot programme was launched in November and the first phase will focus on the Global Recycling Standard (GRS) and the Recycling Claim Standard (RCS).

We also participate in Textile Exchange's International Working Group (IWG) on the Content Claim Statement (CCS), a chain of custody standard. This is a tool to verify that a final product actually contains one or more specific input materials. The IWG is designed to be a pre-competitive collaborative environment where participants can share their knowledge and experience. The purpose of the Group is to work together to ensure the standard continues to meet the needs of the industry.

ⓘ More information in section *5.4. Collaborating to transform through sustainable management of our products* of this Report.

5.5.1.2. Policies, standards and principles on which our supply chain management is based

5.5.1.2.1. Code of Conduct for Manufacturers and Suppliers

The framework governing our relationships with suppliers is the Code of Conduct for Manufacturers and Suppliers (hereinafter, CCMS or the Code of Conduct, available on our website). Its main purposes are:

- To provide **mandatory compliance standards** in matters of labour rights, product health and safety and environmental aspects.

- To define minimum standards **of ethical behaviour** to be observed by all suppliers and manufacturers throughout the supply chain, under the umbrella of respect for human and labour rights.

All manufacturers and suppliers wishing to form part of the Inditex supply chain are required to undertake to comply with the Code of Conduct, as well as to pass audits verifying such compliance. The breach of any of the above-mentioned requirements may entail the termination of the business relationship with the supplier and/or factory.

To ensure that it is always fully aligned with best practices, Inditex has envisioned the Code of Conduct as a dynamic document subject to constant review so as to ensure it remains valid. Its conceptual framework is based on Organisation for Economic Cooperation and Development (OECD) principles, the Ethical Trading Initiative's 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.

5.5.1.2.2. Green to Wear

In line with our commitment to fight against climate change and to easing the pressure on natural resources, at Inditex our operations and actions are guided by a strategy of environmental sustainability based on control and improvement throughout our supply chain, thus guaranteeing that our articles adhere to the most exacting standards of health, safety and environmental sustainability.

An example of this commitment is our own Green to Wear standard, which aims to minimise the environmental impact of wet process factories and to improve health and safety of articles, while promoting best practices.

Green to Wear includes **indicators that gauge the sustainable and efficient management of raw materials, water, technology and processes, chemical products, waste and wastewater,** and focuses on using the most advanced technologies to properly manage water and reduce its consumption. All the suppliers and manufacturers in our supply chain that perform wet processes are obliged to comply with this standard.

This standard is also a fundamental part of our strategy to manage chemicals in production, together with our programme The List, by Inditex, which in turn is key in the selection of the chemicals used and in ensuring the absence of hazardous substances both in emissions into the environment and in the product. Thus, in 2021 we have included new requirements in the Green to Wear standard related to the prevention of hexavalent chromium formation in post-tanning facilities that process chrome tanned leather.

Broadly, the Green to Wear standard, which is also available on our website, and the use of environmental audits to verify its compliance, allow a comprehensive control of the facilities carrying out wet processes in the supply chain. By applying this standard throughout the supply chain, together with the development of our The List by Inditex programme in the chemical industry that manufactures dyes, pigments and ancillary chemicals, we also aim to meet the objectives linked to Greenpeace's Clean Factory Approach and fulfil our commitments as part of Zero Discharge of Hazardous Chemicals (ZDHC).

ⓘ More information in section *5.4.4. Health and safety of our products* of this Report.

5.5.1.2.3. Responsible purchasing practices

One of the key aspects of sustainable supply chain management is responsible purchasing practices, which **guide the way we interact and negotiate with suppliers.** These practices cover strategic planning, sourcing, development, purchasing and the underlying values and principles that affect workers, thus facilitating living wages and better working conditions as well as sustainable development in the apparel, textile and footwear sector.

Responsible purchasing practices are fundamental to ensure the sustainability of the supply chain.

The Inditex Group is a member of the ACT on Living Wages initiative and under its umbrella we undertake to develop purchasing practices that facilitate the payment of a living wage. In fact, Inditex is an active participant in the ACT working group on purchasing practices.

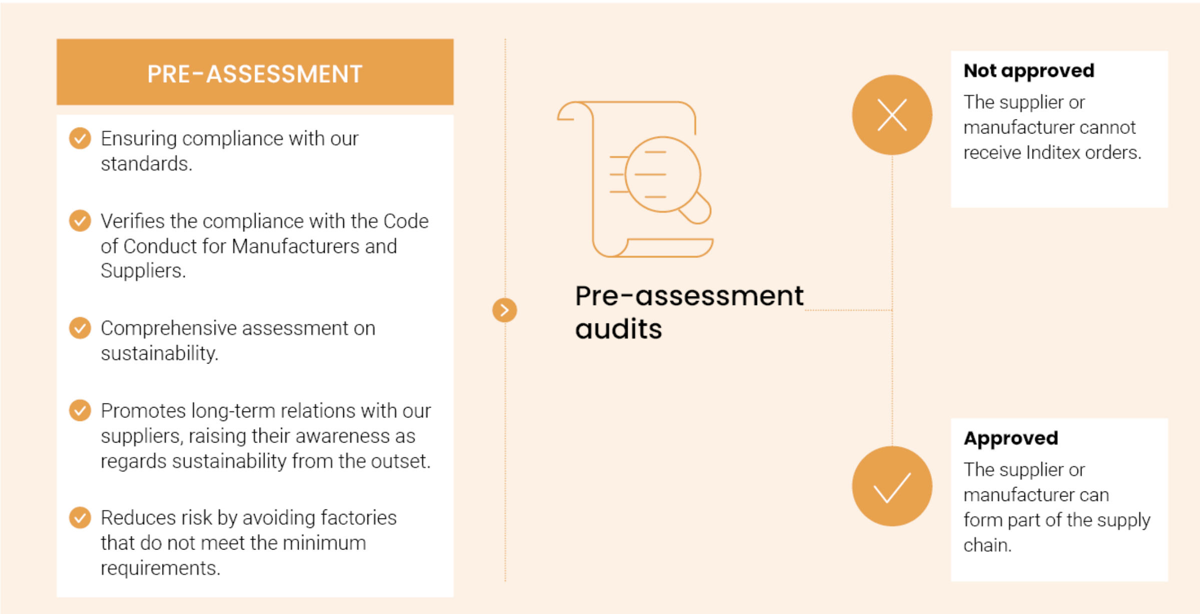
ⓘ More information in section *5.5.2. Workers at the Centre* of this Report.

5.5.1.3. Assessment and Continuous Improvement

5.5.1.3.1. Pre-Assessment

In order to ensure that only those suppliers and manufacturers that meet our sustainability standards are part of our supply chain, we carry out an initial verification of compliance with our environmental and social requirements through pre-assessment audits **before they even enter into a business relationship with us.**

If a potential supplier or manufacturer is ranked as approved after this audit, they can receive orders from the Inditex buying teams and are subject henceforth to the standards provided in the *Inditex Minimum Requirements* document, which includes the mandatory social, environmental and product health and safety requirements.



Inditex carried out **2,397 pre-assessment audits** during 2021 (3,062, 2,789 and 2,177 audits in 2020, 2019 and 2018, respectively). A total of 2,374 of these were conducted by external auditors, who are trained to correctly apply the Inditex methodology.

PRE-ASSESSMENT AUDITS IN 2021

	Pre-assessment audits	Approved %
Africa	81	86%
Americas	27	89%
Asia	1,599	76%
Europe outside the EU	325	83%
European Union	365	98%
Total	**2,397**	**81%**

5.5.1.3.2. Social Audits

Once the pre-assessment has been approved, social audits **are carried out periodically and regularly** at each and every one of the suppliers and factories in our supply chain to check that the Code of Conduct is being applied, as it is mandatory for everyone we work with. These audits enable us to verify the degree of compliance with the Code of Conduct and establish Corrective Action Plans based on the results.

The purpose of social audits is to ensure that the fundamental rights of workers in our supply chain are respected.

Our social audit methodology was designed in 2007 in partnership with the former International Textile, Garment and Leather Worker's Federation (currently integrated in IndustriALL Global Union), the University of Northumbria and the Centre for Business and Public Sector Ethics of Cambridge University. This methodology has been updated several times and includes, among other protocols:

- Interviews with the workers and their representatives.
- Review of documentation related to the working conditions of workers.
- Visits to facilities.
- Interviews with management.

Auditors may be either internal or external, but they always perform audits without prior notice to the company that is to be audited. In 2021, **5,840 social audits**[70] were carried out.

SOCIAL AUDITS				
	2021	2020	2019	2018
Africa	244	197	406	380
Americas	63	14	19	55
Asia	3,139	3,259	3,020	2,473
Europe outside the EU	1,326	1,074	1,660	1,241
European Union	1,068	1,145	1,306	1,210
Total	**5,840**	**5,689**	**6,411**	**5,359**

In order to ensure the quality of the audits and that our methodologies are correctly applied, we devote a great deal of effort to training external auditors. In 2021, we worked with 960 external auditors[71], 743 of whom were trained in the same year. Of the more than 5,800 social audits conducted in 2021, 5,578 were conducted by external auditors belonging to various audit firms.

[70] A company may receive more than one social audit during a fiscal year. Each audit carried out is considered when accounting for audits.

[71] Includes auditors that conducted social, environmental, pre-assessment, traceability, and special audits in 2021. The auditors are specialised in accordance with the scope of the audit.

Based on the social audits, suppliers and manufacturers are rated in accordance with their degree of compliance with the Code of Conduct. In 2021, the active suppliers are classified as follows:

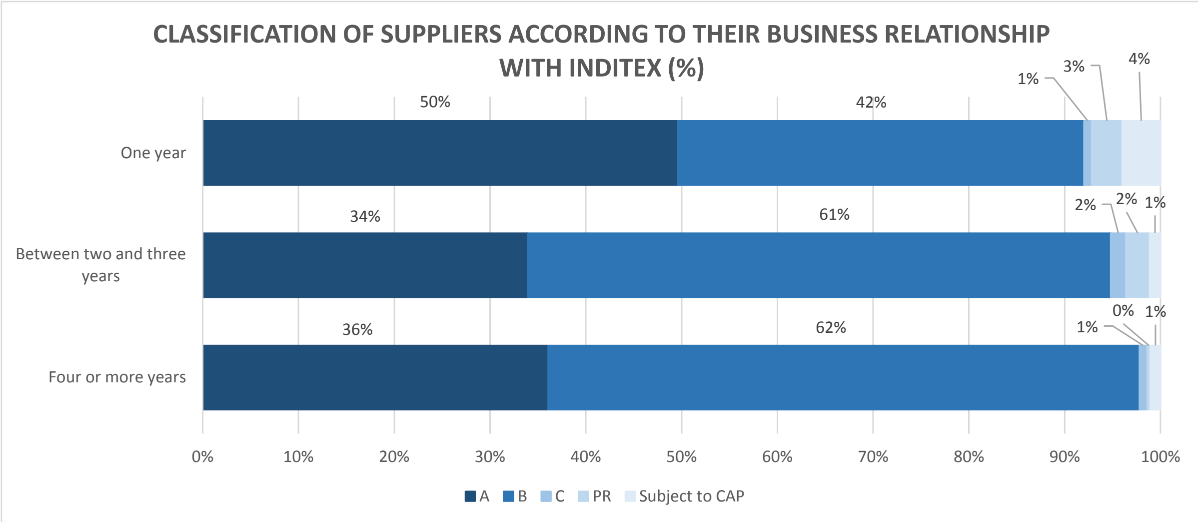
	2021		2020		2019		2018	
Classification	Number of suppliers [72]	Percentage (%)	Number of suppliers	Percentage (%)	Number of suppliers	Percentage (%)	Number of suppliers	Percentage (%)
A	653	37%	575	32%	784	40%	661	35%
B	1,077	60%	1,152	64%	1,051	53%	1,045	56%
C	18	1%	27	2%	44	2%	80	4%
Subject to CAP	23	1%	24	1%	38	2%	47	3%
PR	19	1%	27	1%	68	3%	33	2%
Total	**1,790**	**100%**	**1,805**	**100%**	**1,985**	**100%**	**1,866**	**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 CAP	Breaches of the CCMS triggering the immediate implementation of a corrective action plan
PR	Undergoing an auditing process

As evidence of the influence of sustainability criteria on purchasing practices, it is worth mentioning that this year **98% of purchases were made from suppliers rated A or B,** the highest sustainability compliance ratings.

The initiatives for continuous improvement carried out with our supply chain are not confined to audits, but include training, advice, individual support or the implementation of Workers at the Centre programmes, among others, all of which are integrated into the day-to-day relationships between our sustainability teams and suppliers. An example of the result of this work dynamic is that the percentage of suppliers that achieve an A or B rating, which are the highest compliance ratings within our methodology, is higher among those that have been part of our supply chain for a higher number of years, and that have therefore been involved in our programmes for a longer period of time.

[72] It includes suppliers with more than 20,000 production units in the 2021 spring/summer and autumn/winter campaign. Suppliers with production of less than 20,000 units represent 0.25%.

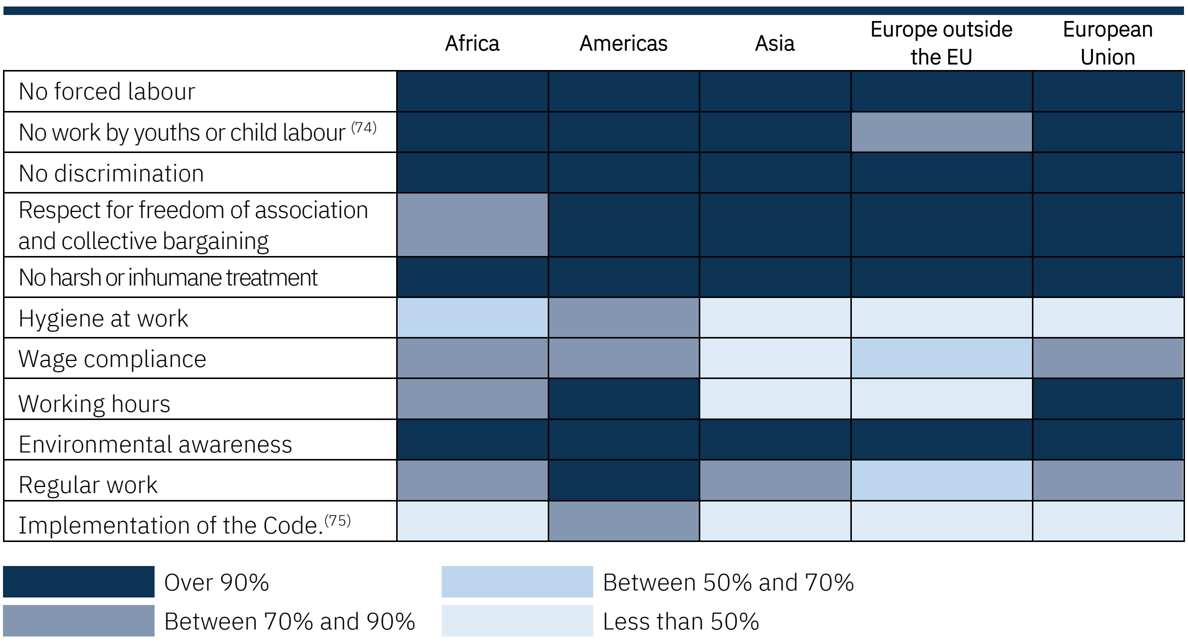


Each social audit triggers, where necessary, the instant application of a Corrective Action Plan (CAP) that includes measures that the supplier must apply to improve its degree of compliance with the Code of Conduct, as well as the terms for its implementation.

Social audits also allow us to determine and identify the main challenges in each country in relation to the different aspects of the Code of Conduct, and this is also a valuable source of information for activities that are part of the Workers at the Centre 2019-2022 strategy.

More information in section *5.5.2. Workers at the Centre* of this Report.

Percentage of compliance with the Code of Conduct in the active factories [73] of suppliers with purchases in 2021:



[73] Factories blocked in 2021 not included.

[74] Includes the lack of suitable systems for verifying the age of workers.

[75] Includes the lack of suitable systems for registering and communicating with workers.

SOCIAL & LABOR CONVERGENCE PROGRAM

Inditex is a member and supporter of the Social & Labor Convergence Program (SLCP), in which we work to implement the first framework of industry-wide consensus to assess the social and labour conditions of workers at suppliers and manufacturers.

The process consists of a self-assessment performed by the factory itself, which is verified by a third party. The resulting information is shared among the various stakeholders.

The **main goals** of the initiative are:

- To strengthen suppliers' awareness of their responsibility to comply with international human rights and labour standards.
- To create an efficient, scalable and sustainable solution to prevent the various stakeholder groups from each performing their own social audits.
- To save time and resources which can be redirected into fostering improvements.

In 2021, we continued to make progress in our commitment to adopting the SLCP framework, promoting the verification of our suppliers and manufacturers according to the basic principles of this initiative and supporting them during the process. During this year, we added Bangladesh, Pakistan and Vietnam to the existing markets of China, India and Turkey.

Social audits of external distribution centres

Within the framework of our human rights strategy and the application of due diligence processes in our value chain, during 2021 we audited a number of the distribution centres we work with, both in Spain and abroad.

The procedure is the same as for our social audit of the factories in our supply chain. Thus, Corrective Action Plans are put in place if needed as a result of these audits.

5.5.1.3.3. Environmental Audits

The suppliers and factories that belong to our supply chain and perform wet processes must follow the Green to Wear standard, and compliance is regularly verified through environmental audits. This kind of audit is **performed by independent external auditors** during pre-announced visits which include a review of the documentation, and unannounced analyses of wastewater.

In 2021, 1,713 environmental audits were carried out[76].

	2021	2020
Africa	67	26
Americas	4	1
Asia	936	670
Europe outside the EU	441	237
European Union	265	189
Total	**1,713**	**1,123**

[76] The number of environmental audits conducted in 2019 and 2018 is not included, since due to the update of the Green to Wear 2.0 standard in 2020 and the consolidation of the previous Green to Wear and Ready to Manufacture standards therein, the number of audits reported in previous years is not comparable.

Moreover, these audits enable us to gauge compliance with several of our environmental sustainability commitments. Likewise, we collaborate with our suppliers to publish the results of wastewater analyses obtained from the Green to Wear assessments on the ZDHC Gateway platform.

FACILITY ENVIRONMENTAL MODULE (FEM)

To measure the environmental impact of suppliers and factories on aspects such as water and energy consumption, waste management and chemicals and emissions management, the Sustainable Apparel Coalition (SAC) —of which Inditex is an active member— has developed the Facility Environmental Module (FEM).

This is a process for the factory to carry out a self-assessment, which is then verified by a third party. The data resulting from this assessment is shared with the various stakeholders.

Its **main goals** are:

- To strengthen suppliers' awareness of their responsibility to comply with international environmental standards.
- To create an efficient, scalable and sustainable solution to prevent the various stakeholder groups from each performing their own environmental audits.
- To save time and resources which can be redirected into fostering improvements.

LEATHER WORKING GROUP

We have been members of the Leather Working Group (LWG) since 2012. This is a non-profit organisation responsible for the leading environmental certification for the leather manufacturing industry, and has more than 1,300 members among brands, manufacturers, chemical suppliers, associations, etc.

LWG is a standard-bearer in the leather industry. Its goal is to guarantee the responsible supply of leather to the industry and consumers. The LWG standards includes environmental best practices for the industry, and drives continuous improvement.

We encourage our leather suppliers to join the LWG in all its categories, and more strictly, only those members with the highest scores may be part of our Join Life programme.

5.5.1.3.4. Special Audits

Special audits focus on a specific area for improvement and may be performed by external or internal auditors. For example, structural technical assessments performed of the facilities, verifications of the workers' labour conditions from a health and safety perspective specifically, or follow-up visits to monitor Corrective Action Plans.

1,408 special audits were performed in 2021.

SPECIAL AUDITS				
	2021	2020	2019	2018
Africa	91	36	57	130
Americas	5	2	112	132
Asia	1,066	673	1,117	1,398
Europe outside the EU	233	43	236	201
European Union	13	27	97	121
Total	**1,408**	**781**	**1,619**	**1,982**

5.5.1.3.5. Continuous Improvement

At Inditex, we believe in continuous improvement as a key to advancing towards our goals and strategies. Sustainable management of the supply chain is also consistent with this philosophy. One of Inditex's main tools in this regard are the **Corrective Action Plans (CAPs),** which are developed when non-compliances are detected in an audit, not only to establish measures to mitigate or remedy the non-compliances, but also to prevent them from occurring in the future.

These Action Plans are also evidence of our commitment to helping our suppliers and manufacturers to improve, offering them constant support throughout the duration of the CAP in two ways:

- Providing them with **advice and expertise** in regard to the best way to implement the corrective measures. In this regard, they may also have the support of other stakeholders, such as non-governmental organisations, trade unions or other civil society organisations to help implement the CAP. In 2021 we collaborated with organisations such as Refugee Support Centre (MUDEM) to roll out these Action Plans.

- **Continuously monitoring the plan,** including competence visits or control points, so as to act with the supplier before the established deadline if progress is not fast enough.

The goals and deadlines established in the Corrective Action Plans are exacting and the supplier must execute them in a proper and timely manner (its duration will depend on the severity of the non-compliances detected). In the most sensitive breaches —Subject to CAP— the plan lasts approximately six months, during which time our teams provide support to suppliers and manufacturers in order to implement the corrective measures.

Moreover, since 2020, the scope of the comprehensive follow-up conducted through these Corrective Action Plans has been extended to other ratings, not solely to factories with more sensitive breaches.

- Social CAPs: in 2021, 570 Corrective Action Plans were conducted. 294 of these plans were carried out in factories with a 'Subject to CAP' rating, and 276 in factories with other ratings (715 plans in 2020: 303 of these plans were carried out in factories with a 'Subject to CAP' rating, and 412 in factories with other ratings)[77].

- Environmental CAPs: in 2021, 583 Corrective Action Plans were conducted. 171 of these plans were carried out in factories with a 'Subject to CAP' rating, and 412 in factories with other ratings (490 plans in 2020: 132 of these plans were carried out in factories with a 'Subject to CAP' rating, and 358 in factories with other ratings)[78].

[77] In 2019 and 2018, only Corrective Action Plans of a social nature implemented in factories or suppliers 'Subject to CAP' were reported (400 and 417 in 2019 and 2018, respectively).

[78] 136 and 135 total Corrective Action Plans in 2019 and 2018, respectively.

At the end of the Plan's period, a new audit is carried out and, if critical non-compliances are verified again and the necessary measures are therefore found not to have been implemented, the factory or supplier will be blocked and will not be able to continue working for Inditex. This evidences our zero tolerance policy with those who do not show a willingness to improve and instead persist in their disregard for our Code of Conduct and our requirements.

In 2021, 16 suppliers were rejected for reasons related to breaches of the Code of Conduct, and ceased to receive orders from any brands in the Group (23, 25 and 26 in 2020, 2019 and 2018, respectively).

	Suppliers with purchase in 2021[79]	Rejected due to a breach of the Code of Conduct	Rejected for commercial reasons	Active suppliers at 31/01/2022
Africa	194	0	5	189
Americas	12	0	0	12
Asia	978	7	4	967
Europe outside the EU	223	7	0	216
European Union	383	2	0	381
Total	**1,790**	**16**	**9**	**1,765**

Blocking a supplier is a last resort, and that is why our support to suppliers and factories is not limited merely to performing CAPs, but we also take various actions to prevent non-compliances in the first place. At Inditex we believe in collaboration and ongoing dialogue with our suppliers as the basis of a relationship of mutual trust for the benefit of both parties. In this way, we offer them support and cooperation to improve their own supply chains, from the environmental point of view as well as to promote human and labour rights for their workers.

Due to the particularities of each region, clusters play a key role in this task of providing support and advice to suppliers. Comprised of local professionals with extensive experience in the field of sustainability, as well as varied skills and abilities, these multidisciplinary teams are equipped to identify the specific needs of each supply chain and to help suppliers meet global challenges.

Furthermore, ACT member brands have signed up to a series of commitments on purchasing practices that also involve supplier relations, including a responsible exit. As a result, in the event that we decide to stop working with a supplier for justified reasons, the relationship is terminated in a committed way, with prior monitoring and follow-up work to minimise any potential impact.

[79] Suppliers of fashion items with a production of over 20,000 units in the 2021 spring/summer and autumn/winter campaigns. Suppliers with lower productions account for 0.25% of total production.

5.5.2. Workers at the Centre

GRI 102-41; 103-2; 103-3; 413-1; AF24; 407-1; 412-3; 403-1; 403-2; 403-3; 403-4; 403-5; 403-6; 403-7; AF2 and AF3

For more information on our initiatives within the framework of the Workers at the Centre strategy, see the Workers at the Centre report, which will be available on the Inditex corporate website.

100%
OF OUR SUPPLIERS COVERED BY THE STRATEGY

Sustainable supply chain management based on respect for human and labour rights, dialogue and worker empowerment.

46
PROJECTS IMPLEMENTED

The ultimate aim is to have a positive impact on supply chain workers' lives and their communities, as well as to contribute to a more sustainable industry.

33
ORGANISATIONS WE COLLABORATE WITH

The mission is underpinned by dialogue and cooperation.

We work actively with various stakeholder groups.

1,366,420
BENEFITED WORKERS

In 2021, the work in the seven priority impact areas materialised in the form of concrete partnerships, projects and initiatives that develop the strategy in its commitment to workers.

228
BUYERS
trained in responsible purchasing practices

Collaboration covers a number of different areas that integrate the objective of social sustainability into the business model.

85%
STRATEGY PROGRESS
Activities of the strategic plan in progress or completed

Workers at the Centre 2019-2022 strategy is the framework that encompasses the priority impact areas identified through due diligence.

At Inditex, we consider that we have the responsibility and the opportunity to help create socially-sustainable production environments for workers in our supply chain, thus generating a positive impact on the textile industry, which in many countries and regions is a significant driver of economic growth and progress. Accordingly, we ensure that our suppliers and manufacturers work in adherence to the values and responsible practices defined by the Group. We implement programmes that foster the improvement of social and labour conditions in each production area or cluster, in continuous collaboration and dialogue with official bodies, institutions and other relevant stakeholders.

To achieve our purpose

We identify, assess and improve the working conditions of 100% of our supply chain

- We cover 100% of the supply chain.
- Suppliers are subject to compliance with the Code of Conduct for Manufacturers and Suppliers and with our standards.
- We have tools to verify the compliance.

We are catalyst of change in the industry by fostering sustainable practices

- More sustainable industry in the long term.
- More prosperous communities.
- Collaboration with stakeholders.
- Responding to workers' needs.
- Tools for empowerment, engagement and well-being.

5.5.2.1. Purpose of the strategy

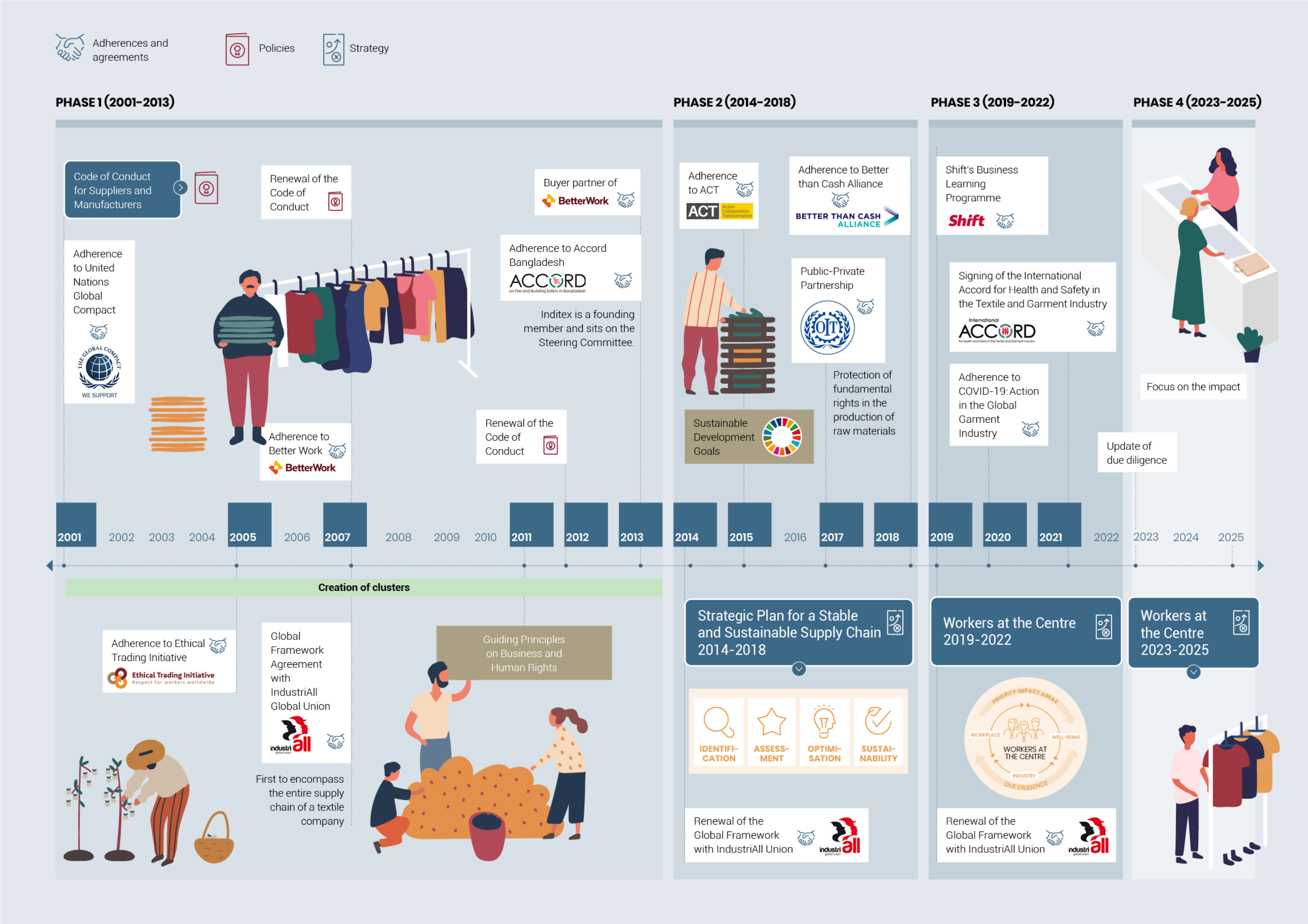
Our purpose is to carry out a sustainable supply chain management based on respect for human and labour rights, dialogue and worker empowerment.

Through sustainable supply chain management and the various policies, tools and practices that comprise it, we have identified the needs of workers in the different geographic areas where we produce. The strategy is then developed and executed on the basis of that identification.

ⓘ More information in section *5.5.1. Sustainable management of the supply chain* of this Report.

Our work on social sustainability, which is rooted in our corporate human rights strategy has long history. We have policies that underpin the different strategies, strong alliances and partnerships, and a global in-house team with extensive experience and expertise in human rights, labour rights and industrial relations, among other areas.

ⓘ More information in section *4.2.3. Human rights* of this Report.

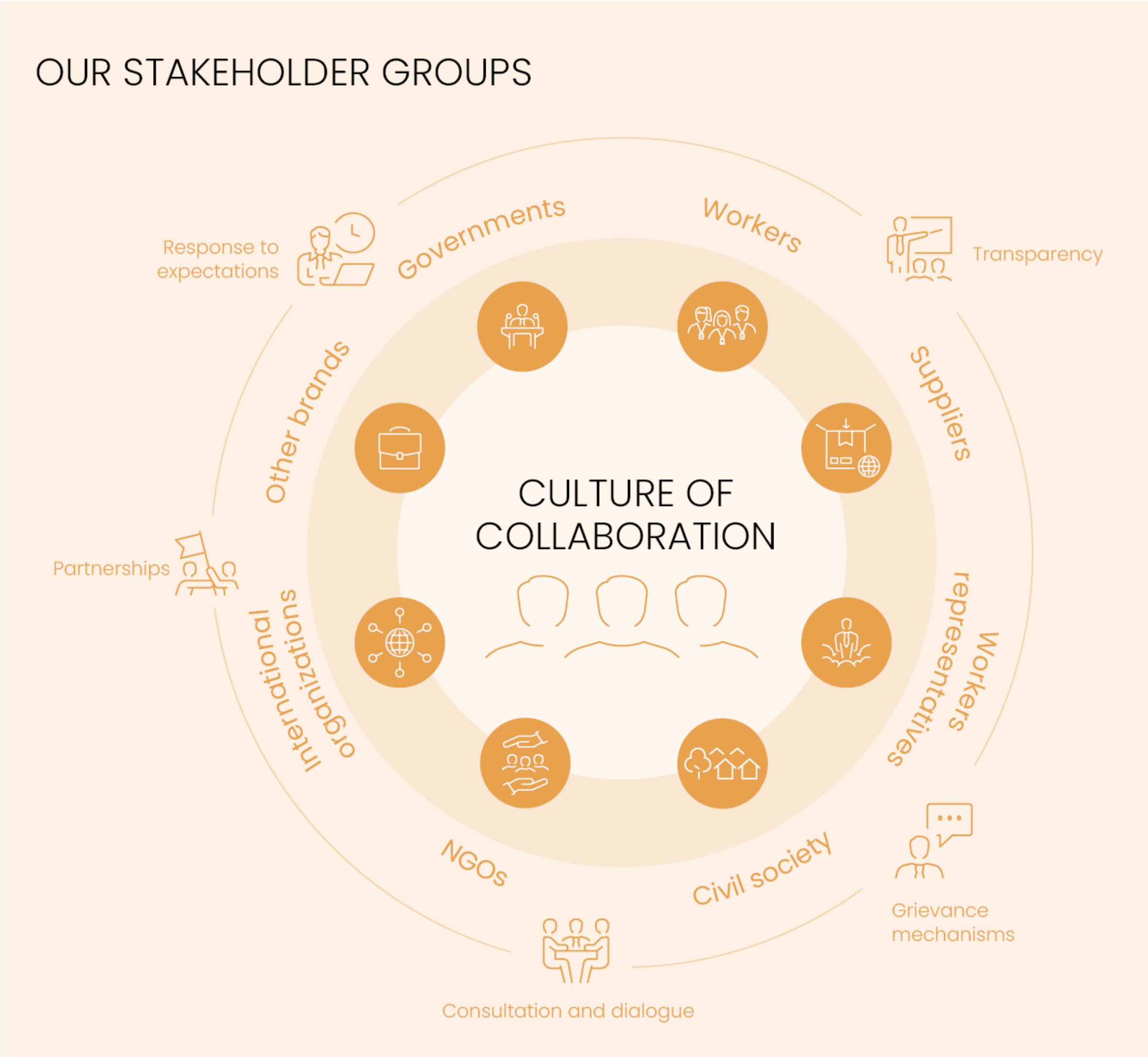

Adherences and agreements
Policies
Strategy
PHASE 1 (2001-2013)
PHASE 2 (2014-2018)
PHASE 3 (2019-2022)
PHASE 4 (2023-2025)
Code of Conduct for Suppliers and Manufacturers
Adherence to United Nations Global Compact
Renewal of the Code of Conduct
Adherence to Better Work
Buyer partner of BetterWork
Adherence to Accord Bangladesh
Inditex is a founding member and sits on the Steering Committee.
Renewal of the Code of Conduct
Adherence to ACT
Adherence to Better than Cash Alliance
Public-Private Partnership
Protection of fundamental rights in the production of raw materials
Sustainable Development Goals
Shift's Business Learning Programme
Signing of the International Accord for Health and Safety in the Textile and Garment Industry
Adherence to COVID-19: Action in the Global Garment Industry
Update of due diligence
Focus on the impact
2001 2002 2003 2004 2005 2006 2007 2008 2009 2010 2011 2012 2013 2014 2015 2016 2017 2018 2019 2020 2021 2022 2023 2024 2025
Creation of clusters
Adherence to Ethical Trading Initiative
Global Framework Agreement with IndustriAll Global Union
First to encompass the entire supply chain of a textile company
Guiding Principles on Business and Human Rights
Strategic Plan for a Stable and Sustainable Supply Chain 2014-2018
IDENTIFICATION
ASSESSMENT
OPTIMISATION
SUSTAINABILITY
Renewal of the Global Framework with IndustriAll Union
Workers at the Centre 2019-2022
WORKERS AT THE CENTRE
PRIORITY IMPACT AREAS
WORKPLACE
WELL-BEING
INDUSTRY
DUE DILIGENCE
Renewal of the Global Framework with IndustriAll Union
Workers at the Centre 2023-2025

5.5.2.2. Culture of collaboration

Stakeholder involvement and engagement is a fundamental pillar of Inditex's strategy on social management of the supply chain. The challenges posed by a global supply chain are shared by many players and the positive impact of working together is beneficial to the industry as a whole, as well as to the development of the communities where the Group is present.

Thus, a culture of collaboration is a prerequisite for managing a supply chain that comprises more than three million people. We are mindful that it is only by understanding the reality of the people who make our products and by having a close relationship with our stakeholders that we can develop a strategy that has an impact on the supply chain and brings about transformation in the industry and the society. To this end, the Company has 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 2021, Inditex had 12 clusters in Spain, Portugal, Morocco, Turkey, India, Bangladesh, Pakistan, Vietnam, China, Cambodia, Argentina and Brazil.

Inditex's aim is for this culture of collaboration to result in the improvement, not only of our supply chain, but of the textile industry as a whole.



Supporting our suppliers

We support our suppliers throughout the commercial relationship, since social sustainability is a shared responsibility: suppliers must respect human and labour rights to the same extent that the Company does. Likewise, our goal is to **support them in improving the supply chain,** training and helping them to take part in each of the projects designed as part of our strategy. In this regard, we conduct capacity building sessions on various topics linked to social sustainability. In 2021 we can highlight: gender equality, trade union freedom, living wages and occupational health and safety. In 2021 we provided 260 training programmes to 521 suppliers.

Strategic partnerships

One of our most significant alliances is with the international trade union federation IndustriALL, with which Inditex signed a Global Framework Agreement in 2007 that has been periodically renewed since then. This Framework Agreement supports us and brings us closer to local trade unions as it establishes a channel of communication between Inditex and them and, therefore, with the factory workers.

We also work with **international organisations** such as the International Labour Organization (ILO) through Public-Private Partnerships, the Better Work initiative, the United Nations Global Compact and its Action Platform on Decent Work in Global Supply Chains or Ethical Trading Initiative.

It is worth noting finally the relevance of the collaboration we have with **other brands.** For some years now, we have been taking part in a number of initiatives such as ACT (Action, Collaboration, Transformation), which works to achieve living wages in the supply chain through responsible purchasing practices and collective bargaining.

ⓘ More information in section *4.4.2. Partnerships* of this Report.

It is essential to understand the needs of workers, their families and the communities in which they live, as well as to provide them with the necessary tools to promote decent work and decent lives.

Hence, we foster the growth of our suppliers and are firmly contributing to the sustainable transformation of our industry.

5.5.2.3. Transversality

The culture of collaboration boosts transversality when it comes to managing our supply chain in a socially responsible way. A **common vision of sustainability,** integrated into the business model, is essential:

- With the buying teams through **responsible purchasing practices** that enable them to make commercial decisions from a sustainability standpoint.
- With the various teams working in different areas of sustainability in order to **generate synergies.**
- With other areas of the Company. 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 addition to the ongoing work with buying teams, a shared vision of sustainability facilitates coordination with corporate areas such as the General Counsel's Office and Office of the Compliance Office, Human Resources, Logistics and Innovation.

5.5.2.4. Strategy

After years of analysis, assessment and knowledge of our supply chain and after a human rights due diligence process developed in collaboration with Shift, the leading centre of expertise on business and human rights, in 2019 we unveiled our **Workers at the Centre 2019-2022 strategy.** The strategy is aligned with the UN Guiding Principles on Business and Human Rights, the Sustainable Development Goals, the Principles of the UN Global Compact, and the OECD Due Diligence Guidance for Responsible Supply Chains in the Garment and Footwear Sector.

Supply chain workers are the main focus of our strategy. We want this strategy to fulfil the dual role of responding to the needs of workers, their families and communities, on the one hand, and promoting decent work and sustainable production environments, on the other.

The strategy comprises seven **Priority Impact Areas** which were identified through the due diligence process. These areas are: Worker Participation, Living Wages, Gender, Diversity and Inclusion, Occupational Health and Safety, Protection of Migrants and Refugees, Social Protection, and Protection of Labour Rights in the Production of Raw Materials.

At the end of this financial year, one year away from the end of our Workers at the Centre 2019-2022 strategy, our overall progress on the strategic plan is **85%[80].** In 2021, 1,366,420 workers benefited from some of the activities and projects developed in the Priority Impact Areas, reaching 1,153 suppliers and manufacturers.

5.5.2.5. Commitment to workers

Each of the Priority Impact Areas is a work area led by experts, with a general goal, as well as other more specific objectives that are materialised through action lines, activities, projects and partnerships.

Their breadth and transversality allow us to establish links and connections between Priority Impact Areas on the basis of the related human rights and the Sustainable Development Goals (SDGs), transforming this into an ongoing collaboration and, at times, leading to the development of joint projects. While each of the seven Priority Impact Areas are significant independently, pooling efforts between them leverages the impact.

[80] To gauge progress we take into account those activities outlined in the strategic plan which at the end of 2021 are complete or in progress.

5.5.2.5.1. Worker participation

The rights to freedom of association and collective bargaining are fundamental rights enshrined in International Labour Conventions, as well as in the ILO Declaration on Fundamental Principles and Rights at Work. These rights, coupled with the promotion of social dialogue, are intrinsic principles for promoting worker participation.

The primary **strategic lines** of this Priority Impact Area are as follows:

Promoting the Global Framework Agreement with IndustriALL Global Union

It is the backbone of our worker participation strategy because, through collaboration with IndustriALL and its local affiliates, we have been able to create a space in which to strengthen industrial relations in our supply chain.

PROJECTS IMPLEMENTED IN 2021
Collaboration on the ground with IndustriALL and its local affiliates (Bangladesh, Morocco and Turkey)

Guaranteeing effective worker representation mechanisms

Workers, by means of their representation mechanisms, must be able to exercise social dialogue at both factory and sector level. For this purpose, we work with organisations that take a proactive approach to guaranteeing effective mechanisms for worker representation.

We also implement projects with bodies such as the International Labour Organization (ILO), via its Better Work programme, and Ethical Trading Initiative (ETI).

This principle of collaboration has borne fruit in Myanmar, for example, in the implementation of the Fast-Track Dispute Resolution Mechanism (DRM) at factories that supply brands participating in the ACT initiative.

In this respect, in the last few years, the country's garment sector has experienced exceptional development in industrial relations. This progress has been mainly possible due to the ACT (Action, Collaboration, Transformation) initiative, providing a space for social dialogue between employees and the country's IndustriALL Global Union affiliate, Industrial Workers' Federation of Myanmar (IWFM), backed by the ACT member brands in the country, including Inditex.

The securing of the mandatory Myanmar Freedom of Association (FOA) Guideline in November 2019, the result of negotiations between employers and IWFM with ILO facilitation and technical support, signalled an agreement hitherto unprecedented in the industry.

The events in Myanmar in February 2021 further strengthened ACT's commitment. It was embodied by the Framework on Responsible Pausing of Orders and the Framework on Workers' Safety and Terminations in Myanmar, devised as a responsible approach to minimise the impact amid the instability affecting production.

Despite ACT's decision to halt ACT Myanmar operations in December 2021 (as a result of the withdrawal of the local trade union affiliated with IndustriALL, IWFM, from ACT operations), the state of industrial relations and the progress made in the last few years is a good example of how social dialogue drives substantial changes in the process of continued protection of workers' rights.

Inditex, as a member of the Ethical Trading Initiative, supports the independent and comprehensive assessment commissioned by this organization regarding the human rights impact in the garment sector in Myanmar, based on the application of the UN Guiding Principles on Business and Human Rights (UNGPs) and OECD due diligence guidance.

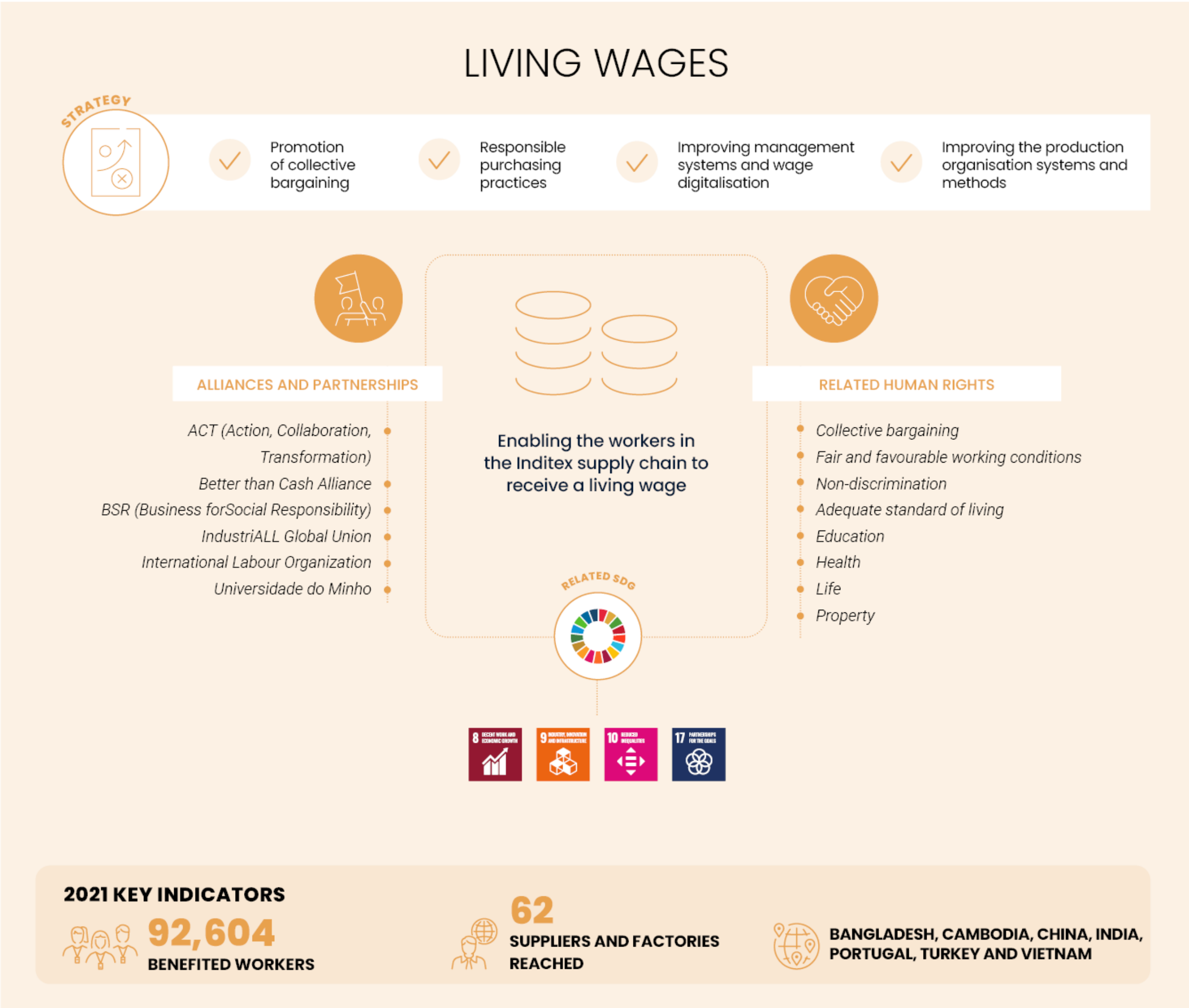
PROJECTS IMPLEMENTED IN 2021
Training to suppliers in dispute resolution mechanisms (China)
Better Work programme (Bangladesh, Cambodia, Egypt, Vietnam and Indonesia)
ETI Social Dialogue Scale Up (Bangladesh)

Raising awareness on social dialogue and worker participation

We believe that raising awareness on social dialogue and worker participation are key to empowerment of workers and that of their legitimate representatives. In this regard, we focused our efforts on improving the capacity of both employers and workers to execute social dialogue and raise awareness on labour rights. Our collaboration with Smart Myanmar has continued throughout 2021, as have the various awareness and training activities carried out under our Global Framework Agreement with IndustriALL in countries such as Turkey and Morocco, and participation in internal activities with its local affiliates.

PROJECTS IMPLEMENTED IN 2021
Communication and dialogue at the workplace (Myanmar)

5.5.2.5.2. Living Wages



Our strategy on with living wages is based on the premise of understanding and responding to the needs of the supply chain workers, their families and the communities in which they live so as to promote decent working conditions and sustainable production environments.

The primary **strategic lines** of this Priority Impact Area are as follows:

Promoting collective bargaining

Our living wages strategy is based on the principle that decent wages and, in general, decent working conditions, are those that result from bargaining and agreements between employers and freely elected workers' representatives. Accordingly, we actively promote workers' **freedom of association** and their right to free elections in order to elect their representatives. In addition, we implement a number of measures to guarantee the right to collective bargaining, as well as capacity building sessions for workers and employers, providing them with the necessary tools to defend their rights, especially the right to a living wage.

PROJECTS IMPLEMENTED IN 2021
Collaboration with ACT (Turkey, Bangladesh, Cambodia and Myanmar)

Responsible purchasing practices

We are mindful of the direct impact of the purchasing process on workers in our supply chain. That is why responsible purchasing practices are one of the foundations to secure a **living wage** for workers. These practices encompass every stage of the purchasing process, such as planning, development, price negotiation, payment terms and delivery times.

In this regard, our collaboration with the ACT initiative is fundamental. In March 2015 Inditex signed a Memorandum of Understanding (MoU) with IndustriALL, which guarantees our commitment to responsible purchasing practices that facilitate the payment of living wages. In 2018, the members of ACT agreed to the following **five commitments** in relation to purchasing practices:

In order to assess purchasing practices, in February 2021, ACT and member brands launched buyer and supplier surveys called the Purchasing Practices Self-Assessment (PPSA) and Purchasing Practices Assessment (PPA). In total, 207 Inditex suppliers took part in the surveys. The results will help us to advance in our strategy to fulfil the five commitments and thus be able to evaluate our supplier-related practices during the purchasing process.

Enhancing production organisation systems and methods

There is a direct link between the payment of living wages and the production systems and methods in place at factories. Hence, we develop and carry out numerous programmes in collaboration with our suppliers, facilitating the implementation of appropriate production methods and working systems, with the aim of improving the general working conditions and satisfaction of their workers. Foremost among them are the LEAN project, an internal initiative created by our team, or the ILO's SCORE programme.

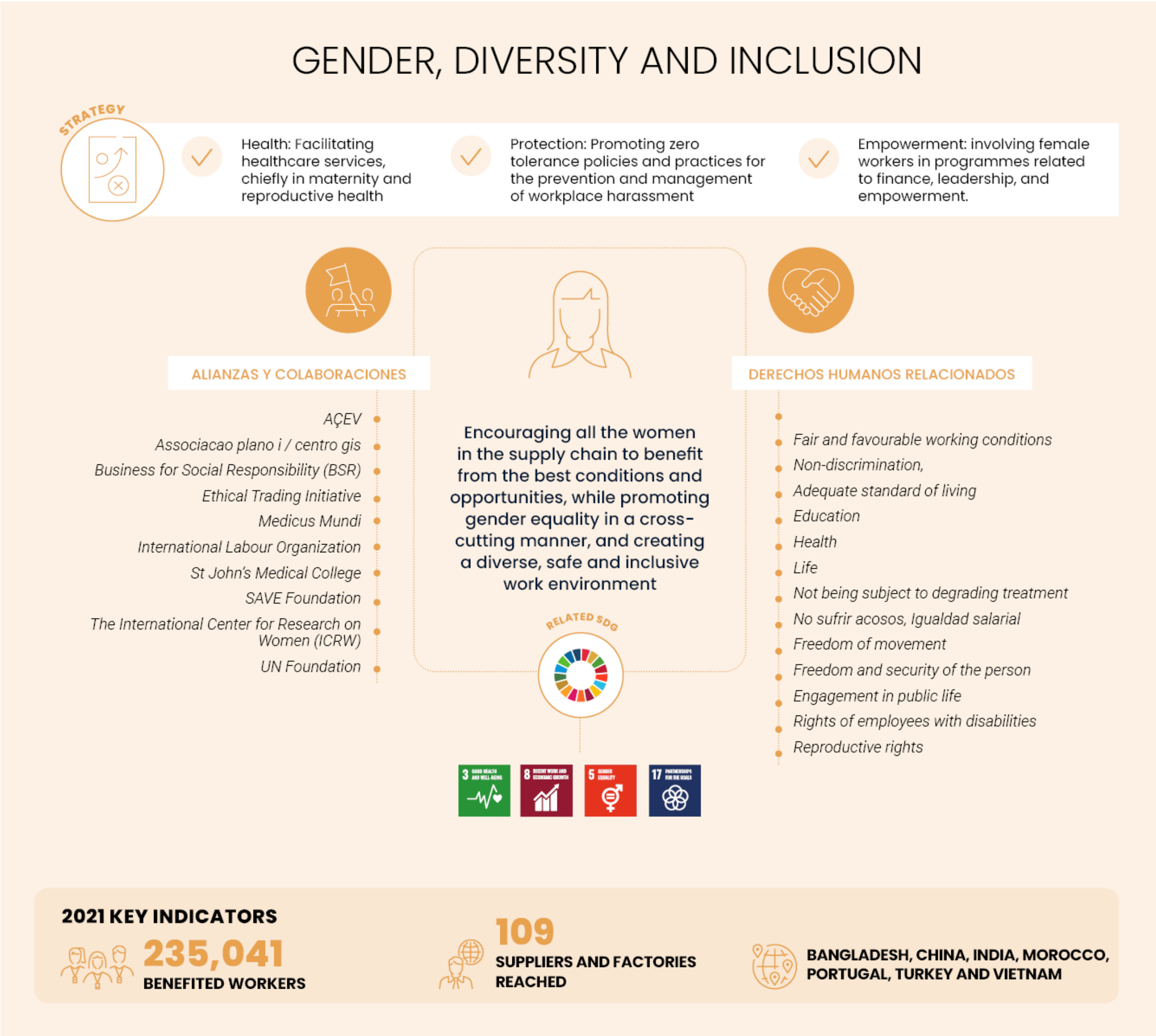
PROJECTS IMPLEMENTED IN 2021
LEAN project (China, Bangladesh, Portugal, India)
SCORE programme (China)

Improving management systems and wage digitalisation

We believe that wage digitalisation and financial inclusion are fundamental to build a solid base to advance towards achieving living wages. As part of this line of action we have analysed and improved management systems for wages and working hours while, at the same time, incentivising suppliers and making headway in wage digitalisation, with a view on the financial inclusion of supply chain workers.

PROJECTS IMPLEMENTED IN 2021
Wage digitalisation capcity building (Bangladesh, Vietnam, India)
HERfinance – digital payments (Bangladesh, Cambodia, India and Vietnam)
Wage digitalisation analysis (Pakistan)

5.5.2.5.3. Gender, diversity and inclusion



The Gender, Diversity and Inclusion strategy is structured upon three pillars (health, protection and empowerment) which we approach from two perspectives: **women empowerment** and the **inclusion of the LGTB+ community.** Our aim is to promote gender equality in a cross-cutting way, creating a diverse, safe and inclusive working environment.

The primary **strategic lines** of this Priority Impact Area are as follows:

HEALTH: Facilitating healthcare services, chiefly in maternity and reproductive health

We work in various countries via different partnerships with the aim of:

- Guaranteeing access to health services and promoting women's health, in particular reproductive health and women's hygiene.
- Guaranteeing pregnancy and maternity rights to all women workers in the supply chain.

- Facilitating access to health services aimed at specific gender or sexual orientation requirements among the LGBT+ community.

Furthermore, we have a public commitment with the UN Foundation that consists on reaching at least 70,000 women workers in 2022 health services (such as maternity care and reproductive health).

PROJECTS IMPLEMENTED IN 2021
Medicus Mundi Health (Morocco)
Sakhi Health (India)
HERhealth (Vietnam)

PROTECTION: Promoting zero tolerance policies and practices for the prevention and management of workplace harassment

Preventing and managing workplace harassment when it occurs, and implementing zero tolerance policies towards these conducts, is a part of the basic human rights strategy we advocate at Inditex.

In this respect, we carry out different activities, projects and training to promote the development and implementation of zero tolerance policies regarding workplace and sexual harassment, as well as prevention practices. The main idea is to secure **diverse and inclusive working environments** so as to preclude any kind of discrimination. For example, in Morocco we collaborate with Medicus Mundi to execute a project with this aim.

PROJECTS IMPLEMENTED IN 2021
Medicus Mundi Protection (Morocco)
HERrespect (Bangladesh)

EMPOWERMENT: involving female workers in programmes related to finance, leadership, and empowerment

The empowerment of workers is crucial to provide them with the necessary tools to improve their working conditions. In this regard, we aim to provide access to the necessary tools to enable women to actively engage in the workplace, involving them in financial, leadership and empowerment programmes. To achieve this, we work with international organisations like BSR or local organisations like AÇEV in Turkey.

PROJECTS IMPLEMENTED IN 2021
Together Strong (Turkey)
HERessentials (Pakistan)
Self-Diagnosis Tool (Bangladesh, India and Vietnam)
HERfinance – Financial empowerment (China)
Diversity and inclusion (Portugal)

5.5.2.5.4. Occupational Health and Safety

Protecting people from occupational health and safety risks is a key element to achieving decent and sustainable working conditions.

2021 MILESTONE
Signature of the International Accord for Health and Safety in the Textile and Garment Industry
Throughout this year, from Inditex we have promoted the signature of the International Accord for Health and Safety in the Textile and Garment Industry, known as the International Accord, which took place on 1 September 2021. This new agreement, signed individually by brands in the sector and by IndustriALL Global Union and UNI Global Union, is based on the 2013 Accord on Fire and Building Safety in Bangladesh and the 2018 Accord on Fire and Building Safety in Bangladesh, which we also promoted.
One of the main new developments of this agreement is the commitment to expand to other markets the lessons learnt and achievements from previous agreements, which attained unprecedented success in effectively and transparently establishing essential health and safety measures in the textile industry in Bangladesh. Furthermore, this new agreement acknowledges the option to expand its scope beyond aspects linked to health and safety, with a view to undertaking due diligence on human rights.

The International Accord supports the RSC initiative, which is independent and aimed at continuing the work done on safety in the textile industry in Bangladesh in the last few years, by means of a close collaboration between manufacturers, brands and unions. At Inditex, we continue to collaborate with this initiative, as part of our commitment to health and safety in the supply chain.

The primary **strategic lines** of this Priority Impact Area are as follows:

Monitoring compliance with the Code of Conduct and applicable legislation

The essential compliance requirements for facilities in our supply chain are provided in our Code of Conduct for Manufacturers and Suppliers, as well as the applicable national legislation. In this regard, **monitoring levels of compliance and establishing initiatives for improvement** is a priority. Likewise, the *ILO Code of practice on safety and health in the textiles, clothing, leather and footwear industries* and the *EU Strategic Framework on Health and Safety at Work 2021-2027*, both adopted in 2021, serve as key references for setting new targets, making progress on occupational health and safety and directing efforts beyond mere legislative compliance.

As part of this line of work we implement initiatives for evaluation and continuous improvement in areas such as structural safety, fire prevention and electrical safety, or health and safety training. We also monitor compliance of RSC corrective action plans in Bangladesh.

PROJECTS IMPLEMENTED IN 2021
Structural assessment, fire prevention and electrical safety (Bangladesh, Turkey and China)
Assessment, continuous improvement and training in health and safety (Morocco and Cambodia)
Monitoring compliance of Accord/RSC corrective action plans (Bangladesh)
Boiler safety (Morocco)

Emergency preparedness and response

Adequate emergency preparedness and response enables an organisation to minimise potential damage and related consequences. We work with our suppliers and manufacturers to strengthen and maintain the necessary provisions for emergency prevention, preparedness and response through a number of initiatives, such as improving their emergency plans or training workers in evacuation and first aid.

PROJECTS IMPLEMENTED IN 2021
Structural, fire prevention and electrical safety using advanced diagnostics (India and Pakistan)
Training programme for emergency preparedness (Turkey)
Training, assessment and improved response to emergencies, electrical and fire risks (Pakistan)

Effective worker participation in health and safety issues

Worker participation is an essential aspect of proper occupational health and safety performance. We endeavour to ensure that both workers and their representatives are **consulted, informed and trained in health and safety matters** in all aspects relevant to their work. Examples of our programmes in this line of action are the support and accompaniment of Health and Safety Committees in Morocco or the support and direct engagement in connection with RSC grievance mechanisms in Bangladesh.

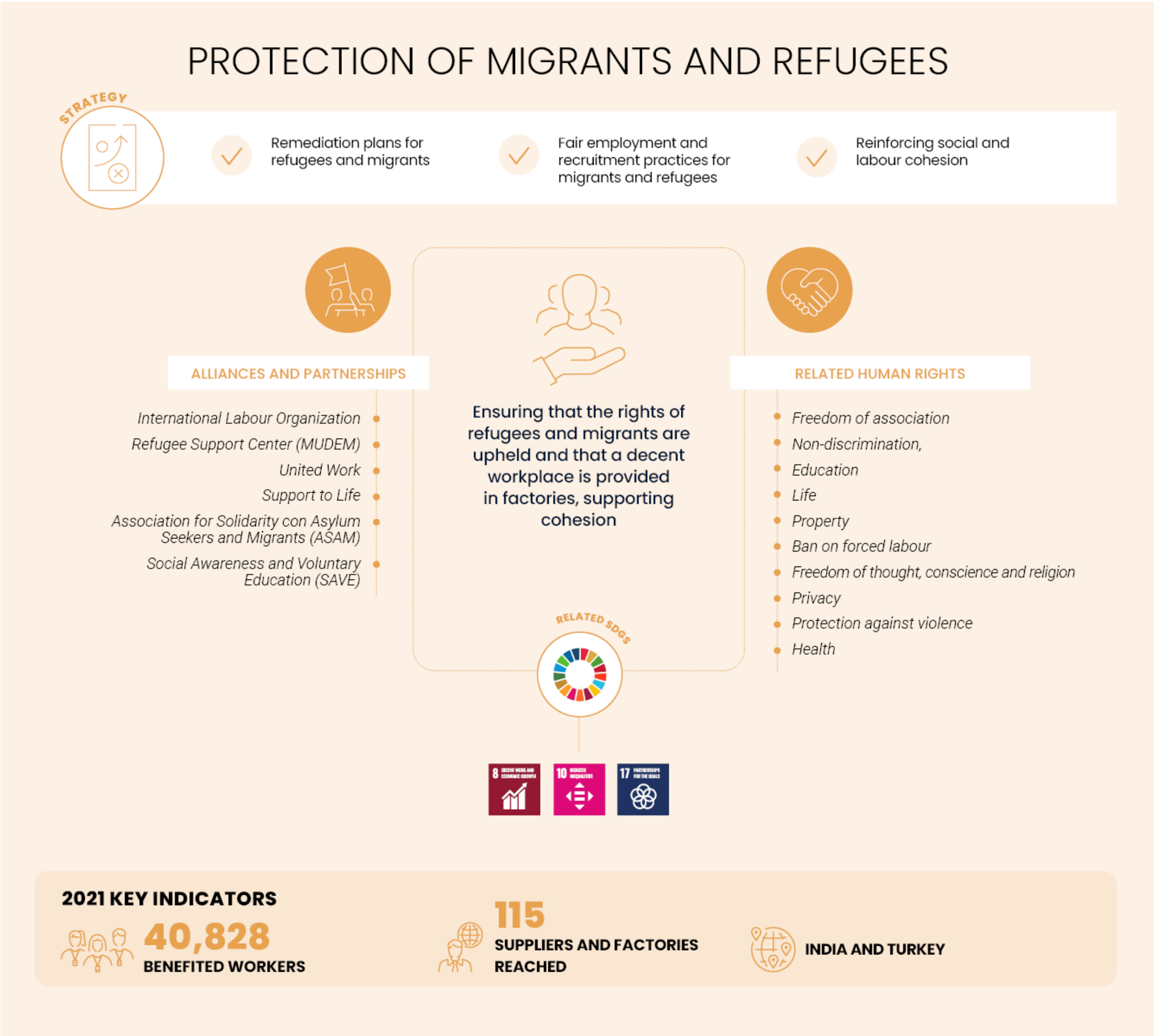
PROJECTS IMPLEMENTED IN 2021
Support for the Health and Safety Committees (Morocco)
Development and participation of workers in the improvement of their physical and mental health (Portugal and Vietnam)

Implementing occupational health and safety management systems

The implementation of occupational health and safety management systems helps to ensure healthy and safe working environments, providing a framework for appropriate risk and opportunity management, anticipation and change management. Our work with suppliers and manufacturers is especially focused on reinforcing this commitment to occupational health and safety and enabling their organisational structure to establish occupational health and safety management systems aimed at continuous improvement. In this regard, we conduct projects in countries like Vietnam, where we collaborate with a leading local university.

PROJECTS IMPLEMENTED IN 2021
Safety and well-being in the workplace (Vietnam)
HOPE: Health – Opportunity to Protect and Engage (India)

5.5.2.5.5. Protection of migrants and refugees



Refugees and migrant workers are among the most vulnerable groups working in supply chains within the textile industry and are therefore at a higher risk of having their human rights impacted. Under the umbrella of our Policy on Human Rights and Code of Conduct for Manufacturers and Suppliers, **Inditex provides special protection to all migrants**, especially to refugees in Turkey, due to their particular vulnerability as a result of the Syrian conflict. In India there is also a high degree of internal migration.

The primary **strategic lines** of this Priority Impact Area are as follows:

Remediation plans for refugees and migrants

At Inditex, in the event that our assessments reveal migrant or refugee workers at any of the production facilities we work with, we examine the circumstances on a case-by-case basis and, if necessary, we implement corrective action plans in collaboration with expert organisations in the field so as to provide support to both the workers and their families. These plans are especially significant in Turkey, where we work with the local organisation MUDEM in their implementation.

PROJECTS IMPLEMENTED IN 2021
Remediation plans (Turkey)
Sankalp (India)

Fair employment and recruitment practices for migrants and refugees

Establishing effective management systems to ensure that all workers, including migrants and refugees, are recruited fairly and benefit from **decent working conditions** is relevant to our work in this Priority Impact Area, as it is fundamental to their professional and personal well-being. An example of our work is the *Sowbhagyam 2* programme, implemented in the Tamil Nadu region of India in partnership with the local organisation SAVE, to assess the potential risks to which women workers at the spinning mills are exposed, and to introduce the measures needed to reduce these.

PROJECTS IMPLEMENTED IN 2021
Sowbhagyam (India)

Reinforcing social and workplace cohesion

This strategic line is aimed at increasing cohesion in the workplace by strengthening communication and interaction between refugees, migrants and host communities through the development of new projects, as well as the dissemination of best practices throughout the Inditex supply chain. Our efforts are especially intensive in Turkey, where we work with organisations like United Work.

PROJECTS IMPLEMENTED IN 2021
Training project with United Work (Turkey)
ILO integration project (Turkey)
Towards an inclusive workplace for refugees (Turkey)
Facilitating equitable workplaces that generate a culture of peaceful life (Turkey)

5.5.2.5.6. Social Protection

Social protection is a **human right** defined as the set of policies and projects designed to reduce and prevent the vulnerability of persons throughout their life. Social protection includes benefits for children and families in areas such as maternity, unemployment, occupational accidents, illness, age or disability, as well as health protection. Moreover, it plays a key role in achieving sustainable development, promoting social justice and realising the human right to social security for all.

2021 MILESTONE
Covid-19 Initiative: Action in the Global Garment Industry
The initiative, launched in 2020 as a joint response to the effects of covid-19, 'aims to catalyse action from across the global garment industry to support manufacturers to survive the economic disruption caused by the covid-19 pandemic and to protect garment workers' income, health and employment. This global action also calls for work on sustainable systems of social protection for a more just and resilient garment industry'.
Inditex has played a proactive role in the creation of this initiative and, having formally adhered to it, has undertaken, together with another brand, the representation of the brands in the International Working Group created to mobilise resources from international financial institutions and donors, with a view to contributing to sustainable social protection systems. In 2021, we have continued to pursue the main lines of action, including fostering social dialogue or strengthening social protection systems, in countries like Bangladesh, Cambodia, Ethiopia, Haiti, Indonesia and Pakistan.

The primary **strategic lines** of this Priority Impact Area are as follows:

Access to social protection and social benefits

Social security is a set of measures and policies that support all households and individuals to avoid or to tackle financial difficulties in their lives. We are committed to assessing and improving the social security management systems in our suppliers' factories and then developing plans, with the assisstance of other stakeholders, to ensure that all our workers have access to social security and other social benefits. We are also actively and closely involved with institutions and organisations that are in a position to supplement those plans so as to guarantee employee well-being.

Alleviating poverty and preventing school drop-out

The first major challenge for Inditex in the communities where the workers in our supply chain live is to join forces in combating the challenges they may face, by rolling out **action plans** that help promote children's rights.

In this regard we implement plans to prevent school drop-out. We work with expert organisations such as CYDD (Association for the Support of Contemporary Living) and Istanbul Bilgi University to understand the relevant context and circumstances so as to then engage in dialogue with local authorities and other stakeholders.

PROJECTS IMPLEMENTED IN 2021
Prevention of school drop-out (global)
Ending long-distance parenting for working parents (China)

Facilitating access to adequate nutrition and drinking water

Drinking water, along with access to nutritional foods, represents a challenge for workers in some countries of our supply chain, and in particular for certain more vulnerable groups, such as women. Through our partnership with ALIVE & THRIVE we want to advance in the creation of breastfeeding-friendly workplaces in countries such as Cambodia and Vietnam.

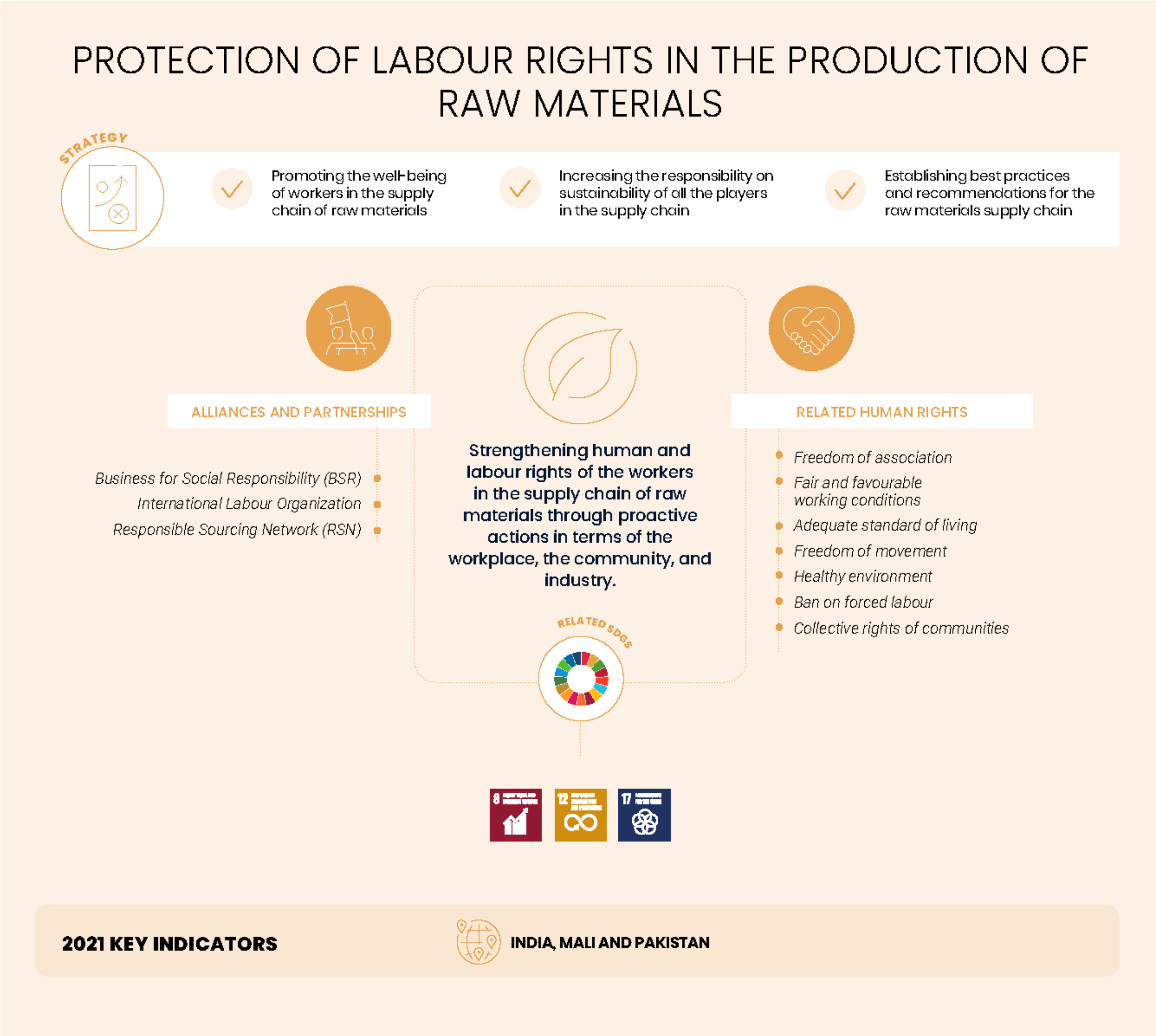
PROJECTS IMPLEMENTED IN 2021
Mothers at the workplace – Breastfeeding-friendly workplaces (Vietnam and Cambodia)

Promoting health and personal well-being

Health and hygiene are two essential, related and interactive concepts. Health refers to a person's **physical and psychological well-being**, and covers both their state of health and their having sufficient and adequate resources to live. Hygiene refers to conditions and practices that serve to promote or preserve health. In this regard, at Inditex we promote welfare programmes within the action plans related to social protection and which go hand in hand with the actions executed in the Occupational Health and Safety Priority Impact Area.

PROJECTS IMPLEMENTED IN 2021
Happiness for all (India)

5.5.2.5.7. Protection of labour rights in the production of raw materials



Raw materials are the basis for any product marketed by Inditex. Through this Priority Impact Area we aim to obtain a **holistic vision** and work on identifying the needs of the workers in this part of our supply chain through the corresponding due diligence processes that allow us to ensure that their fundamental rights are respected.

The primary **strategic lines** of this Priority Impact Area are as follows:

Promoting the well-being of workers in the supply chain of raw materials

The workers who produce raw materials, such as cotton growers and farmers, present certain particularities compared to those who work in factories. To address their specific needs, we partner with local and international organisations and the communities themselves to promote sustainability.

Specifically, in 2017 we entered into an enduring public-private partnership with the ILO which ensures that the fundamental rights of cotton farmers in communities in India, China, Pakistan and Mali are upheld.

PROJECTS IMPLEMENTED IN 2021
Public–private partnership with the ILO (India, Pakistan, Mali)

Rasing the responsibility on sustainability of all the players in the supply chain

We collaborate with various stakeholders with the aim of achieving **sustainable change** in the conditions of cotton workers. We have worked hand in hand with the ILO and with key stakeholders in India and Pakistan to increase their engagement and accountability in the cotton supply chain and to implement joint actions that benefit them.

Another clear example of collaboration is with the Responsible Sourcing Network in the YESS (Yarn Ethically & Sustainably Sourced) project. This project is based on the OECD's approach to risk identification through due diligence and seeks to standardise due diligence processes in order to replicate best practices throughout the industry.

PROJECTS IMPLEMENTED IN 2021
Yarn Ethically & Sustainably Sourced (Global)

Creating best practices and recommendations for the raw materials supply chain

We collaborate in global projects to identify impacts and best practices in connection with raw materials, such as the Visible Thread project to design a vision, policy and action plan shared throughout the industry for a more sustainable cotton supply chain.

In the past years, several reports have been published condemning social practices and breaches in some regions of Asia where Inditex does not operate. At Inditex, we seriously analyse any information related to abusive or inappropriate practices at any link in the textile sector supply chain, and we put the necessary mechanisms to prevent or remedy them into practice.

In 2021, based on our due diligence processes and in collaboration with various organisations, we continued to work to ensure the absence of forced labour – on which we have a zero-tolerance approach – as well as to ensure compliance with international standards and our Code of Conduct for Manufacturers and Suppliers also in the raw materials supply chain. Inditex has developed and applies strict policies and actions with the ultimate goal of fostering respect for the human rights of all workers in our supply chain.

Our audit programme, together with the projects and programmes of the Workers at the Centre 2019-2022 social strategy, and our close and permanent partnership with certain stakeholders, such as the Ethical Trading Initiative and the ILO, strengthen our commitment to the prevention of forced labour. In this regard, we remain committed to the process of involvement and dialogue with relevant stakeholders (both local and international) in order to identify opportunities to prevent negative impacts on workers' lives.

Furthermore, Inditex is a signatory to the Uzbek Cotton Pledge geared towards eradicating forced labour in the cotton chain in Uzbekistan.

PROJECTS IMPLEMENTED IN 2021
The Visible Thread (Global)

5.5.2.6. Positive impact

Our work has the ultimate goal of having a positive impact on workers in the Group's supply chain. Thanks to the Workers at the Centre 2019-2022 strategy, implemented through the Priority Impact Areas and materialised through specific projects and plans, we reach out to workers in order to empower them, identify their needs and provide them with the tools to fulfil those needs, as well as to improve their living and working conditions, and those of everyone around them.

The projects we undertake at factories and/or in the workers' communities play a key role in achieving transformational results for people in the supply chain and the wider community. In addition, they help us to gain a deeper understanding of local challenges and needs with regard to specific social sustainability and human rights issues; hence they also help strengthen our efforts in this area.

In 2021, our Workers at the Centre initiatives reached 1,366,420 workers.

5.6. Collaborating to safeguard the planet

Related material topics: Stakeholder engagement; Innovation; Climate change; Environmental footprint minimisation; Protection of natural resources.

Our commitment to sustainability permeates all stages of the value chain. Reducing environmental impact and helping to build a more sustainable industry are fundamental objectives for our Group.

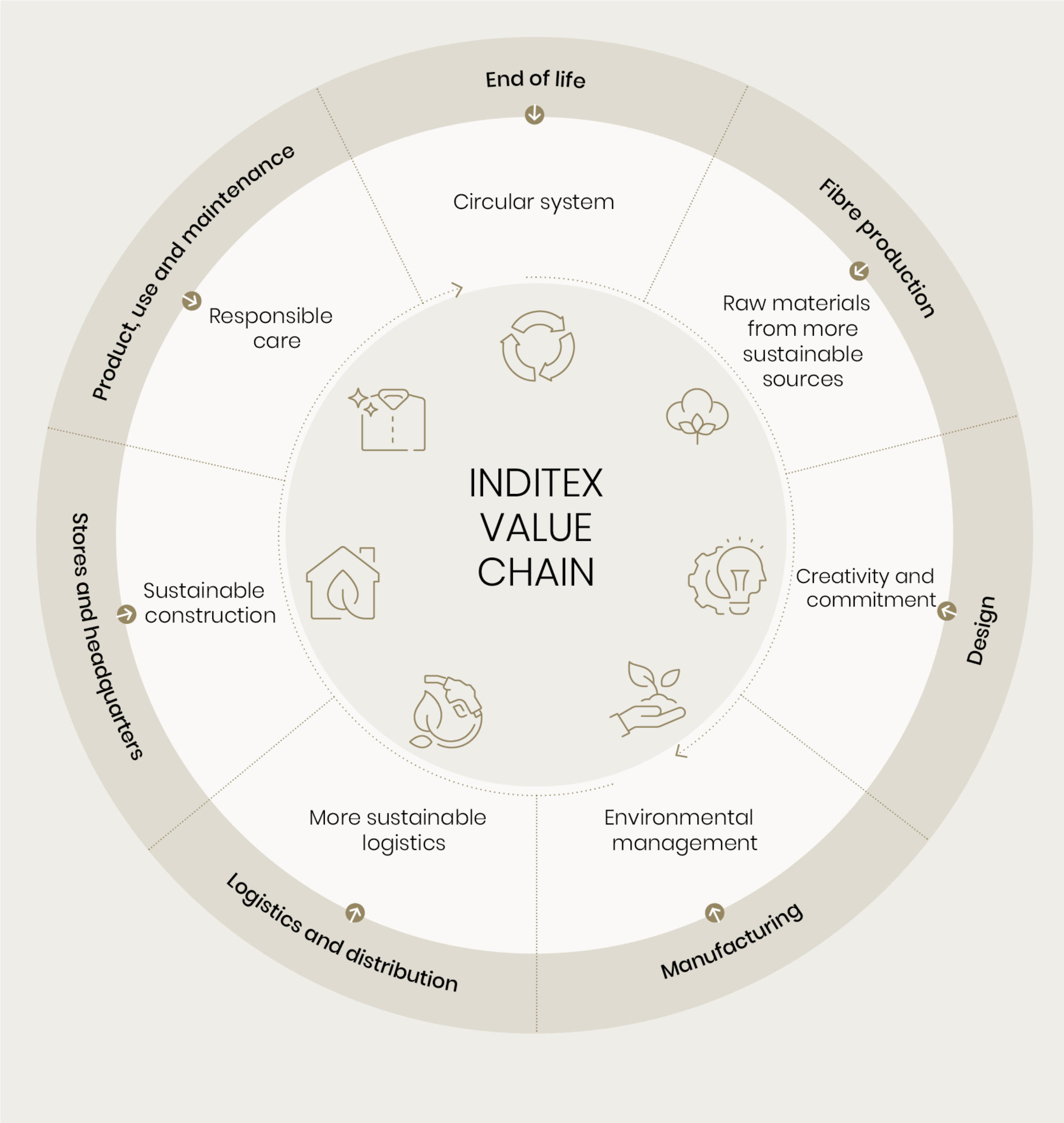
2021 MILESTONE

New sustainability commitments

The Group approves new sustainability targets at its Annual General Meeting and brings forward its commitment to achieve net zero emissions by ten years to 2040. The pledges announced include:

- In 2022, 100% of the energy consumed at our own facilities will come from renewable sources.
- By 2025, water consumption throughout the supply chain will have been reduced by 25%.

At Inditex we are committed to caring for the planet, reducing pressure on resources and stopping climate change. Within this framework of action, we apply a number of measures throughout the value chain to reduce the impact of water and energy consumption through efficient use of resources, protect biodiversity, promote circularity and thus progress towards decarbonisation. Hence, we contribute to the achievement of the Sustainable Development Goals and the Paris Climate Agreement's goal, and firmly pursuing efforts to limit global warming to 1.5°C in line with the latest evidence from the IPCC and the COP26.


End of life
Circular system
Fibre production
Raw materials from more sustainable sources
Design
Creativity and commitment
Manufacturing
Environmental management
Logistics and distribution
More sustainable logistics
Stores and headquarters
Sustainable construction
Product, use and maintenance
Responsible care
INDITEX VALUE CHAIN

The principles of environmental action at Inditex are provided in our Sustainability Policy[81]. Among these stand out the consideration of environmental variables in the planning and development of our activities and those of our partners and suppliers, promotion of environmental awareness; and compliance with applicable environmental legislation (as well as other obligations that may be established). The Policy also establishes as a fundamental principle the preservation of the environment through the implementation of continuous improvement actions in aspects such as emissions, consumption of resources, use of chemicals and waste management.

More information in section *4.2. Sustainability, the basis for transformation* of this Report.

These principles are embodied in our three environmental strategies —Energy, Water and Biodiversity— as well as in the commitments to forest products, as set out in our Forest Product Policy.

ENVIRONMENTAL STRATEGIES

Global Energy Strategy
Guidelines for promoting sustainable energy practices.

Global Water Management Strategy
Guidelines and actions for promoting sustainable water management.

Biodiversity Strategy
Guidelines and actions for promoting the protection, conservation and development of biodiversity throughout the Inditex value chain.

FOREST PRODUCT POLICY

Forest Product Policy
Guide for the selection and use of raw materials sourced from forests aimed at ensuring that they come from sustainably managed forests and with the commitment to protect primary and endangered forests.

These strategies are applied throughout our value chain. They are binding on all our facilities, on the design and manufacture of our products and, in short, on all our activities. In this regard, a more efficient use of resources is a constant that we apply to our products as well as to all of our operations.

[81] Our Sustainability Policy replaces the previous Environmental Sustainability Policy, the amendment of which was approved by the Board of Directors on 14 December 2020.

The significance of sustainability in our business model has led us to undertake new commitments to add to our Sustainability Roadmap:

- Bringing forward by 10 years, to 2040, our goal of **net zero greenhouse gas (GHG) emissions**.
- Achieve in 2022 that 100% of the energy used at our own facilities comes from **renewable sources.**
- Reduce **water consumption** in the supply chain by 25% in 2025.

These goals evidence our commitment to advancing towards a low-carbon economy. This has been a clear aim at Inditex since we began developing our environmental sustainability strategy, but it has notably accelerated in recent years.

An example of this is the milestone approval in August 2020 of our **science-based targets** (SBTs) by the Science-Based Targets initiative (SBTi):

- A 90% reduction in our Scope 1 and 2 emissions by 2030 compared to 2018.
- A 20% reduction in our Scope 3 emissions (in the purchased goods and services category), by 2030 compared to 2018.

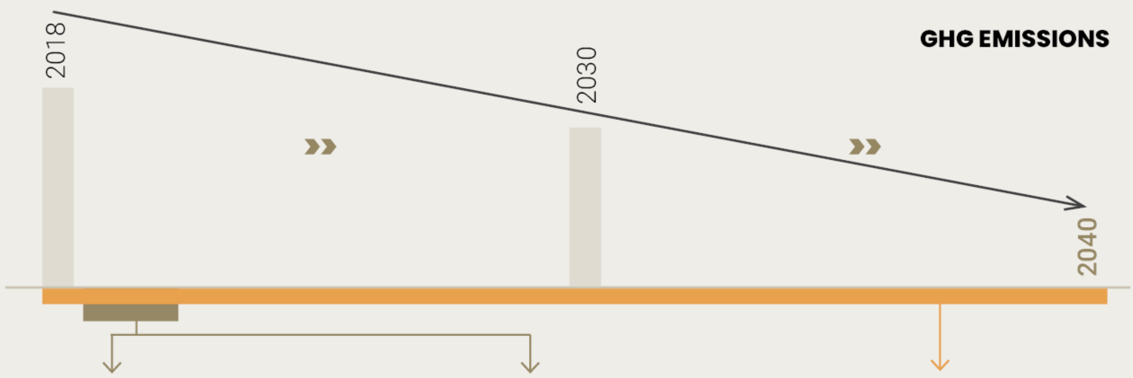
In the process of defining our SBTs we worked with a number of experts, industry organisations and the SBTi initiative itself in order to model our reduction scenarios. This complex process culminated not only in their validation by SBTi, but also in the organisation describing them as "ambitious", as the proposed reductions are more stringent than the most ambitious emission reduction pathways available at the time.

We are also committed to using more sustainable raw materials, to the circularity of our products and to efficiency in our activities and those of our suppliers and manufacturers, all of which are key to attaining our decarbonisation targets.

ⓘ More information in section *5.4. Collaborating to transform through sustainable management of our products* of this Report.

We are aware of how rapidly environmental challenges and opportunities evolve, and in particular those related to decarbonisation. Furthermore, we want to play an active part in the necessary change that need to be made in order to make progress in this area. Our reduction targets and scenarios are therefore regularly reviewed to ensure that they are consistent with our own internal ambition, the expectations of our stakeholders and the latest scientific evidence.

OUR APPROACH TO DECARBONISATION



2019

- Inditex unveils ***Our Sustainability Roadmap*** at the 2019 Annual General Meeting
- Inditex sets up a cross-disciplinary working group to implement the **TCFD** recommendations

*SBTi, WRI and Apparel Impact Institute launch the **"SBT Guidance for the Apparel and Footwear sector"*** *

2020

- Inditex joins the **UNFCC's *RACE TO ZERO*** campaign
- Inditex is among over 150 companies to sign the joint statement ***UNITING BUSINESS AND GOVERNMENTS TO RECOVER BETTER***
- Inditex backs the urgent call to action ***BUSINESS AMBITION FOR 1.5°C***
- Inditex shows its support for the ***Task Force on Climate-related Financial Disclosures (TCFD)***
- ***Science Based Targets initiative*** **(SBTi)** approves Inditex's emission reduction targets (SBTs)

2021

- Inditex raises its sustainability goals at the 2021 Annual General Meeting
- Pablo Isla joins the **Climate Leaders Coalition**
- Inditex signs the **Open letter from the We Mean Business coalition to the leaders of G20 countries**
- Inditex takes part in the review of the objectives of the **Fashion Industry Charter for Climate Action (FICCA)**

More ambitious goals for **FICCA** announced at COP26 *

STBi launches the world's first net zero standard *

Our goals

Emissions reduction targets for 2030 (SBTs)

Greenhouse gas emissions reductions in 2030 of **90% for Scopes 1 and 2** and **20% for Scope 3 (Purchased Goods category)** as compared to 2018.

Net zero emissions goal for 2040 (previously 2050)

By reducing greenhouse gas emissions and residual emissions neutralisation.

** External actions*

In addition, we continue to work on the integration of the recommendations of the Task Force on Climate-Related Financial Disclosures (TCFD). We analyse future climate scenarios and the associated risks and opportunities to pursue a decarbonisation strategy that is in line with science, resilient and competitive in the short, medium and long term.

More information in section *5.10.4. Climate change: risks and opportunities* of this Report.

To fulfil our commitments, it is essential to extend the culture of sustainability to all of **our teams.** In 2021, we continued to provide environmental sustainability training to teams at our headquarters, logistics centres, own factories and stores. Training was conducted both in Spain and in the markets where we have a commercial presence, such as China, Turkey, India, Mexico, Germany, Argentina, Brazil, Bangladesh, Australia and France, among others. More than **14,000 employees** have received training on environmental sustainability in 2021.

ⓘ More information in section *5.4. Collaborating to transform through sustainable management of our products* of this Report.

Commitment to external initiatives

We believe that cooperation with other companies and organisations is necessary to address common challenges facing not only our industry, but also society as a whole, such as climate change and the preservation of natural resources, among others. Our aim is to join forces to change the current paradigm and align ourselves with **shared goals and commitments.** That is why we have joined several collaboration initiatives.

In this regard, in May 2021 the Inditex's Executive Chairman, Pablo Isla, joined the Alliance of CEO Climate Leaders, a global community of chief executives from different economic sectors and geographic areas. The purpose of the partnership, which is part of the World Economic Forum, is to ramp up commitment to sustainability and facilitate the transition to a net-zero emissions economy.

MAIN EXTERNAL INITIATIVES	
WE MEAN BUSINESS COALITION	This initiative, involving 778 companies, is aimed at accelerating action to fight climate change. The organisation proposes to halve emissions by 2030 and reach net zero by 2050 at the latest, end carbon energy financing, align public finances with the goal of limiting the global temperature rise to 1.5°C, and strengthen adaptation and resilience measures. In the last quarter of 2021, the coalition urged more ambitious measures from the leaders of the world's major economies, meeting at the G20 summit in Rome, and from the countries participating in COP26 in Glasgow.
RACE TO ZERO	Campaign under the umbrella of the United Nations Framework Convention on Climate Change (UNFCCC) aimed at driving the change to a decarbonised economy. It is the largest partnership in history committed to achieving net zero carbon emissions by 2050, at the very latest.
BUSINESS AMBITION FOR 1.5°C BY THE UNITED NATIONS	Urgent call to action by a global coalition of UN agencies and business and industry leaders, in partnership with the Race to Zero initiative. Its aim is for companies to set science-based emission reduction targets that follow the 1.5°C pathway.
THE FASHION INDUSTRY CHARTER FOR CLIMATE ACTION	We are signatories of the Fashion Industry Charter fostered by United Nations Climate Change. In 2021 we took part in the review of this partnership's decarbonisation targets to make them more ambitious and consistent with the latest scientific evidence. The new goals were unveiled at COP26 in Glasgow.
UNITING BUSINESS AND GOVERNMENTS TO RECOVER BETTER BY THE UNITED NATIONS	Declaration signed by more than 150 companies that collaborate with SBTi, including Inditex, to urge governments worldwide to align their recovery efforts to combat the crisis caused by covid-19 and work on economic aid in relation to the latest climate science.

PARTNERSHIP FOR SUSTAINABLE ECONOMIC RECOVERY (*Alianza por una recuperación económica sostenible*)	Promoted by *Ecodes* and *Grupo Español de Crecimiento Verde*, among others, the objective of this partnership is to defend the effectiveness of stimulus policies from an economic and social point of view, and their alignment with sustainability and biodiversity policies.
THE FASHION PACT	Inditex is a founding member of The Fashion Pact, an agreement between leading textile and fashion companies to promote environmental sustainability in the sector. Its main lines of action are aimed at stopping climate change, caring for the oceans and conserving biodiversity.
CARBON DISCLOSURE PROJECT (CDP)	We are participants in CDP, a non-profit organisation that created a global environmental impact disclosure system for investors, companies, cities, states and regions. In 2021, Inditex obtained a score of A- in its climate change programme.
SUSTAINABLE APPAREL COALITION (SAC)	We are active members of the SAC, a coalition of stakeholders in the textile industry with the goal of developing common sustainability tools that evaluate the performance of brands, retailers, manufacturers and products. Driven by our involvement in the SAC, we are also working with The Policy Hub to accelerate the circular transformation of the sector.
MIT CLIMATE AND SUSTAINABILITY CONSORTIUM (MCSC)	The MIT Climate & Sustainability Consortium (MCSC) brings together global leaders from various industrial sectors to accelerate the necessary transition to reduce greenhouse gas emissions and use resources sustainably. The MCSC is fuelled by a range of perspectives regarding the climate, sustainability and climate justice. This unlocks new opportunities for collaboration that extend and broaden MIT's current endeavours, while empowering the industry to adapt and thrive in a decarbonised economy and world. In 2021, within the framework of the MCSC, a number of opportunities for concerted action by members were identified through a series of workshops. As a result, the following key areas for collaboration were established: decarbonising freight transport, improving value chain resilience, reducing carbon capture risk, enhancing natural carbon sinks and boosting materials' circularity, along with two cross-cutting topics, namely data availability and the social dimensions of climate and sustainability solutions. There was also significant engagement by the MIT community through the Consortium, harnessing MCSC financing in MIT's Undergraduate Research Opportunities Program (UROP). In November 2021, the first annual MCSC symposium was held at MIT and online, using a hybrid formula. This was a chance to involve the MIT community, MCSC member companies and other enterprises in the Consortium's work. In the future, the Consortium will continue to work on the initial key themes, as well as organising workshops and events and improving educational opportunities.

ⓘ More information in section *4.4.2. Partnerships* of this Report.

MINIMISING ENVIRONMENTAL IMPACT IN THE SUPPLY CHAIN

Commitment to external initiatives

To fulfil our environmental commitments, we implement ongoing improvement measures and we also adhere to external initiatives that enable us to share best practices and align ourselves with more ambitious goals.

Decarbonisation and energy management

Water management

Biodiversity

Our environmental management encompasses three broad areas (energy, water and biodiversity) on which the strategies deriving from our Sustainability Policy focus. In each sphere we strive to monitor our impacts, implementing initiatives to minimise those impacts and identify opportunities to generate positive effects, not only in our own operations, but also throughout our value chain.

5.6.1. Our approach to decarbonisation and energy management

GRI 103-2; 103-3; 302-1; 302-2; 302-3; 302-4; 302-5; 305-1; 305-2; 305-3; 305-4; 305-5; 305-6; AF5; AF21; 308-2 and 304-2

2021 MILESTONE

In 2021, **91%** of energy consumption at our own facilities (headquarters, logistics centres, factories and stores) came from renewable sources.

In order to progress towards our decarbonisation commitments, we are implementing actions based on reducing emissions, including increased efficiency in energy and resource use, as well as a strong drive for the use of renewable energies.

In the long term, focusing on our goal to be **net-zero emissions by 2040,** we are taking a holistic approach that includes improvements throughout our entire value chain, from our headquarters and stores, to the design of our products and their use and end of life.

In 2021, this commitment materialised in the form of progress in two areas of action that we consider to be key: reducing greenhouse gas emissions and increasing the use of renewable energy.

DECARBONISATION AND ENERGY MANAGEMENT

Internal framework

Global Energy Strategy

- One of the cornerstones of the corporate commitment to environmental sustainability.
- It seeks to foster the rational and efficient use of energy throughout the entire value chain, so as to reduce GHG emissions and mitigate the risks associated with climate change.

Monitoring of consumption and associated emissions

- Monitoring of energy consumption (electricity, natural gas, gas oil, etc.) and the associated emissions at corporate headquarters, own factories, logistics centres and own stores.
- Downward trend in consumption in absolute and relative terms.

Sustainable consumption alternative

- Strong commitment to renewable energies, through the generation and purchase of energy from renewable sources.
- Upward trend in the percentage of energy from renewable sources.
- Generation of renewable energy through solar photovoltaic panels, wind, geothermal and solar thermal sources.

Energy management initiatives

- Internal corporate framework: Environmental Management System and Risk Management and Control Policy.
- Efficiency and certifications in own logistics centres, own factories and headquarters.
- Efficiency in points of sale.
- Efficiency in transport and distribution.
- Efficiency in raw materials and production processes.

Inditex's Global Energy Strategy constitutes one of the main pillars of our commitment to sustainability and decarbonisation. Its purpose is to promote the rational and efficient use of energy throughout the value chain. At the same time, we propose to reduce greenhouse gas emissions and help mitigate their effects.

5.6.1.1. Energy consumption

Global energy consumption, including our headquarters, own factories, own logistics centres and own stores consumption in 2021 amounted to 1,756,210 MWh[82] [83]. This represents a decrease of 14% in relative energy consumption per square meter compared to 2018, emphasizing the energy efficiency efforts promoted by the Group.

[82] The electricity consumption in stores has been calculated on the basis of actual billing data. For those stores or time periods for which we do not have information available, it has been estimated considering average consumption.

[83] This indicator includes all energy consumed at our Group's own factories, headquarters, own logistics centres, own stores and own vehicles. Electricity and natural gas consumption for December 2021 and January 2022 has been estimated for some centres.

Global energy consumption: (84)

Year	Global energy consumption (MWh)	Relative energy consumption (kWh/m²)	Relative energy consumption
2018	1,969,127	262	75
2019	1,892,947	237	67
2020	1,270,704	165	62
2021	1,756,210	225	63

Global energy consumption by type (MWh):

Year	Electricity	Natural Gas	Other fuels
2018	1,865,074	103,724	329
2019	1,807,556	84,627	764
2020	1,206,543	63,905	256
2021	1,678,957	72,050	5,203

5.6.1.2. Strong commitment to renewable energies

The generation and acquisition of energy from renewable sources is a core pillar of the architecture of our business model. To maintain and strengthen this commitment to the use of clean energy, at the last Annual General Meeting, Inditex announced the commitment to **use only energy from renewable sources** in all our facilities in 2022. In 2021, we have made progress in this goal and our renewable energy use now accounts for **91%** of the total, compared with 81% in the previous year.

Within the framework of our commitment, among other measures we have invested in generating renewable energy at our own operating centres. Where technically viable, we use our own solar thermal, solar photovoltaic or wind energy, as well as facilities to harness geothermal energy.

In 2021, we consumed 1,593,547 MWh of renewable energy in our own facilities located in 44 markets, excluding which has been self-generated. As a result, we avoided **493,723 tonnes**[85] of greenhouse gas emissions, an 113% more than in 2018 (978,266 MWh consumed and 265,041 tonnes of GHG emissions avoided, 1,144,020 MWh and 295,566 tonnes, and 837,626 MWh and 231,818 tonnes in 2020, 2019 and 2018, respectively).

[84] This indicator includes all energy consumed at our Group's own factories, own headquarters, logistics centres, own stores and own vehicles. Electricity and natural gas consumption for December 2021 and January 2022 has been estimated for some centres.

[85] Due to the updating of the emission factors, the historical scope 1 and 2 data have been recalculated using the factors of the International Energy Agency, 2021 (scope 2) and the DEFRA factors, 2021 (scope 1). More information on the methodology in section *6.1.3. Indicators for managing the environmental impact* of this Report.

Percentage of energy coming from renewable sources: [86]

Year	% of energy coming from renewable sources
2018	45%
2019	63%
2020	81%
2021	91%

At year-end, we have several active plants with photovoltaic panels and a wind turbine that generated 5,920 MWh of electricity (1,373 MWh, 811 MWh and 575 MWh in 2020, 2019 and 2018), i.e. 331% more than in 2020, and with the following installed capacities: 3 MW in Lelystad, 1 MW in the employee car park at our Arteixo Central Services facilities, 850 kW windmill in Arteixo Central Services facilities, 100 kW in the Arteixo Technology Building, 200 KW for the headquarters of Zara.com and Zara Man 30 kW in Tempe 1 centre, 200 kW in Tempe 3 centre, 200 kW in the Tempe 3S centre and 100 kW in the Laracha fabric warehouse.

At some of our facilities we also have a co-generation plant, which enable the simultaneous production of heat and energy using low-carbon fuel. In 2021, these plants generated 8,852 MWh of electricity and 10,051 MWh of thermal energy (4,334 MWh of electricity and 6,679 MWh of thermal energy, 7,785 MWh of electricity and 11,002 MWh of thermal energy and 17,317 MWh of electricity and 16,634 MWh of thermal energy in 2020, 2019 and 2018, respectively). In addition, 653 MWh of thermal energy was generated by geothermal facilities and solar panels during the year (633 MWh, 577 MWh and 329 MWh in 2020, 2019 and 2018, respectively).

5.6.1.3. Greenhouse gas emissions

As a result of the progress made in energy efficiency and the use of renewable energies, we achieved a reduction of **86%** per square meter in Scope 1 and 2 emissions compared to 2018.

Scope 1 and 2 GHG emissions (t CO_2eq): [87]

Financial year	Scope 1	Scope 2[88]	Kg CO_2eq per m²	g CO_2eq per €
2018	19,172	419,448	58	17
2019	15,804	293,981	39	11
2020	11,859	98,676	14	5
2021	14,575	47,770	8	2

[86] In the case of renewable energy certificates, the period for the data is the calendar year, instead of the fiscal year (period of this statement).

[87] Due to updates of the emission factors, the historical scopes 1 and 2 data have been recalculated using the emission factors of the International Energy Agency, 2021 (scope 2) and the DEFRA factors, 2021 (scope 1). More information on the methodology in section *6.1.3. Indicators for managing the environmental impact* of this Report.

[88] The scope 2 data are calculated according to the market-based method following the GHG Protocol guidance for the calculation of scope 2, World Resources Institute (WRI), 2015. More information on the location-based scope 2 emissions following the GHG Protocol guidance in section *5.10.4. Climate change: risks and opportunities* of this Report.

Scope 1 emissions: direct emissions related to sources under the direct control of the Inditex Group (combustion in boilers, own vehicles, etc.).

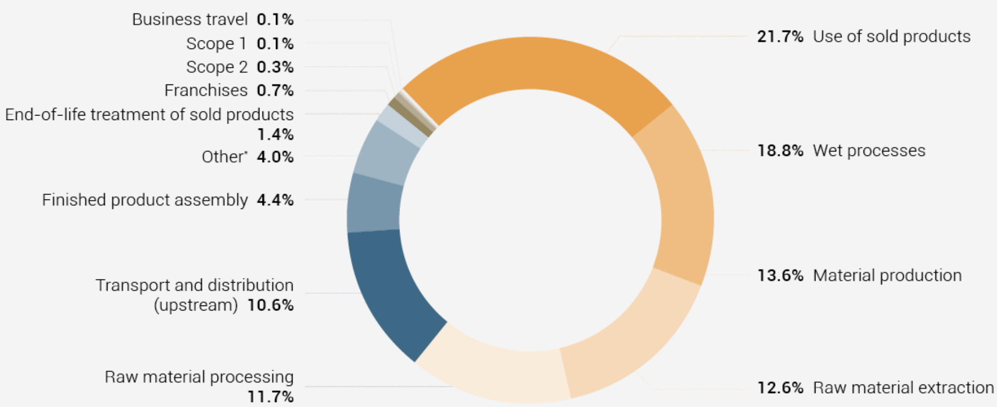
Scope 2 emissions: indirect emissions related to the generation of electricity acquired and consumed.

Scope 3 emissions: include other indirect emissions linked to the supply chain of goods and services produced, distributed and marketed outside the organisation. For greater transparency, the "Purchased goods and services" category (according to the GHG Protocol) is subdivided into the following categories: raw material extraction, raw material processing, material production, wet processes and final product assembly.

Scope 3 also includes emissions linked to the transportation of the products we market. In 2021, the emissions associated with Upstream Inbound transport and Upstream Outbound transport were equivalent to an energy consumption of 3,357,983 MWh and 3,953,264 MWh, respectively (2,802,639 MWh and 3,218,377 MWh in 2020; 3,431,069 MWh and 4,306,576 MWh in 2019, respectively). Electricity consumption in franchised stores amounted to 242,439 MWh and business travel consumption was 63,839 MWh (150,114 MWh and 18,488 MWh in 2020 and 226,520 MWh and 218,274 MWh in 2019, respectively). Comparison with figures for 2020 is strongly affected by the closure of our stores and headquarters in that year and the increase in remote working as a result of the covid-19.

GREENHOUSE GAS (GHG) EMISSIONS

TOTAL: 17,160 KT CO_2 EQ



* The "Other" category includes GHG emissions associated with the categories of capital goods, employee commuting, fuel and energy related activities, and waste generated in own operations.

ⓘ More information in section *6.1.3. Environmental impact management indicators* of this Report.

5.6.1.4. Energy Management

a. Environmental Management System

Efficiency is a priority at all the Group's facilities. Our Environmental Management System (EMS) is a core pillar of our commitment to using renewable energy and circular management models. Certified to ISO 14001 standard, the EMS is **implemented in 100% of the Group's headquarters, logistics centres, and own factories.** Inditex has a team of 27 people to prevent environmental risks linked to these facilities, and to monitor and assess the proper implementation of the EMS.

In 2021, 2020, 2019 and 2018, no significant penalties or fines were imposed for breaches of environmental regulations. Moreover, the Group does not have facilities in protected areas.

b. Risk Management and Control Policy

Inditex's Risk Management and Control Policy, which has been in force since 2015 and was last modified in 2020, affects the entire Group and forms the foundation of an Integrated Risk Management System. It establishes the basic principles, key factors and general framework for action to manage and control risks affecting the Group, including climate risks.

ⓘ More information on climate risk management in section *5.10.4. Climate change: risks and opportunities* of this Report.

Bearing our business activity in mind, the Group has no liabilities, expenses, assets, provisions or contingencies of an environmental nature that could play a significant role in terms of the net assets, the financial situation and results of the Company. For this reason, such specific breakdowns are not included in this Report.

c. Efficiency in corporate headquarters, own logistics centres and own factories

At Inditex we have a culture of environmental efficiency; in other words, we apply production processes that enable us to **control the consumption of resources** and take measures to reduce that consumption so as to mitigate the impact thereof. To ensure this is properly developed in our facilities, we make the necessary investments in all our headquarters and platforms in compliance with our Instruction for Proper Environmental Management, and we promote best practices in the day-to-day work of our employees.

Electric energy consumption at headquarters , own logistics centres and own factories:

Financial year	Total electricity consumption (MWh)	Relative electricity consumption (kWh/m^2)	Relative electricity consumption (Wh/€)
2018	159,434	50	6
2019	175,308	49	6
2020	163,897	46	8
2021	175,217	48	6

The design of the construction of our headquarters is based on **bioclimatic criteria.** For example, by encouraging the installation of photovoltaic panels to optimise energy consumption and ensure they are from renewable sources, using rainwater for non-drinking purposes or having a self-regulating lighting system depending on the outdoor light conditions.

LEED Certifications[89] in distribution centres and headquarters

As part of our strong commitment to sustainability, we also strive to ensure that our facilities meet the highest standards of sustainable construction. Consequently, since 2009 we have certified our most emblematic spaces in accordance with the most prestigious standards in sustainable construction, such as the LEED certifications developed by the US Green Building Council.

One example of this policy is the certification in 2021 of our logistics connection hub in Lelystad (Netherlands). Also noteworthy is Inditex's Data Processing Centre, located at the Group's headquarters in Arteixo (A Coruña, Spain), which in addition to being LEED Platinum certified by the US Green Building Council, is also certified to the international ISO 50001 standard, which endorses its efficient and sustainable energy management. Accordingly, 100% of its energy consumption is from renewable sources.

LEED CERTIFICATION IN DISTRIBUTION CENTRES AND HEADQUARTERS

1 certification

LEED Platinum

- Inditex Data Processing Centre in Arteixo

1 certification

LEED CI Certification

- Inditex Group's Central Services facilities in Arteixo (phases I, II, III)

10 certifications

LEED Gold

- New headquarters of the Inditex Group's Central Services in Arteixo
- Zara Logistics Offices
- Zara Logistics Canteen
- Pull&Bear Headquarters
- Cabanillas Logistics Platform
- Massimo Dutti Headquarters
- Massimo Dutti Logistics Centre
- Oysho Headquarters
- Stradivarius Headquarters
- Lelystad Logistics Connection Point

d. Efficiency and sustainability in our stores

Energy efficiency and the application of best practices in the area of environmental sustainability is a priority for Inditex in both the design and the day-to-day running of its stores. To achieve this goal, we put in place a number of projects to help make our stores spaces in which sustainability is **fully integrated,** from the facilities themselves to the products and the interaction with our customers.

In this regard we are constantly reviewing our standards to guarantee that they are in line with cutting-edge practices and implementing new programmes to advance on the path of continuous improvement and sustainability in our stores.

[89] All the certifications are currently valid.

One step further in our commitment to sustainability at our own stores network is the connection with the central platform *Inergy*, which supervises and optimises energy consumption, boosts efficiency and reduces the environmental impact. At the end of 2021, 66% of our own stores were connected to the platform. Estimated electricity consumption at our own stores amounted to 1,503,739 MWh in 2021, compared with 1,632,248 MWh in 2019 (the comparison with 2020 is not meaningful because of the impact of covid-19).

Electricity consumption at our stores:

Financial year	Global electricity consumption in stores (MWh)	Relative electricity consumption in stores (kWh/m^2)	Relative electricity consumption in stores (Wh/€)
2018	1,705,639	394	65
2019	1,632,248	371	58
2020	1,042,646	252	51
2021	1,503,739	363	54

Further evidence of our commitment to sustainable construction is the certification of our stores in accordance with prestigious international standards such as LEED and BREEAM[90]. We currently have 9 LEED Platinum certifications, 27 LEED Gold certifications and 1 BREEAM certification.

The efficiency policy is not limited to physical stores alone, but also extends to the digital universe. The website of Zara, our most emblematic brand, is hosted at our own data centres and on external servers, and 100% of the energy consumed in our online stores and at our Data Processing Centre and external servers is from renewable sources.

Moreover, technologies that increase the energy performance of our servers by using more efficient power sources and better heat dissipation systems are being used.

e. Efficiency in transport and distribution

In line with our aim to optimise the use of resources —and therefore reduce the emissions associated with all our processes— distribution is a very relevant area of our Environmental Management System, as we maintain a delivery frequency of twice a week from our logistics centres to the stores.

In this respect, in order to improve the efficiency of our distribution and logistics operations and reduce the indirect scope 3 emissions derived from them, we are working on our own improvement projects as well as on various initiatives and collaborations:

[90] All the certifications are currently valid.

Our own projects

- Load optimisation. We analyse the best way to box-pack trucks by developing new protocols that optimise, review and adjust the load proposals. Furthermore, we leverage the flows along the routes servicing the European stores and avoid empty return truck runs, using these trucks for cargo returns to Spain. In 2021 4,565 trucks were counted in these return flows, saving 7.9 millions of kilometres and their associated emissions.

- Packaging-related initiatives. We work with other areas of the Group to optimise packaging for transport and distribution, applying our Green to Pack reference standard and thus contributing to load consolidation and related emission reductions.

- High-capacity vehicles. By increasing the load volume of a vehicle —as is the case in giga-trailers and duo-trailers— and minimising the number of trucks on the road, we reduce CO_2 emissions. In 2021, more than 2 millions of kilometres were covered using this mode of transport.

- Liquefied Natural Gas (LNG) trailer. We also use high-capacity vehicles that run on Liquefied Natural Gas. In 2021, more than 449 thousand kilometres were covered using this kind of vehicle.

- Euro VI standard. This is the most exacting engine standard currently in force in terms of nitrogen oxide and particle emissions. In 2021, the main providers of primary land transportation (accounting for 83% of total turnover) complied with the Euro VI standard in more than 90% of their fleet.

- Electric vehicles. In China, last mile deliveries to all our stores are made with electric vehicles, in order to reduce greenhouse gas emissions and air pollution in cities. In Spain, we have also electrified last mile deliveries at several Madrid stores.

- Employee commuting. All our office employees in Spain can travel to work on the shuttle bus service. We also promote the Weshare application for carpooling to and from the workplace. These measures reduce traffic density and driving times in daily itineraries.

- Electric vehicle charging stations. In 2021, the number of charging stations for electric vehicles in all the Group's central services rose by 313% to facilitate the use of such vehicles by employees. More than 197,000 kWh[91] were supplied from these stations (more than 71,000 kWh in 2020 and more than 47,000 kWh in 2019), helping to avoid emissions associated with using fossil fuels.

[91] Electrical consumption by electrical vehicle charging points in Group central service facilities, own logistics centres and own factories.

Collaborations

- Cargo Owners for Zero Emission Vessels (CoZEV). Since 2021 we have been involved in this international initiative led by the non-profit organisation *Aspen Institute,* within the framework of its Shipping Decarbonization Initiative (SDI), in which other major consumer goods companies take part. The aim is to accelerate the transition to zero-emissions maritime shipping vessels and to commit to using only this kind of vessel by 2040.

- Smart Freight Centre and Global Logistics Emissions Council (GLEC). The goal of the Smart Freight Centre*,* a non-profit organisation focused on sustainable freight transportation, is to achieve an efficient logistics sector with zero emissions that helps comply with the Paris Agreement and the United Nations Sustainable Development Goals. To achieve this vision, it brings together the logistics community through their *Global Logistics Emissions Council* (GLEC). The GLEC has developed a globally recognised methodology for harmonised calculation and reporting of the logistics GHG footprint across the multi-modal supply chain. Inditex has been a GLEC member since 2020.

- *Clean Cargo.* An initiative to reduce the environmental impacts of multimodal freight transportation and to foster responsible maritime shipping. Inditex adhered to this initiative in 2020 and takes part in its Clean Cargo Working Group, in which it works with other companies to adopt environmentally and socially responsible business principles in freight management. The organisation has developed a maritime shipping emissions calculation standard used by other initiatives, such as the US Environmental Protection Agency (EPA) SmartWay Programme and the GLEC.

f. Atmospheric emissions and noise pollution

Atmospheric emissions from combustion equipment (heating boilers and steam boilers) are subject to regular checks and verifications by authorised control bodies to ensure that our logistics centres where this equipment is located comply with the applicable legislation. Thus, we ensure that our atmospheric emissions are within the legal limits for the parameters required in each case (for example, CO, NO_x, SO_2 and opacity).

Furthermore, to mitigate noise pollution, our Unloading Equipment Protocol aims to reduce noise from the distribution and supply of our products during night-time hours, when the permitted noise levels are more restrictive.

5.6.2. Our approach to water management

GRI 103-2; 103-3; 303-1; 303-2; 303-3; 303-4; 303-5; 308-2 and 304-2

Reducing water usage in both our operations and our supply chain is paramount because of its potential positive impact on the environment and especially on marine and freshwater habitats and the communities living in them. Furthermore, reducing water consumption through more efficient management programmes and technologies implies reducing energy consumption and its associated emissions. Therefore, reducing the impact of water consumption is a goal that not only contributes to the preservation of a vital resource for the planet, but it is also key to achieving our decarbonisation targets.

WATER MANAGEMENT

Internal framework

Global Water Management Strategy
Roadmap that fosters collaboration among the various stakeholders with a view to sustainable and rational water management throughout our value chain.

Consumption monitoring

- Monitoring of water consumption at our headquarters, own factories, logistic centres and own stores.
- Downward trend in absolute consumption and downward/stable trend in relative consumptions.

Water management initiatives

In our own operation
Initiatives aimed at efficiency in water consumption, recovery and re-use.

In the supply chain
Collaboration with third parties to promote proper water management (wastewater analysis and improved access to drinking water and sanitation).

Our roadmap for sustainable and rational water usage throughout our value chain is defined by our Global Water Management Strategy. As we implement it, we develop individual initiatives and collaborate with various stakeholders to reduce our environmental impact and protect marine and freshwater habitats, always seeking the most innovative processes and technologies. Water management at Inditex is based on the principles of the CEO Water Mandate, a UN Global Compact endeavour that links environmental and social aspects.

5.6.2.1. Consumption

Water consumption at the Inditex Group's facilities is mainly for cleaning and sanitary purposes, and therefore its discharge into municipal wastewater systems is guaranteed. In industrial settings, water is mainly used for steam generation and recirculation systems in closed-cycle industrial refrigeration, which allows us to estimate that the water discharged is equal to the water consumed. Wastewater in all facilities is discharged to the appropriate wastewater systems. At Inditex, water consumption does not affect protected habitats.

In 2021, we have consumed in our facilities –headquarters, own factories, own logistics centres and own stores consumed a total of 1,886,900 cubic metres of water. The consumption at our centres is calculated through direct metre readings and bill charges from public water utilities companies[92].

Water consumption (m^3):

Financial year	Water consumption (m^3)	Relative water consumption (litres/m^2)	Relative water consumption (ml/€)
2018	2,145,804	285	82
2019	2,068,661	260	73
2020	1,663,039	216	82
2021	1,886,900	241	68

5.6.2.2. Initiatives in own operations

To help save on water consumption, when planning new projects the Group factors in the use of storm tanks, which allow rainwater to be recovered from the roof and used for irrigation. In 2021, we recovered 10,439 m^3 of water at our centres in Cerdanyola, Arteixo and Lelystad.

Our Indipunt facility in Narón (A Coruña) is particularly noteworthy as it harnesses advanced technology to reuse 100% of the water for garden irrigation and toilet flushing, thereby achieving significant savings in consumption. This was the first water recovery project of its kind approved in Galicia and was subject to stringent controls by the Public Administration.

5.6.2.3. Initiatives in supply chain

Our supply chain is key to our policy of responsible management of water use, as it is applied in the wet processes necessary for the manufacture of textile products (washing, dyeing and printing), as well as in the cultivation of the various raw materials we use. Consequently, in 2021 the Group established as a new environmental goal a 25% reduction in water consumption throughout the supply chain by 2025.

[92] The consumption by own stores has been calculated based on the net expenditure per store. The specific average price of 20 markets has been used. For all other markets, we have used the average of m3/m2 per concept.

We are working on various initiatives to achieve this goal:

- Increasing the facilities included in the Care for Water programme to reduce water usage and, at the same time, cut energy consumption as less water needs to be heated.
- Promote raw material cultivation practices that reduce water consumption.
- Draft a guide to best practices to reduce water consumption for our suppliers.
- Collaborate with external initiatives.

ⓘ More information in section *5.4. Collaborating to transform through sustainable management of our products* of this Report.

a. *Care for Water*

Our Care for Water programme, framed within the Green to Wear standard*,* fosters the use of technologies to achieve efficient water consumption by means of the continuous improvement of the production processes of our suppliers and investment in technology.

ⓘ More information in section *5.5.1. Sustainable management of the supply chain* of this Report.

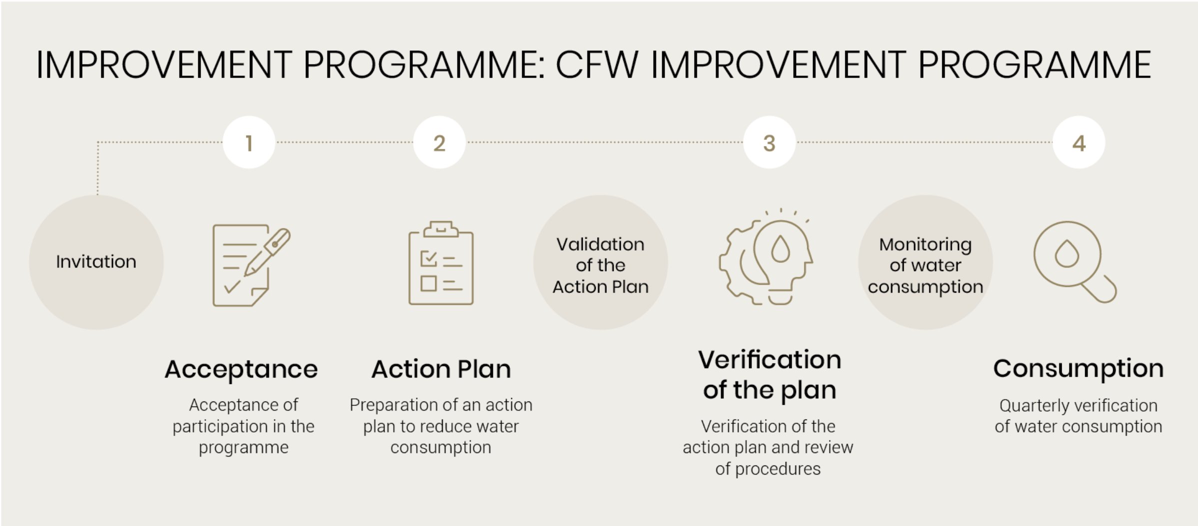
Care for Water Improvement Programme

As part of our commitment to reduce our water footprint, one of the key programmes rolled out in 2021 is the Care for Water Improvement Programme. This initiative is aimed at providing support to facilities to optimise and reduce their water demand and obtain our highest score for their water management and use (Excellent Water Management) in Green to Wear audits. This year we have worked together with more than 170 facilities within the framework of this programme, providing them support, guidance and advice.

The programme has a 12-month duration for factories, starting with a 30-day period for facilities to create and propose their own action plan for water efficiency improvement, which can be designed around four pillars:

- Investment in new technology or machinery.
- Production process optimisation.
- Recovery and treatment of waste water for re-purposing in manufacturing processes.
- Zero Liquid Discharge: using 100% closed water circuits.

The action plan must in turn be structured around quarterly targets, compliance with which will be verified by a third party at the end of each quarter.



b. Collaboration in China

Inditex works with the Chinese Institute of Public and Environmental Affairs (IPE) on the continuous improvement of environmental management in our supply chain in that market. The IPE publishes the results of factories' wastewater analyses and has acknowledged Inditex's endeavours to improve the environmental performance of its supply chain. In its global ranking of brands, Inditex ranks fourth in the textile sector (fifth globally). In addition to textile facilities, the IPE oversees upstream chemical suppliers and centralised effluent treatment plants.

c. Other partnerships

We do not only take into account industrial water usage. Mindful of its importance to the health and prosperity of local communities, since 2015 we have been collaborating with Water.org, an international charitable organisation that works to bring water and sanitation to vulnerable populations through microloans.

ⓘ More information in section *4.4.2. Partnerships* of this Report.

5.6.3. Our approach to biodiversity

GRI 103-2; 103-3; 308-2 and 304-2

2021 MILESTONE

Inditex joins the LEAF Coalition. This global initiative, which brings together companies and governments, aims to mobilise more than 1 billion dollars in funding for the conservation of tropical and subtropical forests.

The protection of biodiversity is pivotal to our sustainability strategy, not only because the production of our raw materials for textile manufacturing (cotton, fibres and cellulosic materials, leather, etc.) depends on it, but also because it is, first and foremost, a critical element for the survival and well-being of society and the planet.

In this regard, at Inditex we are committed to protecting biodiversity through the **responsible and sustainable management of natural resources** at every stage of our value chain. Our Biodiversity Strategy is based on the principles of the United Nations Convention on Biological Diversity and takes the form of actions to promote the transition to more sustainable raw materials and products, the preservation of aquatic and terrestrial ecosystems, stopping climate change and collaboration with like-minded organisations.

BIODIVERSITY MANAGEMENT

Internal framework

- Biodiversity Strategy
  The aim is to foster the protection, conservation and development of biodiversity throughout Inditex's value chain and beyond.
- Forest Product Policy
  Guide for the selection and use of forest-sourced materials, guaranteeing that they come from sustainably managed forests.

Outstanding biodiversity initiatives

Animal welfare

- Animal welfare policy which includes ethical standards in the use of animal-based products.
- Commitments to entities such as PETA or the *Fur Free Alliance*.

Sustainable materials and animal welfare

A large portion of the materials we use depend on biodiversity and essential elements such as proper nutrient cycles, water purification and crop pollination. In addition, it is necessary to reduce the impact of man-made fibres on different ecosystems. Accordingly, we carry out a number of initiatives to ensure the protection of biodiversity associated with the materials we use in our products.

ⓘ More information in section *5.4.2. Design and selection of materials* of this Report.

Our biodiversity protection strategy also covers animal welfare and we have therefore put in place an Animal Welfare Policy that includes ethical standards in the use of animal products in accordance with the Five Freedoms of Animal Welfare for the ethical and responsible treatment of animals. The Policy was developed in partnership with the Humane Society of the United States (HSUS). Within this framework, we have adopted a range of standards and commitments:

- All animal-based components in articles marketed by our brands must be sourced from animals that have been treated ethically and responsibly.
- None of our products of animal origin may come from species bred exclusively for the purpose of marketing their hides, shells, antlers, bones, feathers, down or other similar elements.
- None of our brands market fur. Thus, we are strictly compliant with the requirements of the Fur Free Retailer programme by the Fur Free Alliance, an international coalition of animal protection organisations.
- None of our garments contain angora wool or mohair, consistent with our commitment to People for the Ethical Treatment of Animals organisation.

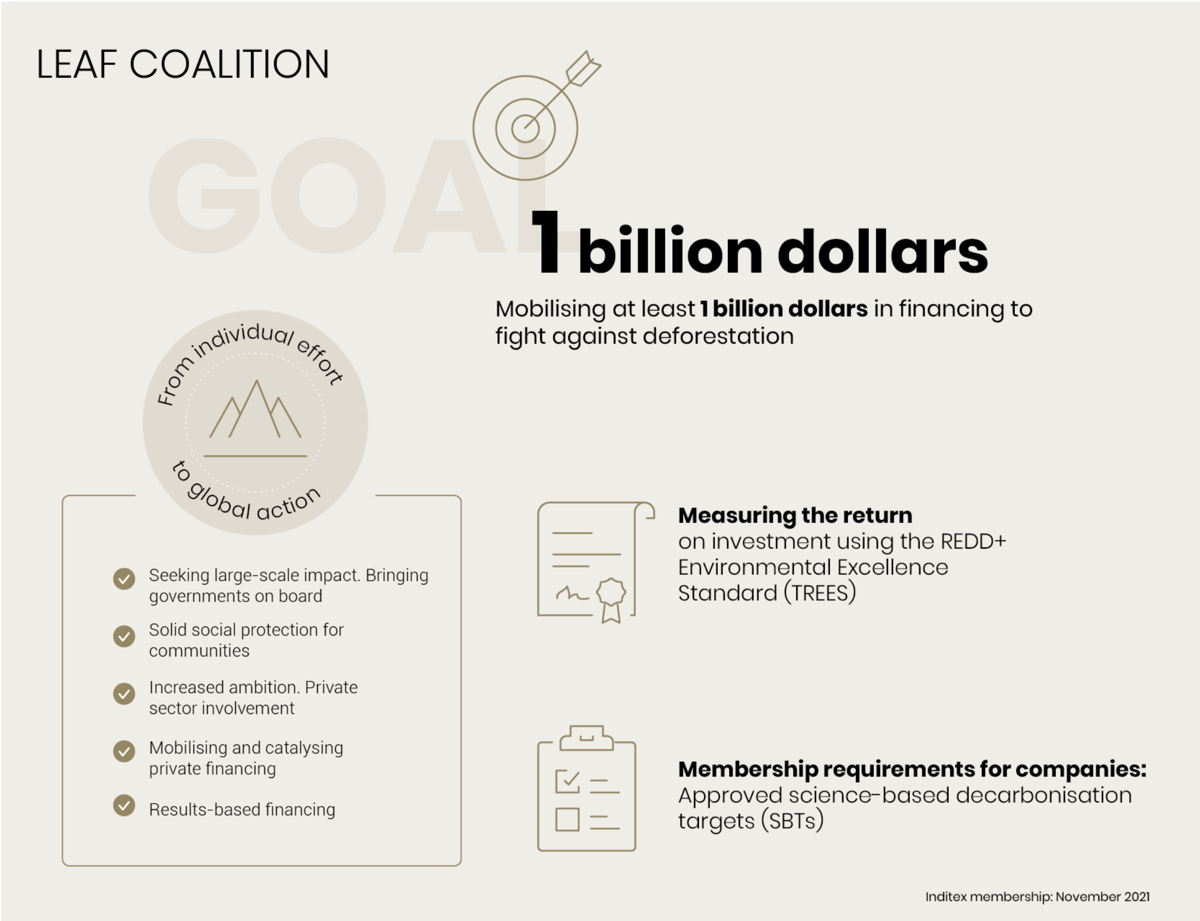
With regard to the use of other materials, all the timber used to produce furniture and objects, as well as paper products, must be certified under PEFC/FSC standards, as stipulated in our Forest Product Policy.

Alliances and partnerships

We advocate joint efforts and cooperation to protect and regenerate biodiversity through a range of different agreements:

Multi-sector initiatives

In 2021 we joined the LEAF coalition, a public-private financing initiative coordinated by Emergent with the aim of stopping deforestation in tropical and sub-tropical forests, and of supporting sustainable development in countries where these forests are located. Only those companies like Inditex that have decarbonisation targets approved by the SBTi are eligible to join the coalition.



Projects in the fashion and textile sector

In addition to being founding members of The Fashion Pact, one of whose core activities is the protection of biodiversity, we are also founding partners of Organic Cotton Accelerator, which aims to increase the availability of organic cotton. We also collaborate with CanopyStyle, which seeks to sever the links between viscose production and deforestation in primary forests, and with Textile Exchange, which helps the industry to identify areas for improvement and best practices with a view to integrating biodiversity into strategies and operations. This organisation launched the first pilot of the biodiversity benchmark in 2021, with Inditex's involvement.

ⓘ More information in section *5.4.2. Design and selection of materials* of this Report.

Local actions

Since 2020 Inditex has been working with the *Asociación Forestal de Galicia* (Galician Forestry Association) to restore forestry areas. In the last year, more than 650 hectares were replanted, an area the size of more than 910 football pitches. A variety of conifers and hardwoods were planted, prioritising native species to protect the biodiversity of the area. Among the species most planted were the native pine, with more than 650,000 trees planted, and the chestnut, with more than 22,000.

This project optimises the capacity to absorb CO_2, enriches soils and prevents soil erosion and recovers the mobility of the forest fauna, among many other benefits.

TREES PLANTED	
Hardwoods (total)	**44,389**
Birch	9,418
Chestnut	22,237
Oak	11,938
Other	796
Conifers (total)	**679,938**

We continue to work to make Pico Sacro demonstration forest a biological carbon sink model, as well as a forestry dissemination laboratory. This initiative is carried out in collaboration with the Asociación Forestal de Galicia and the Forest Stewardship Council (FSC).

This year, a new agreement was signed to expand this work model to more territories, incorporating representative areas of the main forest ecosystems in Galicia and Portugal.

For this purpose, it is proposed to set up a network of demonstration forests that will function as reference sites to disseminate techniques and knowledge, as well as to implement sustainable procedures for resource management and the conservation of environmental values that can be replicated by forest owners. This therefore manages to combine their role as natural greenhouse gas sinks with the use of quality forest products, seeking to promote the economic, environmental and social sustainability of these areas.

As well as protecting the environment and natural resources, this project aims to contribute to a better appreciation of the forest and its related activities, encouraging a more active engagement in the conservation and improvement of forest resources in Galicia and Portugal.

ACTIVITIES CARRIED OUT IN PICO SACRO

- Informative sessions on forestry and environmental management models.
- Pruning of chestnut, walnut and American oak trees for timber production and of young chestnut tree trunks for fruit production.
- Clearing and weeding all the planting surface to remove the competing plants.
- Replacement of worn plant protectors.
- Maintenance tasks and replacing native dead plants in environmental conservation areas.

5.6.4. Our approach to waste

GRI 306-1; 306-2; 306-3; 306-4; 306-5; 308-2 and 304-2

The end-of-life of our products is a decisive phase in our Sustainability Policy. Consequently, we have in place a number of projects to reduce the environmental impact after their use, so that we can facilitate their recycling when they are no longer used, re-use constituent parts, facilitate disassembly and, increasingly, share best practices with consumers.

Zero Waste Programme

The Zero Waste programme, designed to recover the waste generated at our own facilities, is the key to helping us meet our commitment that by 2023 the waste generated at our own facilities —whether at headquarters, logistics centres, factories or stores— will not end up in landfill.

A central aspect of the programme is the proper sorting of waste at our facilities, enabling it to be transformed and re-purposed to manufacture new products. In this regard, we have developed internal devices to optimise the separation and compacting of waste, thereby reducing greenhouse gas emissions associated with their transport, and to improve ergonomics during operations.

Moreover, within the framework of the Zero Waste programme, we are working to improve the management and information relating to waste collection systems at our stores.

Generation of waste

Below are the absolute figures for waste generation at headquarters, own logistics centres and own factories (store data are not included[93]):

Type of waste	2021 (KG)	2021 (%)	2020 (KG)	2020 (%)	2019 (KG)	2019 (%)
Cardboard and Paper	13,248,191	65%	10,974,962	59%	14,662,698	63%
Wood	2,982,115	15%	3,438,309	19%	3,769,554	16%
Other non-hazardous resources	2,891,811	14%	2,771,796	15%	3,182,099	14%
Plastic	831,837	4%	863,627	5%	892,516	4%
Textile waste	252,831	1%	302,785	2%	498,217	2%
Metal	159,204	1%	67,747	0%	267,715	1%
Hazardous waste	31,428	0%	58,813	0%	78,479	0%
Total	**20,397,417**	**100%**	**18,478,038**	**100%**	**23,351,279**	**100%**

[93] Information on waste generated in own stores is not available at the required level of breakdown in the Company's systems. Inditex has several projects underway with a view to reporting this information in future years.

The destination of this waste was as follows, according to its treatment[94]:

Non-hazardous waste destination	2021 (KG)	2021 (%)
Diverted from disposal	**18,691,531**	**92%**
Recycling	18,256,653	90%
Preparation for reuse	434,878	2%
Directed to disposal	**1,674,458**	**8%**
Landfilling	1,343,862	6%
Incineration (with energy recovery)	330,596	2%
Total	**20,365,989**	**100%**

Non-hazardous waste destination	2020 (KG)	2020 (%)	2019 (KG)	2019 (%)
Recycling	16,582,699	90%	20,903,595	90%
Energy recovery	238,426	1%	321,323	1%
Landfill	1,598,100	9%	2,047,882	9%
Total	**18,419,226**	**100%**	**23,272,800**	**100%**

Hazardous waste destination	2021 (KG)	2021 (%)
Diverted from disposal	**25,229**	**80%**
Recycling	25,229	80%
Directed to disposal	**6,199**	**20%**
Landfilling	4,864	16%
Other disposal operations	400	1%
Incineration (with energy recovery)	935	3%
Total	**31,428**	**100%**

Hazardous waste destination	2020 (KG)	2020 (%)	2019 (KG)	2019 (%)
Recycling	48,547	82%	71,613	91%
Energy recovery	976	2%	1,329	2%
Landfill	9,290	16%	5,538	7%
Total	**58,813**	**100%**	**78,479**	**100%**

[94] With the update of the GRI 306 (2020) standard, there is a change on the requirements of the breakdown of waste destination with respect to previous requirements set in the GRI 306 (2016) standard. Due to the change, historical data is only available with the previously required breakdown.

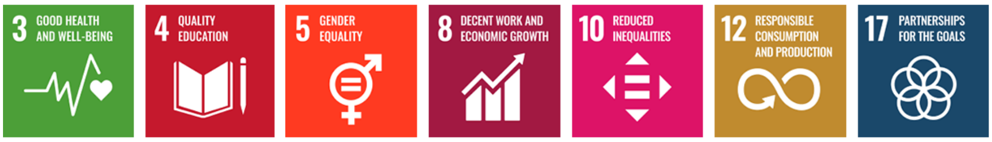
In addition, and associated with our activity, various packaging materials (bags, labels and protective elements) are placed on the market. These materials are managed by the Integrated Packaging Management Systems available in the markets where we operate. In Spain, for example this system is Ecoembes. Our brands compensate this authorised manager for the cost of collecting and managing these packagings. We have our own programme, Green to Pack, for the optimisation of packaging, extending their useful life and enhancing their recyclability.

ⓘ More information in section *5.4.5. Use and end-of-life of products* of this Report.

Our waste reduction policy also covers the canteen service at our headquarters in Arteixo (A Coruña). Actions such as the use of cups, glasses and glass bottles (to avoid single-use plastics) and the rigorous separation of food leftovers help us to better manage waste while helping to reduce food wastage at our headquarters.

5.7. Collaborating to generate value in the community

Related material topics: Stakeholder engagement; Value creation.



Our mission goes beyond the purely economic aspect to add value and contribute to social development. At Inditex, we implement a number of initiatives and participate in various projects in order to respond to that social commitment. Collaboration on this front is crucial to generate value in the various communities. The performance of the various programmes is assessed by measuring inputs, achievements and impacts.

For more information on our initiatives in connection with community investment, see the Community Investment Report, which will be available on the Inditex corporate website.

2021 MILESTONE

The Group has renewed its agreements with *Médecins Sans Frontières*, Medicus Mundi and *Entreculturas*, organisations it regularly works with.

Our Company's investment in the community aims to contribute to the development of society, especially in the geographic areas where we operate. The initiatives we promote fulfil the following principles:

- They are **voluntary,** since there is no kind of legal obligation for their implementation.
- They are **charitable** and/or they target social and/or environmental benefit, since the beneficiary organisations we work with tend to share this characteristic[95].

In the Group we understand Corporate Community Investment (CCI) as an opportunity to contribute to the United Nations 2030 Agenda for Sustainable Development through our engagement, either through our business resources (in cash or in-kind), or in terms of time of the employees that make up our staff.

Inditex's **Corporate Citizenship Policy** (available on our website) guides our community investment strategy. In this regard, Inditex's community investment is carried out primarily through our engagement with specific projects. Generally speaking, we prioritise long-term strategic projects for specific activities, together with non-profit organisations, always subject to a thorough monitoring and accountability process, rather than occasional contributions for the general purposes of these organisations. Moreover, we subject the social initiatives in which we are involved to a rigorous process

[95] Nevertheless, they may also sometimes involve inputs that benefit entities that are not always non-profit organisations. In those cases, they always involve a social welfare purpose.

of measuring inputs, achievements and impacts. To do this, we follow the measurement methodology of Business for Societal Impact (B4SI), formerly known as LBG, based on:

- Careful assignment of inputs in the community.
- Measuring achievements.
- Evaluating the impact of the different components of the project, in order to assess both the benefit and the programme as a whole.

In 2021, we have continued to strengthen the link between our community investment model and the United Nations Sustainable Development Goals. This commitment is embodied in specific projects which address the following issues:

- Education, understanding as such proceedings focused on providing opportunities through quality education which gives young people the opportunity of a decent life and encourages social justice and their personal growth;
- Social welfare, referring to all initiatives which encourage employment and entrepreneurship of vulnerable groups, encouraging labour integration of people at risk of social exclusion; and
- Emergency Relief, meaning all relief actions focusing on protecting life, health and wellness of people in emergency situations on account of natural disaster or similar circumstances.

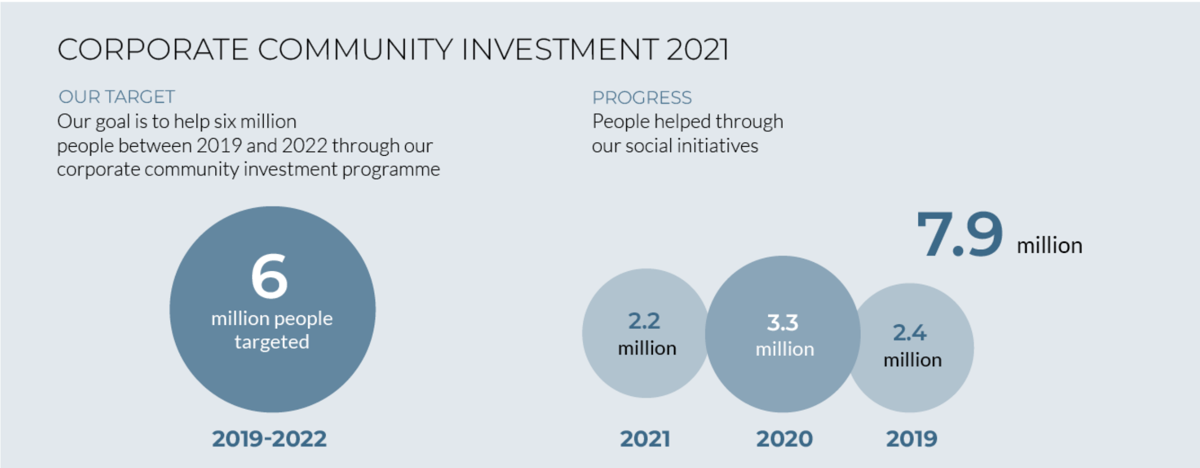
The main specific examples of these three lines of action in 2021 were as follows:

- Strengthening regular collaboration in development cooperation and emergency relief by signing new agreements with organisations such as Medicus Mundi, *Entreculturas* and *Médecins Sans Frontières*.
- Executing cooperation initiatives within the framework of the strategic partnerships between Inditex and entities such as Water.org, Every Mother Counts, *Entreculturas* and Cáritas, among others.
- Encouraging contributions in kind of articles from our collections for social causes; especially through our partnership with UNHCR.
- The launch of new commercial initiatives in the community, such as the solidarity Zara Tribute collection to help the Franca Sozzani Fund for Preventive Genomics, or the renewal and expansion of the Massimo Dutti for&from Allariz, in collaboration with the Galician Confederation of People with Disabilities (COGAMI), among others.
- The launch of new academic and educational projects, such as those launched with Fudan University to support the MBA Spain Immersion Program of School of Management; or the Inditex Scholarship and Teaching Fund in collaboration with Huazhong University of Science and Technology.

- The performance of education and research initiatives within the framework of the partnerships established between Inditex and universities such as Tsinghua University, Massachusetts Institute of Technology (MIT), University of A Coruña, University of Santiago de Compostela or Comillas Pontifical University.

- The activation of extraordinary emergency programmes such as those developed with the Red Cross in India as a result of the covid-19 pandemic, and in Spain on the back of the volcano eruption in La Palma; as well as the project launch alongside the China Women Development Foundation and the China Environmental Protection Foundation as a result of the severe flooding in Henan in July 2021.

In total, this year we have launched **725 social initiatives** that have directly benefited more than **2.2 million people**. Our annual community investment exceeded **63.5 million euros** and has focused on those sustainable development goals most closely related to our activity.



Since 2019 we have benefited a total of 7.9 million people with our community investment programs, thus achieving a year earlier and exceeding our goal of benefiting 6 million people established for the 2019-2022 period. In this same period we have invested a total of 184.5 million euros in social programs.

Corporate Community Investment 2021*

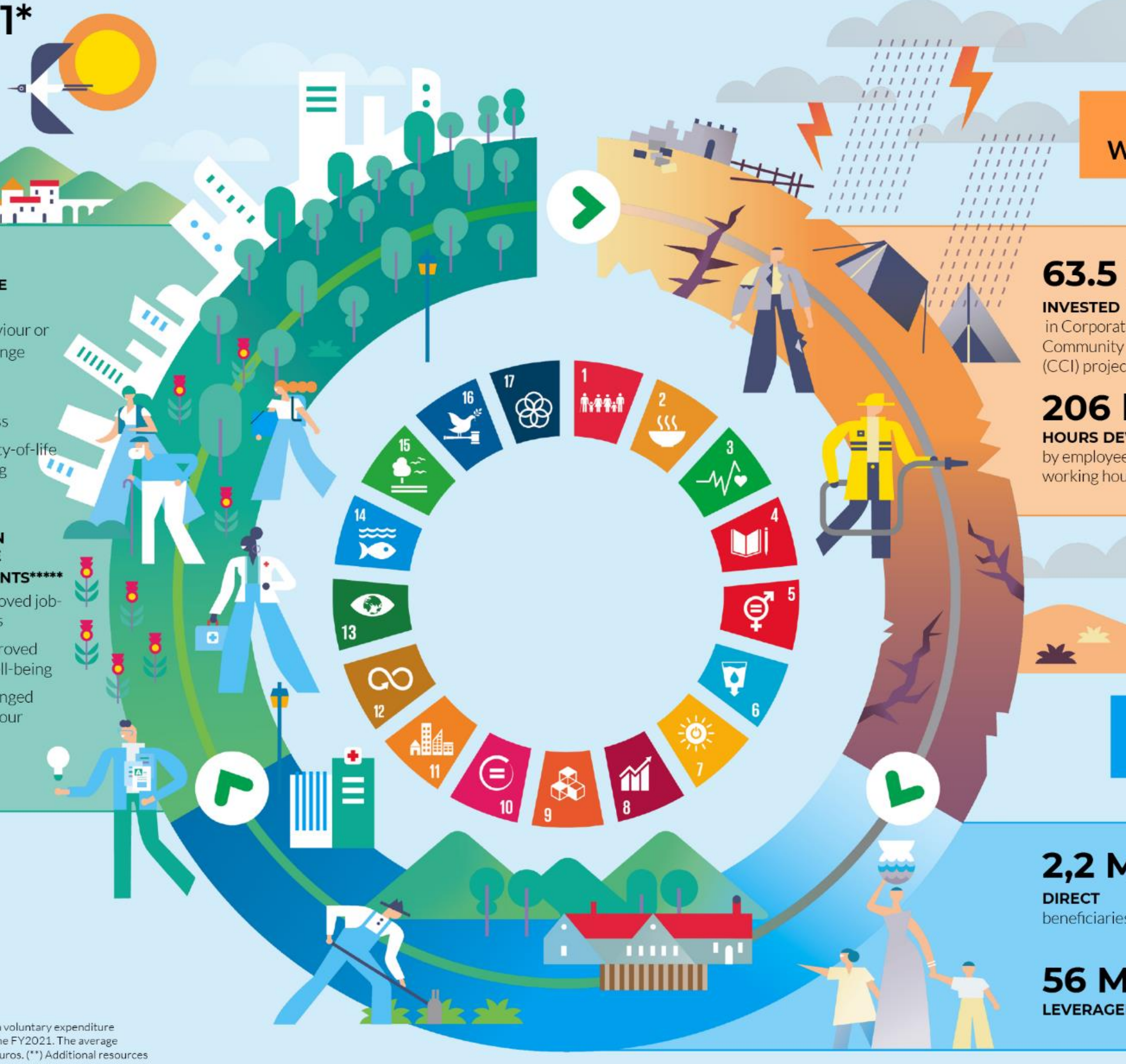
Impacts
What changes?

IMPACT ON PEOPLE (DEPTH)***
9% connection
65% improvement
26% transformation

IMPACT ON PEOPLE (TYPE)****
22% behaviour or attitude change
1% skills or personal effectiveness
93% quality-of-life or well-being

IMPACT ON COMMUNITY ORGANIZATIONS****
100% improved or new services
96% improved management processes
86% taken on more staff or volunteers
87% increased their profile

IMPACT ON EMPLOYEE PARTICIPANTS*****
98% improved job-related skills
100% improved personal well-being
100% changed their behaviour



Inputs
What's contributed?

63.5 M€
INVESTED in Corporate Community Investment (CCI) projects

5.9 M
GARMENTS donated to social causes

206 k
HOURS DEVOTED by employees to CCI activities during working hours

Outputs
What happens?

2,2 M
DIRECT beneficiaries

427
COMMUNITY ORGANIZATIONS supported

56 M€
LEVERAGED**

725
SOCIAL INITIATIVES implemented

(*) Data calculated in accordance with B4SI methodology based on voluntary expenditure by Inditex on Corporate Community Investment projects during the FY2021. The average exchange rate of FY2021 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 2,184,117 direct beneficiaries (****) Impact assessment carried out on 230 community organisations supported by Inditex, on 71 long-term strategic projects. (*****) Impact assessment carried out on 100 employees volunteering in 9 countries.

Corporate Community Investment 2021

29%
Increase in Corporate Community Investment (CCI) compared to 2019

INCREASE IN INVESTMENT

Compared to the years prior to the pandemic, we have significantly increased our Corporate Community Investment (CCI), reaching **63.5 million euros.**

COLLABORATION BEYOND CASH CONTRIBUTIONS

61%
increase garments donated to social causes compared to 2020

16%
increase time contributions by employees compared to 2020

We have boosted in-kind contributions, exceeding **5.8 million items donated** in 2021, as well as time contributions from employees during working hours, which have exceeded **200,000 annual hours** for the first time.

97%
contributions driven by strategic investment

MAXIMISING THE EFFECTIVENESS OF CONTRIBUTIONS

By adopting a strategic approach, we maximise the effectiveness and impact of our social programmes

FOCUS ON SRATEGIC COMMUNITY PROJECTS

For yet another year, we have focused investment on proactive strategic projects (community investment and commercial initiatives in the community), as opposed to charitable gifts in response to short-term or one-off events.

88%
of CCI focused in 6 SDG's

79%
of CCI focused in 3 priority issues

ALIGNMENT WITH SDG'S AND COMPANY'S BUSINESS DRIVERS

WE FOCUS OUR INVESTMENT TO INCREASE IMPACT

SDGs

88% of CCI is focused on social initiatives with SDGs 3, 4 5, 8, 10 and 12 as their main objective

Issue addressed

79% of CCI aimed at strengthening the priority issues defined in the Corporate Citizenship Policy – education, social welfare and emergency relief.

MAXIMISING EFFECTIVENESS IN UNLOCKING ADDITIONAL RESOURCES FOR COMMUNITY

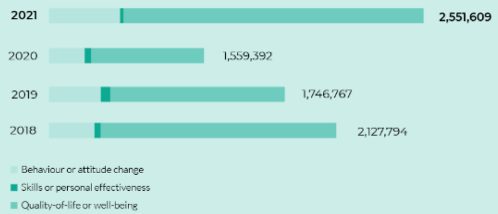
In 2021, the additional resources leveraged by our community activities as a result of the contributions made from sources other than the Company — employees, customers, suppliers, etc.— amounted to 56 million euros, which represents a 45% increase on the previous year.

45%
increase in additional funds raised or contributions levered from other sources

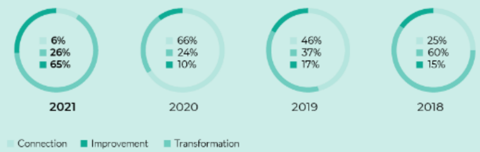
INCREASING LEVERAGE

IMPACT ON PEOPLE

TYPE OF IMPACT



DEPTH OF IMPACT



64%
increase in the number of positive impacts on direct beneficiaries

MAKING GREATER IMPACT

2,551,609 positive changes experienced by the beneficiaries, who have gained in quality of life, skills development and improved attitude, compared to 1,559,392 the previous year.

Additionally, the depth of impact has increased significantly compared to previous years.

Inputs > Outputs > Impact

5.7.1. Inputs

GRI 103-2; 103-3; 203-1; 413-1; 413-2; AF33 and AF34

In 2021, the **Inditex Group allocated 63.5 million euros to social initiatives**. As for the type of inputs made, the information is classified into the following categories:

- **Cash contributions**, which is the aggregate monetary amount invested by Inditex in the development of social programmes together with non-profit organisations.

- **Time contributions,** which is the proportional cost of employees' paid time spent on activities of a social nature during working hours.

- **In-kind contributions,** which include donations of products—garments, mainly—to non-profit organisations.

- **Management costs,** which include the estimated expenses incurred for the general management of social programmes.

In 2021, in keeping with the strategy defined in our Corporate Citizenship Policy, we have significantly increased contributions in kind. We have also notably strengthened the time contributions by employees of their time during their working hours.

In total, **we have donated 5.9 million articles to social causes and our employees have devoted more than 206,000 hours from their working hours to social initiatives.** General management costs remained stable year-on-year.

Likewise, we at Inditex report our voluntary contributions to the community, according to the following classification:

- **Charitable gifts:** One-off institutional donations to the general goals of community organisations.

- **Community investment**, understood as the Group's long-term commitment to collaborating with the community to support specific social activities.

- **Commercial initiatives in the community**, with the support for programmes of social interest directly related to the Company's ordinary activity.

In 2021, **the inputs considered to be strategic** (community investment and commercial initiatives in the community) **accounted for 97% of total investment**, thus maximising the efficacy and broadening the impact of our social projects.

With regard to the strategic action areas defined in the Corporate Citizenship Policy, 79% of the investment in social programmes has been allocated to activities related to social welfare, education and emergency relief.

In relation to the **geographic areas** where social programmes are implemented, our Company prioritises regular contributions to the communities made at corporate level in the geographic areas where the Group operates, most notably in Inditex clusters (defined and listed in section *5.5. Collaborating so our suppliers grow* of this Report). Likewise, the scope of action of the Group's subsidiaries on social matters is limited to their national territory, implementing local projects that maximise the positive impact within their sphere of influence.

DISTRIBUTION OF CORPORATE COMMUNITY INVESTMENT IN 2021	
By issue addressed	
Emergency relief	36%
Social welfare	31%
Education	12%
Other (environment, health, economic development, art and culture)	21%
By geographic area	
Europe ex-Spain	14%
Spain	34%
Americas	17%
Asia and rest of the world	35%
By SDG	
SDG 3. Good health and well-being	15%
SDG 4. Quality education	6%
SDG 5. Gender Equality	5%
SDG 8. Decent work and economic growth	9%
SDG 10. Reduced inequality	32%
SDG 12. Responsible consumption and production	21%
Others	12%

As for the input made by our Company towards the UN Sustainable Development Goals, the primary SDG (and secondary SDG, if applicable), has been identified in respect of the social initiatives implemented during the year. As a result, and consistent with our activity, we have materially contributed to **SDGs 5, 8 and 12**. Additionally, we have significantly contributed to **SDGs 3, 4 and 10**. Specifically, we have allocated 88% of our Corporate Community Investment (CCI) to initiatives that had one of these SDGs as their main objectives.

CORPORATE COMMUNITY INVESTMENT EVOLUTION FOR 2018-2021 (€ MN)				
	2021	2020	2019	2018
Total Corporate Community Investment	**63.5**	**71.8**	**49.2**	**46.2**
By form of contribution (management costs included)				
Cash	31.8	50.2	33.2	30.1
Time	6.2	5.3	3.7	3.5
In-kind	24.2	15.0	11.7	11.9
Management costs	1.3	1.2	0.6	0.6
By category (management costs excluded)				
Charitable gifts	1.7	1.9	1.6	1.8
Community investment	45.7	55.2	36.7	36.2
Commercial initiatives in the community	14.8	13.5	10.3	7.6

Charitable gifts

One-off institutional donations to the general goals of charities.

Community investment

Long-term strategic commitment to support specific social activities.

Commercial initiatives in the community

Initiatives of social interest directly related to the Company's commercial activity.

5.7.2. Outputs

GRI 103-2; 103-3; 203-1; 413-1; 413-2; 308-2; AF33 and AF34

In 2021, we launched **725 social initiatives,** compared to 703 in the previous year. These initiatives have directly benefited **more than 2.2 million people.**

A breakdown of the circumstances of the 2.2 million direct beneficiaries is as follows:

Distribution of the people benefited by social programmes in 2021 on the basis of their situation	
95%	
Living in developing countries	57%
Low income	27%
Refugees	7%
In situation of vulnerability	2%
Immigrants	2%
5%	
Other profiles[96]	

As for the **number of community organisations** supported by Inditex in 2021, we have made contributions to a total of 427 such entities. The amount of benefiting community organisations were 439, 421 and 413 in 2020, 2019 and 2018, respectively.

More information in section *5.7.4. Key programmes* of this Report.

In terms of **leverage**, the additional resources raised by our social programmes in 2021, as a result of the contributions from third parties (employees, customers, etc.) amounted to **56 million euros**. Most of the leverage generated is from initiatives run by Water.org —resulting from the additional capital released by microfinance institutions—, Moda Re —through the collection of garments— and from the donations made by our employees through their payroll giving schemes.

[96] 'Other profiles' refers to people with a disability, the victims of a catastrophe or natural disaster, people who are unemployed or who belong to ethnic minorities, among others.

5.7.3. Impact

GRI 103-2; 103-3; 203-1; 413-1; 413-2; AF33 and AF34

a) Community impacts

Impact on people

To ascertain the effectiveness of the social programmes we carry out, we analyse them from the perspective of both the depth and the type of impact.

In terms of **depth,** the effects on the beneficiaries of the initiatives in which we are involved are broken down into three categories, with the figures computed at each level being mutually exclusive:

- **Connection**, which represents the number of people reached by an activity who have reported some limited change as a result of a programme.

- **Improvement,** meaning the number of people who have reported some substantial improvement in their lives as a result of the project.

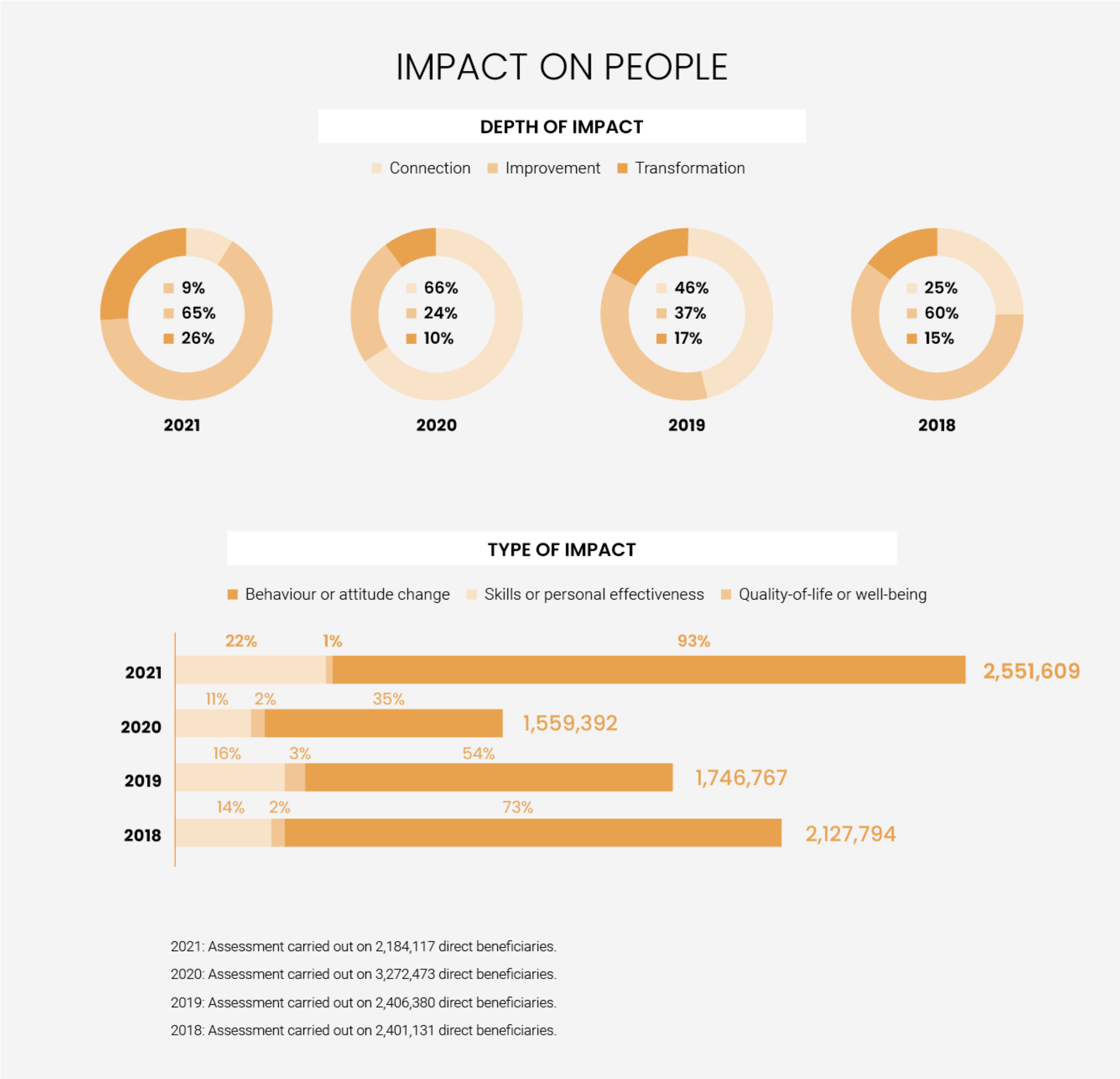
- **Transformation**, meaning the number of people who have reported a fundamental change in their circumstances as a result of the improvements made.

With regard to the **type of impact,** we classify the changes in beneficiaries in the following three categories. In some cases, a single beneficiary may experience several types of impact:

- **Positive change in behaviour or attitude,** when the activity has helped generate behavioural changes that improve people's lives. It can also mean that the programme has changed negative attitudes or prejudices and enabled people to make better decisions.

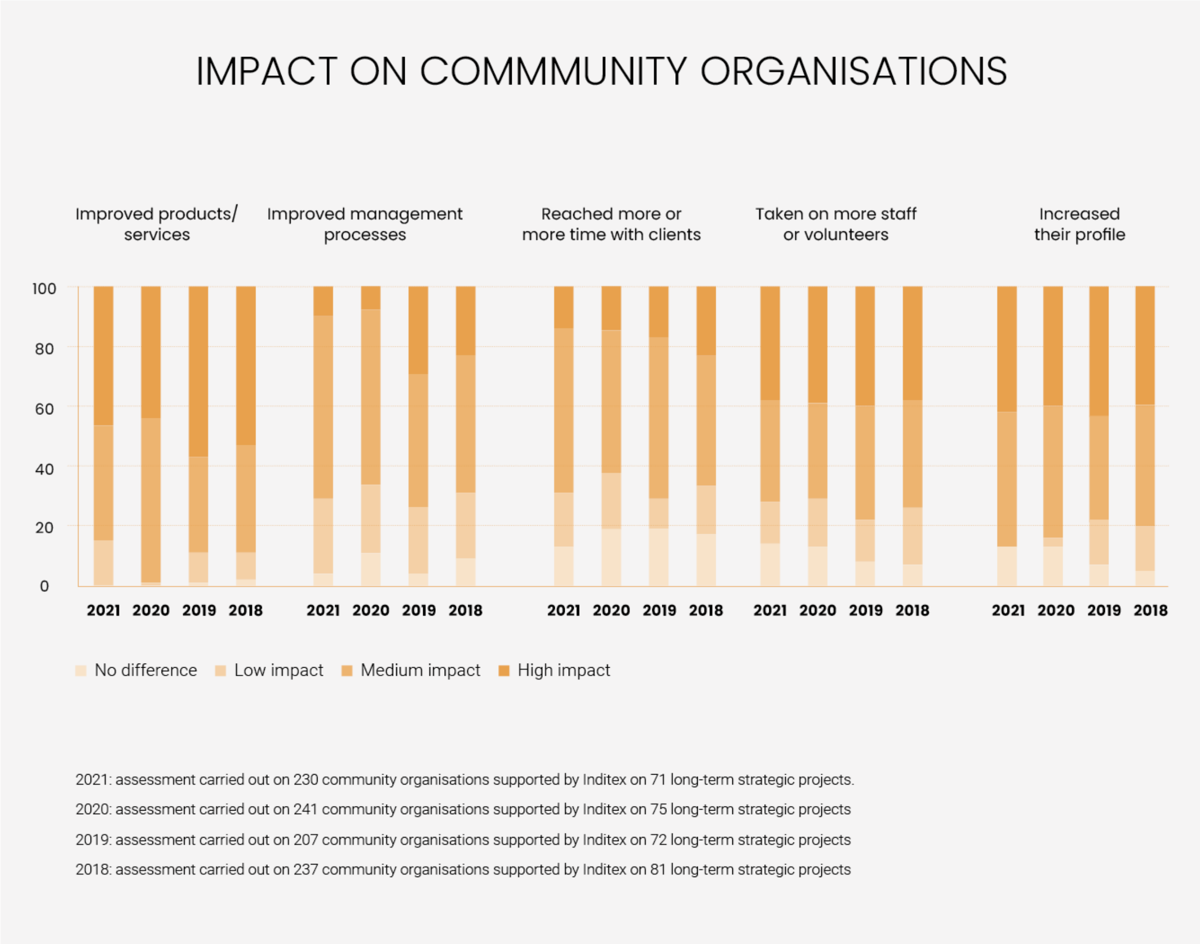
- **Development of skills,** meaning that the activity has helped to develop new abilities or improve existing abilities, enabling them to develop academically, socially or physically.

- **Improvement in quality of life,** meaning that the activity has helped people to be healthier or happier, since they have improved their physical, emotional or social well-being.



Impact on community organisations

In addition to the analysis of the impact on the beneficiaries of the Company's social projects, we analyse the effects on the beneficiary community organisations of the community investment projects carried out.



b) Business impacts

In addition to assessing the impact on the community, both on individuals and community organisations, we analyse the return for the Company derived from the Corporate Community Investment, both from the perspective of the participating employees and the business itself.

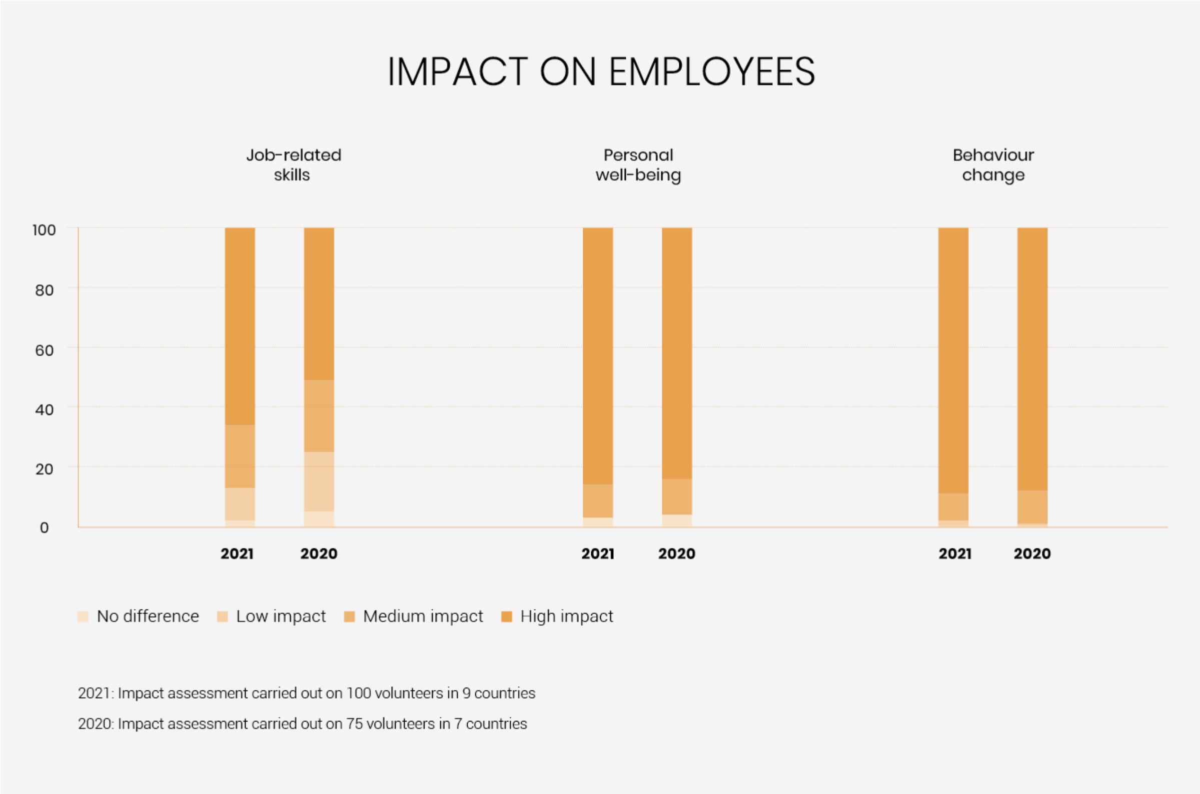
Impact on employees

The impact on the participating employees is related to the change that occurs after the social initiative has been carried out by the Group. To measure this, we use surveys to ask 15 questions grouped into three key indicators: skills development, personal well-being and positive change in the perception of the company.

- Job-related skills: improvements in core, job-related competencies such as communications, teamwork or leadership skills.

- Personal well-being: changes in areas like self-confidence, job satisfaction and pride in the Company.

- Behaviour change: changes in behaviour such as increased volunteering or being a more vocal advocate of the Company.

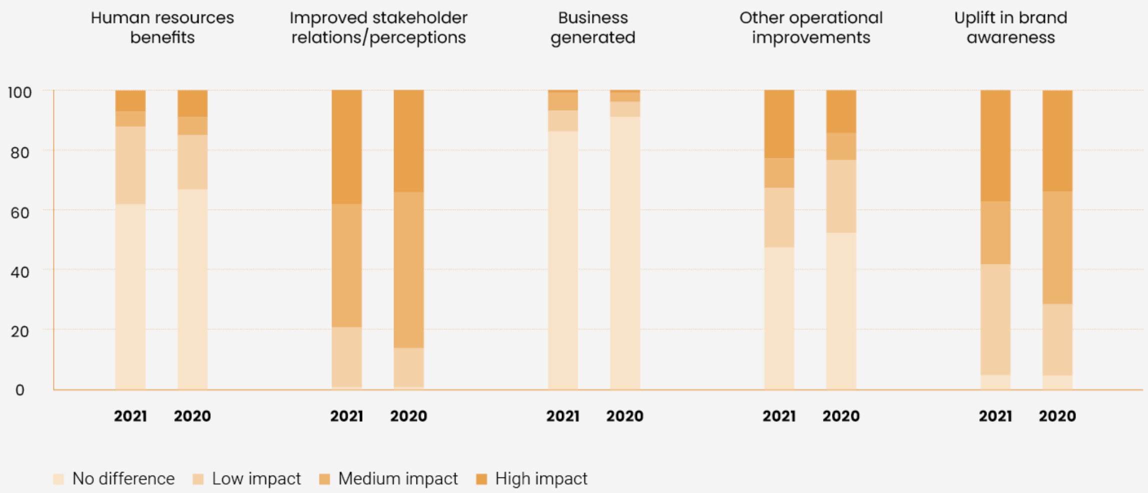


Impact on the business

With regard to the impact on the Company itself, we evaluate the return in five areas, namely:

- **Human resources benefits:** improvements in the Company through increased commitment, recruitment or performance, linked to the social initiative carried out.
- **Improved stakeholder relations and perception:** improved perception by external stakeholders, especially opinion leaders, based on the social initiative carried out.
- **Business generated:** contribution to new business such as increased sales linked to causal marketing activities or new market opportunities.
- **Other operational improvements:** indicator linked to aspects such as increased resilience of suppliers and/or the supply chain.
- **Uplift in brand awareness:** profit generated through improved brand awareness as a result of increased media coverage, for example.

IMPACT ON THE BUSINESS



2021: Impact assessment carried out over the 725 iniatives developed on the financial year.

2020: Impact assessment carried out over the 703 iniatives developed on the financial year.

More than 2.2 million people have benefited from the 725 social programmes in which we have been involved in 2021.

5.7.4. Key programmes

GRI 103-2; 103-3; 203-1; 203-2; 413-2; AF33 and AF34

Education

EPGO (Educating People, Generating Opportunities)

EPGO is a cooperation programme in collaboration with *Entreculturas* aimed at offering education and professional training to persons at risk of exclusion. Since its launch in 2014, the programme has directly benefited more than 583,000 people, in particular vulnerable girls and women, in Argentina, Bolivia, Ecuador, Spain, Lebanon, Mexico, Paraguay, Peru, South Africa, Uruguay and Venezuela. In 2021 the programme helped 69,000 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 to raise social awareness. It also conducts projects for the integration of refugees in European cities.

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 Social Development Practices.

The collaboration programme also involves research trips to A Coruña (Spain) for the university's students to broaden their knowledge and experience in fashion, logistics, environmental protection and sustainable development through Inditex and other companies. The collaboration also envisages the professional development of academic staff and the promotion of cultural activities in the Tsinghua campus.

Collaboration programme with the Massachusetts Institute of Technology (MIT)

The collaboration with MIT in education and research is structured around various action areas: creating Inditex chairs in areas such as operational research and sustainability; research and enhancement of knowledge in matters such as artificial intelligence, machine learning or data science; an Inditex scholarship for MIT students; and the development of research lines in areas such as textile recycling or the creation of new fibres using sustainable technologies.

Collaboration programme with the University of A Coruña (UDC)

The following projects are executed under this programme: Inditex-UDC Sustainability Chair to promote a space for community reflection, academic training and applied research on sustainability and social innovation; InTalent Programme that enables scientists with extensive international experience to conduct their innovation programmes at UDC's research centres; and grants to fund pre-doctoral research residencies in universities and research centres abroad, enabling them to complete their PhDs.

Social Welfare

Moda Re-

Moda Re- is a programme run by Cáritas and 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, since its creation some 2.3 million articles have been donated to vulnerable people, more than 75,000 tonnes of clothing have been collected and 61 second-hand clothing stores have been opened or refurbished. The programme currently generates 1,000 jobs, 500 of them the result of insertion initiatives.

Employment and Training Programme in Spain

Inditex has been supporting the Cáritas 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 13 million euros since the collaboration began, is structured around various lines of action: promotion of social economy enterprises; support for self-employment; and improvement of professional training. Thanks to this programme, 7,482 persons in situations or at risk of exclusion, have improved their employability, and 2,537 persons have found a job.

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.

Water.org Programme

We have been working with Water.org since 2015 to improve access to drinking water and sanitation for vulnerable families through microloans in countries such as Bangladesh, Cambodia and India, and in various Latin American regions. The idea is to provide people on low incomes with access to affordable loans to cover their water and sanitation requirements. In the wake of Inditex's input of more than 7.5 million dollars in 2015-2021 (more than 6.7 million euros at the 2021 year-end exchange rate), local banks released another 218 million dollars (more than 195 million euros at the 2021 year-end exchange rate), enabling 553,000 loans to be granted. Consequently, more than 2.1 million people have improved their access to water and sanitation.

for&from

for&from is a social/workplace integration programme for people with disabilities that is based on launching retail establishments under the image of the Inditex's different brands. These stores are managed by non-profit organisations and staffed by people with disabilities. Inditex makes an initial outlay to build the store and, from then on, the community organisations manage a self-sustaining model through the sale of products from previous seasons. The proceeds go entirely to the managing organisations to fund projects that help people with disabilities. The programme currently has 15 stores, including the expansion in 2021 of Massimo Dutti *for&from* Allariz, and generates 200 jobs and stable income for the managing organisations.

Salta

Salta is an Inditex programme aimed at incorporating young people in situations or at risk of social exclusion into the labour market through training and job opportunities. The aim is to integrate vulnerable persons in our stores, factories or logistics centres. More than 1,500 people have been trained and joined Inditex through *Salta*. The programme currently operates in 13 markets: Germany, Brazil, South Korea, Spain, the United States, France, Greece, Italy, Mexico, Poland, Portugal, the United Kingdom and Turkey.

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-Tetouan-Al Hoceima and Casablanca-Settat regions. In 2021, our partnership with Medicus Mundi received a strong boost when we signed a new three-year agreement. This latest intervention, with 1.2 million euros in Inditex funding, continues work in areas such as occupational risk prevention and adds the implementation of protocols against sexual and moral harassment at the workplace. It also focuses on improving the health and social context of the sector, through activities for the socio-occupational integration of vulnerable groups, support for the local public healthcare system and the promotion of sexual and reproductive health. The programme plans to expand its activities into neighbouring countries like Tunisia.

China Programme

In 2021, Inditex has continued to strengthen its relationship with strategic partners in connection with community investment in China. Specifically, it has worked with the China Development Research Foundation (CDRF) in the donation of 201,000 units of medical material to mitigate the consequences of the pandemic in Hubei province. Furthermore, to alleviate the impact of the floods that hit Henan province in July, Inditex donated one million yuan through the China Women Development Foundation and gave material worth more than 10 million yuan via the China Environmental Protection Foundation to help those affected.

With regard to education, in addition to the programme with Tsinghua University, we joined forces with Fudan University in Shanghai to support its business school's MBA Spain Immersion Program. The Inditex Scholarship and Fund for Education and Training at Huazhong University of Science and Technology was set up to support the construction and launch of an Economics Faculty.

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 catchment area of Inditex's main headquarters. In 2021, 423 emergency social benefits were handled, 319 requested by women and 105 by men. These emergency benefits were used mainly for housing, school meals and utility expenses (water and electricity).

Alentae

Alentae is a project run by the Galician Confederation of People with Disabilities (COGAMI) in cooperation with Inditex, aimed at helping people with disabilities to access the labour market. In 2021, a special employment centre was created to manufacture surgical masks, supported by Inditex which donated five automated production lines worth 1.5 million euros, with a monthly production capacity of 13 million units. In addition, the facilities, located in Bergondo (A Coruña), were fully refurbished by the Group to adapt to the requirements for producing surgical masks.

Zara Tribute

Zara Tribute is an initiative launched by Zara in 2021 to promote and channel support for community activities through the design, launch and sale of capsule collections from the brand. Every season, these capsule collections share a common thread and specific theme linked to community investment. Furthermore, the proceeds from the sale of these limited editions are donated to the organisations involved in the initiative.

In its first season, Zara presented the Tribute Collection, commemorating and celebrating the great talents of the fashion world in the 1990s, with a particular focus on top models and the pioneering work of photographer Peter Lindbergh. The project is sponsored by the Peter Lindbergh Foundation and curated by Fabien Baron. The proceeds of Zara Tribute 01 were allocated to the Franca Sozzani Fund, created in honour of the late Franca Sozzani, the legendary editor of Vogue Italy, admired for her creative spirit and for having revolutionised fashion. The organisation supports research into genomic sequencing to drive the development of preventive medicine.

Emergency relief

MSF Programme

Médecins Sans Frontières 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 more than 30 million euros over this period, six million people threatened by armed conflict, epidemics, diseases or natural disasters have received medical care from MSF health workers.

Supporting the MSF Emergency Unit

In 2011 we began collaborating with *Médecins Sans Frontières* (MSF) with the aim of guaranteeing an immediate response to medical-humanitarian crises anywhere in the world. Since then we have helped provide assistance to more than four million vulnerable people without access to medical care in around 70 countries. In 2021 we fully financed the structure of the Emergency Unit (based in Barcelona, Spain), as well as part of the regional teams in the Democratic Republic of Congo (the RUSK), in the Central African Republic (the EURECA) and in Ethiopia (the ESS).

Access to healthcare for the Rohingya community in Bangladesh

In response to the medical and humanitarian needs of the Rohingya community in Bangladesh, Inditex has been supporting *Médecins Sans Frontières'* projects there since 2017. Hundreds of thousands of people have been helped through this cooperation, in particular women and children under five. Specifically, with our support in 2021, among other actions, MSF teams have carried out 36,475 outpatient consultations, 20,450 visits to emergency departments and 6,979 hospital admissions. In addition, the vaccination record of 4,836 children has been updated and 1,599 births were attended to.

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. In 2021, supported by Inditex, MSF health workers carried out 20,775 outpatient consultations and 4,597 mental health consultations.

Caring for mothers and children at Port-à-Piment, Haiti

As a result of the earthquake that hit Haiti in August 2021, Inditex triggered an emergency plan in cooperation with MSF with the aim of helping to mitigate the impact of this catastrophe. Specifically, Inditex focused its efforts on supporting the maternity and children's hospital in Port-á-Piment to guarantee its ongoing operation after the earthquake. In 2021, MSF professionals carried out 3,016 pre-natal consultations, assisted 615 births and conducted 3,161 consultations in connection with family planning at the Port-à-Piment maternity and children's hospital.

UNHCR Programme

For the second year running, Inditex and UNHCR, the United Nations High Commissioner for Refugees, implemented their ambitious programme of gifts in kind to help clothe refugees and internally displaced people. Through this initiative, which is rolled out in conjunction with various suppliers, Inditex supports UNHCR in its task of sheltering refugees who have been forced to abandon their homes and all their possessions, and helping to restore their dignity. In 2021 more than 2.4 million articles from our collections were donated to UNHCR to help clothe refugees in Uganda, Rwanda and Burkina-Faso. Humanitarian emergency assistance was also provided in the aftermath of the wildfires in Greece, the arrival of migrants to the coast of the Canary Islands (Spain), and of Afghan migrants to Turkey.

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 77,000 refugees or displaced persons, especially children, adolescents and 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 2021, in light of the humanitarian crisis stemming from the situation in Venezuela, Inditex decided to support another three-year programme to assist displaced persons that will be carried out in Venezuela, Colombia, Ecuador and Brazil.

La Palma Volcano Programme

As a result of the eruption of the volcano on the island of La Palma (Canaries, Spain), Inditex activated an emergency response programme in cooperation with the Red Cross which resulted in the donation of more than 47,000 Zara Home articles to supply 300 homes to relocate families who lost theirs to the volcano.

The material, sent to La Palma from our Cabanillas logistics platform, included blankets, sheets, quilts, towels, table cloths, cutlery, hygiene products, dishes and glasswear to equip the homes of the families affected.

Emergency programme in India

In May 2021, South Asia rapidly became the new global epicentre of the covid-19 pandemic. Against this backdrop, Inditex launched a programme in cooperation with the International Federation of Red Cross and Red Crescent Societies (IFRC) and the Red Cross in India with the aim of responding to this emergency.

This programme, to which Inditex provided funding of five hundred thousand euros, was aimed primarily at meeting the following needs:

- Supplying ambulance services, first aid, healthcare and oxygen to some of the most vulnerable people.
- Supporting the local administration in surveillance, screening at state borders, testing and the creation of isolation/quarantine facilities,
- Distributing soap, masks and hygiene kits to people in need.

Other issues addressed

In addition to the programmes described above, in 2021 we allocated 21% of our corporate community investment to initiatives linked to the environment, economic development, healthca, art and culture.

Likewise, in 2021 we have continued to support research institutions such as *Fundación Pro CNIC*, Massachusetts Institute of Technology (MIT), *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 concepts and subsidiaries to help further the general aims of non-profit organisations. We earmarked 1.7 million euros in 2021 for charitable gifts in connection with requests from non-profit organisations, which were distributed among more than 150 entities.

5.8. Fiscal responsibility and transparency

GRI 103-2; 103-3; 201-1; 201-4; 207-1; 207-2; 207-3; 207-4; AF33 and AF34

Related material topics: Value creation.

9 INDUSTRY, INNOVATION AND INFRASTRUCTURE

Strict compliance with our tax obligations also fulfils our commitment to create value and develop a positive social impact.

For Inditex, strict compliance with our tax obligations is a fundamental principle in all the markets where we operate. 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, manufacturing, 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 for the 2021 financial year in accordance with the recommendation contained in section 2.4 of the Code.

Below is a breakdown of profit before taxes by market for 2021 (millions of euros) [97]:

Markets	2021	2020	2019	2018
Americas	**645**	**(129)**	**359**	**294**
Brazil	61	(30)	63	74
Canada	33	(9)	27	17
United States	253	(48)	84	50
Mexico	213	(43)	146	116
Others	85	1	39	37
Asia & Rest of the world	**393**	**60**	**657**	**561**
Australia	14	(2)	13	11
China	198	1	375	364
South Korea	34	6	57	24
Japan	44	17	83	56
Kazakhstan	23	14	22	15
Others	80	24	107	91
Spain	**1,083**	**640**	**1,805**	**1,650**
Spain	1,083	640	1,805	1,650
Europe	**1,785**	**388**	**1,720**	**1,417**
Germany	44	1	51	14
Belgium	36	(2)	26	83
France	127	28	101	139
Greece	30	15	41	31
The Netherlands	202	9	328	274
Hungary	7	(2)	11	12
Italy	121	(48)	93	83
Poland	25	3	44	38
Portugal	62	(1)	77	63
United Kingdom	98	30	78	34
Romania	66	31	67	67
Russia	240	86	229	154
Switzerland	409	145	307	257
Ukraine	58	39	54	28
Others	260	54	213	140
Profit before Tax	**3,906**	**959**	**4,541**	**3,922**
Consolidation	293	442	140	506
Consolidated profit/(loss) before taxes	**4,199**	**1,401**	**4,681**	**4,428**

[97] Profit before tax in 2021 results from the application of the International Financial Reporting Standards (IFRS), including the application of the accounting standard for leases IFRS 16 and excludes the result of the dividend distribution of other subsidiaries of the Group, capital gains from the sale of intra-group holdings, as well as provisions for portfolio impairments in Group subsidiaries. Profit before tax is conditioned by the 'headquarters effect' and compliance with international regulations on transfer pricing (OECD Guidelines) whereby the result derived from design, supply, logistics and distribution functions is allocated to certain markets and, therefore, does not represent the Group's profitability in each market.

In 2021, the effective overall income tax rate was 22.6%, and the accrued income tax expense (in million euros) was as follows:

Markets	2021	2020	2019	2018
Americas	**164**	**38**	**120**	**93**
Brazil	17	-	14	18
Canada	2	6	6	5
United States	64	6	41	20
Mexico	49	15	42	38
Others	32	11	17	12
Asia & Rest of the world	**59**	**62**	**123**	**119**
Australia	1	4	4	3
China	20	20	56	71
South Korea	10	7	14	6
Japan	10	19	28	21
Kazakhstan	4	5	5	4
Others	14	7	16	14
Spain	**195**	**103**	**372**	**360**
Spain	195	103	372	360
Europe	**383**	**222**	**392**	**383**
Germany	7	(6)	12	5
Belgium	7	(1)	6	24
France	27	15	30	52
Greece	7	1	10	12
The Netherlands	106	84	127	101
Hungary	0	1	1	1
Italy	3	6	21	25
Poland	10	18	14	12
Portugal	14	5	16	14
United Kingdom	18	8	15	7
Romania	7	1	9	10
Russia	48	18	41	34
Switzerland	79	48	58	60
Ukraine	10	7	10	5
Others	40	17	22	21
	800	**425**	**1,007**	**955**
Consolidation	80	42	116	110
Income tax[98]	**880**	**467**	**1,123**	**1,065**

[98] Reported income tax corresponds to the obligation to pay the Corporate Tax, or another of a similar nature, paid in the current year, or to be paid in the following year, linked to the result before taxes by market, in accordance with the provisions in the Informative Guide on Non-Financial Information and Diversity published by the Institute of Accounting and Auditing of Accounts: In the current year, the payment obligation could be conditioned in some markets by the tax effect associated with tax losses derived from covid-19 generated in this year and, particularly, in the previous year. In this case, these tax losses have been offset in the current year.

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 questionable nature for tax purposes, putting shell companies located in territories considered as tax havens by the Spanish legislation or uncooperative territories by the Spanish legislation. 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	7,554	5
MONACO	6,132	1
Total	**13,686**	**6**

In the current financial year, the Group has made use of legal instruments approved by the authorities of different foreign markets, among which Canada, Japan, France, Austria and the Czech Republic could be highlighted, to offset the costs of occupation and other negative impacts derived from the restrictions caused by covid-19, which has made it possible to recover around 31 million euros.

Likewise, section 5.9.2. Compliance and criminal risk prevention system of this Report, sets out the measures that Inditex has adopted within the framework of stopping money laundering and the financing of terrorism. In addition, this year we received the Tax Compliance Management System Certificate in accordance with the UNE 19602 standard issued by the AENOR certification body.

In the financial year 2021, and in compliance with our tax obligations, Inditex's total tax contribution amounted 6,093 millions of euros, of which 2,423 millions of euros were direct taxes paid and 3,670 millions of euros were taxes collected on behalf of third parties in the territories and markets where the Company operates. In order to standardise the tax disclosures and denominations of these territories, PwC's Total Tax Contribution methodology is used. In it, taxes are divided into five categories:

- Income tax. This includes tax payable on profits earned by companies (such as corporate income tax or business tax), as well as taxes collected and some withholdings on payments to third parties.

- Property tax. Tax payable on the ownership, sale, transfer or occupation of property.

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

- **Tax on products and services**. Indirect taxes on the production and consumption of goods and services, such as VAT or customs duties, among others.

- **Environmental tax.** Duties relating to the supply, use or consumption of products and services that, in one way or another, affect the environment.

Direct tax		Taxes collected	
Income tax	760	Income tax	120
Property tax	84	Property tax	10
Personal tax	663	Personal tax	659
Tax on products and services	905	Tax on products and services	2,880
Environmental tax	11	Environmental tax	1
Total	**2,423**	**Total**	**3,670**

Total tax contribution	**6,093**

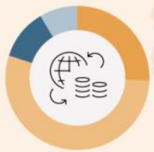
With respect to the tax contribution by markets, as Inditex's home market, Spain is home to the main product activities and resulting business. For this reason, and because it represents 14.4% of global sales, it is the Group's largest direct tax contribution market. In 2021, 1,501 million euros in tax were paid in Spain, i.e., 25% of the overall total.

TAX CONTRIBUTION

6,093
MILLION EUROS
TOTAL TAX CONTRIBUTION

2,423
MILLION EUROS
DIRECT TAXES

3,670
MILLION EUROS
TAXES COLLECTED



SPAIN
1,501
MILLION EUROS

AMERICAS
910
MILLION EUROS

EUROPE (*)
3,217
MILLION EUROS

ASIA & REST OF WORLD
465
MILLION EUROS

(*) Does not include Spain.

Spain	Direct taxes	Taxes Collected
	2021	2021
Spain	780	721
Total	780	721

Europe (*)	Direct taxes	Taxes Collected
	2021	2021
Germany	26	252
Belgium	9	101
France	84	360
Greece	16	107
Netherlands	85	113
Hungary	3	29
Italy	37	385
Poland	17	85
Portugal	14	165
United Kingdom	120	173
Romania	6	73
Russia	124	204
Switzerland	62	19
Ukraine	22	14
Others	169	342
Total	794	2,423

Americas	Direct taxes	Taxes Collected
	2021	2021
Brazil	90	47
Canada	50	36
United States	259	166
Mexico	141	48
Others	52	21
Total	592	318

Asia and rest of the world	Direct taxes	Taxes Collected
	2021	2021
Australia	15	19
China	66	108
South Korea	32	12
Japan	51	40
Kazakhstan	19	4
Others	74	25
Total	257	208

DIRECT TAXES PAID IN THE YEARS 2021-2018
(IN MILLION EUROS)

Markets	2021	2020	2019	2018
Americas	**592**	**357**	**623**	**489**
Brazil	90	53	108	100
Canada	50	41	53	43
United States	259	129	213	151
Mexico	141	101	194	136
Others	52	33	55	59
Asia & Rest of the world	**257**	**248**	**345**	**359**
Australia	15	11	12	10
China	66	79	138	173
South Korea	32	31	32	27
Japón	51	59	66	64
Kazakhstan	19	12	14	14
Others	74	56	83	71
Spain	**780**	**620**	**1,049**	**928**
Spain	780	620	1,049	928
Europe	**794**	**691**	**1,023**	**988**
Germany	26	18	32	33
Belgium	9	7	18	35
France	84	117	190	229
Greece	16	12	31	23
The Netherlands	85	117	166	108
Hungary	3	4	4	4
Italy	37	44	75	82
Poland	17	24	22	11
Portugal	14	20	29	46
United Kingdom	120	16	65	72
Romania	6	2	10	13
Russia	124	79	109	96
Switzerland	62	66	94	70
Ukraine	22	16	18	16
Others	169	149	160	150
Direct taxes	**2,423**	**1,916**	**3,040**	**2,764**

TAXES COLLECTED IN 2021-2018
(IN MILLION EUROS)

Markets	2021	2020	2019	2018
Americas	**318**	**177**	**320**	**271**
Brazil	47	34	84	79
Canada	36	23	35	33
United States	166	88	129	107
Mexico	48	22	52	35
Others	21	10	20	17
Asia & Rest of the world	**208**	**144**	**189**	**187**
Australia	19	17	25	21
China	108	59	96	109
South Korea	12	10	12	12
Japan	40	40	34	28
Kazakhstan	4	3	4	3
Others	25	15	18	14
Spain	**721**	**581**	**825**	**764**
Spain	721	581	825	764
Europe	**2,423**	**1,871**	**2,375**	**2,180**
Germany	252	189	228	201
Belgium	101	107	99	97
France	360	300	347	324
Greece	107	80	135	124
The Netherlands	113	97	85	86
Hungary	29	23	35	31
Italy	385	246	384	356
Poland	85	82	111	98
Portugal	165	151	203	191
United Kingdom	173	91	132	129
Romania	73	56	78	73
Russia	204	174	191	164
Switzerland	19	15	17	15
Ukraine	14	12	15	9
Others	342	248	315	282
Taxes collected	**3,670**	**2,773**	**3,709**	**3,402**

5.9. Good governance, corporate ethical culture and solid compliance architecture

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

Transmitting the corporate ethical culture to all internal and external stakeholders is paramount for Inditex, which has in place internal regulations to nurture the development of an ethical, efficient and competitive business model.

5.9.1. Internal corporate ethical culture

GRI 102-16; 205-1; 407-1 and 103-2

Inditex's Compliance System is based on the implementation of our corporate ethical culture as an objective shared by all of us who make up the Company, because it is not only a matter of *what* we want to achieve, but of *how* we want to achieve it. One of the goals is to establish a compliance framework in keeping with the applicable legislation and regulations, so as to prevent and, where appropriate, limit any kind of legal liability for the Company. As for the *how*, Inditex's Compliance System seeks to show our unwavering commitment to good governance and social and environmental sustainability, and convey our corporate ethical culture to all our stakeholders, promoting respect for fundamental human and labour rights. Compliance is a consequence of this commitment, enshrined in the Compliance System explained in this chapter.

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

Code of Conduct and Responsible Practices

The Code of Conduct and Responsible Practices (also known simply as the 'Code of Conduct') establishes Inditex's ethical commitments and sets out the behaviour expected of its employees. Its goal is to secure a professional, ethical and responsible commitment from Inditex and all its employees, in the course of its activities anywhere in the world, as a basic element of its business culture underpinning the training and personal and professional well-being of its employees. To this end, it defines the principles and values that must govern the relationships between the Group and our main stakeholders: employees, customers, shareholders, business partners, suppliers and those communities in which we implement our business model.

Notable among these principles are that:

- **All Inditex Group operations will be carried out in an ethical and responsible way;**
- All persons, legal and physical, with any direct or indirect labour, economic, social and/or industrial relations with the Inditex Group, will receive **fair and decent treatment; and**
- 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.**

The Code of Conduct includes a series of **commitments for responsible conduct and practices**, among others:

- Compliance with applicable legislation and with Inditex's internal regulations;
- Respect for and promotion of human and labour rights and regulations and best practices in regard to employment, health and safety at work;
- The obligation to act in accordance with the criteria of respect, dignity and justice, considering the broad range of cultural sensitivities of employees and/or customers, their diversity and multiculturalism, preventing any form of violence, harassment or abuse, and discrimination;
- Compliance with product health and safety standards which guarantee that Inditex's articles do not pose any kind of risk to health and/or safety;
- The establishment of lawful, ethical and respectful relationships with any third party with whom it has dealings, particularly with suppliers and public authorities, in keeping with international provisions for the prevention of corruption and bribery;
- The obligation to prevent, control and monitor conflicts of interest;
- The duty to efficiently use Inditex's goods and services, and to protect the Company's information;
- The obligation to protect industrial and intellectual property belonging to the Company and third parties;
- The duty to record financially significant transactions clearly and accurately in the appropriate accounting records; and
- In performing Inditex's activity, to promote social and environmental sustainability as a means to create value for all stakeholders.

Over the course of the financial year 2021, work commenced to review the Code of Conduct in order to align its contents and structure with unfolding realities, with the sustainability commitments undertaken and with the Company's digital transformation, and to reflect our stakeholders' expectations.

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

Code of Conduct for Manufacturers and Suppliers[99]

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

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

[99] More information on the practical application of the Code of Conduct for Manufacturers and Suppliers in section *5.5. Collaborating so our suppliers grow* of this Report.

5.9.2. Compliance and criminal risk prevention systems

GRI 102-17; 102-25; 103-3; 103-2; 205-2; 205-3 and AF4

Strategy

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

The organisation and coordination of Compliance System management corresponds to the Compliance Function, represented by the Ethics Committee, which acts as the decision-making body, and by the General Counsel's Office – Compliance Office (hereinafter, 'General Counsel's Office –Chief Compliance Office' or 'SG-DCN' by its Spanish acronym), which is responsible for the system's operational management.

In this regard, the Compliance Function has a dual purpose:

- Coordination: implemented by SG-DCN in collaboration with the various areas and departments with compliance duties, to identify potential non-compliance risks and to define and implement controls tending to prevent the materialisation of those risks.

- Periodic reporting: carried out by (i) all departments with compliance functions to SG-DCN in regard to those critical aspects that might impact Inditex from a compliance standpoint; and (ii) by SG-DCN, having consolidated the information compiled in a report that is approved, on a half-yearly and yearly basis, by the Ethics Committee and is submitted to the Board of Directors by the Audit and Compliance Committee.

In addition to the half-yearly reports, the Compliance Office, reports to each meeting of the Audit and Compliance Committee and, through the latter, to the Board of Directors. This direct dialogue with the Board of Directors guarantees the independence of the Compliance Function from Senior Management, ensuring that the ultimate control of the efficacy of the Compliance System depends exclusively on the Board.

The Compliance Function manages the Group's global compliance system, in addition to coordinating all the Company areas and departments with compliance responsibilities.

In 2021, the Group has worked to define the main lines of development towards an integrated global Compliance Model, based on legal requirements and international best practices, and, where necessary, adapted to local regulations.

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

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

- The Group's **Codes of Conduct** (detailed in the above section).
- The **Compliance Policy:** which sets out the commitments that all our employees must undertake, regardless of their location and position.
- The **Compliance Management Procedure** which develops the contents of the Policy and sets out the organisational measures to prevent, detect and manage Non-Compliance Risks, reinforcing a culture of ethical compliance.

Criminal Risk Prevention Model

In keeping with the provisions of article 31 *bis* of Spain's Criminal Code and as part of the Compliance System, Inditex also has an **organisational and management model for crime prevention**, or Model of Criminal Risk Prevention, aimed at **reducing exposure to risks** related to the potential commission of offences under the Criminal Code, in particular corruption, fraud and bribery. This Model, which is constantly evolving and adapting, comprises the following documents:

CRIMINAL RISK PREVENTION MODEL

Criminal Risk Prevention Policy

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

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

The Policy is available to all the employees on our corporate intranet.

Criminal Risk Prevention Procedure

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

Criminal Risks and Controls Matrix

1. Lists the criminal risks;
2. Details risk events applicable to Inditex's operations;
3. Establishes the controls in place to prevent risk events from occurring;
4. Designates the area responsible for executing the controls and reporting evidence of that execution;
5. Allocates the frequency with which they must be reported (hereinafter, also the **"Matrix")**.

The Model of Criminal Risk Prevention was approved by the Board of Directors in 2016, and more specifically, the Matrix is subject to a **continuous assessment and improvement process** to adapt it to the Inditex Group's growth and to statutory requirements, recommendations and best practices from time to time applicable in the field, thus ensuring its effectiveness.

In 2021 the Matrix was fully updated. This update consisted of analysing and reviewing potential risks inherent to the processes in the various operating and commercial activities performed, taking into account regulatory developments, the approval and/or amendment of internal regulations and changes to the organisational structure and to certain Company processes. As a result, most of the controls in the Matrix were updated (by means of additions, removals, modifications and changes in wording), focusing on those key controls that prevent or mitigate the risks identified.

The system for overseeing and monitoring the Model was also improved, both by the areas tasked with compliance duties and controls, and by the areas that review these and the general supervision carried out by the General Counsel's Office–Compliance Function.

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

According to the Map, which is updated yearly, the main risks identified in connection with corruption, as per the latest update, are: (i) corruption between individuals; (ii) corruption in international transactions; and (iii) bribery.

During the financial year 2021, the Audit and Compliance Committee submitted the Model of Criminal Risk Prevention of the Inditex Group to an independent third-party audit, with a reasonable assurance review scope, in order to confirm the effectiveness and proper functioning of the controls contained in the Risks and Controls Matrix, as well as the Model's adequacy to the requirements set out in sections 2 and 5 of article 31 *bis* of the Criminal Code, to the UNE-ISO 19600 Compliance Management Systems standard and in keeping with the guidelines of COSO in its report *Internal Control - Integrated Framework* (2013). The audit report was issued without qualification.

This reasonable assurance work included understanding of the Internal Control System on the Model of Criminal Risk Prevention, assessing the risk of there being material internal control weaknesses, ensuring that the controls are adequately designed and operate in an effective manner, and performing tests and evaluations on the design and effective implementation of the system.

Anti-corruption regulations: our Integrity Policies

Within the framework of the Group's Compliance System, Inditex has a set of internal rules, approved by the Board of Directors in 2016, which, in application of our corporate ethical culture, enshrines and demonstrates our firm commitment to combating any form of corruption, fraud, money laundering or illegal financing.

In particular, in order to ensure that the activities performed by Inditex, as well as the work carried out by all our employees and the third parties with whom we are engaged in business relations, comply with the provisions of the **prevention of bribery and corruption regulations** in place in Spain and the rest of the markets in which the Group is present. For this, Inditex has drawn up **Integrity Policies**, which, in keeping with the provisions of the ISO 37001 Anti-Bribery Management System standard, interconnect with the ethical values of our Group, and comprise:

- **Policy on Donations and Sponsorships**: regulating the scenarios in which donations and sponsorships may or may not be made, as well as the flow for the verification, documentation and approval thereof.

- Policy on Gifts and Business Courtesies: regulating the requirements for the offering and/or acceptance of gifts or other courtesies to be considered valid and compatible with the rules of conduct of Inditex and establishing a channel for filing communications and complaints with the Ethics Committee.

- Policy on Dealings with Public Servants: expressly prohibiting all forms of bribery in the public and private sectors, including facilitation payments, even where such payments are not prohibited by the laws of the country or territory concerned. Likewise, the Policy establishes the due diligence processes implemented to guarantee that the behaviour of third parties with whom Inditex has relationships is in keeping with the values, rules and ethical standards of the Company, the regulations applicable in the markets and anti-corruption best practices.

In 2021, work focused on attaining a greater level of detail through the procedures for implementing the aforementioned Integrity Policies, detailing the controls, roles and responsibilities of the departments in charge of implementing them. The approval and distribution of these procedures and the training of staff in their connection will take place over the course of 2022.

Moreover, Inditex has the following specific regulations concerning the prevention and management of conflicts of interest and the prevention of money laundering and terrorist financing, respectively:

Conflicts of Interest Policy

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

Anti-Money Laundering and Terrorist Financing Policy

This Policy defines the due diligence processes implemented within the Company taking into account the different types of business activities we perform, 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 process to identify and review potential risks from our business partners, suppliers and other third parties, in accordance with due diligence measures outlined in our internal regulations (the Due Diligence Policy and Procedure) and, as the case may be, in the applicable laws.

Due diligence

In line with the principles and criteria for action established in the Code of Conduct for Manufacturers and Suppliers, at Inditex we are firmly committed to preventing compliance risks from third parties with whom we maintain a direct business relationship. In this regard, the Due Diligence Policy, approved by the Board of Directors in September 2019, is designed to align the relationships with our business partners, suppliers and large customers, with the processes described in international standard ISO 37001 Anti-Bribery Management Systems in organisations, as well as the regulations and the most stringent standards on anti-corruption.

The due diligence process regulated by the Policy consists of the **identification and analysis of all suppliers, business partners and third parties** with whom we engage in business relations, from the perspective of corruption, fraud, international trade sanctions and/or any other risks of a similar nature. Consequently, this is a process that is separate from but aligned with any other analysis of a social, environmental, operational, financial or commercial nature, or of any other kind which the Group may carry out in with suppliers and other third parties.

This Policy is developed and implemented based on a number of principles:

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

Since the beginning of 2020, all those suppliers and other third parties that enter into commercial and/or professional relations with Inditex have been subject to the due diligence process, which is increasingly demanding in accordance with certain factors, such as the following: (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.

In the second half of 2021, work commenced on the re-approval of all the Group's suppliers already registered at the date of implementation of the aforementioned due diligence procedure, also subjecting them to the procedural flow applicable to them, in accordance with Inditex's due diligence regulations. This re-approval process is expected to conclude in the first half of the financial year 2022. In order to regulate the manner in which this control of suppliers and other third parties having dealings with Inditex is managed, the Due Diligence Development Instruction has been approved, which describes the responsibilities of the areas involved in the various procedural review flows, as well as in the design, execution and monitoring of any action plans established.

Within the framework of the due diligence system, Inditex has modified its **Procedure for Limiting Trade Relations with Suppliers in Restricted or Unauthorised Markets**, approved in 2017, which established limits 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 payments only to those suppliers which, having met the foregoing requirement, had a bank account opened in such markets. This regulation was replaced in 2021 by the **Procedure for Limiting Trade Relations with Third Parties**, which broadens the subjective scope of the rules, to include not only suppliers but all third parties having dealings with Inditex, and the objective scope of the rules, allowing only those payments made to and at present also those payments received from certain markets.

Crime and corruption prevention models outside Spain

Furthermore, in 2021, we continued to roll out compliance models at local level, in keeping with the regulatory requirements in each jurisdiction where we are present, and we began the process of standardising the criminal risk prevention and anti-corruption models, in full alignment and coordination with the system implemented in Spain, which also operates as a global system.

In addition, during the financial year 2021, the implementation in Mexico of the criminal risk prevention model was completed (with a procedure and a Matrix included in the corporate control system), in order to comply with the legal requirements in that country, always in coordination with the Model. We also began the implementation of the model in Brazil. In both cases, external legal advice was sought so as to verify their suitability to regulations, recommendations and best practices and, in the case of Mexico, the model was subject to a prior assessment by Internal Audit.

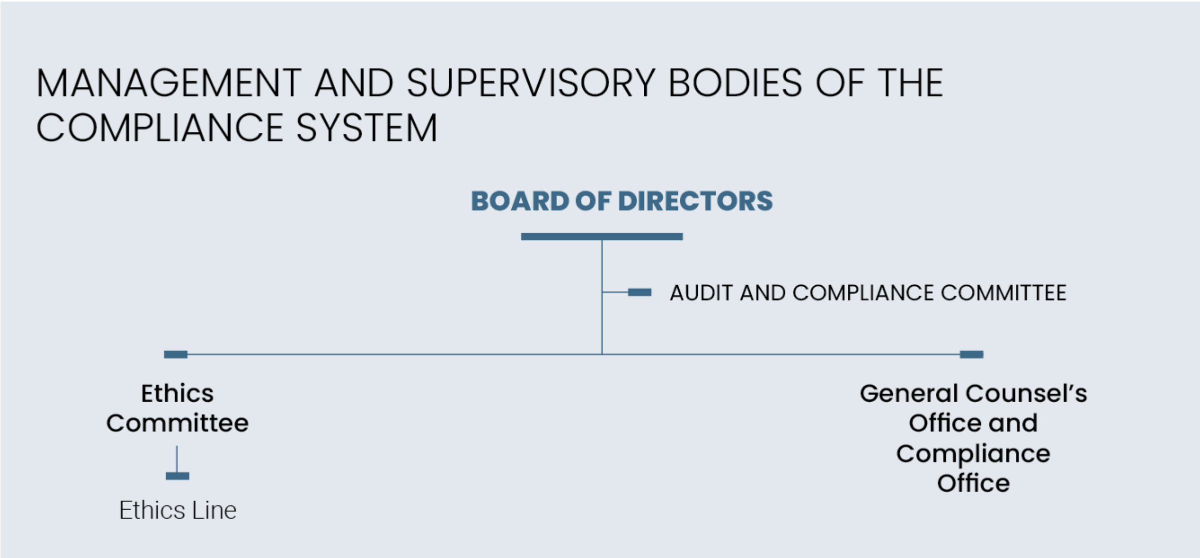
The status and characteristics of the compliance models implemented locally at the end of the financial year 2021 are detailed below:

CRIMINAL RISK PREVENTION / ANTI-CORRUPTION MODELS

	DESCRIPTION OF THE MODEL	REGULATION OR REFERENCE STANDARD	STATUS
SPAIN	Criminal risk prevention model	Art. 31a, Criminal Code	Implemented
FRANCE	Anti-corruption model	Loi Sapin II	Implemented
IRELAND & ITX RE	Anti-corruption model	Criminal Justice Act	Implemented
UNITED KINGDOM	Anti-corruption model	UK Bribery Act	Implemented
ITALY	Crime prevention model	*D.Lgs. 231/2001 – Responsabilitá amministrativa da reato*	Implemented
TURKEY (ongoing)	Anti-corruption model	Criminal Code | Anticorruption guidelines	Implementation in progress
RUSSIA (ongoing)	Anti-corruption model	Criminal Code | Anticorruption guidelines	Implementation in progress
MEXICO	Anti-corruption model	Federal Penal Code, Penal Code of Mexico City, National Code of Criminal Procedures and the General Law of Administrative Responsibilities	Implemented
BRAZIL (ongoing)	Anti-corruption model	Criminal Code and Anti-Corruption Law 12846/2013	Implementation in progress

Management and supervisory bodies of the Compliance System

The management and supervisory bodies of the Compliance System and, in particular, the Model, are as follows:



The Audit and Compliance Committee is responsible, among others, for the following functions:

- Evaluating the effectiveness of internal enterprise risk management and non-financial risk management and control systems, including those related to corruption, and the measures envisaged to prevent or mitigate the impact of the risks detected and identified in the Matrix;
- Identifying and re-assessing the most significant financial and non-financial risks;
- Ensuring they remain and are managed within the accepted tolerance levels; and
- Overseeing the fulfilment and efficacy of the Compliance policies and procedures.

Additionally, the Audit and Compliance Committee reports to the Board of Directors on a quarterly basis and whenever requested, on compliance with the Code of Conduct and Responsible Practices and the Model of Criminal Risk Prevention; and may submit proposals for the adoption of measures designed to improve compliance with the Model and the Compliance System.

The Ethics Committee and the G eneral Counsel's Office- Compliance Office make up the so-called Compliance Function. **The General Counsel's Office –Compliance Office**, as explained above, is tasked with the **operational management of the Compliance System** of Inditex and its Group, and, in particular, of the Model of Criminal Risk Prevention. Meanwhile, the **Ethics Committee** is the internal body in charge of **overseeing compliance with the Codes of Conduct, the Model of Criminal Risk Prevention, the rest of the anti-corruption models,** and guaranteeing the effectiveness of the controls.

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

Ethics Committee and Ethics Line

The Ethics Committee is an internal body reporting to the Board of Directors, through the Audit and Compliance Committee. This collegiate body is made up of:

- General Counsel and Secretary of the Board of Directors
- Chief Compliance Officer
- Chief Audit Officer
- Chief Sustainability Officer
- Chief Human Resources Officer

It is also the body in charge of supervising the operation of the Ethics Line and compliance with its procedure, pursuing any investigations that may be necessary. The operation of this Ethics Line is set out in the Ethics Line Procedure.

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

- **Enquiries and/or doubts on the interpretation or application** of the Group's Code of Conduct and Responsible Practices and the Code of Conduct for Manufacturers and Suppliers, as well as any **other internal rules of conduct** within the scope of action of the Committee of Ethics.
- **Non-compliance with the Group's Codes of Conduct,** as well as any other **internal rules of conduct** within the competence of the Committee of Ethics, of which they are aware, affecting Inditex, and that have been committed by employees, manufacturers, suppliers or third parties with which Inditex holds a direct labour, commercial or professional relationship.

Therefore, any non-compliance and irregularities related to **corruption, fraud and bribery** can also be reported via this channel.

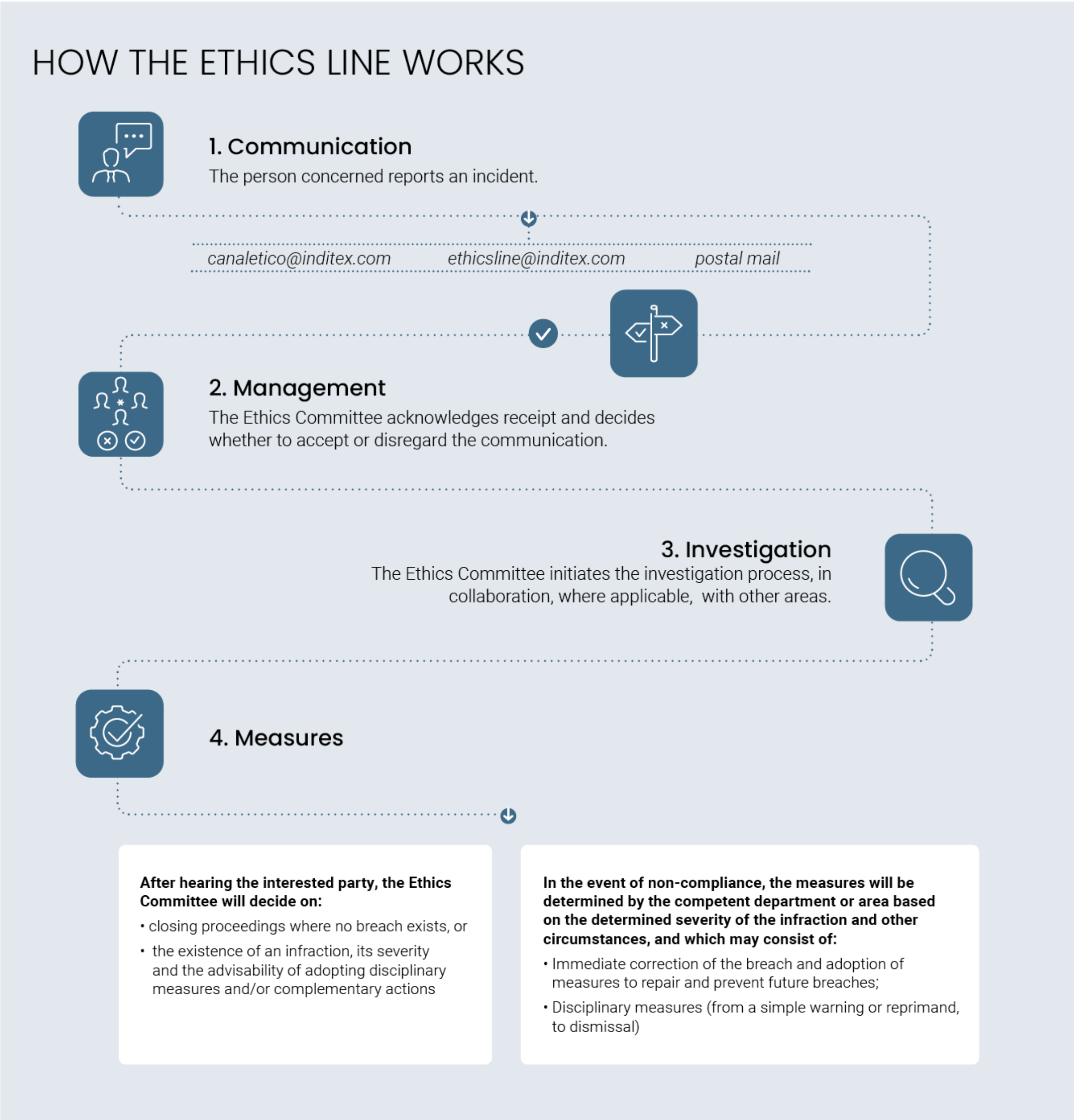
The Procedure, which was amended by the Board of Directors in December 2019, is aligned with the principles of Directive (EU) 2019/1937 on the protection of persons who report breaches of Union law and, in particular, with the regulatory requirements regarding the protection of personal data and the rights of users of whistleblowing mechanisms, as well as with international best practices in the field of human rights. This Procedure offers the following guarantees and protection measures to the parties involved in the process:

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

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

How the Ethics Line works

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



Ethics Line | Canada, United States and Puerto Rico

Inditex has also made available the *Ethics Line* for Group employees and third parties in **Canada, the United States and Puerto Rico**, as an additional channel for raising questions and/or reporting possible breaches of the Code of Conduct and Responsible Practices and other Inditex conduct regulations. In keeping with local best practices, the management and administration of this channel has been entrusted to an external supplier. It can be accessed by telephone and via the website, and is available 24/7.

Breakdown of communications by topic[100]

159

Issues regarding labour and Human Resources, diversity, and respect in the workplace

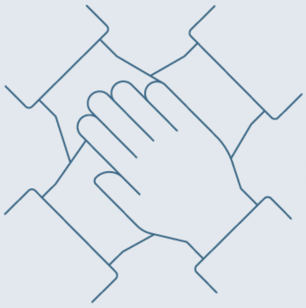
54 related to harassment and/or discrimination; and

105 related to discrepancies with working conditions, grounds for dismissals or the development of recruiting processes.

Of these, **63** cases were identified as potential violations of fundamental rights.

72

Integrity in Business



7

Misuse, misappropriation of corporate assets

3

Environment, health and safety

16

Others

In 2021, the Ethics Committee handled a total of 257[101] cases (315, 310 and 302 cases in 2020, 2019 and 2018, respectively).

Of these 257 cases processed by the Ethics Committee, 63 were linked to diversity and potential discriminatory behaviour or workplace/sexual harassment or other potential violations of fundamental rights. Of the cases closed after the relevant investigations, in four of the cases handled by the Ethics Committee, the existence of inappropriate conduct has been confirmed, although in none of the cases evidence of discriminatory and/or harassment has been observed, leading to the adoption of the appropriate measures, which in one case involved the termination of the employment relationship with the employee. Of the closed cases, also, no human rights violations in relation to suppliers of goods and services were observed either.

In 2021, nor have there been any significant (firm) legal actions 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.

Cases regarding corruption and bribery[102]

Over the course of financial year 2021, the Ethics Committee dealt with 16 cases related to corruption and bribery between private individuals. Of the cases closed, corrupt practices were confirmed in two instances. In one of the cases the employee was dismissed and in the other evidence of irregular practices by an external employee was obtained, leading to the adoption of the relevant remedial,

[100] In accordance with the Navex classification.

[101] The total number of cases handled by the Ethics Committee does not include those that further to a preliminary review, are deemed to be beyond the scope of its authority. Including these latter, the total number of registered case amounts to 389.

[102] Cases of this kind are included in the 'Business Integrity' category.

mitigating and/or preventive measures within that company in order to be able to maintain the commercial relationship with said service supplier. In none of those cases relevant aspects affecting the Company were observed.

During 2021, 2020, 2019 and 2018, the Group has not been aware, either through its Ethics Committee or through other means, any legal proceedings concerning corruption or bribery having been brought against the Company.

During financial year 2021, the Ethics Line for U.S., Canada and Puerto Rico handled 77 cases in total (74 and 76 in 2020 and 2019, respectively), 72 concerning the United States, and 5 concerning Canada (59 and 64 concerning the United States, and 15 and 12 concerning Canada in 2020 and 2019, respectively).

Training, communication and awareness-raising

Internal and external communication and dissemination

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

At Inditex we promote the **communication and dissemination of the internal regulations** linked to the Group's Compliance System and, in particular, to the Model of Criminal Risk Prevention. The Company disseminates and discloses the rules of conduct in force to all those bound by them, keeping them informed of the way in which Inditex pursues its compliance objectives.

Accordingly, the policies, procedures and instructions that make up the Inditex Group's Compliance System are available to all employees on the corporate intranet (INET), and can be accessed from any device.

Furthermore, the '**Compliance**' tab on the corporate website contains the main compliance regulations, publicly available to all our stakeholders. Especially notable are the Code of Conduct and Responsible Practices, the Code of Conduct for Manufacturers and Suppliers and the Integrity Policies of the Group, at the apex of the pyramid of the Group's conduct policies and the cornerstone upon which the Inditex Compliance System rests.

Likewise, in order to ensure our formal commitment, at the highest level, to the ethical and responsible behaviour that is part of our corporate ethical culture, and to the Compliance System, the **Compliance Function**, which is managed by the General Counsel's Office, is responsible for:

- **Adequately informing** and **updating** the members of the Board of Directors of Inditex, by means of quarterly follow-up reports, in relation to (i) the work carried out by the Compliance Function, (ii) specific projects underway, (iii) the activities and results of the supervision of the Inditex Group's Model of Criminal Risk Prevention, and (iv) the status of the cases handled by the Ethics Committee.

- Regularly **report** the **compliance regulations** to all the officers and other supervisors of Group areas and activities (i.e., brand directors, directors and heads of corporate areas, directors of subsidiaries in other markets and their CFOs and other directors, supervisors and heads of departments and activities), reminding them of their obligation to disclose the content of the regulations to all staff under their respective areas of responsibility. When identifying other possible addressees, the Compliance Function also takes into account the specific scope of the regulation being disseminated.

Over the course of 2021, the Compliance Function **disseminated and published** the following regulations on INET:

Regulation	Category	Date of approval
Store Disinfection Service Instruction	Instruction	1/03/2021
Store Cleaning Service Instruction	Instruction	1/03/2021
Instruction on Permission Management for SFI *Compras* Users	Instruction	1/03/2021
Personal Data Protection Procedure from Data Design and Processing	Procedure	10/05/2021
Corporate Security Policy	Policy	8/06/2021
Instruction for carrying out Risk and Impact Assessments in connection with Personal Data Protection	Instruction	18/08/2021
Procedure for Storing Personal Data	Procedure	27/08/2021
Procedure for Compliance Management regarding Personal Data Protection and Privacy – DPO Statute	Procedure	27/08/2021
Procedure for Providing Personal Information to Financial Institutions	Procedure	2/09/2021
Criminal Risk Prevention Policy – Mexico	Procedure	20/09/2021
Procedure for Security Personnel at Facilities	Procedure	29/11/2021
Workplace Surveillance Policy (Australia)	Policy	22/12/2021
Corporate Parental Leave Policy (Australia)	Policy	22/12/2021

Training measures

The promotion of the corporate ethical culture and the Compliance System of the Inditex Group is based on the implementation of training measures adapted to the risk profile of the different groups of employees that form part of Inditex. In this regard, at Inditex we periodically prepare specific content in accordance with the training needs of each group.

In particular, the Criminal Compliance Training Plan, which responds to the criminal compliance training required by international standards and Circular 1/2016 of the Spanish Public Prosecutor's Office. This training plan is based on the Criminal Risk Map, created from the Matrix following its review and update and, consequently, Inditex has set the target of delivering training on the various risk events that are significant for the Company. This Plan is reviewed and, where applicable, updated annually in order to adapt it to the Map, which determines the training needs in connection with criminal Compliance.

Consequently, the Plan determines and identifies the beneficiaries of the training, namely Inditex employees who perform their jobs in areas with associated risks qualified as "high" in the Matrix, that is: (i) those who are responsible for the management of controls associated with a risk event; (ii) those who are involved in product purchase or contract third party supplies or services; (iii) those who, although not responsible for the management of a given control, take part in the control configuration process; and (iv) Group directors and authorised representatives.

In addition, within the framework of the Inditex Group's current compliance training plan, we highlight the following **training actions** implemented in 2021:

New hires

All new Inditex Group hires receive from People teams **initial information on the Code of Conduct and Responsible Practices** and the Ethics Line, which they undertake to observe upon signing their employment contract. The contract includes a clause on adherence to this Code, or the relevant certification.

Considering the number of new hires during financial year 2021 in relation to the average workforce, 30.9% of all Group employees have received information concerning the Code of Conduct and Responsible Practices (11% of employees in 2020 and 29% in 2019 and 2018, respectively), undertaking, through their express acceptance, to comply with them, as per the following breakdown:

	% Total			
Geographic Area	2021	2020	2019	2018
Spain	14%	2%	15%	14%
Rest of Europe	35%	11%	32%	33%
Americas	5%	17%	34%	42%
Asia & Rest of the world	43%	25%	45%	46%
Total	**31%**	**11%**	**29%**	**29%**

	% Total			
Job classification	2021	2020	2019	2018
Management	2%	0.7%	2%	3%
Supervisor	2%	0.4%	2%	4%
Specialist	37%	13%	35%	34%
Total	**31%**	**11%**	**29%**	**29%**

Furthermore, in 2021 new hires received training in connection with Compliance:

- From the People team:

Group	Topic	Region	Attendees
New hires			
New hires	*The How matters*	Spain	3
		South Korea	1
		Germany	1
		Russia	2
		Mexico	1
		Croatia	1
		Sweden	1

- From the Compliance function:

Group	Topic	Region	Attendees
New recruits			
Foreign subsidiaries legal counsel	*Ethics and Compliance*	Nordic countries, Croatia, Russia	4
Headquarters employees	*Ethics and Compliance*	Spain	3

Current employees

We regularly provide training, either in-person or online, aimed at groups who, either because of their post and responsibilities or because of the type of activity they carry out, are exposed to a **greater risk of compliance breaches** and, in particular, to **crimes related to corruption among private individuals**.

In this regard, members of the Group's governing and executive bodies, due to their responsibilities and functions, receive periodic training.

In 2021, the Compliance Function held the following training sessions:

Group	Topic	Region	Attendees
Governing Bodies | Senior Management			
Zara Holding Supervisory Board	Ethics and Compliance	Netherlands	18
Brands Management	Ethics and Compliance	Spain	4
Subsidiary management	Ethics and Compliance	France, Switzerland, Austria, Germany, Nordic countries, Turkey (ITX Trading)	5
Bangladesh Management	Ethics and Compliance	Bangladesh	1
Senior Management	Ethics and Compliance	Spain (online)	15
Corporate office			
Corporate, brands, logistics and factory staff	*Ethics and Compliance*	Spain	3,820
Corporate staff foreign subsidiaries	*Ethics and Compliance*	Austria, China, Belgium, USA, Switzerland (Retail+ITX Trading), Germany, Nordic countries, France, Turkey, Mexico, Canada	511
Staff bound by the Internal Regulation of Conduct (IRC)	Internal Regulation of Conduct (IRC)	Spain and Mexico	4
ITX Trading staff	*Ethics and Compliance*	Switzerland and Turkey	73
Stores | Logistics-distribution | Factories			
Zara Home stores area managers	*Ethics and Compliance*	Spain and subsidiaries	1,244
Store staff	*'Buenos días' – Compliance*	Serbia	85
		Slovakia	5
		Bulgaria	268
		Austria	267
		France	70
		Greece	6,082
		Turkey	558
		Ukraine	242

With regard to the above, it is worth highlighting the online training, provided in October and November 2021 and in January 2022, to all our headquarters employees at all the Group's brands in Spain, including Tempe. The training focused mainly on disseminating our ethical and Compliance culture and on why the *how* matters, as well as on the organisation of the Compliance Function, essential internal regulations (Code of Conduct and Responsible Practices, most notably concerning the prevention of corruption, fraud and bribery and conflicts of interest), Integrity Policies and the Ethics Line, and on where this information is available by all staff.

This is one of our most important training areas, insofar as: (i) This training was received by employees who, in the course of their professional activity, have frequent relations with suppliers and/or officials or public authorities (primarily commercial teams). The workforces of the commercial teams of those brands represent 55% of the total number of employees in the Group's commercial teams (43%, 30% and 37% employees in 2020, 2019 and 2018, respectively); and (ii) training has been broadened to include employees from other departments and areas of headquarters who, while not belonging to the commercial teams, are also exposed to Compliance risk, which represents a total of 56% of the staff of Spain headquarters.

Accordingly, and in particular, 65% of Senior Management have received compliance training (65%, 33% and 100% of Senior Management in 2020, 2019 and 2018, respectively).

Moreover, it is essential to convey the corporate ethical and compliance culture and to raise awareness among third parties with whom we have direct business dealings. Thus, we highlight the online training sessions on compliance and corporate ethical culture provided throughout 2021 by the Compliance Function to the supplier cluster located in Bangladesh, as shown below:

Group	Topic	Region	Attendees
Suppliers	Ethics and Compliance	Bangladesh	117

Lastly, in October 2021, the new e-learning platform Train was launched with a channel dedicated to 'Culture and values'. This channel contains mandatory compliance training for all the workforce with access to the platform in corporate offices in Spain. It includes a short introductory video and a section on the Code of Conduct and Responsible Practices, another on 'Responsible Creativity' and a third on the need for respecting privacy: a core value for Inditex. 471 employees completed that course.

The Compliance Function will continue working to make more Compliance content available to employees through this channel on the e-learning platform.

In addition, Compliance content is being compiled for the e-learning platform for suppliers in cooperation with ITX Trading.

Lastly, it is notable that the Compliance Function works in conjunction with other corporate areas in a Framework Compliance Training Plan that will be implemented from 2022 onwards. This Plan will be presented to the Audit and Compliance Committee at its March 2022 meeting and includes, among others: (i) the analysis of applicable legislation, risks to which the Company is exposed and the prioritisation of the groups at most risk; and (ii) a catalogue of training actions. This Plan will be periodically reviewed and the catalogue of training actions will be assessed and updated annually.

With this Plan, Inditex fulfils one of the essential pillars of any Compliance System, namely training, arranging under a single Compliance umbrella all training offered by the corporate areas tasked with compliance duties. The aim is to guarantee uniform and robust control of all the training provided at Group level so as to mitigate and/or avoid potential compliance breaches and help build a solid ethical and compliance culture shared by all our stakeholders (employees, suppliers, etc.)

Awareness measures

Acceptance of the Code of Conduct:

All our employees adhere to the Code of Conduct and Responsible Practices and receive specific training on the Code when they join the Group.

Furthermore, since November 2020, our headquarters and office employees of all the brands in Spain, as well as the employees of the headquarters in France and Portugal, must accept our Code of Conduct and Responsible Practices every time they access the Company's IT systems with their computers, prior to such access. In 2021, this initiative was implemented in most of the countries where the Group operates and has employees. Implementation of this initiative is scheduled for completion in 2022.

All our suppliers agree to adhere to the Code of Conduct for Manufacturers and Suppliers before commencing their business relationship with the Group.

Annual reminder of gift ban – Ethics Committee:

Annually, an email is sent from the Ethics Committee to remind recipients of the provisions of the Code of Conduct and Responsible Practices and of the Policy on Gifts and Business Courtesies, regarding the acceptance and receipt of gifts from suppliers, along with a letter template to be sent to the suppliers reminding them of such prohibitions. In 2021, for the first time this email was sent to all headquarters employees of the Group's brands in Spain and to the officers and Compliance Delegates of the Group's foreign subsidiaries.

Compliance section in Intranet (INET) and corporate website:

In order to achieve the highest possible degree of dissemination and awareness of our corporate ethical culture, all our internal rules of conduct are published and easily accessible on our corporate website, in the 'Compliance' section , 'Corporate Ethics' sub-section, and on INET for our employees. Below is a breakdown of the visits to INET, to Compliance-related content and to the 'Compliance' section:

Visits to the 'Compliance' section of INET (total)

43,518

Other communication and awareness actions

Furthermore, at Inditex we implement a number of dissemination and internal communication initiatives for our employees, in particular the following: (i) notices on the Code of Conduct and the Ethics Line displayed in the stores of the various brands and markets, providing direct access to these documents in the local language via a QR code, (ii) the publication of online news capsules on INET and (iii) other communication and awareness actions (ethics/integrity sessions, push notifications, etc.).

Additionally, all the Inditex Group's stores and its retail concepts in Europe, Asia and America currently have notices in the workplaces. These notices show a QR code through which our employees can access the content of the Code of Conduct and the Ethics Line.

5.9.3. Good corporate governance

GRI 102-5; 102-8; 102-18; 102-19; 102-20; 102-22; 102-23; 102-24; 102-26; 102-27; 102-28; 102-29; 102-31; 102-33; 102-34; 102-35; 102-36; 102-37; 102-38; 102-39; 103-2; 103-3; 201-3; 405-1 and 405-2

2021 MILESTONE

The Board of Directors of Inditex agrees to appoint Marta Ortega as Chairwoman, and Óscar García Maceiras as Chief Executive Officer

In November 2021, Inditex's Board of Directors approved the appointment of Marta Ortega Pérez as Chairwoman of the Group, as a proprietary director, effective from 1 April 2022. Furthermore, Óscar García Maceiras was appointed as the Chief Executive Officer of Inditex with immediate effect.

Corporate governance means the manner in which companies are organised, managed and controlled. It is therefore a general and transversal part of the management and organisational framework of the Compliance System which seeks to ensure compliance at all times, at the highest level, i.e., by the management team and the members of the Board of Directors, with the existing rules, recommendations and best practices in this area.

Inditex has set up a Corporate Governance System which is an essential part of corporate Compliance, comprising a series of rules, procedures and mechanisms to guarantee that the directors and the management team, who are responsible for the governance of the Company, act **diligently, ethically and transparently** in the exercise of their duties, are accountable for their activity —which is subject to verification and control, both internal and external— and at the same time ensure the balance of powers and the respect and equality of all our shareholders, especially non-controlling interests.

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

The Board performs its duties in accordance with the corporate interest, meaning the **long-term viability and maximisation of the value of the Company in the common interest of all our shareholders**, which must not prevent consideration of the other legitimate interests, public or private, that converge in the course of our business activity, and especially of our stakeholders: our employees, customers, and suppliers, and civil society at large, determining and reviewing its business and financial strategies according to this criterion, endeavouring to strike a reasonable balance between the proposals chosen and the risks undertaken.

Consequently, the goal of maximising the Company's value may only be seen as the continuous creation of value for each and every one of our main stakeholder groups.

In short, Inditex has instrumented a concept of good corporate governance that is a strategic vehicle for developing our ethical, efficient and competitive business model.

To achieve these objectives, applicable legislative developments and recommendations are implemented and good corporate governance practices are systematically strengthened within the main body overseeing corporate governance, namely the Board of Directors, as well as its committees. In the process to approve and/or amend any internal regulations, priority is given to establishing standards that improve governance and, therefore, the confidence of investors, shareholders and other stakeholders.

Thus, in the financial year 2021, Inditex's internal corporate governance regulations were amended to adapt them to the new developments and modifications introduced pursuant to Law 5/2021, of 12 April, which amends the revised text of the Spanish Companies Law, approved by Royal Legislative Decree 1/2010, of 2 July, and other financial regulations, on fostering the long-term engagement of shareholders in listed companies (hereinafter, 'Law 5/2021').

Inditex's Corporate Governance System achieves full compliance with the regulatory requirements set forth in the applicable legislation, and practically total adherence to the recommendations outlined in the Good Governance Code ('GGC') of Spanish National Securities Market Commission (CNMV).

The 2021 Annual Corporate Governance Report, approved by the Board of Directors at its meeting of 15 March 2022, which is available on our corporate website (in the 'Compliance' section, 'Good Corporate Governance' sub-section, 'Annual Corporate Governance Report') and on the CNMV website, provides comprehensive and reasoned information on the Company's governance structure and practices.

5.9.3.1. Organisation and operation of corporate bodies

Annual General Meeting:

The Annual General Meeting is the supreme and sovereign body for expressing the will of our shareholders.

Inditex structures and makes available to its shareholders the means necessary for guaranteeing equal treatment and the exercise of their rights to attend, and encourages maximum participation in the Meeting.

Accordingly, in a context still shaped by the existence of specific measures restricting mobility in certain areas of Spain, and in order to guarantee the normal functioning of the Company and the attainment of its targets, as well as to protect the interests of our shareholders and other stakeholders, the Annual General Meeting was held at first call on 13 July 2021, with shareholders and proxy holders attending both in person and virtually, by remote, real-time video-conferencing. All directors attended the meeting in person with the exception of Mr Amancio Ortega Gaona.

Considering the special circumstances of uncertainty unleashed by the outbreak of covid-19, at the Annual General Meeting held on 14 July 2020, our shareholders were allowed to attend and participate remotely, and Inditex's internal regulations were amended to enable this option for future financial years, taking into account the circumstances prevailing at each given time.

In addition, at the 2021 meeting shareholders approved the partial amendments to the Articles of Association and the Regulations of the Annual General Meeting in order, among other purposes, to permit virtual only Annual General Meetings, in accordance with the provisions of the new section 182 *bis* of Legislative Royal Decree 1/2010, of 2 July, approving the Consolidated text of the Spanish Companies Act.

Board of Directors and Committees

The Board of Directors is tasked with the management, administration and representation of the Company (except in matters reserved for the remit of the Annual General Meeting), and it is therefore the Company's most senior decision-making, supervisory and control body.

In accordance with Inditex's internal regulations, the Board of Directors generally delegates the management of ordinary business to the executive bodies and to our management team, concentrating its activity on the **general supervisory function**, which includes guiding the policies of Inditex, controlling the management bodies, assessing the performance of officers, adopting the most important decisions for the Company and acting as a liaison with our shareholders.

The Board of Directors currently consists of 11 members. Members are re-elected every four years.

In discharging its duties, the Board of Directors also has an Executive Committee and a series of delegated and specialised Committees according to matters and competences: (i) the Audit and Compliance Committee; (ii) the Nomination Committee; (iii) the Remuneration Committee; and (iv) the Sustainability Committee.

The composition of the governing bodies at 31 January 2022 is as follows:

Board of Directors	Audit and Compliance Committee	Nomination Committee	Remuneration Committee	Sustainability Committee
Executive Chairman: Mr Pablo Isla Álvarez de Tejera	-	-	-	-
Deputy Chairman: Mr José Arnau Sierra	Member	Member	Member	Member
Chief Executive Officer: Mr Óscar García Maceiras	-	-	-	-
Members:				
Mr Amancio Ortega Gaona	-	-	-	-
PONTEGADEA INVERSIONES, S.L. (represented by Flora Pérez Marcote)	-	-	-	-
Bns. Denise Patricia Kingsmill	Member	Member	Member	Chair
Ms Anne Lange	Member	Member	-	Member
Ms Pilar López Álvarez	Chair	Member	-	Member
Mr José Luis Durán Schulz	Member	-	Member	Member
Mr Rodrigo Echenique Gordillo	Member	Member	Chair	-
Mr Emilio Saracho Rodríguez de Torres	Member	Chair	Member	-
Secretary of the Board: Mr Javier Monteoliva Díaz	Secretary, non-member	Secretary, non-member	Secretary, non-member	Secretary, non-member

Work was carried out in 2021 to design and implement a new corporate governance model at Inditex (to be effective gradually and fully operational from 1 April 2022), in which the roles of Chair of the Board of Directors and Chief Executive Officer will be separated, and the position of Chair will be a non-executive role, in accordance with the recommendations of institutional investors and proxy advisors in Spain.

In this regard, the Board of Directors of Inditex, at its meeting on 29 November 2021, acting on a prior proposal by the Nomination Committee, passed by unanimous vote, among others, the following resolutions:

- To accept the resignation of Mr Pablo Isla Álvarez de Tejera as Executive Chairman and Member of the Board of Directors of Inditex and its Executive Committee, effective from 31 March 2022. Mr Pablo Isla Álvarez de Tejera shall continue to serve as Executive Chairman until that date.

- To appoint by co-opt Ms Marta Ortega Pérez as Proprietary Director to cover the vacancy produced by the resignation of Mr Pablo Isla Álvarez de Tejera from his post as Executive Chairman, and to appoint her as (non-executive) Chair of the Board of Directors, in both cases effective from 1 April 2022.

- To accept the resignation of Mr Carlos Crespo González as Chief Executive Officer and Member of the Board of Directors of Inditex and its Executive Committee and appoint him Chief Operating Officer & Head of Digital and Sustainable Transformation, in both cases effective immediately.

- To accept the resignation of Mr Óscar García Maceiras as General Counsel and Secretary of the Board of Inditex and its various Committees and appoint him by co-optation as executive director and Chief Executive Officer, in both cases effective immediately.

Mr Isla's resignation came in the context of his mutually agreed departure from the Company and completes the process of generational handover piloted by him and by the founder, controlling shareholder and director of the Company, Mr Ortega, so as to ensure an orderly and planned succession of the Chair.

At the same meeting, the Board of Directors also approved the creation of a Management Committee as part of the Company's new organisational structure, as the Company's new Management coordination body and in support of the Chief Executive Officer in discharging his duties. Said Committee is conducive to collegiate decision-making in accordance with international best practices on corporate governance.

Detailed information on the regulation, organisational and operational rules, composition, mission and competencies and the main activities carried out or lines of action of the Audit and Compliance, Nomination, Remuneration and Sustainability Committees for the financial year 2021 is provided in the Annual Corporate Governance Report (ACGR), as well as in the relevant reports on proceedings, which will be published on the Company's website in accordance with GGC Recommendation 6.

Executive Committee

The powers of the Board are delegated to the Executive Committee, except those that cannot be delegated by law or under the Articles of Association, and those others necessary for the responsible exercise of the general supervisory function of the Board of Directors.

In 2021, the Executive Committee did not hold any meetings.

The Committee's composition on 31 January 2022 was as follows:

DIRECTOR	POSITION	CATEGORY
Mr Pablo Isla Álvarez de Tejera	Executive Chairman	Executive
Mr José Arnau Sierra	Deputy Chairman	Proprietary
Mr Amancio Ortega Gaona	Member	Proprietary
Mr Óscar García Maceiras	Member	Executive
Ms Pilar López Álvarez	Member	Independent
Mr José Luis Durán Schulz	Member	Independent
Mr Rodrigo Echenique Gordillo	Member	Independent
Mr Emilio Saracho Rodríguez de Torres	Member	Independent

5.9.3.2. Key indicators of the Inditex's Corporate Governance System

ITEM	2021	2020	2019	2018
Quorum for attendance at the Annual General Meeting	88.74%	88.72% (103)	87.62% (104)	88.24% (105)
Number of directors	11	11	11[106]	9
Executive Directors	2	2	2	1
Independent Directors	6	6	6	5
Proprietary Directors	3	3	3	3
Meetings of the Board	7	7	5	5
% of attendance	100%	100%	100%	100%
Meetings of the Audit and Compliance Committee	5	5	5	5
% of attendance	100%	100%	100%	100%
Meetings of the Nomination Committee	4	4	5	5
% of attendance	100%	100%	100%	100%
Meetings of the Remuneration Committee	3	4	5	3
% of attendance	67%	100%	100%	100%
Meetings of the Sustainability Committee	4	3	-	-
% of attendance	100%	100%	-	-

[103] Of which 24.37% is free float.

[104] Of which 23.28% is free float.

[105] Of which 28.95% is free float.

[106] At the Annual General Meeting held on 16 July 2019, the number of members of the Board of Directors was increased from nine (9) to eleven (11), at which time Mr Carlos Crespo González was appointed as the new Chief Executive Officer and a vacancy was created. Such vacancy was filled by co-option appointment by the Board of Directors, at its meeting of 10 December 2019, and subsequently ratified by the Annual General Meeting on 14 July 2020.

5.9.3.3. Main lines of action by Inditex corporate bodies in 2021:

- Update of the internal corporate governance regulation governing the activities of the various bodies in order to adapt them to the new developments introduced by Law 5/2021.
- The agenda of matters discussed by Inditex corporate bodies shaped by sustainability:
  - Update at the 2021 AGM of the sustainability commitments (announced at the 2019 AGM).
  - Update of the Business Plan to bring it into line with the economic and social reality in the wake of the pandemic crisis and strategic priorities.
  - Monitoring of the degree of compliance with the sustainability goals announced at the 2021 AGM.
  - Analysis of the financial impact of climate change.
- Design and approval of a new Directors' Remuneration Policy for the financial years 2021, 2022 and 2023 and the new Long-Term Incentive Plan, increasing the importance and weight of sustainability metrics in long-term variable remuneration from 10% to 25%.
- Planning of the process of generational handover and succession of the Chair and the resulting change in the corporate governance structure.

5.9.3.4. Remuneration to Directors and Senior Management

Directors' remuneration

Inditex has a Directors' Remuneration Policy, approved by the Annual General Meeting on 13 July 2021, in force for the financial years 2021, 2022 and 2023. This Policy is available on the Company's website in the new section entitled 'Compliance', under 'Good Corporate Governance', 'Annual General Meeting'.

2021 AGM	
DIRECTORS' REMUNERATION POLICY FOR FY 2021, 2022 AND 2023	**FAVOURABLE VOTES: 98.42%**

Since the approval in 2015 of the first Directors' Remuneration Policy, the Annual Reports on Remuneration to Directors for the financial years 2017, 2018, 2019 and 2020 have taken into account and described in detail the criteria laid out in the policy, receiving broad support from shareholders in the advisory say-on-pay and, in addition, from institutional investors and Proxy Advisors.

2021	2020	2019	2018
96.74%	99.26%	99.39%	99.36%

This new Remuneration Policy does not envisage significant variations with respect to the previous one (approved in 2018 and which the current one replaced), although it does introduce the following main new developments:

- Variable annual remuneration is afforded more weighting so as to strengthen the pay-for-performance equation, in line with market practice and with the corporate governance guidelines.
- The possibility of increasing the weighting of non-financial targets to which annual variable annual remuneration is linked is established.
- The maximum amount of long-term variable remuneration, expressed as a percentage of fixed remuneration, is adjusted; and
- The possibility of increasing the weighting of non-financial targets to which long-term variable remuneration is linked is established.

As considered by the Board of Directors, following a favourable report by the Remuneration Committee, this Remuneration Policy:

Is reasonably proportionate to the Company's size, its financial position and the market standards at comparable companies;
It establishes the channels to avoid undertaking unnecessary risks, permitting an adequate and efficient management thereof; and
It is aligned with the long-term strategic priorities of the Company and the interests of its shareholders and other stakeholders.

In financial year 2022 work is ongoing on the amendment of the Remuneration Policy so as to adapt its content to the new organisational structure outlined in section a) above, and which will be submitted to shareholders for their approval at the next Annual General Meeting.

Remuneration of directors in their status as such:

The remuneration of the directors in their status as such consists of a fixed annual remuneration for each of them, depending on their membership and positions held on the Board and its Committees, the amount of which is decided by the Annual General Meeting for each financial year or for periods established by the General Meeting. This amount is stipulated expressly in the Remuneration Policy and constitutes the only remuneration received by the Directors for serving on the Board and its Committees.

The Remuneration Policy sets forth the necessary criteria for determining the maximum annual amount for all Directors, regardless of their category.

Executive Directors

The principles and rationale of the Remuneration Policy in relation to the remuneration of executive directors for the performance of executive duties are, among others, as follows:

- Moderation: remuneration is proportionate to the Company's description and the business model, always based on the principle that it should be neither excessive nor insufficient, in order to avoid assuming inappropriate risks.

- Link to strategy and Pay for Performance: a significant part of the remuneration is linked to achieving results that reflect the Group's strategic priorities.

- Alignments with the stakeholders, sustainability and environmental commitment: the design of the Remuneration Policy is reviewed periodically to ensure alignment between the achievement of results and the sustainable creation of shareholder value.

  Progress in Environmental, Social and Governance (ESG) matters and the environmental commitment are important criteria in Inditex's remuneration programme.

  In addition, the interests of the employees as a whole and other stakeholders are taken into account when determining the remuneration of the executive directors.

- Long term: it is consistent with the long-term values and objectives of the Company.

The executive directors' remuneration package consists of a fixed component, a short-term or annual variable remuneration component and a long-term or multi-year variable remuneration component.

The variable components of executive directors' remuneration, linked to achieving the Group's targets, are sufficiently flexible so as to allow its shaping to the extent that, under certain circumstances, it is possible that no variable remuneration may be received at all, in which case the fixed remuneration would represent 100% of the total remuneration. In no case are there guaranteed variable remunerations.

In 2021 the Annual General Meeting approved a new long-term incentive plan, which is a continuation of the previous plan:

- Two overlapping cycles of at least a three-year period of measurement of objectives.

- Mainly share-based.

- Linked to metrics consistent with Inditex's long-term strategic objectives, including sustainability objectives. These objectives are aligned with the Group's sustainable strategy, which takes into account all Inditex's stakeholders, and encourage the implementation of this strategy.

- Retention of shares granted for at least one year.

The main new development under this new Plan is the increase in the weighting of sustainability metrics from 10% to 25%.

During financial year 2021, the overall remuneration of the Board of Directors amounted to 21,232 thousand euros, as set forth in section C.1.13. of the 2021 Annual Corporate Governance Report, approved by the Board of Directors at its meeting of 15 March 2022.

Remuneration of Senior Management

The aggregate remuneration of the members who were part of the Senior Management during financial year 2021 amounted to 69,204 thousand euros, as set forth in section C.1.13. of the 2021 Annual Corporate Governance Report, approved by the Board of Directors at its meeting of 15 March 2022.

The average remuneration accrued in 2021 amounted to 3,294,158 euros (1,323,636, 1,434,163 and 1,944,018 euros in 2020, 2019 and 2018, respectively). The average remuneration of female Senior Managers was 2,800,975 euros and that of male Senior Managers was 3,455,140 euros (993,144 euros and 1,426,915 euros in 2020; 1,033,309 euros and 1,555,634 euros in 2019; and 1,725,866 euros and 2,008,180 euros in 2018, respectively).

5.9.3.5. Vision and challenges: towards sustainable governance

Sustainability is one of the essential elements of the Inditex's Corporate Governance System. In this regard, 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, the Inditex Corporate Governance System provides a comprehensive vision that promotes responsible governance, in order to preserve the interests of our shareholders, while at the same time reflecting and taking responsibility for the environmental, social and reputational impact of our activity, in the quest to maximise the long-term corporate interest through the necessary 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.

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

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

In order to adapt the organisational structure at the most senior level to the Group's strategy, clearly oriented towards social and environmental sustainability, at its meeting of 11 June 2019, the Board of Directors approved the creation of the Sustainability Committee[107], as a delegated committee of an informative and consultative nature, responsible for advising the Board on matters within its sphere of competence and for supervising and monitoring proposals in the areas of sustainability in respect of human rights, social, environmental and product health and safety concerns, as well as for nurturing the commitment to the Sustainable Development Goals.

[107] More information in section *4.2. Sustainability, the basis for transformation* of this Report.

In other words, the Committee is the body responsible for monitoring our social and environmental sustainability strategy and practices. All of this enables the corporate strategy to be defined, taking into account the opportunities, risks and impacts derived from sustainability, as well as the procedures for establishing, measuring and achieving sustainability objectives, considering the interests of all our stakeholders and without losing sight of the precautionary principle in the Company's decision-making. All of this is faithfully reflected in the Group's **Sustainability Policy**[108], approved by the Board of Directors at its meeting of 14 December 2020, which merges the previous Environmental Sustainability and Corporate Social Responsibility Policies into one, and reflects the Group's new vision and strategy in terms of sustainability.

Establishing appropriate mechanisms to reflect the expectations of our stakeholders

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

In particular, it is tasked with supervising and evaluating —in coordination with the Audit and Compliance Committee in respect of those matters within its competence— 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, the **Social Advisory Board** 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 or institutions 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, in addition, it plays an important role in determining the materiality matrix, in which it participates in collaboration with our stakeholders. The Social Advisory Board acts as the main spokesperson of the Sustainability Committee, maintaining an effective and continuous dialogue.

The following are members of the Social Advisory Board:

Cecilia Plañiol	Ezequiel Reficco
Javier Sardina	Paula Farias
Víctor Viñuales	

All of which also contributes to better identification and prevention of the sustainability risks and impacts in our business operations.

[108] More information in section *4.2. Sustainability, the basis for transformation* of this Report.

The existence of robust sustainability monitoring mechanisms

The Sustainability Committee is responsible for overseeing and monitoring sustainability proposals in human rights, social, environmental and product health and safety aspects, as well as monitoring social and environmental sustainability strategy and practices.

In addition, the Committee is further tasked with supervision and verification of 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 Integrated Director's 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.

For this purpose, Inditex has also developed the Policy on Disclosure of Financial, Non-Financial and Corporate Information, approved by the Board of Directors at its meeting of 14 December 2020. The aim of this Policy is to establish the framework for action and define the general principles that will govern the Company's reporting of financial, non-financial and corporate information through regulated and non-regulated channels, with the main purpose of ensuring the protection of stakeholders and the orderly functioning of the market. The Sustainability Committee is tasked with guaranteeing the effective application of this Policy.

Among the various principles defined in the aforementioned Policy, we highlight the following: (a) it assumes as a strategic objective the transparency of information relating to the Company in relations with our stakeholders; (b) it ensures that the dissemination of financial, non-financial and corporate information adequately reflects the Company's principles and strategy in environmental, social and governance (ESG) matters; and (c) it ensures that such information when disseminated through non-regulated channels is truthful and consistent with the same information previously disseminated through regulated channels.

The Audit and Compliance Committee, as the body responsible for overseeing and controlling the effectiveness of the internal risk management and control systems, oversees and assesses financial and non-financial risks and those deriving from the Group's actions in relation to its social and environmental sustainability practices, and so on.

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

The Ethics Committee is the internal body reporting to the Board of Directors, through the Audit and Compliance Committee, which ensures compliance with the rules of conduct and specifically with the Code of Conduct and Responsible Practices and the Code of Conduct for Manufacturers and Suppliers.

In order to ensure adequate monitoring, as described in section 5.9.2 *Compliance and criminal risk prevention systems*, above, the Ethics Committee reports to the Audit and Compliance Committee at least every six months.

The link between sustainability performance and the remuneration system for our executive directors and Senior Management

As detailed above, in accordance with the Remuneration Policy, the remuneration package for executive directors consists of a fixed component, a short-term or annual variable remuneration component and a long-term or multi-year variable remuneration component.

This remuneration mix strikes a balance between achieving short-, medium- and long-term objectives, rewarding ongoing achievement, maintained over sufficient time to appreciate the contribution to long-term value creation.

In addition, the variable remuneration of our executive directors, both annual and multi-year, is linked to the fulfilment of certain sustainability targets (environmental, social and corporate governance). These targets are aligned with the Group's sustainable strategy, which takes into account all Inditex's stakeholders, and encourage the implementation of this strategy.

Thus, the Board of Directors agreed to link the annual variable remuneration of the executive directors for the financial year 2021 to, among other criteria, progress in the implementation of Inditex's global sustainability strategy. This progress will be measured according to the indicators announced at the 2021 Annual General Meeting, with a maximum weight of up to 15% of the total annual variable remuneration.

Moreover, in accordance with the new Long-Term Incentive Plan also approved by shareholders at the aforementioned Annual General Meeting in 2021, the weight of sustainability metrics to which the multi-year remuneration is linked has been increased to 25%.

As a result, in financial year 2021, the weight of sustainability goals over total variable remuneration has been at least 20%.

Details of the targets, the measurement criteria and the performance scales for each of the sustainability targets linked to the variable remuneration of the executive directors are set out in the 2021 Annual Report on Directors' Remuneration, approved by the Board of Directors at its meeting of 15 March 2022, and available on the corporate website (in the 'Compliance' section, under 'Good Corporate Governance', 'Remuneration Report') and on the CNMV website.

The linking between sustainability targets and the remuneration system also applies to the Group's Senior Management.

Our commitment to diversity embodied by the composition of the governing bodies

The Inditex Diversity and Inclusion Policy[109], approved by the Board of Directors in December 2017, and partially amended in December 2020, 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.

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

As the Nomination Committee noted in its analysis of the needs of the Company and of the Board of Directors, included in the relevant report dated 7 June 2021, the following conclusions may be drawn with regard to the current composition of the Board of Directors of Inditex:

- There is diverse memebership in terms of origin, knowledge and experience, with particular emphasis on technological profiles and expertise in sustainability in line with the Group's strategic axes.
- There is a balanced representation of men and women.

These conclusions were ratified by the Board itself, in its report approved on 8 June 2021. Both reports were published on the corporate website when the Annual General Meeting of Inditex was called.

Moreover, Inditex's Nomination Committee advocated that the proposals for the re-election and appointment of directors in the future should be oriented towards maintaining or strengthening the presence in the most senior governing body and its delegate committees of the following: (i) profiles with experience in technology and in the field of sustainability and environmental, social and corporate governance (ESG) issues in general, in line with the Company's priority strategic pillars; (ii) considerable diversity in, among other matters, professional experience, competences, personal skills, sector-specific knowledge, gender and age; (iii) a balanced composition among the different directorship types, ensuring a majority presence of non-executive directors, as well as the presence of a representation of proprietary directors such as to guarantee the existence of effective counterweights; and (iv) the progressive board refreshment, combined with the presence of profiles with broad experience and knowledge of the Company, the Group, the business and the retail sector in general.

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

In any event, in keeping with the commitments acquired, Inditex's Nomination Committee considered that in the future selection of directors it should be an immediate priority to promote gender diversity, so as to complete the process of meeting the aforementioned targets set for 2022, while not compromising the strictest criteria of suitability and merit in making all appointments.

With regard to gender diversity, the Committee has unceasingly endeavoured to maintain the highest possible levels of female representation. A clear example of this is that in 2019 the 30% target established in the Director Selection Policy in force at the time and recommended by the Good Governance Code for Listed Companies had already been exceeded. Furthermore, in the amendment to Inditex's internal regulations, approved by the Board of Directors at its meeting of 14 December 2020, the Committee established a **new target of 40% of female Directors out of the total number of members of the Board, to be reached before the end of 2022**.

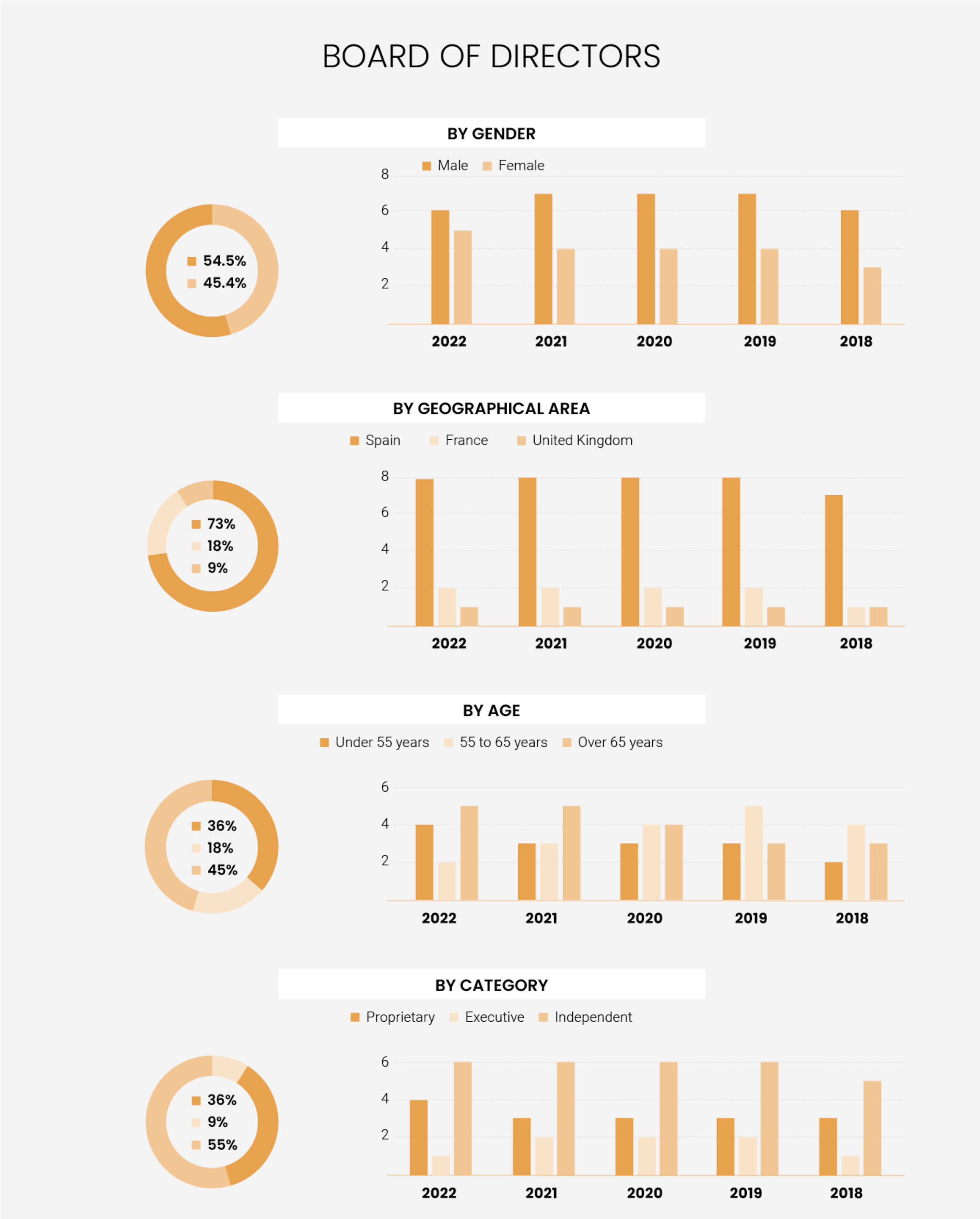
Governing Bodies	%
Board of Directors	36%
Audit and Compliance Committee	43%
Nomination Committee	40%
Remuneration Committee	20%
Sustainability Committee	60%

According to the subsequent analysis carried out by the Nomination Committee, and included in the corresponding report dated November 2021, as well as the suitability report commissioned from an independent external advisor, the appointments of Ms Marta Ortega Pérez, as Proprietary Director and non-executive Chair (although effective from 1 April 2022), and of Mr Óscar García Maceiras, as Executive Director and Chief Executive Officer, mentioned in section a) above, contribute, among other factors, and in terms of diversity, to: (i) strengthening the diversity of the directorship types; (ii) reinforcing the representation of women, exceeding the target of 40% established for 2022; (iii) enhancing experience in areas that constitute strategic priorities of the Company, achieving an adequate balance between skills and experience, appropriate for the interests of the Company and of the Group, combining profiles that have extensive experience and knowledge of the Group, the business and the retail sector in general, together with other profiles with training, skills, knowledge and experience in other areas and sectors; and (iv) a progressive board refreshment, while at the same time ensuring that Inditex's values are preserved and the stability of the project is maintained due to the extensive experience of both professionals.

Moreover, the Committee is also responsible for the appointment and removal of members of Senior Management, and must also ensure gender diversity and the promotion of female leadership, **facilitating the existence of a significant number of female senior executives**.

This commitment to diversity is evidenced both in the terms of reference of the Board of Directors and the Nomination Committee and in the **Diversity of Board of Directors Membership and Director Selection Policy** (available on the website in the 'Compliance' section, under 'Good Corporate Governance', 'Annual General Meeting'), as well as in the Group's Diversity and Inclusion Policy.

Main diversity indicators applying to the Inditex Board of Directors for the last four financial years (2018, 2019, 2020 and 2021):



Indicators for financial year 2022 correspond to the situation of Inditex's Board of Directors as at 1st April 2022, date on which the appointment of Ms Marta Ortega Pérez as new director and (non-executive) Chair of the board will become effective, following the departure of Mr Isla, so far Executive Chairman.

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 throughout the organisation, as well as nurturing a diverse and inclusive workplace, which contributes fundamentally to the achievement of Inditex's corporate objectives and a better business performance.

5.10. Responsible risk management

Related material topics: Risk management and control systems; climate change.

At Inditex, responsible risk management permeates every level of the Company. This effective management enables us to perform strongly and generates a sustainable business performance over time, which is necessary for transformation.

5.10.1. Risk management and control framework

GRI 102-11 and 102-29

Inditex's Integrated Risk Management System (IRMS) establishes the Group's risk management and control framework. The IRMS encompasses the entire Group, at both corporate level and in the various business units and subsidiaries, regardless of their geographic location. It is incorporated in the strategic planning process, in the definition of business objectives, as well as in the Group's day-to-day operations. The Integrated Risk Management System encompasses both financial and non-financial risks (including tax, operational, technology, cybersecurity, legal/regulatory, social, environmental, climate change, political, reputational, corruption-related and other risks). The Group defines a risk to be any potential event, regardless of its nature, that may have a negative impact on the achievement of the business objectives.

The Group's Risk Management and Control Policy establishes the basic principles, risk factors and the general action guidelines for managing and controlling the risks that affect the Group. The determination of the Risk Management and Control Policy is a non-delegable power of the Board of Directors. It is the responsibility of this body and the Group's Senior Management to promote it, although its implementation is the responsibility of each and every member of the company. Its application may be extended, in whole or in part, to any individual and/or legal person linked to Inditex. 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 Integrated Risk Management System is based on the aforementioned Policy and is developed and supplemented by internal regulations of different levels that govern the management of different risks and apply to different units or areas of the Group. This Integrated Risk Management System coexists with other functions tasked with monitoring specific risk areas. Other relevant risk management policies or regulations in place are detailed below. Inditex's Integrated Risk Management System is based on the 'COSO ERM' methodological framework and the relevant ISO standards, adapted to the Group's needs and specific characteristics. Furthermore, specific evaluation and quantification methodologies are used to tackle specific risks, in particular those relating to the climate.

The Integrated Risk Management System ensures adequate segregation of duties between the various elements of which it is comprised, i.e., between the areas or business units that assume and manage the risks, and those responsible for coordination, control and supervision. Responsibilities are differentiated between the units and bodies involved based on a three-lines-of-defence model. The business units act as the first line of defence, establishing adequate risk management mechanisms and reporting relevant information to the different areas that exercise supervisory functions over the adequacy of the internal control system and to the Risk Management department (reporting to the Senior Finance Management), which act as the second line of defence. The third line of defence is Internal Audit, independently and objectively monitoring the operation and efficacy of the IRMS and reporting to the Board of Directors by means of the Audit and Compliance Committee.

RISK MANAGEMENT

BOARD OF DIRECTORS

Approval of the Risk Management and Control Policy, which establishes the basic principles, key risk factors and the general framework of action for their management.

AUDIT AND COMPLIANCE COMMITTEE

- Supervision of risk control and management, verifying their proper functioning on the basis of the policy approved by the Board.
- Assessment of the efficacy of financial and non-financial risk internal control and management systems, as well as the measures envisaged to mitigate the impact of the risks identified.
- Identification and re-assessment, at least annually, of the main financial and non-financial risks and their tolerance levels.
- Risk Map identifying the main risks by category and an assessment thereof in terms of their potential impact, probability and the Group's preparedness to address them.

THREE LINES OF DEFENCE

FIRST LINE OF DEFENCE

BUSINESS UNITS

Reporting of the risks to which the Group is exposed in its respective responsibility areas, including those related to climate.

SECOND LINE OF DEFENCE

RISK MANAGEMENT/COMPLIANCE FUNCTION

Responsible for coordinating and updating the Integrated Risk Management System to maintain maximum quality levels.

THIRD LINE OF DEFENCE

INTERNAL AUDIT

Independently and objectively supervises the Integrated Risk Management System.

ANNUAL Report

QUARTERLY Report

SENIOR MANAGEMENT

- Awareness and dissemination of the importance of the Integrated Risk Management System and its value for all the Group's stakeholders.
- Definition and validation of roles, attributions and responsibilities within the framework of the Risk Management System.
- Approval of action plans and work plans derived from the risk management process itself, and activity monitoring.
- Setting the level of risk that the Company considers acceptable, based on the objectives and interests of the Company and its stakeholders.

Uniform, standardised and systematic risk identification, assessment and prioritisation processes are in place, based on the concepts of risk appetite, risk tolerance and target risk. The risk factors to which the Group is subject are classified into six categories, which are subdivided into lower hierarchical classifications according to their causality: financial, geopolitical, technological, environmental, social and governance risks.

The risk identification process aims to pinpoint, recognise and describe the risks that may prevent the organisation from achieving its objectives. In the identification process, every effort is made to have the best information available, taking as a foundation the knowledge and experience of the areas directly responsible for risk management, complemented, where appropriate, by relevant external sources. Emerging risks are also considered, i.e., those risks that are new, in the process of transformation, or are a novel combination of risks, whose impact, probability of occurrence and cost are not yet well understood.

Risk criteria must be set by Senior Management, in keeping with the Group's objectives and interests, as well as those of its various stakeholders, and are updated periodically. Risks are assessed in terms of residual risk, i.e., the risk remaining after appropriate remedial measures are taken.

The assessment considers three magnitudes for each of the risks: impact, likelihood of occurrence and level of preparedness. The Risk Management department periodically (at least annually) asks the various management units to assess and review the different risks and the mitigation measures in place and planned, by means of a system of interviews and questionnaires. A risk register is kept, represented in a risk map, assessing risks according to their overall impact (strong, high, moderate and minor risks). The map contains the critical risks, meaning those which, if they were to materialise, could compromise the achievement of the Group's strategic objectives. The map is periodically reported to the Board of Directors.

RISK MANAGEMENT AND CONTROL FRAMEWORK

IMPACT

Effect that a risk would have if it were to materialise. Risk managers consider the worst-case impact scenario for risk materialisation and assess the impact on each strategic objective based on their own calculations, except for the 'Corporate image and reputation' variable, for which they use a standard questionnaire. To obtain the total risk impact assessment, the result of the variable with the highest impact is considered and increased according to the other affected variables on a weighted basis.

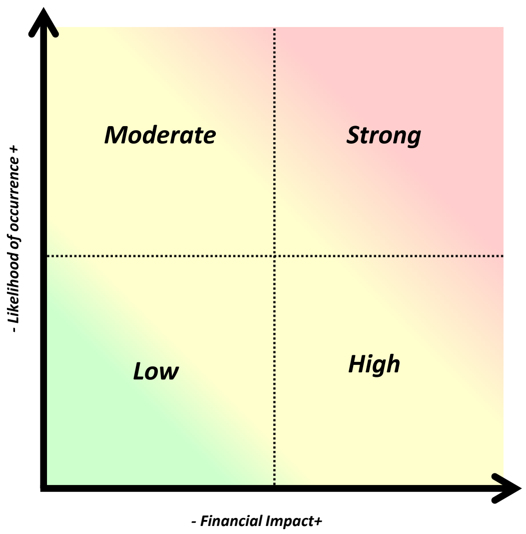
LIKELIHOOD

Risk managers use an average scenario to assess the probability of occurrence. The estimated probability of the risk materialising is measured, taking into account the track record of the past five years as well as the one-year expectations. The various possible scenarios are documented in terms of impact and likelihood of occurrence.

PREPAREDNESS

The level of preparedness is measured using a questionnaire on aspects related to response capacity, existing mechanisms and controls, scenario analysis and contingency plans.

These assessments are transferred to the tolerance scales defined by Senior Management for each of the variables to obtain the total impact level. Various thresholds are currently assessed for the following financial variables: change in sales, change in gross margin, change in net profit and change in cash flow generated from operating activities.



To assess climate change-related risks, methods for the financial assessment of (acute and chronic) physical and transitional risks in the short, medium and long term based on scenario methodology, are also used. This methodology is described in detail in section 5.10.4. Climate change: risks and opportunities. The scenario methodology is also used to assess risks in categories not related to climate change. To analyse each scenario increasing levels of severity are factored in, so as to simulate its likelihood of occurrence, its timing, its specific recovery curve from the baseline and its aggregate and separate impact. The purpose is to calculate Earning Value at Risk over a time frame of five years discounted to obtain its present value, also enabling us to assess risks in intrinsic and residual terms, after consideration of risk mitigation and transfer measures. This method is part of the process of evolution and development of the IRMS, of which the risk taxonomy implemented last year is a part.

5.10.2. Risk map

GRI 102-11; 102-15; 102-25; 102-28; 102-30; 102-49; 103-2; 103-3 and 201-2

The risk map represents the inventory of critical risks for the Group. There are also maps for specific risk categories that offer greater granularity.

CRITICAL RISK MAP

	Strong	High	Moderate	Minor	# Risks
Social					
The category of social risks includes risks arising from socio-economic trends in societies, including the evolution of preferences, social norms, demographics, as well as the prevalence of diseases and the development of public healthcare systems.	25%	50%	25%	0%	4
Financial					
Financial risks are threats originating in the macroeconomic sphere, in global value chains and in company- or industry-specific events that may prevent the proposed objectives from being achieved.	50%	0%	50%	0%	8
Geopolitical					
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.	66%	0%	34%	0%	3
Governance					
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: (i) the law in a formal material sense; (ii) good governance guidelines; (iii) best practices; and (iv) the commitments that Inditex voluntarily undertakes as a business, as well as 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 risk of corruption or damage to the company's reputation.	58%	14%	14%	14%	7
Environmental					
Environmental risks are risks associated with natural disasters, climate change and the interactions resulting from human exploitation of the environment.	50%	0%	25%	25%	4
Technological					
The technological risk category includes targeted cyber-attacks, collapse of critical infrastructure, industrial accidents with direct or indirect impacts, as well as the inability to adapt to technological advances.	20%	60%	20%	0%	5
Total	**45%**	**19%**	**29%**	**7%**	**31**

There follows a description of the main risk factors, and the procedures for their control and management. The Group's risk taxonomy was reviewed last year as part of the process of evolution and development of the IRMS.

5.10.2.1. 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 achieved.

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.

Risk: exchange rate volatility

Description and impact:

The Euro is the Group's functional currency. Its international transactions require the use of numerous currencies, giving rise to foreign currency exchange risk. Currency exposure manifests itself in terms of net investment, translation and transaction risks. 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 functional currency, i.e., in euros, it is exposed to foreign exchange translation risk resulting from all its entities located outside the Economic and Monetary Union. The Company is also exposed to the risk arising from the 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.

Risk management:

Foreign exchange rate risk is managed in line with the corporate risk management model guidelines set forth in the Financial Risk Management Policy 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 of risk and its management, in order to minimise the impact, using natural hedges, the benefits of diversification and the arrangement of financial hedges.

The Policy establishes the procedures for analysing and monitoring foreign exchange exposure, as well as potential hedging strategies. It also regulates the contracting of financial derivatives, their record and documentation. The Group uses the Cash-Flow-at-Risk (CFaR) methodology in order to estimate the potential impact of exchange rate fluctuations on consolidated profit before tax and, if applicable, determine the relevant mitigation strategies. The Group also uses the Value-at-Risk (VaR) method to manage foreign exchange risk in relation to the translation of the most relevant accounting items. Occasionally, mitigation strategies use financial derivatives like options purchased, zero-premium option combinations and currency forwards.

ⓘ More information in Note 25 of the Consolidated Annual Accounts.

Risk: inflation and higher raw material prices

Description and impact:

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 normally. Notable is the impact of the increase in the price of raw materials (textile and non-textile) consumed directly and indirectly in the Group's operations, and in the procurement of goods, primarily of our products and services, in particular in connection with the transportation of supplies and distribution. This risk is measured using the aforementioned VaR methodologies.

ⓘ More information in Note 25 of the Consolidates Annual Accounts and in section *5.4.2. Design and selection of materials* of this Report.

Risk management:

The manufacturing and procurement model ensures flexibility and allows production to be adapted to market demand and to possible changes in the supply market environment. The permanent contact with stores and online teams by our team of designers, through the Product Management Department, helps them to learn about customer preferences changes. In addition, the vertical integration of operations makes it possible to shorten production and delivery times and reduce inventory volumes, while keeping sufficient manoeuvring room to introduce new products over the course of each season. Due to the importance of logistics management in managing these risks, the Group analyses all factors that could negatively affect the goal of achieving maximum efficiency in logistics management.

ⓘ More information in section *4.1.1. Business model and strategy* of this Report.

Risk: counterparty risk

Description and impact:

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 majority of 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 Group is also exposed to the risk that financial counterparties fail to comply with their obligations in relation to investing our liquidity, credit policies or other funding and guarantee vehicles, as well as the derivative instruments arranged to hedge financial risks.

ⓘ More information in Notes 11, 20 and 25 of the Consolidated Annual Accounts.

Risk management:

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, technological, operational, reputational and other aspects. The Group's **Financial Investment Policy** aims to ensure the safety, integrity and liquidity of the Company's financial assets. Based on the Financial Risk Management Policy and its implementing regulations, the maximum exposures are determined in terms of counterparty, and it regulates the procedures to ensure the control, oversight and monitoring of credit risk. The flexibility and diversification of the value chain are crucial pillars that ensure the resilience and continuity of the Group's operations in respect of potential disruptions owing to the behaviour of third parties, whether suppliers of goods and services or business partners.

ⓘ More information in section *5.5.1. Sustainable management of the supply chain* of this Report.

Risk: competitive environment

Description and impact:

Risks relating to the competitive environment refer to 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. These risks are inherent to the fashion retailing business and consist of the Group's potential inability to continue operating and react to changes in its target market or to adapt to new situations in its supply or distribution countries. These risks derive from the possible difficulties involved in recognising and taking on board the ongoing changes in fashion trends, and in manufacturing, supplying and putting up for sale new articles that meet customer expectations. The optimal achievement of business objectives may be shaped by a decline in consumption resulting from an economic downturn, whether global or limited to one or more of the markets in which the Group operates.

Risk management:

The Group's unique business model is based on management that aims to improve the efficiency and effectiveness of existing markets, business lines and stores, **rationalising and diversifying the sales network**, within a model of organic growth of the current business. The internationalisation policy, the Group's multi-brand format and the support for total integration of channels and new technologies as alternatives for our customer communication and sales, represent a means of risk diversification that mitigates the overall exposure to risks in the market. The Group performs a feasibility analysis of each new market, business line or store, considering worst-case scenarios, and subsequently monitors compliance with the estimated figures. The Company has very strict requirements in terms of the profitability of commercial premises.

ⓘ More information in sections *3. Get to know Inditex* and *4. Transforming with a unique model* of this Report.

Other financial risks:

The current interest rate environment, particularly in the euro area, implies a potential risk of negative profitability in the Group's financial position (more information in Note 8 of the Economic and Financial Report). Another significant policy in managing financial risk is the **Payment Management Policy.** It institutes the principles aimed at ensuring compliance with the Group's obligations, safeguarding its interests and establishing the necessary procedures and processes to guarantee the efficient and swift management of payments. The Policy determines the optimal form, currency and timing of payment in economic, accounting and legal terms. Finally, the Payment Management Policy establishes the possible exceptions and the procedures for authorising them. The Policy and Procedure on Representatives and Attorneys sets out the members of the Group who may enter into financial transactions on its behalf, including payments, their levels of authorisation based on the nature and amount of the transaction, as well as the necessary combinations of attorneys contingent upon these criteria.

ⓘ More information in section *3.3. Inditex in figures, key indicators* of this Report.

5.10.2.2. 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.

Risk: socio-political unrest

Description and impact:

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

The conflict in Ukraine has forced the temporary suspension of the Group's operations in Ukraine and in the Russian Federation. The implications that the current circumstances may have for our business due to their potential ramifications, as well as their estimated duration, are still difficult to assess in such an uncertain context.

Risk management:

The business model is based on a **value chain with multiple geographic origins** which, in addition to providing the necessary flexibility and adaptation to demand, ensures a high level of diversification and offers alternatives should it become necessary to switch between different manufacturing markets in case of severe or continuous disruptions. The Group's integrated sales model enables it to operate in more than 200 markets, which ensures a significant level of diversification and resilience.

The Group continues to permanently analyse the evolution of the conflict and its complex implications and implement plans to mitigate its impact, especially in relation to its workforce in the affected markets.

ⓘ More information in sections *3. Get to know Inditex* , *4. Transforming with a unique model* and *5.5.1. Sustainable management of the supply chain* of this Report.

Risk: regulatory framework

Description and impact:

As a result of its extensive direct and indirect geographic presence, the Group is exposed to a **wide range of legislation** in the countries where it operates. Regulatory changes, which are increasingly frequent and more sweeping, especially in our sector, 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. Included in this category are risks relating to tax, customs, labour law, commerce and consumption-related regulations, industrial and intellectual property, data protection and privacy, and those relating to other types of legislation, in particular, regulations in relation to criminal risk (including potential risks of perpetrating crimes related to corruption, fraud and bribery, legislation on cybersecurity and the environment, among others), regardless of whether or not the criminal liability of legal entities is determined, and other regulatory non-compliance risk.

Risk management:

The Group's business model is based on a firm commitment to good governance, transparency and respect, aimed at generating a positive impact, promoting social and environmental sustainability, and conveying a corporate ethical culture in the performance of all its activities.

The Group has a robust Compliance System that is structured as model for the organisation, prevention, detection, control and management of legal and reputational risks, deriving from potential breaches of imperative standards, internal rules and best practices applicable to it.

ⓘ More information in sections *5.8. Fiscal responsibility and transparency* and *5.9. Good governance, corporate ethics culture and solid compliance architecture* of this Report.

5.10.2.3. Technological Risks

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

Technological risk is the risk of losses stemming from the inadequate management of, or failures or deficiencies in, the security of the information systems, including all the devices and technological systems, networks and human resources devoted to processing an organisation's information.

Organisations face multiple types of technological risks, such as information security incidents, cyber attacks, service disruptions, and others.

Each type of technological risk has the potential to unleash financial, reputational, regulatory and/or strategic risks. Consequently, it is crucial to have an effective strategy for managing technological risks to anticipate potential issues.

Risk: cybersecurity

Description and impact:

Cybersecurity risk refers to internal and external exposures that might affect an organisation's objectives and values, due to its operating in digital environments. These exposures may be linked to digitalisation, the adoption of technologies, as well as the behaviour of users and the organisation's pace of modernisation. In the past, exposures to cybersecurity risks were associated with organisations' centralised information systems, but they now include external risks introduced by other organisations or by external systems in the digital world.

The Group is exposed to the possibility of a cybersecurity event that could compromise the continuity of operations and/or the confidentiality, integrity and/or availability of the Group's information, regardless of whether it is located in its own systems or those of third parties; and third parties' information located in the Group's systems.

With numerous attackers attempting to gain access to corporate information worldwide every year, the Group is aware that technological risks are evolving exponentially, unpredictably and, in some cases, in a very sophisticated way, which makes it difficult to anticipate and implement preventive measures. Thus, although **Information Security** is one of the Group's priorities, there is the possibility of an undetectable attack, including on its service suppliers, which might affect operations or information managed by the Company.

Risk management:

The Group is aware that its systems will require continuous improvement and investment to avoid obsolescence and to maintain their responsiveness at the standards it requires. Given how important it is for the Group's goals that the technological systems function properly, it maintains, through the Information Security department and with the support of the Information Security Committee, a permanent control focused on guaranteeing the rationalisation and coherence of these systems, as well as their security and stability, a prerequisite for the uninterrupted performance of its operations.

The Group is guided by the **Information Security Policy** as a reference framework to maintain the confidentiality, availability and integrity of information and the elements that process it.

The Policy sets out the following general principles on which the achievement of the aforementioned objectives must be based:

- (i) information is classified according to its value, importance and criticality for the business;
- (ii) the use of systems is limited to lawful and exclusively professional purposes;
- (iii) functions are segregated in order to avoid risks;
- (iv) when necessary or appropriate, information retention periods are established;
- (v) procedures are in place to control access to information by third parties;
- (vi) the security of information in the systems;
- (vii) a continuity management process is implemented to ensure the recovery of critical information for the Group in the event of a disaster; and
- (viii) the Group's information and communications systems are in keeping with the requirements of the legislation in force and with applicable internal regulations.

It also defines the responsibilities and the scope of competence attributed to the various departments and corresponding bodies within the Organisation. This Policy must be accepted by all users accessing Group's information and may be viewed by them any time in the Company Intranet.

The inventory and risk map of technology and information security risks is updated annually, with the aim of providing an aggregate view of the Group's situation to enable the relevant mitigation and continuous improvement measures to be introduced by responsible areas.

A strategic plan was developed in the year with the help of international experts in various fields and areas in order to maintain and improve the degree of maturity of the Group's Information Security programme. This project also aimed to identify actions and initiatives based on the Company's needs and challenges for the coming years.

As a result of the increase in cyber-attacks on companies worldwide, without a significant impact on the Company's operations at the date of preparation of this report, various working groups have been maintained and developed. These groups, under the supervision of the Information Security Committee, were aimed at continuing to design and implement new initiatives and oversee existing ones in order to mitigate the risks arising from new scenarios.

On the other hand, it should be noted that the Information Security department, which exercises its second-line-of-defence control functions independently, has continuous review mechanisms, which are periodically evaluated through a range of internal and external audits with a view to the prevention, detection and response to a potential cyberattack. These controls would make it possible to anticipate and/or mitigate the consequences of the risk's materialising, together with insurance policies that would cover loss of profit, expenses arising from the attack and the Company's civil liability for damage caused to third parties. Based on the available information, the Organisation considers that these controls have worked to date. Specifically in the E-Commerce environment, the Group complies with the strict requirements of the Payment Card Industry Data Security Standard (PCI- DSS) and is ISO/IEC 27001 certified for Information Security.

Moreover, associated with various of the organisation's processes, the Group has other certifications required by international regulatory frameworks:

- K-ISMS: Korea Information Security Management System (K-ISMS) is an information security management standard operated by Korea Internet & Security Agency (KISA).

  K-ISMS was prepared to evaluate whether enterprises and organisations operate and manage their information security management system (ISMS) consistently and securely such that they protect key information assets from various threats.

- MLPS: Multi-Layer Protection Scheme (MLPS) 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 and unauthorised access using a graded scale to prevent data leakage, manipulation and espionage.

For the specific purpose of maintaining the availability of the systems, the Group has technical contingency systems in place which, together with the associated technical procedures and their relevant evaluation tests, would reduce the consequences of an incident, breakdown or shutdown.

Technical contingency systems may be considered to include the Group's main data centre, certified as TIER IV, which guarantees high availability. The Group also has synchronous data storage in redundant locations or duplication of equipment and lines to mitigate various physical or geological risks.

ⓘ More information in section *5.10.5. Information security and privacy* of this Report.

Risk: shutdown of operations and critical infrastructure and services

Description and impact:

Another technological risk is that arising from the interruption of operations associated with the possible occurrence of extraordinary events beyond the Group's control (fires, transport or key supplier strikes, interruptions in energy and fuel supplies, etc.), which could have a significant effect on the normal functioning of the Group's operations. In view of the Group's operating structure, the main operational risks are concentrated at logistics centres and at third party operators transporting goods. The concepts' clothing, footwear, accessories and household products are distributed from different logistics centres, owned by the Group and operated by third parties, located throughout Spain and complemented by a logistics connection hub in the Netherlands. There are also other smaller logistics centres located in other countries and with third party logistics operators which carry out small scale distribution operations.

Risk management:

The scale and use of all centres has been optimised according to the volume of each brand and the specific needs of the geographic area they serve. In particular, some of the aforementioned logistics centres specialise in distributing goods relating to online sales. The various centres have been configured in such a way as to be versatile enough to take over storage and delivery capacity from other centres in the event of a contingency caused by accidents or stoppages in distribution activities.

In addition, the Group works actively to reduce exposure to this type of risks, maintaining high levels of prevention and protection at all its distribution centres. Insurance policies cover the possible material damage to facilities and the loss of profit derived from an incident.

In order to ensure the Group's growth and reinforce the flexibility of the business model, the Logistics Expansion Plan assesses the need for, and envisages new inversions, where appropriate. Such as investments in new logistics centres or the expansion of existing ones to mitigate the risk associated with the planning and scaling of logistics, investments in improvements and automation in existing centres, aimed at increasing their capacity and efficiency, as well as improving internal control over the goods stored in them. Notable in this respect is the progressive application of Radio Frequency Identification (RFID) technology in the value chain, which allows for a very high degree of control of the goods, and the development of new mobile robotic technologies. Also noteworthy are the search for, validation and control of external logistics operators, at different strategic points, with full integration into the Company's logistics capacity.

ⓘ More information in sections *4.1.1. Business model and strategy* and *4.3.1. Collaborative and transformative innovation* of this Report.

Risk: governance and use of information

Description and impact:

The governance, availability, quality and value of the information generated by the Company is increasingly becoming a competitive advantage and is essential for normal business operations. The information is varied: transactional and operational, financial and accounting, management and budgeting and control. Inditex will 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.

Risk management:

In order to reduce the exposure related to the use and governance of information, the management information distributed to the various managers is periodically reviewed, the Group invests, among other areas, in information transmission systems, data analysis and intelligence for decision-making and process optimisation (distribution, logistics, etc.), business monitoring and budgeting. The Group's various departments and particularly the Management Planning and Control and the Administration Departments, which report to the Financial Division, are directly responsible for producing and supervising the quality of this information. The Information Security Department is responsible for ensuring that this information is accessible and/or modified only by those authorised to do so, entering parameters into the systems to guarantee the reliability, confidentiality, integrity and availability of critical information.

ⓘ More information in section *5.10.5. Information security and privacy* of this Report.

With respect to financial reporting risks, the Group has established an Internal Risk Management and Control System over Financial Reporting (ICFR), with the aim of continuously monitoring and assessing the main associated risks in order to reasonably ensure the reliability of the Group's public financial information —more information in the Report on Internal Control Systems (ICFR) included in the Annual Corporate Governance Report, available at Inditex corporate website—. The Group also has an internal control system to ensure the reliability of non-financial reporting to the market (ICNFR).

Furthermore, the Consolidated Annual Accounts and those of all the relevant companies, as well as the Statement on Non-Financial Information, which forms part of the Directors' Report, are reviewed by the external auditors, who also perform certain audit work related to financial reporting. In addition, for the most significant companies, the external auditors are asked to make recommendations on internal controls.

ⓘ More information in the *Independent verification Report* included herein.

Risk: digitalisation

Description and impact:

The Group is aware that **technological innovations and evolutions** in a broad sense, both in customer interaction through the development of a satisfactory omni-channel experience resulting from the integration of the physical and digital worlds, as well as the improvement of all operating and business processes, are indispensable to ensure fulfilment of the strategic objectives.

ⓘ More information in sections *4.1.1. Business model and strategy* and *4.3. Innovation, vital for transformation* of this Report.

Risk management:

Mindful of the importance of technology and innovation, both crucial in an era in which flexible solutions are needed that adapt to continuous change, the Group has established **digital transformation,** through the introduction of the latest technologies, as one of its strategic goals. The drive for digitalisation as a key transformation tool is evident throughout all the Group's operational and business processes. Digitalisation allows a more agile, efficient and accurate management of our operations, from logistics through to in-store transactions. It facilitates sales growth by integrating channels, both digital and in-store. It ensures immediate availability and accessibility of business data, obtained thanks to our full integration, so as to continue to speed up decision-making processes, manage inventory more efficiently and improve the standard of customer services.

Digitalisation is also an indispensable tool for developing our sustainability strategy, as it is a linchpin in our supplier relations. It enables us to manage the traceability of the supply chain, allowing us to compile social, environmental and product health and safety information that can be made available to all stakeholders. Its application in the sphere of wage management and working hours promotes the financial inclusion of workers in our supply chain, and helps us make further headway towards achieving living wages. Finally, digitalisation and technological advances help us to promote new initiatives, on our own or in tandem with third parties, for innovation, research and development, aimed at the transformation of the textile industry in connection with, among other areas, wet processes, their application to dyeing and printing, and at guaranteeing the safety of the chemical compounds used.

With regard to people management, our digital tilt has enabled us to continue improving our operations, from the initial recruitment to the contract stage. Digitalisation is critical in the sphere of communication and training of our teams all over the world, providing them, in an expedient, modern and continuous manner, with a broad array of proprietary or third-party training content in a virtual forum.

ⓘ More information in sections *4.1.1. Business model and strategy* and *4.3. Innovation, vital for transformation* of this Report.

5.10.2.4. Environmental Risks

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

Risk: shutdown of operations due to natural causes

Description and impact:

As a result of natural disasters such as floods, fires, earthquakes, etc., key business operations and shipping processes could be halted. Events such as these could potentially affect the Group's critical infrastructure. Section **5.10.4. Climate change: risks and opportunities** includes a sub-section concerning the physical climate impact on the Group's value chain.

Risk management:

The approach to managing these risks, including mitigation measures and resilience plans, is discussed in the section entitled **Shutdown of operations and critical infrastructure and services**.

Risk: climate change

Description and impact:

The Group's performance is exposed to the potential impacts of climate change in its various manifestations of physical risk, whether chronic or acute, as well as the risks resulting from the transition to a low-carbon economy. Section **5.10.4. Climate change: risks and opportunities** focuses on this risk within the framework of the Task Force on Climate-related Financial Disclosures (TCFD), which the Group joined in June 2020.

Risk management:

Decarbonisation is one of the main axes of our Sustainability Roadmap, in line with the goals of the Paris Agreement. The Group has set very ambitious decarbonisation targets for our business and for our industry as a whole.

ⓘ More information in sections *5.6.1. Our approach to decarbonisation and energy management* and *5.10.4. Climate change: risks and opportunities* of this Report.

Risk: environmental degradation and scarcity of natural resources

Description and impact:

There is a risk of producing adverse effects in the environment through the release of undesirable or hazardous substances (whether biological or chemical) throughout our value chain. There is also a risk that the Group's activities could translate into negative externalities such as the loss of biodiversity, deforestation, soil degradation, scarcity of raw materials, especially those that meet our sustainability requirements, among others.

Risk management:

The firm commitment to the highest sustainability standards is one of the Group's strategic pillars, as it aims to play a transformational role in the industry. The Group's **Sustainability Policy** sets out its environmental commitments, which are applied transversally across all its business areas and throughout its supply chain. **Three environmental strategies** are derived from this Policy which seek to ensure the best possible protection of environmental resources: the Biodiversity Strategy, the Global Water Management Strategy and the Global Energy Strategy. In line with such three strategies, Inditex is also committed to protecting forest products, as specifically addressed in the Forest Product Policy. We highlight the commitment to clean energy and the implementation of circular management models in our headquarters, logistics centres, factories and stores, such as the Closing the Loop project, among others. Sections 5.4. Collaborating to transform through sustainable management of our products and 5.6. Collaborating to safeguard the planet describes in detail the multiple strategies, governance structures, projects and objectives related to this risk.

5.10.2.5. Social Risks

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

Risk: talent and people management

Description and impact:

Human resource-related risks pertain to the potential dependency on key personnel, the inability to adapt the organisational culture with the required speed and flexibility 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, teleworking culture, etc.

Moreover, there has recently been a growing demand in the labour market related to the social responsibility of companies, which has become a key factor in the choice of companies as a preferred employment destination.

Risk management:

The People Department is guided by a series of principles that are presented in detail in section 5.1. Collaborating with our people, the engine of that transformation. The working system implemented at the Organisation fosters the transmission of knowledge and the involvement of all people in the Group's culture and way of operating. Professional development, training and compensation policies are aimed at developing teams as a whole, providing growth opportunities to the most talented people and retaining key employees. The Group also carries out selection and recruitment processes for new staff to ensure a continuous inflow of talent in all areas of the Company. These measures, combined with the continuous improvement of the Group's policies concerning people, minimise the risk derived from concentrating know-how in certain key people.

The Group has rolled out various initiatives in several lines of action. The Diversity and Inclusion Policy applies throughout the Company. The Inditex Group devises equality plans with measures to promote the commitment to and effective application of the principle of equality between women and men, helping to reduce inequalities and imbalances, preventing discrimination in the workplace, guaranteeing a healthy working environment and establishing measures that help maintain a work-life balance.

Teams are also encouraged to engage in solidarity projects so that they can channel their social concerns wherever the Company operates. For this purpose, a number of programmes and projects have been implemented in which people can participate with varying degrees of engagement.

ⓘ More information in section *5.1. Collaborating with our people, the engine of that transformation* of this Report.

Risk: stakeholder perception

Description and impact:

The social risks category also includes risks that have a direct influence on the perception of the Group by its stakeholders (customers, employees, shareholders and suppliers) and society in general (more information in sections 4.4.3. Materiality analysis and 5.2. Collaborating with our customers, the force driving transformation). 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 regulatory breach or good practices that might have an impact on the Organisation's reputation.

In organisations of the scale and visibility of the Group, conflicts may emerge as a result of inappropriate relations with third parties outside the Group's operational activity (CNMV, media, investors, financial analysts, public authorities, etc.).

Risk management:

Several departments, including Communications and Institutional Relations, are responsible for monitoring the Group's image in all areas, including social media. Communications and Institutional Relations, as well as the Sustainability Department, establish the Group's necessary procedures and protocols for mitigating this risk. In addition, given its importance, the General Secretariat-Regulatory Compliance Management and the Investors Relations Department are specifically responsible for managing relations with the CNMV and, by extension, with investors and financial analysts.

ⓘ More information in sections *5.3. Collaborating with our shareholders, allies in transformation* and *5.9. Good governance, corporate ethics culture and solid compliance architecture* of this Report.

Risk: infectious diseases

Description and impact:

This category also 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 evidenced by the experience of the last two years, pandemics may trigger multiple impacts that are difficult to foresee and variable in intensity, both over time and in extension, that can sometimes prove systemic due to the way their ramifications manifest.

Risk management:

The section 5.10.3 Risks that materialised over the course of the year covers in detail the impact of the covid-19 virus and the measures to mitigate it. For information concerning the management of the impact of covid-19 on customers, suppliers and other stakeholders, see section 5.1.6. Health, safety and wellbeing of our people of this Report.

5.10.2.6. Governance Risks

Governance risks include a set of risks of a different nature. Among them is non-compliance by the Company and, in particular, by its Board of Directors and Senior Management with (i) the law in a formal or material sense; (ii) good governance recommendations; (iii) best practices; and (iv) the commitments that Inditex voluntarily undertakes as a company. Risks of this kind also include those 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.

Risk: ethical behaviour and good governance

Description and impact:

The risks included in this category are risks relating to tax, customs, labour law, commerce and consumption-related regulations, industrial and intellectual property, data protection and privacy and risks relating to other types of legislation, in particular, regulations in relation to criminal risk (including potential risks of perpetrating crimes related to corruption, fraud and bribery, legislation on cybersecurity and environment, among others), regardless of whether or not the criminal liability of legal entities is determined, and other regulatory non-compliance risk.

ⓘ More information in section *5.9. Good governance, corporate ethics culture and solid compliance architecture* of this Report.

Risk management:

The General Counsel's Office and Compliance Office (SG-DCN, by its acronym in Spanish) is responsible for the operational management of the Company's Compliance model. Specifically, this department is tasked with the three-fold function of regulatory stewardship, coordination and reporting.

The General Counsel's Office and Compliance Office is tasked with coordinating the compliance functions of other departments or areas responsible for compliance risks, by means of a periodic reporting system.

In order to mitigate exposure to compliance risks in a broad sense and, in particular, to criminal risks, including risks related to potential corruption, fraud and bribery, the Group has a structure of high-level basic standards and a number of organisational documents which constitute the main pillars of the Company's transversal Compliance System. These high-level standards are the Code of Conduct and Responsible Practices and the Code of Conduct for Manufacturers and Suppliers of the Inditex Group, the full description of which is included in section F.1.2 of the Annual Corporate Governance Report.

The General Counsel's Office and Compliance Office reports to the Audit and Compliance Committee at least half-yearly concerning the monitoring of the system and the main Compliance issues reported.

Inditex has an organisation and management model for the prevention of criminal offences or Criminal Risk Prevention Model, comprising three documents: the Criminal Risk Prevention Policy, the Criminal Risk Prevention Procedure and the Scoping Matrix of Criminal Risks and Controls (hereinafter, 'Criminal Risk Prevention Model'). This Model sets out the main ethical conduct commitments undertaken pursuant to the Code of Conduct and the organisational measures to prevent criminal activity. The Scoping Matrix of Criminal Risks and Controls, which sets out the criminal risks and controls established to prevent perpetration of offences.

This Criminal Risk Prevention Model was approved by the Board of Directors in 2016, but is subject to a continuous process of evaluation and improvement. In particular, the Scoping Matrix of Criminal Risks and Controls, which is permanently updated by means of: (i) the periodic analysis of the possible risks inherent to the various business processes; and (ii) the monitoring of the controls implemented, taking into account the prioritisation of risks as determined in the risk map.

The main policies approved within the framework of the Criminal Risk Prevention Model are as follows:

- Policy on Donations and Sponsorships.
- Policy on Gifts and Business Courtesies.
- Policy on Dealings with Public Servants.
- Conflicts of Interest Policy.
- Anti-Money Laundering and Terrorist Financing Policy.
- Due Diligence Policy.
- The Procedure for Limiting Trade Relations with Suppliers in Restricted or Unauthorised Markets.

The Ethics Committee, which reports to the Board of Directors through the Audit and Compliance Committee, is the internal body responsible for supervising compliance with the Criminal Risk Prevention Model and the effectiveness and correct execution of the controls established therein, with the General Counsel's Office and Compliance Office being responsible for its material execution, as well as for ensuring compliance with the legal requirements in force. The so-called Compliance Function comprises the Ethics Committee, as the decision-making body, and the General Counsel's Office and Compliance Office.

At least every six months, the Ethics Committee submits a report to the Audit and Compliance Committee analysing the results of the supervision of the Criminal Risk Prevention Model. In turn, the Audit and Compliance Committee reports to the Board of Directors on a quarterly basis and whenever the Board so requests.

There is a grievance channel (currently formally called the 'Ethics Line') described in section F.1.2. of the Annual Corporate Governance Report (ACGR).

Inditex allocates the highest priority to the **protection of the personal data of its customers and employees**, including privacy by design and by default in its processes. Consequently, Inditex has a model of compliance in connection with data protection and privacy, managed by the Data Protection and Privacy Department and with the supervision of the Group's global Data Protection Officer (DPO). Its basic standard is the Compliance Policy on Personal Data Protection and Privacy, approved by the Board of Directors. The Policy outlines the principles and commitments that the company applies to ensure compliance with data protection and privacy regulations in all jurisdictions where it operates and to guarantee the rights of all stakeholders (customers, users, employees, etc.).

ⓘ More information in section *5.10.5.2. Personal data protection and privacy* of this Report.

The Group implements a Programme for Compliance with the Code of Conduct for Manufacturers and Suppliers by means of social audits and pre-assessment based on the verification, carried out by qualified social auditors, of the facilities necessary for the production of the fashion articles it distributes, in order to minimise the potential risks of damage to its image due to improper behaviour by third parties. This programme provides the specific review procedures to ensure that information and evidence is obtained on the minimum working conditions with which all manufacturers and suppliers must comply. The Compliance Programme is supplemented with the *Workers at the Centre 2019-2022* strategy, which focuses on workers in the supply chain and their well-being, as well as collaborations with various stakeholders, notably including the Global Framework Agreement with the IndustriALL Global Union federation of industry trade unions, and partnerships with the International Labour Organization (ILO), among others. Section **5.5. Collaborating so our suppliers grow** contains detailed information regarding the strategy and initiatives in connection to this risk.

To mitigate the risks associated with the characteristics of the finished product, ensuring that they do not pose a risk to customers' health and safety, the Group carries out controls and verifications of product health and safety standards (Clear to Wear and Safe to Wear), which are generally applicable and mandatory in the supply chain for all marketed products.

ⓘ More information in section *5.4.4. Health and safety aspects of our products* of this Report.

General Counsel´s Office and the Compliance Office supervises and manages the Inditex Group's regulatory compliance system in order to prevent legal and reputational risks arising from possible regulatory breaches. In order to minimise these risks, it is essential to ensure that the Company's Corporate Governance System (comprising the Articles of Association, the Regulations of the Board of Directors and of the Annual General Meeting, the Audit and Compliance Committee, the Nomination Committee, the Remuneration Committee, the Sustainability Committee, the Internal Regulations of Conduct in the Securities Markets, the corporate policies devised to control and manage risks, and the Group's internal rules of conduct) are consistent with the relevant regulations in force at any given time in the area of corporate governance.

Accordingly, the Audit and Compliance Committee performs an **annual assessment** of its 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 in its governing bodies.

Furthermore, the performance of, among others, the Board of Directors, its directors and delegated committees and the executive directors, is subject to an annual self-assessment.

Inditex's Internal Regulations of Conduct in the Securities Markets (IRC) establish the principles and criteria to guarantee (i) that the information supplied to the market and to the CNMV is truthful, clear, quantified and complete, avoiding subjective judgements that are or could be misleading; as well as (ii) the appropriate use of privileged information and other material information of the Company. Overseeing and implementing the IRC is the responsibility of the Compliance Committee and the Chief Compliance Officer, who reports to the Audit and Compliance Committee every six months.

The application and interpretation of the Code of Conduct and Responsible Practices for Manufacturers and Suppliers are attributed to the Ethics Committee, which also has a mechanism in place to present complaints in regard to irregularities and non-compliances.

Moreover, the Audit and Compliance Committee, through the General Counsel's Office and Compliance Office, periodically checks for the existence of potential conflicts of interest or related-party transactions contrary to the interests of the Company and/or its shareholders, in accordance with a regulated analysis and assessment procedure, and subsequent approval by the Board of Directors.

In short, risk is minimised by ensuring that the governing and management bodies function properly and by improving the Company's internal control, transparency and corporate responsibility, thus generating confidence among shareholders and investors.

As regards supervision, the main governing bodies with responsibilities for risk control are the **Board of Directors** and the **Audit and Compliance Committee.**

- 1. Board of Directors

  The Board of Directors is ultimately responsible for the identification of the Group's main risks and the organisation of appropriate internal control and reporting systems.

- 2. Audit and Compliance Committee

  Among other duties, the Audit and Compliance Committee assists the Board of Directors in its supervision and control of the Group, by reviewing the internal control systems in place. The competences of the Audit and Compliance Committee is provided in the Articles of Association, the Regulations of the Board of Directors and the Regulations of the Audit and Compliance Committee.

  The Regulations of the Audit and Compliance Committee establish that the Committee, composed exclusively of external directors, is responsible for, among other duties: supervising the effectiveness of the Company's internal control, internal audit and financial and non-financial risk management systems, including tax and corruption-related risks, as well as analysing with the auditor any significant weaknesses in the internal control system detected during the course of the audit, and overseeing the process of preparing and presenting the mandatory financial and non-financial information.

The Audit and Compliance Committee is also tasked with supervising the Group's Internal Audit department, ensuring the function's independence and efficacy. Accordingly, the Committee undertakes to: (i) evaluate the Internal Audit function and the performance of its head; (ii) ensure that it has sufficient human and material resources, both internal and external, to carry out its duties; approving the budget of the Internal Audit department; and (iii) approve the Internal Audit Plan and its annual activity report (receiving periodic information on the activities carried out by Internal Audit), ensuring that its activity is mainly focused on the material risks of the Company and its Group.

The Internal Audit department is part of the current organisational structure, directly linked to the Board of Directors, to which it reports functionally through the Chairwoman of the Audit and Compliance Committee, thus guaranteeing full independence in its actions.

The Group's Internal Audit Charter defines the mission of the Internal Audit Department, which is to contribute to the proper running of the Group by ensuring effective and independent oversight of the internal control system and providing the Group with recommendations that help to reduce to reasonable levels the potential impact of risks that might hamper the achievement of the Organisation's objectives.

The Charter also establishes as objectives of Internal Audit, among others, to make such recommendations as it deems appropriate to improve the governance process, to assess the effectiveness of risk management processes and contribute to their improvement, to ensure the proper functioning of internal control and information systems and to guarantee the homogeneous and efficient application of the policies and procedures that make up the internal control system.

In addition, there are areas or departments that exercise supervisory functions over the adequacy of the internal control system. Among others, the Compliance Function, which reports to the SG-DCN, is responsible for the Criminal Risk Prevention and Corruption Prevention Models; the ICFR/ICNFR Internal Control area, reporting to the Senior Finance Management, is responsible for supervising internal control over the integrity of financial reporting (ICFR) and for supervising internal control over the Statement on Non-Financial Information (ICNFR); the Information Security area is responsible for internal control over cybersecurity risks; the Data Protection and Privacy area is responsible for managing the personal data control systems; and the Fiscal area is responsible for supervising the fiscal risk management system.

ⓘ More information in section *5.8. Fiscal responsibility and transparency* of this Report.

5.10.3. Risks that materialised over the course of the year

GRI 102-11; 102-15 and 102-29

The covid-19 pandemic continued to shape performance in the year. Many countries and regions have continued to experience continuous or sporadic restrictions on mobility of varying intensity and these have affected both the Group's stores and the value chain (the Group's own and that of third parties) necessary for the normal operation of our business.

At the height of the pandemic this year, from February to May, a maximum of 28% of all the Group's stores remained closed or subject to restricted opening hours and/or number of people allowed inside. These restrictions sometimes also affected other internal and external services necessary for the Group's operations to work normally. As the year progressed the situation has tended to normalise. The number of stores affected by restrictions has gradually decreased to a broadly insignificant figure.

At the outset of the health crisis, Inditex set up an information system that would afford it the best possible knowledge of all the guidelines and recommendations issued by the various authorities and public bodies in order, not only to ensure compliance with the regulations in force, but also to harness the best practices being implemented in the different geographic areas. The Group's foremost concern has continued to be to ensure the health and well-being of its employees, customers and all persons who directly or indirectly provide services or goods necessary for the operation of the business, taking the appropriate preventive measures and, where necessary, mitigating measures, at all times.

At the time of writing this Report, very few territories were subject to restrictions as a result of the pandemic. However, thanks to the experience gleaned since the start of the health crisis, the implementation of protocols and the provision and strengthening of technical resources for remote working, the Group's management and administration infrastructures in all geographies guarantee normal operations. Mechanisms have been reinforced to ensure the proper working of the means necessary to guarantee the continuity of the Group's operations in this new context and measures to protect information systems have been stepped up.

The integrated sales model has enabled us to continue to meet customer demand in all markets , even during the strictest lockdowns. Online sales have continued to develop strongly and have offset the impact of hindrances to the physical retail channel.

The value chain has also been hit by the pandemic. Some procurement markets have continued to endure sporadic disruptions, resulting in delays in lead times. The flexibility of the business model shone through again, enabling the Group to mitigate the impact of these disruptions by leveraging the diversification of its proximity and long-cycle sources, as well by forecasting demand to adapt procurements in an expedient manner. The pandemic has also hampered supply and distribution shipping networks. The collapse in demand for passenger transport coupled with extraordinary incidents in some communication infrastructure, led to a shortage of routes and/or higher freight rates. The Group has sought versatile transportation alternatives in keeping with the unforeseen circumstances to ensure the continuity of its freight transport model. In this context, the environmental, social and governance (ESG) goals established by the Company were unaffected. Inditex's degree of ambition when it comes to sustainability throughout its value chain remains intact or has even increased, with new commitments unveiled at the Annual General Meeting in July 2021. The pandemic may have affected the annual performance of certain particular indicators relating to ESG, in which case the impact is detailed separately in this Report where applicable, but it has not affected the Group's sustainability goals and commitments.

The pandemic and the recovery process, which has sometimes led to unexpected spikes in demand, has also affected market risks. Some of the currencies in which the Group operates have experienced considerable volatility and, on occasions, ongoing depreciation. Over the year inflation processes have been observed in many regions. There is considerable uncertainty as to whether the consumer price increases are transitory or more long-term. The inflationary spiral has affected many of the costs of goods and services that make up our value chain. Particularly, raw material prices have risen across the board, due, on the one hand to the global increase in demand, and, on the other, to temporary shortages due to bottlenecks or transitory disruptions in value chains, as a result of the pandemic and its repercussions. Energy and transport fuel costs have risen sharply and stayed high over the year, and there is so far no visibility regarding their reversal to average levels of the last few years. In these exacting circumstances, spending has been systematically and rigorously controlled.

Foreign exchange risk has been particularly concentrated in the Turkish lira, the Argentine peso, the US dollar, the Japanese yen and the Russian ruble. During financial year 2021, the depreciation of non-euro currencies has had a negative impact on the Company's sales growth rate and a slightly positive impact on the cost of sales. Exchange rate risk has continued to be actively managed in accordance with the Group's guidelines based on centralized management, operational optimization of foreign exchange exposures, maximization of the benefit of diversification of the exposure portfolio and continuous monitoring of the risk.

Although the Group has a strong cash position, additional measures have been taken to ensure and safeguard the Company's liquidity. The Group also has external sources of financing through lines of credit, largely committed, for a total of 7,665 million euros.

5.10.4. Climate change: risks and opportunities

GRI 102-11; 103-2; 103-3 and 201-2

2021 MILESTONE

During the year, Inditex has continued to make progress in **more closely adopting the recommendations** of the **Task Force on Climate-Related Financial Disclosures** (TCFD).

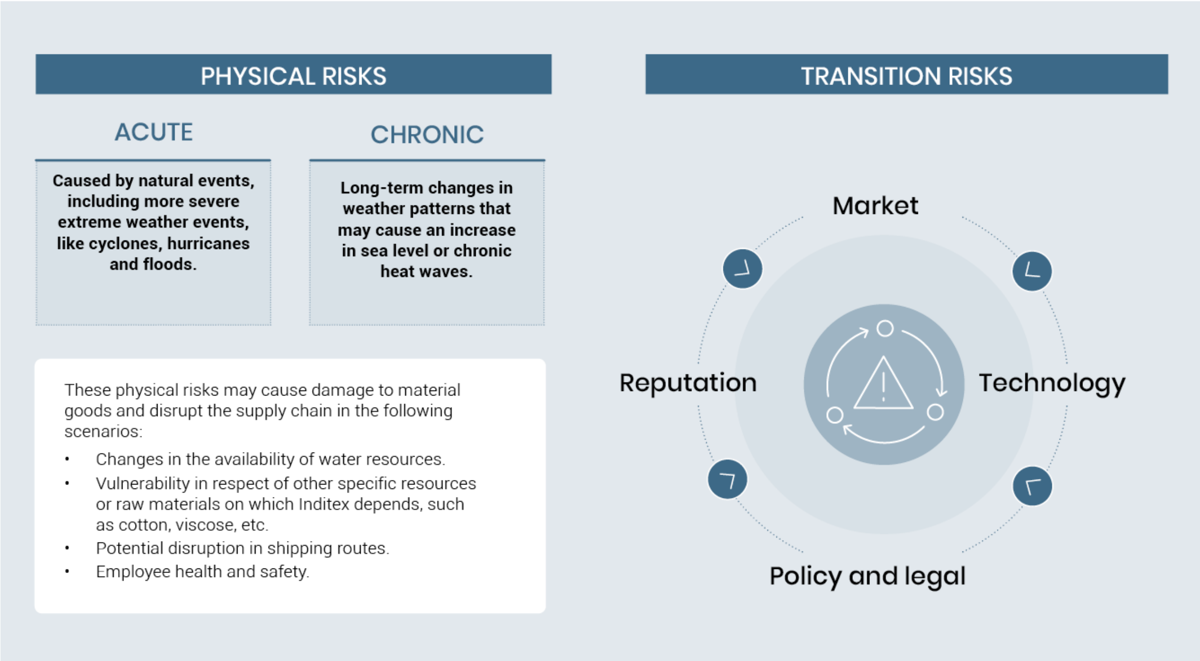
In 2021 we continued to work to further our alignment with the recommendations of the Task Force on Climate-Related Financial Disclosures (TCFD). In this regard, our *TCFD VISION* group, created in 2019 with the mission to manage and adapt our climate-related management and disclosure framework to the recommendations of the TCFD, has made progress in its mission by designing the Group's **2023 alignment plan**, which includes a series of lines of action aimed at making further progress in the management and disclosure of the risks and opportunities arising from climate change throughout our Company.

Progress in alignment with TCFD recommendations

In a rapidly changing climate context, consideration and transparency in respect of climate issues is an increasingly critical part of decision-making. Indeed, as the latest status report by the Task Force on Climate-Related Financial Disclosures[110] indicates, 2021 was a year of great significance as multiple jurisdictions have proposed or finalised laws and regulations to require climate disclosures in keeping with these recommendations, some of which will come into force in 2022. Likewise, international accounting standard bodies are developing standards to include global ambitions for climate risk disclosure.

The recommendations of the Task Force on Climate-Related Financial Disclosures (TCFD) were designed so that information on climate-related financial risks and opportunities could be used for **strategic decision-making**, beyond the traditional understanding of catastrophic climate risks that affect corporate assets and operations. In this respect, the Group's performance is exposed to the potential financial impact of climate change in its various manifestations, not only in the form of acute or chronic physical risks, but also in terms of the risks of transitioning to a low-carbon economy.

[110] More information in the *Task Force on Climate-Related Financial Disclosures 2021 Status Report.*



The Company's actions on the four TCFD benchmarks of **governance, strategy, risk management, and metrics and goals** is presented below:

Governance	The organisation's governance in respect of climate-related risks and opportunities.
Strategy	The actual and potential impact of climate-related risks and the opportunities in the organisation's businesses, strategy and financial planning.
Risk management	The processes used by the organisation to identify, measure and manage climate-related risks.
Metrics and goals	The metrics and goals used to measure and manage material climate-related risks and opportunities.

As part of our firm commitment to decarbonisation, the Inditex Group has ramped up its ambition and accelerated its pledges, bringing forward its goal of achieving **net zero emissions to 2040**, ten years earlier than initially planned. Also consistent with this important challenge, we are making progress on our science-based reduction targets for the period 2018-2030: a 90% reduction in our scope 1 and 2 emissions and a 20% reduction in our scope 3 emissions (in the supply chain category). These targets, validated by the Science Based Targets initiative, are consistent with the Paris Climate Agreement aspiration of limiting the global temperature increase to 1.5°C above pre-industrial levels by the end of the century.

ⓘ More information on these goals and the initiatives being implemented to achieve them in section *5.6. Collaborating to safeguard the planet* of this Report.

ⓘ More information on our specific efforts in circularity and sustainability of our products in section *5.4. Collaborating to transform through sustainable management of our products* of this Report.

Climate governance

The Group's sustainability strategy and its policy on climate change is approved at the highest level by the Board of Directors of Inditex. To guarantee that the Sustainability Roadmap will lead Inditex to be a net zero emissions company by 2040, the Board of Directors monitors, on a quarterly basis, the fulfilment of the objectives included in the Strategic Plan, analysing, among others, the indicators related to sustainability and climate change, which are integrated into our business model and our decision-making processes. The Inditex Group's climate governance is a shared responsibility across all levels of the Organisation:

CLIMATE GOVERNANCE

QUARTERLY

BIANNUAL

BOARD OF DIRECTORS

Body responsible for approving the sustainability strategy and the climate change policy.

SUSTAINABILITY COMMITTEE

Informative and consultative body responsible for advising the Board of Directors and overseeing and controlling sustainability proposals, and fostering the company's commitment to the Sustainable Development Goals as well as steering relations with the various stakeholders in these matters.

AUDIT AND COMPLIANCE COMMITTEE

Supervision and control of the effectiveness of the risk management and internal control system of the Company as a whole. On an annual basis, this committee supervises and assesses non-financial risks, including environmental risks, as part of the annual review of the Inditex risk map, and its degree of tolerance, while ensuring that the risks are managed within the tolerance levels established by the Board.

Together, these two committees are responsible for ensuring the effective application of the policy on reporting non-financial information, supervising the information included in the Statement on Non-Financial Information, as well as other public documentation within their purview.

CHIEF SUSTAINABILITY OFFICER

The Chief Sustainability Officer belongs to Senior Management of Inditex, which comprises the company's senior executives and directors of all our brands. The CSO reports to the COO & Head of Digital and Sustainable Transformation and to the CEO whenever so required, to the Sustainability Committee and, where applicable, to the Audit and Compliance Committee, concerning aspects relating to climate change and the associated risks. The CSO also establishes the strategy and identifies tolerance to climate risk (approved by the Board), as well as supervising the implementation of the sustainability roadmap, and the attainment of the climate goals.

CORPORATE SUSTAINABILITY DEPARTMENT

HEADS OF SUSTAINABILITY OF THE BRANDS

OFFICE OF THE CHIEF COMPLIANCE OFFICER

Responsible for supervising and coordinating the Compliance Model: system for the organisation, prevention, detection, control and management of legal and reputational risks, deriving from potential breaches of mandatory regulations, internal rules and best practices applicable to it.

RISK MANAGERS

Monitoring, identification and tracking of risks within their responsibility in accordance with the tools defined by the Risk Management Department.

FINANCIAL DIVISION/ RISK MANAGEMENT DEPARTMENT

- In charge of ensuring the proper functioning of the Risk Management System and, in particular, that all material risks affecting the Company are properly identified, managed and quantified.
- Participating actively in the preparation of risk strategies and in key decisions about their management.
- Maintaining and updating know-how, techniques, methodologies and tools to enable compliance with the operating principles of the Risk Management System in line with the most stringent quality standards.
- The Chief Financial Officer and, in general, any executive, may report to the Audit and Compliance Committee whenever the latter so requires.

SOCIAL ADVISORY BOARD

A collegiate body integrated by external independent experts, which advises on climate change, among other issues linked to sustainability.

Moreover, Inditex has established the *TCFD VISION* group to monitor and align with TCFD. The group comprises heads of areas such as Sustainability, Risk Management, Internal Audit and Corporate Development, among others.

Strategy

Our focus on decarbonisation

At Inditex we are unwaveringly committed to being **drivers of change** to promote sustainability in the textile sector, which is why we place it at the core of our business strategy. Collaboration and joint work with all our stakeholders is essential to make progress on this front, and that is why we establish partnerships and cooperate with different organisations, institutions and representatives of our various stakeholder groups. For example, we are founding members of The Fashion Pact, and signatories of the UN Fashion Industry Charter for Climate Action, participating in the drafting of new, more ambitious targets that were unveiled at the 26th Conference of the Parties to the Framework Convention on Climate Change (COP26) held in November 2021 in Glasgow (UK).

With the aim of leading this mission, the Inditex Group has a Sustainability Roadmap, which includes the milestones and commitments that we have set ourselves in this area, and which was updated in 2021 with renewed actions and more ambitious objectives, as well as initiatives aimed at achieving our long-term objective.

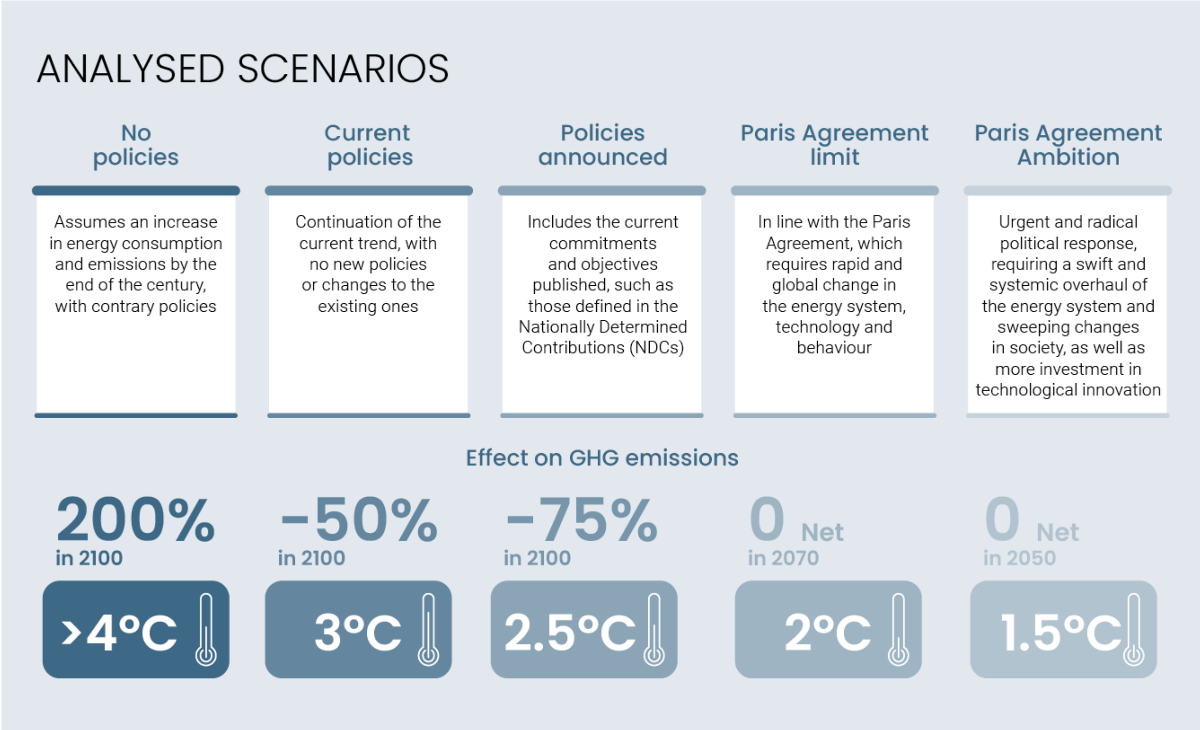
ⓘ More information in section *5.6. Collaborating to safeguard the planet* of this Report.

We believe it is necessary to adopt a **holistic approach** involving the analysis of future climate scenarios and the identification of associated risks and opportunities in order to guarantee a resilient short- and long-term strategy. Building on the work carried out in previous years, the Inditex Group has joined forces with the University of Cambridge's Centre for Risk Studies to design a climate risk assessment model under different scenarios.

At Inditex, we define risk as any potential event that could have a negative impact on the achievement of the business objectives or that could affect the company's normal course of business. Based on this, we categorise the risk in accordance with its potential impact, likelihood of occurrence and our level of preparedness for addressing it. Due to the large scale and long-term challenge posed by climate change, these risks and opportunities were assessed in the short (0-5 years), medium (5-10 years) and long (more than 10 years) term.

Analysis of the scenarios

Analysis of the scenarios gives us a better understanding of the potential impacts of climate change on our Company. We see it as a valuable tool for strategic planning, risk management and for gauging our resilience. Hence, we have been using this methodology for some years now. In 2021 we went a step further by initiating a project with the University of Cambridge's Centre for Risk Studies to explore the resilience of our value chain under different scenarios and greenhouse gas emissions pathways. Part of this work examined transition risks especially closely.



Five emissions pathways were used to assess the potential impacts on the Group of physical and transition risks. Each pathway has its own socio-economic narrative based on assumptions in respect of regulatory changes, energy outlooks and technological advances on the basis of existing data, and a probability of occurrence. For example, emissions pathways are aligned with the Shared Socio-economic Pathways of the Intergovernmental Panel on Climate Change (IPCC's SSPs). The **five emissions pathways** used are described below in more detail:

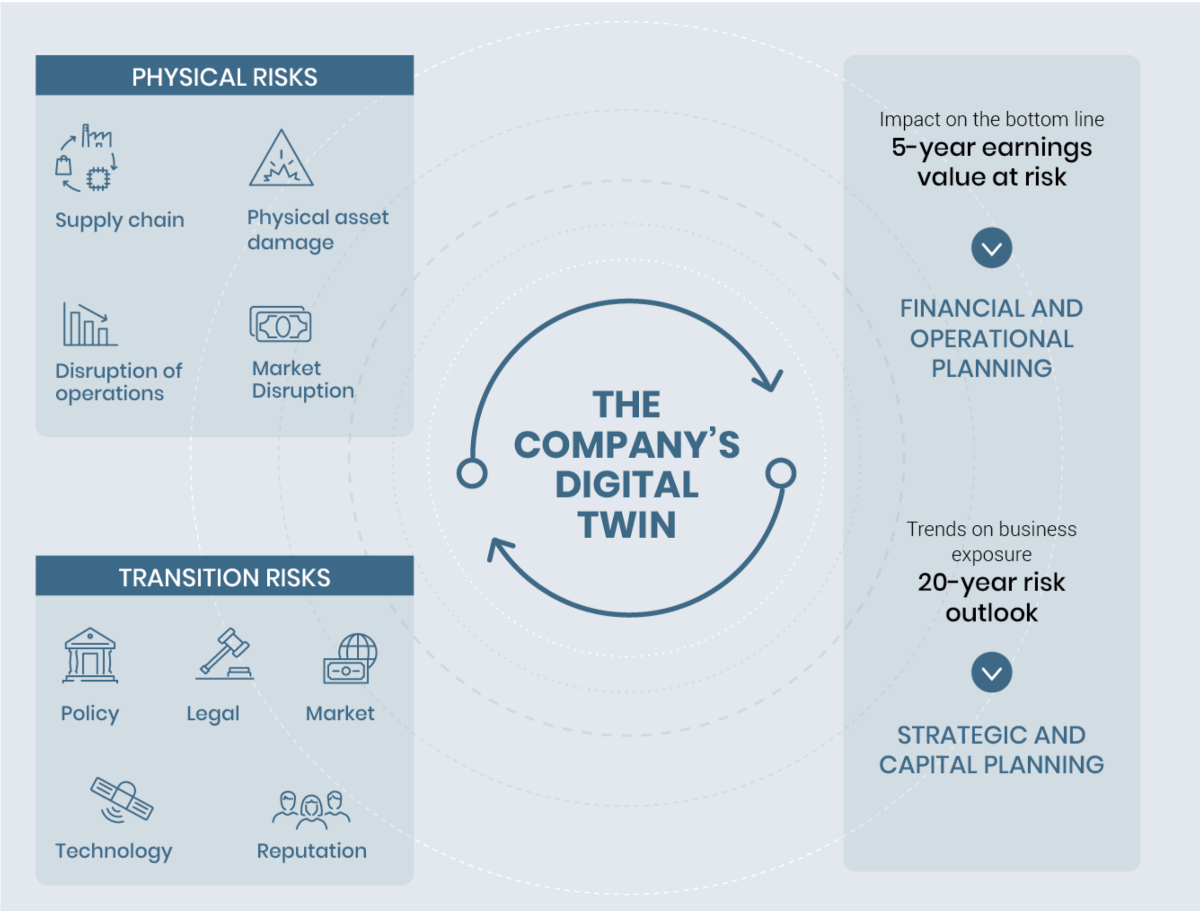
In the short term, the most significant impacts relating to climate change stem from **transition risks.** Consequently, in the next five years transition risk is likely to evolve swiftly as a result of regulatory changes, energy supply and demand, legal processes, etc. Transition risks vary widely depending on the emissions pathway. The most ambitious scenarios in terms of emissions reductions result in potentially higher risks.

In the short term (five years), **physical risk** deriving from climate change practically does not vary across the five emissions pathways and, as a result, its impact is broadly equal in all of them. Since over longer time frames there is more uncertainty with regard to the behaviour of climate change over physical risk, there is a greater divergence between the various pathways, and the probability of the materialisation of these risks increases. These findings evidence the importance of establishing measures in our Sustainability Roadmap in the short, medium and long term.

Method of analysing financial impacts

To quantify the potential impacts of these scenarios, a financial representation (or digital twin) of the Group was created. The **digital twin** is a representation of the Group's business, including its financial statements, key facilities, its value chain, including raw materials, a breakdown of the business by market and the greenhouse gas (GHG) emissions. The model captures the geographic presence of our value chain (origins of raw materials, factories, distribution centres, transport hubs, etc.), our commercial presence and our carbon footprint in respect of scopes 1, 2 and 3. The model allows a short-term quantification, over a five-year time frame, and also provides a 20-year outlook.

The results show the potential losses in future 'at risk' cash flows. Earning Value at Risk, discounted to obtain its present value, makes it possible to quantify the total financial impact of each scenario. The impacts are assessed from the standpoint of the physical and transition risks facing the Group. Each risk is modelled independently, assuming there are no interdependencies or trade-offs between them.

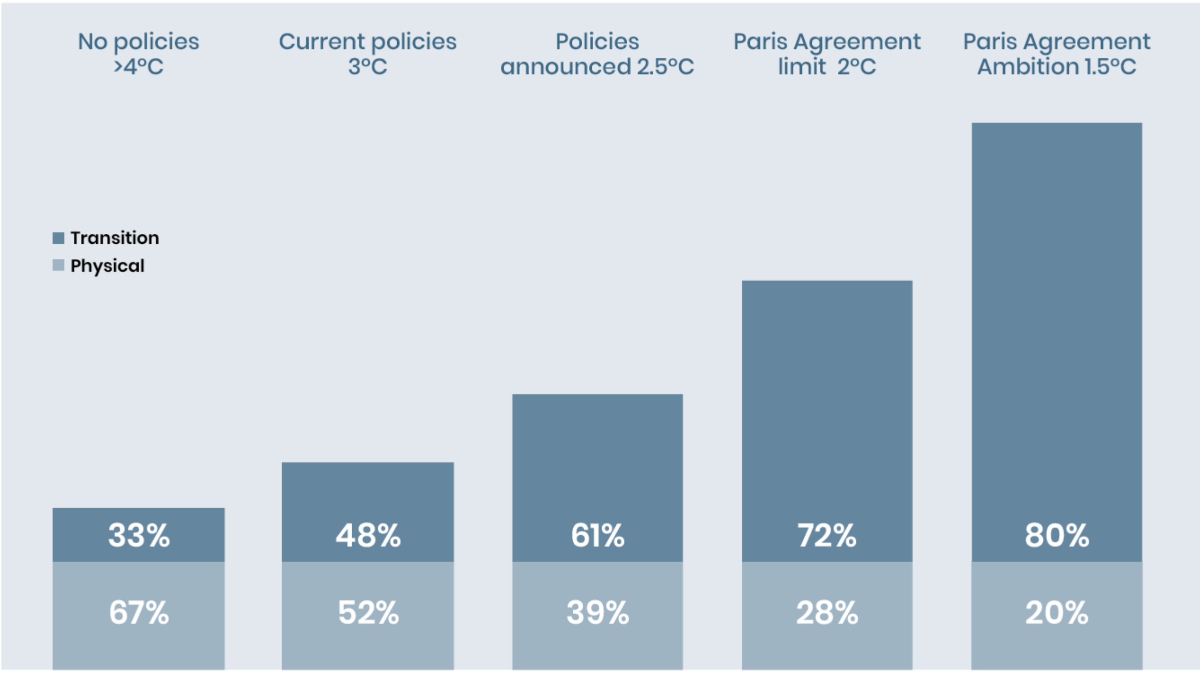


Earning Value at Risk

The Group's estimated global earning value at risk for the next five years that results from the risks linked to climate was modelled assuming no mitigation actions are undertaken. The project underway with the University of Cambridge involves including the various mitigation measures emanating from our sustainability commitments. In the 'Current policies' emissions pathway, aggregate risk from climate change, in both its manifestations, is considered strong in the Group's critical risk map based on its impact and probability of occurrence. The 'Current policies' scenario is the second least severe in terms of transition risk.

ⓘ More information in sections *5.10.1. Risk management and control framework* and *5.10.2. Risk map* of this Report.

With respect to total estimated risk, the table below shows the profile of each of the risk dimensions of the five pathways used, distinguishing between physical and transition risks in the short term.



There follows a description of the various dimensions of risk under the different greenhouse gas emissions pathways and their relative impact:

Physical Risks

Physical risks resulting from climate change can be owing to extreme weather events (acute risks) or gradual changes in longer-term weather patterns (chronic risks). The analysis of physical risks was conducted for a total of more than 14,000 facilities, belonging to both the Group and third parties, throughout our value chain and of different types (factories, logistics centres, offices, airports, ports, logistics hubs, stores, etc.) considering eight climate phenomena: heatwave, freeze, water stress, flash flooding, river flooding, coastal flooding, 'extratropical' and tropical storms. Each threat is evaluated using a base-case scenario 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 2040. 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.

The effect of physical risks is assessed for **four types of key risk:**

Dimension	Risk description	Financial impact	Risk management
Physical *Acute*	**Key facility operations:** disruption to output of production and activities from extreme weather phenomena. **Physical asset damage:** cost to repair and replace property, equipment and inventory damaged by extreme weather events.	Earnings: estimated total loss of earnings attributed to the risk of market disruption. Earnings: the disruption of production capacities generates loss of earnings depending on the products and services at each facility. In addition, assets may deteriorate as a result of the damage.	Most of the facilities are linked to the supply chain and our sales network. Technical contingency systems are in place that would reduce the consequences of a disruption or standstill. In addition, there are continuous review systems which, along with the insurance policies, would cover loss of profit and resulting expenses. In the specific case of logistics centres, these are 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.
Physical *Acute and Chronic*	**Disruption of earnings:** extreme weather events affect consumers' buying habits.	Earnings: extreme weather events can cause short-term disruptions to normal earnings flows. Sales may be affected by changes to demand if consumers change their behaviour due to the weather, reduced retail traffic or if the value chain experiences local disruptions.	All of the Group's areas are oriented towards meeting customers' needs and ensuring the best shopping experience. Our activity begins with actively listening to our customers and identifying their demands and expectations. Our flexible, integrated and innovative business model affords us a competitive advantage when it comes to analysis and response in the short, medium and long terms.
Physical *Chronic*	**Raw materials supply:** agricultural products and water supply are affected by extreme weather phenomena and chronic climate changes.	Earnings: loss of supply of agricultural raw materials (hitherto solely considering cotton) disrupts the production chain and can trigger potential losses when it is not possible to offset the deficit in supply.	The Group works 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. By 2023, all the cotton we use in our products will be organic, recycled or from more sustainable sources. We also work to foster the development of technologies to improve the sustainability of the raw materials and their subsequent recycling.

Transition Risks

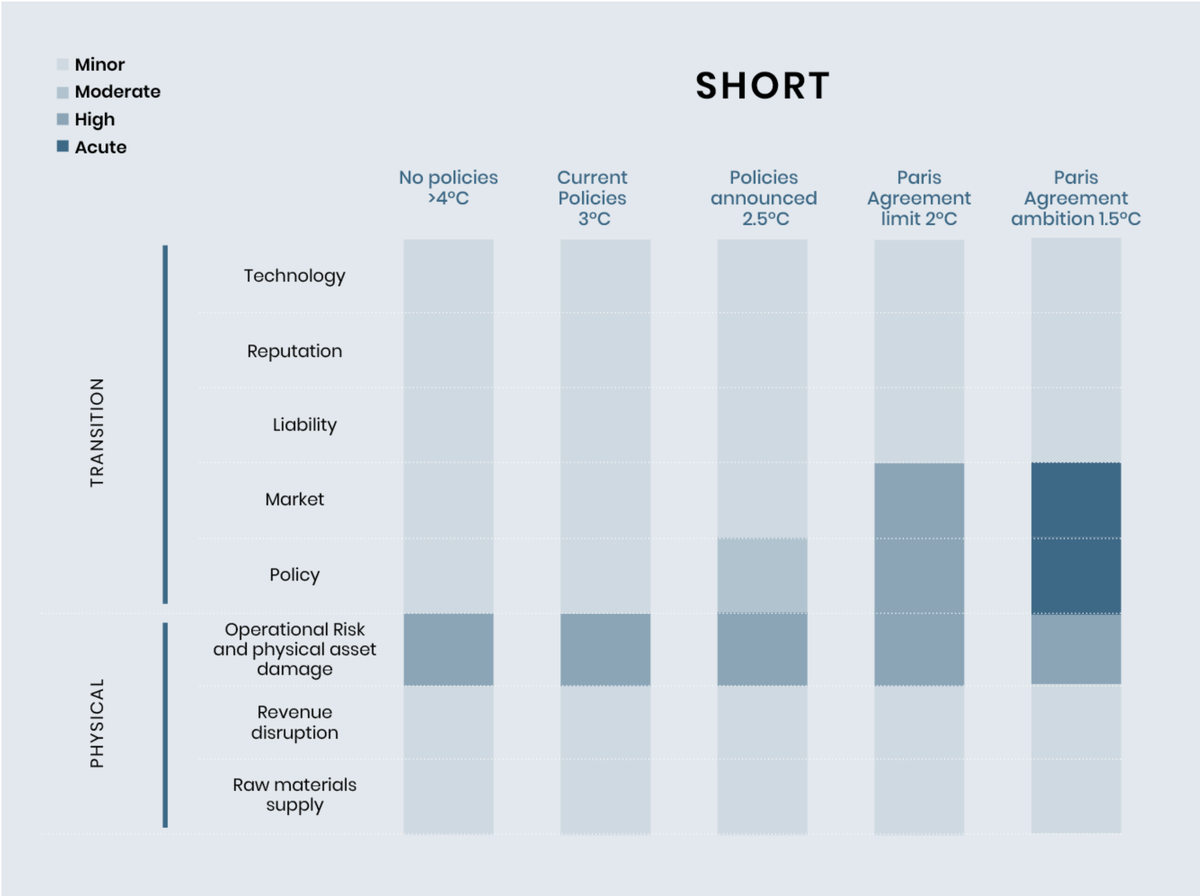
Transition risks are financial and reputational risks associated with the nature, speed and trend of changes in policies, legal frameworks, technologies and markets as society transitions to a low-carbon economy. Transition risks vary broadly depending on the level of ambition expressed in the various greenhouse gas emissions pathways. Five dimensions of transition risks were assessed in accordance with the five GHG emissions pathways in the short, medium and long terms:

Dimension	Risk description	Financial impact	Risk management
Transition Risk *Regulatory*	**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 and in the prices of carbon emissions allowances to obtain credible reductions.	Earnings and costs: the Group's total emissions footprint in each of the jurisdictions is subject to their carbon pricing. The financial impact stems from the increase in production and distribution costs, and the cost of raw material procurements, in terms of the increase per unit of product.	The Group has an ambitious Sustainability Roadmap which reflects Inditex's strong commitment to progressing towards a low-carbon economy and generating a positive impact in the industry and in society in general. The Group has set itself the goal of net zero greenhouse gas emissions by 2040, science-based decarbonisation targets (SBTs) by 2030, and it is committed to using 100% renewable energy at its own facilities by 2022.
Transition Risk *Legal liability*	**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.	Cost: the Group may face lawsuits linked to greenhouse gas emissions and climate change. Their scale and number will vary in accordance with the different emissions pathways. Their probability of occurrence and potential impact will also vary depending on the associated costs (settlement, legal damages, legal costs, etc.).	Inditex's Sustainability Policy establishes that all the Group's activities will be conducted in the most environmentally-friendly way possible, fostering the conservation of biodiversity and the sustainable management of natural resources. We have a solid Compliance System and a robust corporate governance system that ensures compliance with regulations, guidelines and best practices in this connection.

Transition Risk *Technological*	**Disruptive technological innovation:** the pace of adoption of low-carbon technologies, and the resulting 'green premium', may affect the competitiveness of companies as a consequence of the impact in terms of operating expenses and the value of the assets. Investments must seek a balance between innovation and profitability.	Cost: the model explores the cost for the Group of investing in low-carbon technologies and seeking efficiencies in its operating and distribution assets.	Innovation is an inherent value that cuts across Inditex's entire business model. Moreover, 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.
Transition Risk *Market*	**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.	Earnings and costs: the demand impacts are expressed as the loss of earnings and/or failure to comply with growth targets. Investor sentiment translates into an increase in the cost of capital and in the cost of financing. The various emissions pathways will determine the scale of these impacts.	The Group's commitment to our customers also implies anticipating their demands in matters such as diversity, sustainability or transparency, issues in which we want to involve them in our efforts and progress. Our Join Life label identifies the Group's products that use more sustainable raw materials and more environmentally-friendly manufacturing processes. By 2022, 50% of the Group's products will be Join Life.
Transition Risk *Reputation*	**Climate activism and stigmatisation by consumers:** a negative change in public opinion towards companies with carbon-intensive activities. Consumer demand is affected by climate activism, which also affects investor confidence and access to capital.	Earnings: the impacts on demand translate into loss of earnings (or failure to comply with growth targets). Investor sentiment affects the cost of capital and of servicing debt. The scale of these impacts on demand will depend on the emissions pathway.	Inditex's Sustainability Roadmap was updated in 2021 to include more ambitious goals and actions aimed at achieving the long-term goal as a lever of transformation. We collaborate with all the actors in our value chain and our stakeholders to tackle global challenges from a holistic standpoint.

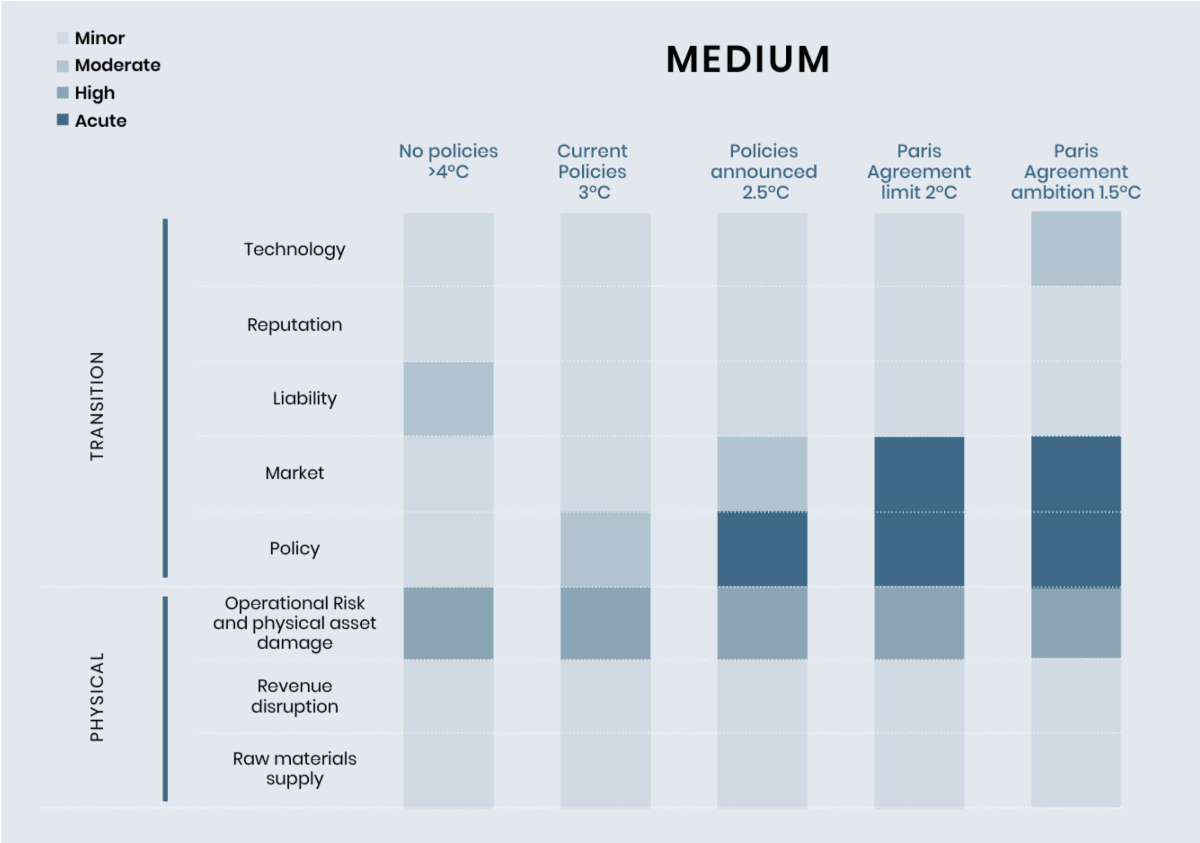
The tables below show the evaluation of the climate change risk dimensions as per the five greenhouse gas emissions pathways for the Inditex Group.

In the short term (0-5 years):

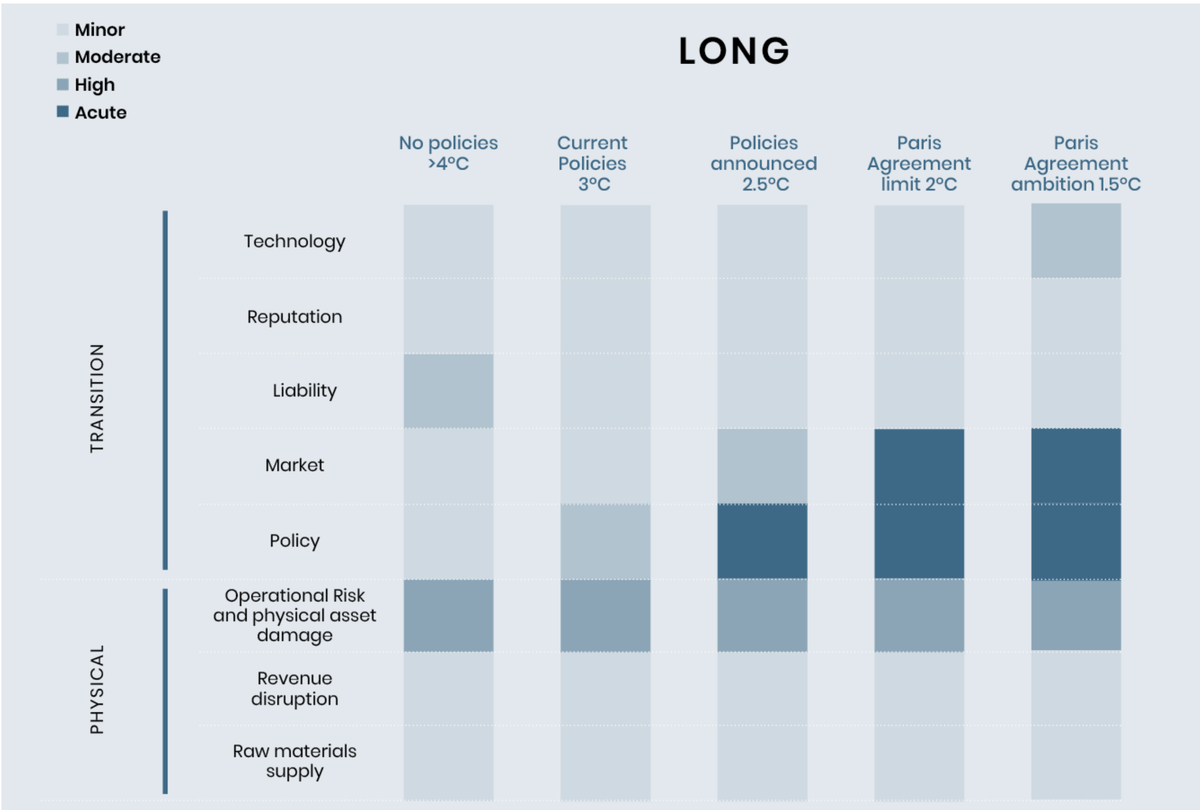


The estimated financial impact of physical risks is relatively limited for the next five years, although there is a low probability of acute events potentially causing significant losses ('catastrophic physical tail risks'). The most vivid manifestations of physical risks resulting from climate change will, in principle, take longer to emerge.

In the medium term (5-10 years):



In the long term (more than 10 years):



Opportunities arising from climate change[111]

In order to create the social, environmental and economic value pursued by our Sustainability Roadmap, in addition to its milestones and objectives, we have installed a culture of sustainability that permeates all areas of the Group. We maintain a permanent commitment to innovation and we collaborate with all our stakeholders.

This concept of sustainability also allows us to move towards a **three-pronged objective**: minimising potential environmental and social impacts in our value chain, mitigating our exposure to potential climate change risks, and finally, being able to identify and leverage the opportunities associated with a low-carbon economy and generating a positive impact.

Our hope is that these benefits and opportunities will benefit not only our Company and our business model, but also the entire industry and society at large.

Opportunity	Description of the opportunity
Integrated business model	All our formats continue to introduce cutting-edge technology into their integrated stores and online platform, creating an efficient, sustainable and integrated economic model. We generate opportunities for improvement for our entire ecosystem while minimising resource consumption, thus decoupling economic performance from its impact. ⓘ More information in section *4. Transforming with a unique model* of this Report.
Continuous strategic transformation	Our integrated business model gives us an overview of our customers and their demands at all times. Our strategy harnesses this advantage to evolve our model towards economic, sustainable and inclusive improvements. The starting point is to try to maintain the level of commercial success achieved to date, building on the opportunities afforded by digitalisation and our sustainability ambitions. ⓘ More information in section *4. Transforming with a unique model* of this Report.
Innovation	The complexity of the global challenges we face and the path towards a positive impact require an increasingly prominent presence of innovation, science and technology in our actions. For example, through our collaborative platform called the Sustainability Innovation Hub, Zara teamed with the start-up LanzaTech to launch a capsule collection of party dresses made with fabric from captured CO_2 emissions. In 2021, Inditex was recognised by Boston Consulting Group as one of the world's 50 most innovative companies. ⓘ More information in section *4.3. Innovation, vital for transformation* of this Report.
Customer orientation	We have a process of interaction with our customers as the main tool to identify the latest trends and create the products they want (clothing, footwear, accessories and household items), maintaining our high standards through a combination of design, quality and sustainability, at affordable prices. This constant connection has also enabled us to pinpoint new needs that we have gradually incorporated in the form of new services, technologies or channels. ⓘ More information in section *5.2. Collaborating with our customers, the force driving transformation* of this Report.

[111] More information in our answer to the CDP Climate Change Questionnaire.

Transformation of the sector	We have developed a unique business model the hallmarks of which are flexibility and efficiency, ceaseless innovation, the creativity of our staff and our focus on sustainability in every process involved. This is the starting point from which we work to effect, through determination and collaboration, the transformation of the sector, generating a positive impact on society, the industry and our environment. ⓘ More information in section *5. Collaborating to have a positive impact* of this Report.
Collaboration	To address the paradigm shift needed to face the challenges posed by the fight against climate change, circularity or the sustainable development of communities, we have to join forces with all the actors involved. Hence, we take an open approach in which collaboration is a pillar of transformation. Examples of this are our engagement with entities such as the United Nations Global Compact, The Fashion Pact, Ellen MacArthur Foundation or Zero Discharge of Hazardous Chemicals, among others. ⓘ More information in section *4.4. Collaboration, the essence of transformation* of this Report.
Join Life products	At Inditex we believe that our commitment to our customers also implies anticipating their demands in matters such as diversity, sustainability or transparency, issues in which we want to involve them in our efforts and progress. In this regard, of particular importance is our Join Life label, which tells our customers which are the most sustainable articles and highlights their environmental properties. Our commitment is that 50% of the products we offer our customers will be Join Life by 2022. ⓘ More information in sections *5.4.2. Design and selection of materials* and *5.4.3. Join Life programme* of this Report.
Efficient consumption of natural resources	As part of our commitment to sustainable development, at Inditex we are strongly committed to circularity, an economic, management and production model that enables growth while conserving natural resources and advancing in the decarbonisation of the value chain. For us, circularity represents a differential model for production and consumption that spans every stage of a product from design to end of life, promotes the recycling and reuse of articles to extend their life cycle and thus minimises the use of natural resources, energy consumption and waste generation. ⓘ More information in section *5.4. Collaborating to transform through sustainable management of our products* of this Report.
Energy efficiency	Energy efficiency is a priority in both our designs and our day-to-day operations. In this regard we are constantly reviewing our standards to guarantee that they are in line with cutting-edge practices and implementing new programmes to advance on the path of continuous improvement and sustainability in our operations. We work closely with our suppliers and other organisations to promote the rational and efficient use of energy throughout the value chain. ⓘ More information in section *5.6.1. Our approach to decarbonisation and energy management* of this Report.
Generation of renewable energies	The generation and acquisition of energy from renewable sources is a core pillar of the architecture of our business model. To achieve this, we invest in generating renewable energy at our own operating centres. We use our own solar thermal, solar photovoltaic or wind energy, as well as facilities to harness geothermal energy. Furthermore, by means of our Join Life standard, we promote the generation of renewable energies in our supply chain. ⓘ More information in sections *5.6.1. Our approach to decarbonisation and energy management* and *5.4.3. Join Life programme* of this Report.

Sustainable building	We make the necessary investments in all our headquarters, platforms and stores to control the consumption of resources, to reduce that consumption and to mitigate its impact. For example, when building our headquarters, they are designed in accordance with bioclimatic criteria, encouraging the installation of photovoltaic panels, harnessing rain water for non-drinking uses and ensuring that lighting systems are self-regulating in accordance with external light conditions. In 2021, we highlight the new Zara.com building, with a surface area of 67,000 m^2 and equipped with the latest advances in technology and sustainability. ⓘ More information in section *5.6. Collaborating to safeguard the planet* of this Report.
Acknowledgements	The relationship with NGOs, governments and other civil organisations is key to implementing our sustainable business model throughout the value chain. The recognition from some of these organisations of our work in 2021 is an incentive to continue making progress. Notable recognitions obtained in 2021 include our listing in the FTSE4Good, CDP, DJSI or the Global 100 Most Sustainable Corporations in the World rankings. ⓘ More information in section *3.4. Acknowledgements* of this Report.

Risk management

Inditex has an Integrated Risk Management System (IRMS) covering the entire Group. The IRMS encompasses all risks, both financial and non-financial. The risk factors to which the Group is exposed are classified into six categories: financial, geopolitical, technological, social, governance and environmental (including climate change-related) risks. In addition to the risk factors, the Risk Management and Control Policy establishes the general framework for standard and systematic management, and the processes for the identification, assessment and prioritising of risks. Risks arising from climate change are managed in the same way as the rest of risks to which the Group is exposed, taking into consideration its characteristics for the purpose of assessing and quantifying these risks.

ⓘ More information in section *5.10. Responsible risk management* of this Report.

Metrics and goals

Protecting the environment and reducing our impact on it are core pillars of our business strategy. We are actively committed to this, taking action to help our planet to remain below the global warming limit established in the Paris Climate Agreement.

Goals

We have ambitious emissions reduction targets approved by the Science Based Target Initiative (SBTi) to reduce scope 1 and 2 GHG emissions by 90% in 2018-2030, and by 20% the GHG emissions resulting from the acquisition of our goods and services for the same period. These objectives are the first milestone in Inditex's ambitious emissions reduction strategy, whose purpose is to achieve net zero emissions by 2040, ten years earlier than initially planned.

ⓘ More information on the commitments and measures taken by Inditex, and other metrics used to measure our performance in this area, in section *5.6. Collaborating to safeguard the planet* of this Report.

Scope 1, 2 and 3 emissions

Thanks to the initiatives launched by Inditex to reduce emissions, we have slashed Scope 1 and 2 emissions by 86% since 2018. More information in this respect in section **5.6. Collaborating to safeguard the planet.** For more information on the methodology used to calculate greenhouse gas emissions, see the section **6.1.3. Environmental impact management indicators.**

	2021	2020	2019	2018	2018-2021 % change
ENERGY					
Electricity					
Global consumption (MWh)	1,756,210	1,270,704	1,892,947	1,969,127	-11%
% Renewables	**91%**	**81%**	**63%**	**45%**	**+103%**
EMISSIONS (tCO_2 eq)[112]					
Scopes 1 and 2					
Scope 1	14,575	11,859	15,804	19,172	-24%
Scope 2 Location-Based	541,493	363,718	589,547	651,266	-17%
Scope 2 Market-Based	47,770	98,676	293,981	419,448	-89%
Total scopes 1 and 2 Location-Based	**556,068**	**375,577**	**605,351**	**670,438**	**-17%**
Total scopes 1 and 2 Market-Based	**62,345**	**110,535**	**309,785**	**438,620**	**-86%**
Scope 3	**17,097,801**	**13,341,462**	**17,988,897**	**18,325,553**	**-7%**
MATERIAL METRICS					
Revenue (€)					
Scopes 1 and 2 Location-Based (g CO_2eq/€)	20	18	21	26	-22%
Scopes 1 and 2 Market-Based (g CO_2eq/€)	2	5	11	17	-87%
Total area (m^2)					
Scope 1 and 2 Location-Based (kg CO_2eq/m^2)	71	49	76	89	-20%
Scope 1 and 2 Market-Based (kg CO_2eq/m^2)	8	14	39	58	-86%

Mechanisms to incentivise decarbonisation

Variable remuneration

In accordance with our values of transparency, results-orientation and commitment to sustainability, we link our people's variable remuneration to the Company's goals and the sustainability objectives for all employees.

- Variable annual remuneration at Inditex is **linked to compliance with sustainability goals.** Specifically, in the financial year 2021, the weighting of sustainability goals in total variable remuneration is at least 10%.

[112] Due to updates of the emission factors, the historical scopes 1 and 2 data have been recalculated using the emission factors of the International Energy Agency, 2021 (scope 2) and the DEFRA factors, 2021 (scope 1). More information on the methodology in section *6.1.3. Indicators for managing the environmental impact* of this Report.

- In addition, Inditex has a **long-term incentive (LTI)** scheme for Senior Management covering the 2019-2023 period. This incentive includes, among other sustainability criteria, a reduction in greenhouse gas emissions in the company's own operations with respect to the volume of the Group's total sales, with this index having a maximum weighting of 10% over the total. The new LTI, approved in 2021 for the 2021-2024 period, not only maintains the sustainability criteria, but increases their weighting to 25%.

Join Life label

Our *Join Life* label identifies the Group's products made of more sustainable raw materials and the most environmentally friendly production processes. This standard enables us to advance in our commitment to curb our impact and steadily boost the level of demand for sustainability criteria in our products. In 2021, 47% of our products were Join Life, and all of our brands include a variable linked to goals relating to this label. Our goal is for over 50% of our products to feature the Join Life label in 2022.

CLIMATE CHANGE RISK ASSESSMENT

PHYSICAL RISKS

Key facility operational risk
disruption to output of production and activities from extreme weather events

Physical asset damage
repair and replacement costs of damage to property, plant, equipment and inventory from extreme weather events

Revenue disruption
extreme weather events affect the purchasing patterns of consumers

Raw materials supply
agricultural production and water supply are affected by extreme weather events and chronic climate changes

TRANSITION RISKS

POLICY DIMENSION

Carbon pricing: carbon pricing policies vary across jurisdictions in order to incentivise decarbonisation. Organisations pay a price for emissions along their entire value chain.

Carbon markets: the development of emissions markets, still largely voluntary, is experiencing an increasement in terms of demand.

MARKET DIMENSION

Preference for sustainability among consumers: consumer preferences are trending towards alternative products and services of a sustainable nature. Competitors may emerge, coming up with innovations that transform demand and threaten to capture market share from established firms.

TECHNOLOGY DIMENSION

The pace of adoption of low-carbon technologies, with the resulting 'green premium', may affect the competitiveness of companies as a result of their impact in terms of operating costs and asset value. Investments should seek a balance between innovation and profitability.

LEGAL DIMENSION

Climate damage and emissions claims: widespread lawsuits against companies for their responsibility for GHG emissions and the resulting economic and environmental damages.

REPUTATION DIMENSION

Climate activism and consumer stigmatisation: negative change in public opinion towards companies with carbon-intensive activities. Consumer demand is affected by climate activism, which also influences investors' confidence and access to capital.

SUMMARY OF CLIMATE CHANGE RISK

TCFD FRAMEWORK	DIMENSIONS	UPSTREAM RAW MATERIALS SUPPLY	SUPPLY CHAIN AND OPERATIONS	FINAL STAGES OF THE VALUE CHAIN	GROUP FINANCIAL RISKS
Physical risks	**Acute:** extreme weather events	Disruptions in the supply of raw materials in the short term	Business interruption and damage to physical assets	Short-term market demand disruption	
	Chronic: gradual changes in climate patterns	Feasibility of raw material supply in some geographies	Water stress and heat waves threatens value chain in certain geographies	Dependence on demand for certain products in certain geographies	
Transition risks	**Policy:** carbon pricing	Increased cost of upstream emissions in the value chain	Increase in the cost of fossil fuel-based activities	Elasticity of demand to cost pass through	
	Technology: innovation in low-carbon technologies	Cost of upstream decarbonisation in the value chain	Devaluation of carbon-intensive physical assets	Innovative competitors challenge market share	
	Market: preference for sustainability among consumers			Consumer preferences shifting towards sustainable alternatives	
	Reputation: climate activism and stigmatisation			Consumer perceptions of the Group and its brands	Investor sentiment towards Inditex's climate strategy
	Market: investor sentiment				Market shock resulting from disinvestment in carbon-intensive sectors
	Liability: climate litigation				Demands related to the contribution to climate change

5.10.5. Information security and privacy

GRI 102-11; 103-2; 103-3 and 417-1

5.10.5.1. Information security

Digital transformation is one of the keys to improving the shopping experience, enabling customers to interact with brands and have their needs met at all times, regardless of the channel they use. In this regard, the Company sees Information Security as a key aspect to address this transformation with the utmost rigour, supported by best practices in information protection and resilience of the processes that underpin these channels.

Mindful of the importance of continuously improving the Information Security management model, at Inditex we continue to invest in technologies and controls that allow us to achieve global strategic objectives, complying with the principles and guidelines for the protection of information defined and reinforced by the Board of Directors in 2019 through the Information Security Policy.

To achieve these objectives, the Company assigns the highest priority to the protection of information and the availability of all processes that support these channels. The Information Security Department is the area responsible for ensuring this, and the Information Security Committee, as provided in the Information Security Committee Regulations, is the body that supervises implementation of best practices in security management, compliance with applicable regulations and effective and consistent application of ethical values throughout the Company.

In this regard, during the financial year 2021, the Next Generation Cybersecurity project was completed. This is a strategic plan executed in collaboration with international experts in various fields and areas, aimed at maintaining, improving and evolving the maturity of the Information Security programme. As a result of this project, a number of actions and initiatives have been identified based on the Company's needs and challenges for the coming years.

In addition to the aforementioned activities, progress has been made in various initiatives aimed at improving the protection of in-store and online sales channels, and improvement processes have been established for the supervision of the security requirements defined. As a result of global cybersecurity incidents in companies' supply chains, the need to step up controls has become apparent. Consequently, existing control programmes have been reinforced, with a particular focus on the impact of cybersecurity. To this end, we have extended the existing control framework, based on best practices and security standards, including a review of how our suppliers operate, access the systems or manage Inditex's information, with the aim of reducing the risk of threats to the information or the availability of these services.

We have also continued to implement a range of training campaigns for our employees and partners, aimed at assessing and enhancing their level of security awareness and knowledge.

In 2021, as a result of the covid-19 pandemic, the Group has continued to reinforce plans, systems and controls for remote working, as well as the management of risks in this context. Furthermore, because of the increase in cyber-attacks on companies worldwide, which have not had a significant impact on the Company's operations at the time of writing this Report, the working groups set up the previous year continued their activities, and new groups and activities were established and defined. 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.

5.10.5.2. Personal data protection and privacy

Respect for privacy is one of Inditex's main values. In order to continue to develop our privacy culture and accompany the business teams and corporate areas in the company's digital transformation strategy, during the financial year 2021 we worked on several fronts.

Firstly, with regard to our customers, we have stepped up collaboration with the business teams with the aim of ensuring that the projects we carry out to improve the shopping experience that involve the processing of our customers' personal data build in privacy from the design stage.

The aim is to ensure that our customers' personal data is protected in keeping with the applicable regulations, authorities' interpretations, case law and market trends, as well as with the internal standards adopted by the Inditex Group. Thus, we guarantee transparency and information on the use of customers' data and the effectiveness of their rights. In this regard, we have developed the information provided in our privacy policies on our websites and applications, so as to adapt them to the functionalities and projects devised by our business teams.

We have also worked tirelessly on the continuous improvement of our compliance model in connection with data protection and privacy. Accordingly, we have focused on evolving and further developing the role of our Corporate Data Protection and Privacy Department as a control area (second line of defence), with the supervision of our global Group Data Protection Officer (DPO), reporting to the Audit and Compliance Committee.

Within the framework of this continuous improvement, we have instrumented a series of procedures and instructions with which, by developing our Personal Data Protection and Privacy Compliance Policy, we have been working in recent years, among others:

- Personal Data Protection Procedure from Data Design and Processing.
- Instruction for carrying out Risk and Impact Assessments with regard to Personal Data Protection.
- Procedure for compliance management regarding Personal Data Protection and Privacy – DPO Statute.
- Procedure for Storing Personal Data.

For our employees, given our aim of fostering a culture of privacy involving everyone who is part of Inditex, we have launched training and awareness actions throughout this period that have ranged from training sessions for store personnel in some markets through to the creation of an online onboarding course on data protection and privacy for all personnel.

Lastly, we have continued to work closely with Occupational Health and Safety in order to ensure that measures to protect the health of our employees in the face of the covid-19 pandemic were also consistent with applicable privacy regulations and Company standards.

6. Reporting principles and indicators

The launch of initiatives and projects that envisage a more sustainable, innovative and people-centred future requires focusing on a number of indicators and metrics that provide information on the success of the strategy. Accordingly, Inditex has a solid structure for both compiling data and reporting so as to continue operating with focus and, especially, transparency.

6.1. Additional indicators

6.1.1. Sustainable management of the supply chain indicators

GRI 102-9; 103-3; 308-1; 412-1; 414-1; AF8 and AF16

a) Supplier clusters [113]

	2021
SPAIN	
Number of suppliers with purchases in the year	162
Number of sewing factories associated with suppliers with purchase	117
Number of factories involved in other processes associated with suppliers with purchase [114]	326
Workforce of manufacturers working for Inditex in Spain	19,546
PORTUGAL	
Number of suppliers with purchases in the year	151
Number of sewing factories associated with suppliers with purchase	503
Number of factories involved in other processes associated with suppliers with purchase [114]	385
Workforce of manufacturers working for Inditex in Portugal	49,647
MOROCCO	
Number of suppliers with purchases in the year	173
Number of sewing factories associated with suppliers with purchase	329
Number of factories involved in other processes associated with suppliers with purchase [114]	38
Workforce of manufacturers working for Inditex in Morocco	90,363
TURKEY	
Number of suppliers with purchases in the year	194
Number of sewing factories associated with suppliers with purchase	926
Number of factories involved in other processes associated with suppliers with purchase [114]	864
Workforce of manufacturers working for Inditex in Turkey	383,032
INDIA	
Number of suppliers with purchases in the year	99
Number of sewing factories associated with suppliers with purchase	120
Number of factories involved in other processes associated with suppliers with purchase [114]	310
Workforce of manufacturers working for Inditex in India	435,469
BANGLADESH	
Number of suppliers with purchases in the year	129
Number of sewing factories associated with suppliers with purchase	251
Number of factories involved in other processes associated with suppliers with purchase [114]	189
Workforce of manufacturers working for Inditex in Bangladesh	845,778
VIETNAM	
Number of suppliers with purchases in the year	9
Number of sewing factories associated with suppliers with purchase	105
Number of factories involved in other processes associated with suppliers with purchase [114]	44
Workforce of manufacturers working for Inditex in Vietnam	134,970

[113] Includes information of the main country of each of the clusters.

[114] Includes raw materials processing, cutting, dyeing and washing, printing, finishing and processing of non-textile products. For factories performing more than one process, their main process was considered.

CAMBODIA	
Number of suppliers with purchases in the year	3
Number of sewing factories associated with suppliers with purchase	87
Number of factories involved in other processes associated with suppliers with purchase (114)	18
Workforce of manufacturers working for Inditex in Cambodia	92,146
CHINA	
Number of suppliers with purchases in the year	415
Number of sewing factories associated with suppliers with purchase	1,530
Number of factories involved in other processes associated with suppliers with purchase (114)	1,505
Workforce of manufacturers working for Inditex in China	652,808
PAKISTAN	
Number of suppliers with purchases in the year	48
Number of sewing factories associated with suppliers with purchase	69
Number of factories involved in other processes associated with suppliers with purchase (114)	94
Workforce of manufacturers working for Inditex in Pakistan	381,607
ARGENTINA [115]	
Number of suppliers with purchases in the year	14
Number of sewing factories associated with suppliers with purchase	17
Number of factories involved in other processes associated with suppliers with purchase (114)	59
Workforce of manufacturers working for Inditex in Argentina	8,499
BRAZIL [115]	
Number of suppliers with purchases in the year	1
Number of sewing factories associated with suppliers with purchase	2
Number of factories involved in other processes associated with suppliers with purchase (114)	5
Workforce of manufacturers working for Inditex in Brazil	4,989

b) Supply chain assessment

Audits by region in 2021

GEOGRAPHIC AREA	TRACEABILITY	PRE-ASSESSMENT	SOCIAL	ENVIRONMENTAL	SPECIAL	TOTAL
Africa	2,128	81	244	67	91	2,611
Americas	181	27	63	4	5	280
Asia	2,031	1,599	3,139	936	1,066	8,771
Europe (non-EU)	1,111	325	1,326	441	233	3,436
European Union	668	365	1,068	265	13	2,379
TOTAL	**6,119**	**2,397**	**5,840**	**1,713**	**1,408**	**17,477**

Internal and external audits in 2021

	TRACEABILITY	PRE-ASSESSMENT	SOCIAL	ENVIRONMENTAL	SPECIAL	TOTAL
Internal	315	23	262	27	893	1,520
External	5,804	2,374	5,578	1,686	515	15,957
TOTAL	**6,119**	**2,397**	**5,840**	**1,713**	**1,408**	**17,477**

[115] Includes all suppliers and active factories in the region so as to make the data representative.

Social ranking and production volume of suppliers with purchase (116)

	2021			2020			2019			2018		
	No. of suppliers	% of suppliers	% of production	No. of suppliers	% of suppliers	% of production	No. of suppliers	% of suppliers	% of production	No. of suppliers	% of suppliers	% of production
A	653	37%	35%	575	32%	32%	784	40%	41%	661	35%	37%
B	1,077	60%	63%	1,152	64%	66%	1,051	53%	56%	1,045	56%	59%
C	18	1%	2%	27	2%	1%	44	2%	1%	80	4%	2%
Subject to CAP	23	1%	0%	24	1%	1%	38	2%	1%	47	3%	1%
PR	19	1%	0%	27	1%	0%	68	3%	1%	33	2%	1%
Total	1,790	100%	100%	1,805	100%	100%	1,985	100%	100%	1,866	100%	100%

Social ranking and production volume of suppliers with purchase by region (116)

	2021			2020			2019			2018		
Africa	No. of suppliers	% of suppliers	% of production	No. of suppliers	% of suppliers	% of production	No. of suppliers	% of suppliers	% of production	No. of suppliers	% of suppliers	% of production
A	149	77%	80%	96	62%	66%	97	60%	64%	67	46%	52%
B	36	19%	17%	41	26%	24%	44	27%	24%	59	40%	37%
C	0	0%	0%	4	3%	2%	7	5%	6%	13	9%	9%
Subject to CAP	1	0%	0%	5	3%	2%	11	7%	5%	5	3%	2%
PR	8	4%	3%	10	6%	6%	2	1%	1%	1	2%	0%
Total	194	100%	100%	156	100%	100%	161	100%	100%	145	100%	100%

	2021			2020			2019			2018		
Americas	No. of suppliers	% of suppliers	% of production	No. of suppliers	% of suppliers	% of production	No. of suppliers	% of suppliers	% of production	No. of suppliers	% of suppliers	% of production
A	10	83%	90%	2	22%	19%	8	47%	16%	13	59%	30%
B	2	17%	10%	7	78%	81%	9	53%	84%	8	36%	70%
C	0	0%	0%	0	0%	0%	0	0%	0%	1	5%	0%
Subject to CAP	0	0%	0%	0	0%	0%	0	0%	0%	0	0%	0%
PR	0	0%	0%	0	0%	0%	0	0%	0%	0	0%	0%
Total	12	100%	100%	9	100%	100%	17	100%	100%	22	100%	100%

	2021			2020			2019			2018		
Asia	No. of suppliers	% of suppliers	% of production	No. of suppliers	% of suppliers	% of production	No. of suppliers	% of suppliers	% of production	No. of suppliers	% of suppliers	% of production
A	217	22%	26%	194	20%	26%	354	32%	37%	273	26%	30%
B	730	75%	72%	780	79%	74%	700	63%	62%	695	67%	66%
C	17	2%	2%	14	1%	0%	21	2%	1%	42	4%	3%
Subject to CAP	11	1%	0%	1	0%	0%	11	1%	0%	16	2%	1%
PR	3	0%	0%	2	0%	0%	21	2%	0%	14	1%	0%
Total	978	100%	100%	991	100%	100%	1,107	100%	100%	1,040	100%	100%

[116] 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. Subject to CAP Supplier: Supplier in Corrective Action Plan (CAP). PR Supplier: Undergoing an auditing process.

Europe (non-EU)	2021 No. of suppliers	2021 % of suppliers	2021 % of production	2020 No. of suppliers	2020 % of suppliers	2020 % of production	2019 No. of suppliers	2019 % of suppliers	2019 % of production	2018 No. of suppliers	2018 % of suppliers	2018 % of production
A	53	24%	26%	50	21%	29%	58	27%	37%	76	38%	51%
B	160	72%	69%	170	70%	66%	131	61%	58%	89	45%	41%
C	1	0%	3%	8	3%	2%	10	5%	3%	14	7%	3%
Subject to CAP	8	4%	1%	11	5%	3%	12	5%	1%	18	9%	4%
PR	1	0%	1%	3	1%	0%	4	2%	1%	3	1%	1%
Total	223	100%	100%	242	100%	100%	215	100%	100%	200	100%	100%

European Union	2021 No. of suppliers	2021 % of suppliers	2021 % of production	2020 No. of suppliers	2020 % of suppliers	2020 % of production	2019 No. of suppliers	2019 % of suppliers	2019 % of production	2018 No. of suppliers	2018 % of suppliers	2018 % of production
A	224	58%	55%	233	57%	44%	267	55%	50%	232	51%	41%
B	149	39%	45%	154	38%	56%	167	35%	49%	194	42%	58%
C	0	0%	0%	1	0%	0%	6	1%	0%	10	2%	0%
Subject to CAP	3	1%	0%	7	2%	0%	4	1%	0%	8	2%	0%
PR	7	2%	0%	12	3%	0%	41	8%	1%	15	3%	1%
Total	383	100%	100%	407	100%	100%	485	100%	100%	459	100%	100%

c) Continuous improvement of the supply chain

Corrective Action Plans in the social area in 2021 at factories with sensitive non-compliances 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 improvement	% CAPs completed successfully
Africa	5	-	5	-
Americas	2	1	1	100%
Asia	301	52	184	44%
Europe (non-EU)	249	34	190	58%
European Union	13	1	7	17%
Total	570	88	387	48%

Corrective Action Plans in the environmental area in 2021 in factories with sensitive non-compliances 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 improvement	% CAPs completed successfully
Africa	26	4	22	100%
Americas	4	-	4	-
Asia	282	48	202	60%
Europe (non-EU)	173	29	130	67%
European Union	98	11	83	73%
Total	583	92	441	65%

6.1.2. Health and safety indicators of our products

GRI 103-3; 416-1; 416-2; 303-2 and AF19

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 2021, initial compliance with our standards reached 98.5%. In cases of initial non-compliance (1.5%), we apply remediation 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

	2021	2020	2019	2018
CtW – Chemical substances	99.3%	99.3%	98.9%	99.1%
PTR	99.5%	99.3%	98.8%	98.6%
CtW[117]	98.8%	98.6%	97.8%	97.7%
StW – Parameters	99.9%	99.9%	99.8%	99.8%
StW – Design	99.8%	99.8%	99.7%	99.8%
StW	99.7%	99.7%	99.6%	99.6%
CtW+StW	98.5%	98.3%	97.4%	97.4%

Degree of initial compliance by geographic area

Africa	2021	2020	2019	2018
CtW	99.1%	99.2%	98.4%	97.7%
StW	99.3%	99.2%	98.8%	99.4%
CtW+StW	98.4%	98.4%	97.2%	97.1%

Americas	2021	2020	2019	2018
CtW	100.0%	86.3%	100.0%	96.1%
StW	100.0%	100.0%	100.0%	100.0%
CtW+StW	100.0%	86.3%	100.0%	96.1%

[117] For the purposes of comparison with previous reports in the wake of the publication, in 2021, of the new Physical Testing Requirements (PTR) standard, the CtW category takes into consideration compliance in both chemicals included in CtW and parameters included in PTR (previously listed under the heading CtW – Parameters).

Asia	2021	2020	2019	2018
CtW	98.6%	98.4%	97.5%	97.5%
StW	99.8%	99.8%	99.7%	99.8%
CtW+StW	98.4%	98.2%	97.3%	97.3%

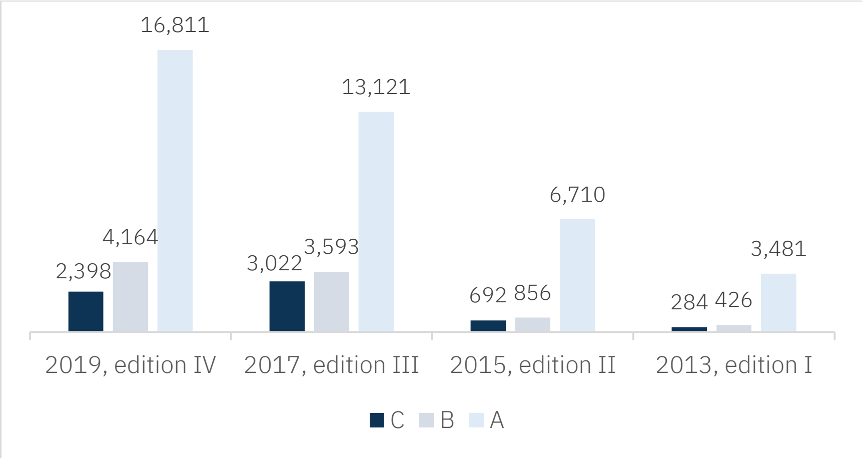
European Union	2021	2020	2019	2018
CtW	99.4%	99.1%	98.8%	98.3%
StW	99.7%	99.5%	99.4%	99.5%
CtW+StW	99.0%	98.7%	98.2%	97.8%

Europe (non-EU)	2021	2020	2019	2018
CtW	99.4%	99.5%	95.8%	99.6%
StW	99.6%	99.8%	100.0%	100.0%
CtW+StW	99.0%	99.3%	95.8%	99.6%

The List, by Inditex programme

The List, by Inditex contains a register of commercially available chemical products used in the manufacturing processes of textile and leather goods. In 2019 we published the 4th edition of the programme, including a total of 83,257 analyses, which allowed the classification of 27,756 chemical products (although the final published 4th edition includes 23,373 chemical products). It is important to point out that, due to the departure of two participants from the project, the published 4th edition presents less chemicals than those actually analysed and classified in the programme.

	1st edition	2nd edition	3rd edition	4th edition
Manufacturers	10	15	22	24
No. of manufacturer requests	10	5	78	98
(acceptance %)	(100%)	(100%)	(13%)	(4%)
No. of chemical products classified	4,191	8,258	19,736	23,373
No. of analyses	1,774	8,289	34,605	83,257



Chemical products "A": Their use is permitted in Inditex production with no further analysis by the institutions that use them.
Chemical products "B": Their use in the Inditex supply chain is subject to further analyses during production, as indicated in the Green to Wear standard.
Chemical products "C": The use of these chemicals is prohibited in Inditex production.

6.1.3. Environmental impact management indicators

GRI 305-1; 305-2; 305-4 and 305-5

Section 5.6. Collaborating to safeguard the planet outlines a set of quantitative environmental indicators along with their performance in 2021 and developments over recent years. These quantitative indicators give us a picture of the progress made thanks to the management of natural and energy resources in the year.

Scope of the indicators

The environmental indicator system includes data obtained between 1 February 2021 and 31 January 2022. The data are shown in absolute and relative terms. The latter is calculated latter based on the surface square metres of our facilities and based on the level of net sales, so as to represent the efficiency reached after the Company's activities and the continuous improvement resulting from their management. In the vast majority of cases, the scope of the indicators includes the Inditex Group's own facilities, specifically:

- The headquarters in Arteixo (A Coruña) and all the concepts' headquarters: Zara, Pull&Bear, Massimo Dutti, Bershka, Stradivarius, Oysho, Zara Home, Uterqüe and Tempe, all of them located in Spain.
- All the Group's own factories, located in Spain.
- All the Group's logistics centres.
- All the Group's own stores.

International offices are not included in the scope. Indicators where the scope differs are shown alongside the data in question.

Calculation of relative indicators

Relative indicators are calculated using the following formula:

- Ratio per square metre (m^2) = (absolute figure for the year/total surface area in m^2)
- Ratio by net sales = (absolute value for the year/sales (€))[118]

Greenhouse gas emissions

The Inditex Group's greenhouse gas (GHG) emissions are calculated and reported following the international guidelines of the Intergovernmental Panel on Climate Change, IPCC (Guidelines for National Greenhouse Gas Inventories, 2006) and the World Resources Institute (GHG Protocol, 2015). Specifically, scope 3 emissions are broken down according to the GHG Protocol categories. For greater transparency, the "Purchased goods and services" category (according to the GHG Protocol) is subdivided into the following categories: raw material extraction, raw material processing, material production, wet processes and final product assembly.

Below is a brief overview of the calculation methodology used for each category of Inditex Group GHG emissions:

[118] Includes sales in our own stores and franchises.

Scope	Description	Methodology	Emission factors
Scope 1	Direct emissions related to sources under the direct control of the Inditex Group (combustion in boilers, own vehicles, etc.).	Scope 1 emissions are calculated based on the consumption of the various fuel types and their corresponding emission factors.	DEFRA (Department for Environment Food & Rural Affairs), v.3.0, 2021.
Scope 2	These are indirect emissions related to the generation of electricity acquired and consumed by the Inditex Group.	Scope 2 emissions are calculated based on the consumption of electricity in each market and their corresponding emission factors.	Location-based method: - IEA (2021), Emission Factors Market-based method: - Contractual instruments for renewable energy: (PPA, EACs, etc.) - IEA (2021), Emission Factors
Scope 3 - Category 1: Purchased goods and services	All upstream (cradle-to-gate) emissions generated in Inditex's supply chain from the manufacture of products made available to customers.	Extraction of raw materials: emissions are calculated based on the tonnes of the various raw materials consumed and the corresponding emission factors.	Higg Materials Sustainability Index (MSI), 2021.
		Spinning and weaving: emissions are calculated based on the energy consumption and the corresponding emission factors. Energy consumption is estimated on the basis of raw materials consumption ratios.	IEA (2021), Emission Factors. DEFRA (Department for Environment Food & Rural Affairs), v.3.0, 2021.
		Wet processes and cutting and sewing: Emissions are calculated using the Greenhouse Gas Protocol's Scope 3 emissions calculator.	Scope 3 evaluator, Greenhouse Gas Protocol and Quantis
Scope 3 - Category 2: Capital goods	Emissions generated as a result of the extraction, production and transportation of capital goods purchased and/or acquired by the Company.	Emissions are calculated using the Greenhouse Gas Protocol's Scope 3 emissions calculator.	Scope 3 evaluator, Greenhouse Gas Protocol and Quantis

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.	DEFRA (Department for Environment Food & Rural Affairs), v.3.0, 2021.
Scope 3, Category 4: Upstream transport and distribution	Emissions linked to the upstream transportation and distribution services acquired by the Company.	Their calculation takes into account the tonnes transported and kilometres travelled by each means of transport, along with the relevant emission factors.	GLEC, Global Logistic Emissions Council Framework for Logistics Emissions Accounting and Reporting, V.2.0.
Scope 3, Category 5: Waste generated in operations	Emissions from the disposal and treatment of waste generated in Inditex's headquarters, own logistic centres and own factories. Information on waste generated in own stores not available with the required level of breakdown.	Their calculation takes into account the tonnes of each type of waste generated and the final treatment of each, along with the corresponding emission factors.	DEFRA (Department for Environment Food & Rural Affairs), v.3.0, 2021.
Scope 3, Category 6: Business travels	Emissions from the transportation of employees for business-related activities in vehicles owned or operated by third parties.	For the calculation, the origin, destination, means of transport used by the Spanish agencies and the corresponding emission factor are taken into account. It is extrapolated to the rest of the subsidiaries based on travel expenses in Spain.	DEFRA (Department for Environment Food & Rural Affairs), v.3.0, 2021.
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.3.0, 2021.
Scope 3, Category 8: Upstream leased assets	Emissions associated with third-party assets leased by Inditex.	Not applicable	
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	
Scope 3, Category 11: Use of sold products	Estimated emissions expected 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 (2021), Emission Factors. Higg Product Module methodology, June 2021.
Scope 3, Category 12: End of life treatment of sold products	Emissions from the final disposal of products sold by the Company.	Their calculation takes into account the number of units sold and the final destination based on bibliographic research (20% reuse and 80% landfill).	DEFRA (Department for Environment Food & Rural Affairs), v.3.0, 2021.
Scope 3, Category 13: Downstream leased assets	Emissions from Inditex-owned assets leased to third parties.	Not applicable.	
Scope 3, Category 14: Franchises	Emissions from franchisees during the operation of franchises.	The electricity consumption of franchises has been estimated based on the consumption averages of own stores. This consumption is multiplied by the corresponding emission factor.	IEA (2021), Emission Factors.
Scope 3, Category 15: Investments	Emissions from Inditex investment activities.	Included in this category are equity investments and debt investments. Project financing and investment management and customer service do not apply. They are calculated using the calculator Scope 3 evaluator, Greenhouse Gas Protocol and Quantis.	Scope 3 evaluator, Greenhouse Gas Protocol and Quantis.

The Inditex Group's scope 1, 2 and 3 emissions have been verified by an independent expert 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 = 0.85 kg/litre, DEFRA (Department for Environment Food & Rural Affairs, v.3.0, 2021).
- 1 toe = 41.868 GJ.
- 1 GJ = 277.778 kWh.

6.1.4. Corporate community investment indicators

GRI 201-1 and 203-1

	2021	2020	2019	2018	Total 2018-2021
Corporate Community Investment	63,500,135	71,803,602	49,231,909	46,218,895	230,754,541

Form of contribution (in euros)	2021	% 2021	2020	% 2020	2019	% 2019	2018	% 2018	2018-2021 change	
Cash	31,865,805	50%	50,247,787	70%	33,248,048	68%	30,109,825	65%	6%	Management costs included
Time	6,182,600	10%	5,341,060	7%	3,668,531	7%	3,542,309	8%	75%	
In-kind	24,171,628	38%	15,046,374	21%	11,684,094	24%	11,935,563	26%	103%	
Management costs	1,280,102	2%	1,168,380	2%	631,236	1%	631,198	1%	103%	
Total	**63,500,135**	**100%**	**71,803,602**	**100%**	**49,231,909**	**100%**	**46,218,895**	**100%**	**37%**	

Category (in euros)	2021	% 2021	2020	% 2020	2019	% 2019	2018	% 2018	2018-2021 change	
Charitable gifts	1,700,733	3%	1,915,938	3%	1,633,093	3%	1,801,149	4%	-6%	Management costs excluded
Community investment	45,748,133	73%	55,242,082	78%	36,668,336	75%	36,179,975	79%	26%	
Commercial initiatives in the community	14,771,167	24%	13,477,202	19%	10,299,244	21%	7,606,572	17%	94%	
Total	**62,220,033**	**100%**	**70,635,222**	**100%**	**48,600,673**	**100%**	**45,587,697**	**100%**	**36%**	

Issue addressed (in euros)	2021	% 2021	2020	% 2020	2019	% 2019	2018	% 2018	Total 2018-2021	
Education	7,278,201	12%	7,518,126	11%	8,501,897	17%	7,468,318	16%	30,766,542	Management costs excluded
Health	3,261,939	5%	24,198,243	34%	2,798,355	6%	3,861,618	8%	34,120,154	
Economic development	3,293,301	5%	1,220,854	2%	1,304,020	3%	1,610,820	4%	7,428,995	
Environment	5,594,131	9%	4,680,860	7%	5,446,742	11%	3,586,327	8%	19,308,060	
Arts and culture	1,079,312	2%	988,654	1%	1,221,122	3%	870,924	2%	4,160,012	
Social welfare	19,019,444	31%	21,506,246	30%	19,646,921	40%	19,098,184	42%	79,270,795	
Emergency relief	22,693,705	36%	10,522,239	15%	9,681,616	20%	9,044,621	20%	51,942,181	
Others	0	0%	0	0%	0	0%	46,883	0%	46,883	
Total	**62,220,033**	**100%**	**70,635,222**	**100%**	**48,600,673**	**100%**	**45,587,697**	**100%**	**227,043,625**	

Location of the activity (in euros)	2021	% 2021	2020	% 2020	2019	% 2019	2018	% 2018	Total 2018-2021	
Spain	21,203,015	34%	41,228,603	58%	17,529,175	36%	20,297,453	45%	100,258,246	Management costs excluded
Europe ex-Spain	8,752,685	14%	7,316,927	10%	7,464,704	15%	5,643,921	12%	29,178,237	
Americas	10,608,807	17%	10,357,432	15%	13,328,564	27%	10,208,058	22%	44,502,861	
Asia and rest of the world	21,655,526	35%	11,732,259	17%	10,278,231	21%	9,438,265	21%	53,104,281	
Total	**62,220,033**	**100%**	**70,635,222**	**100%**	**48,600,673**	**100%**	**45,587,697**	**100%**	**227,043,625**	

SDGS (in euros)	2021	% 2021	2020	% 2020	2019	% 2019	2018	% 2018	Total 2018 - 2021
1. No poverty	1,796,811	2.9%	199,709	0.3%	52,547	0.1%	161,176	0.4%	2,210,243
2. Zero hunger	509,079	0.8%	171,091	0.2%	399,582	0.8%	163,364	0.4%	1,243,116
3. Good health and well-being	9,223,912	14.8%	28,371,255	40.2%	7,375,925	15.2%	7,260,232	15.9%	52,231,324
4. Quality education	3,810,370	6.1%	4,958,119	7.0%	5,405,862	11.1%	5,824,809	12.8%	19,999,160
5. Gender Equality	2,980,153	4.8%	3,422,346	4.8%	2,581,715	5.3%	1,687,518	3.7%	10,671,732
6. Clean water and sanitation	1,032,230	1.7%	1,396,363	2.0%	952,531	2.0%	785,861	1.7%	4,166,985
7. Affordable and clean energy	464,644	0.7%	30,684	0.0%	20,000	0.0%	20,000	0.0%	535,328
8. Decent work and economic growth	5,869,853	9.4%	7,259,969	10.3%	7,859,961	16.2%	8,334,396	18.3%	29,324,179
9. Industry, innovation and infrastructure	844,244	1.4%	397,752	0.6%	1,884,953	3.9%	446,410	1.0%	3,573,359
10. Reduced inequalities	19,973,638	32.1%	12,901,353	18.3%	9,870,828	20.3%	9,294,145	20.4%	52,039,964
11. Sustainable cities and communities	842,896	1.4%	793,168	1.1%	1,243,389	2.6%	1,206,475	2.6%	4,085,928
12. Responsible consumption and production	12,863,973	20.7%	9,729,241	13.8%	8,818,385	18.1%	7,745,279	17.0%	39,156,878
13. Climate action	519,761	0.8%	115,627	0.2%	88,294	0.2%	89,427	0.2%	813,109
14. Life below water	204,690	0.3%	160,416	0.2%	270,429	0.6%	378,437	0.8%	1,013,972
15. Life on land	824,001	1.3%	250,000	0.4%	289,465	0.6%	379,806	0.8%	1,743,272
16. Peace, justice and strong institutions	89,652	0.1%	346,048	0.5%	621,561	1.3%	608,050	1.3%	1,665,311
17. Partnerships for the goals	370,126	0.6%	132,080	0.2%	865,247	1.8%	1,202,312	2.6%	2,569,765
Total	**62,220,033**	**100%**	**70,635,222**	**100%**	**48,600,673**	**100%**	**45,587,697**	**100%**	**227,043,625**

% management costs excluded

Output indicators	2021	2020	2019	2018	2018-2021 change
Number of hours spent by employees on social initiatives during working hours	206,087	178,035	122,284	118,077	75%
Number of social initiatives implemented	725	703	670	622	17%
Number of garments donated to social causes	5,899,270	4,114,490	3,164,804	3,225,462	83%
Number of direct beneficiaries	2,217,342	3,313,581	2,441,300	2,425,639	-9%
Number of community organisations supported	427	439	421	413	3%

	2021	2020	2019	2018	Total 2018-2021
Number of children with access to education	19,556	31,054	43,443	48,794	142,847
Number of people receiving professional training	14,546	14,399	26,763	32,514	88,222
Number of migrants, refugees and displaced persons served	188,054	172,160	405,335	952,935	1,718,484
Number of people receiving medical care	1,348,727	732,601	930,223	1,078,634	4,090,185
Number of jobs created among beneficiaries of community investment projects	5,391	5,524	11,288	16,437	38,640
Number of people accessing water and sanitation	583,426	359,675	361,978	553,653	1,858,732

	2021	2020	2019	2018	Total 2018-2021
Leverage (in euros)	**56,044,311**	**38,525,899**	**79,291,268**	**49,827,907**	**223,689,384**

Impact indicators	**2021**	**2020**	**2019**	**2018**	**Total 2018-2021**
Number of direct beneficiaries for which impact has been measured	**2,184,117**	**3,272,473**	**2,406,380**	**2,401,131**	**10,264,101**

Depth of impact (number of beneficiaries that...)	**2021**	**2020**	**2019**	**2018**	**2018-2021 change**
Made a connection as a result of the initiative	203,349	2,147,665	1,108,752	599,741	-66%
Made an improvement as a result of the initiative	1,412,624	791,219	890,818	1,450,128	-3%
Made a transformation as a result of the initiative	568,144	333,589	406,810	351,262	62%

Type of impact (number of beneficiaries that...)	**2021**	**2020**	**2019**	**2018**	**2018-2021 change**
Experienced a direct positive change in their behaviour or attitude as a result of the initiative	478,076	351,101	374,548	324,788	47%
Developed new skills or an increase in their personal effectiveness	31,725	50,079	71,321	59,921	-47%
Experienced a positive impact on their quality of life	2,041,808	1,158,212	1,300,898	1,743,085	17%

6.1.5. Report concerning the EU Taxonomy

EU Taxonomy Regulation

One of the main goals of the European Union Sustainable Finance Action Plan is to foster investment in activities that are directly linked to sustainable growth. Against this backdrop, in 2020 Regulation (EU) 2020/852, known as the Taxonomy Regulation (hereinafter, the Regulation), was adopted.

This Regulation was devised as guidance for those companies subject to the EU Non-Financial Reporting Directive, establishing a standardised and mandatory classification system to determine which of a company's economic activities are included in the EU sustainability framework.

With a view to enhancing transparency in companies' financial reporting, Article 8 of the Regulation provides a set of non-financial reporting obligations to determine to what extent the undertaking's activities are associated with economic activities that qualify as environmentally sustainable within EU sustainability framework. Consequently, to determine whether or not an activity is 'environmentally sustainable', it is necessary to begin with the distinction established in the Regulation between two types of activity: those that are 'Taxonomy-eligible' and those that are 'Taxonomy-aligned', where:

- Eligibility: taxonomy-eligible economic activity' means an economic activity that is described in the delegated acts adopted pursuant to Article 10(3), Article 11(3), Article 12(2), Article 13(2), Article 14(2), and Article 15(2), of Regulation (EU) 2020/852, irrespective of whether that economic activity meets any or all of the technical screening criteria laid down in those delegated acts;

- Alignment: 'Taxonomy-aligned economic activity' means an economic activity that complies with the requirements laid down in Article 3 of Regulation (EU) 2020/852, where article 3 includes:

    - contributes substantially to one or more of the environmental objectives set out in Article 9 in accordance with Articles 10 to 16;

    - does not significantly harm any of the environmental objectives set out in Article 9 in accordance with Article 17;

    - is carried out in compliance with the minimum safeguards laid down in Article 18; and complies with technical screening criteria that have been established by the Commission in accordance with Article 10 (3), 11(3), 12(2), 13(2), 14(2) or 15(2).

To identify a company's degree of eligibility and alignment, Article 9 of the Regulation establishes a total of six environmental goals. Each of them comprises the list of activities and technical selection criteria that must be met for them to be considered environmentally sustainable:

- Climate change mitigation
- Climate change adaptation
- The sustainable use and protection of water and marine resources
- The transition to a circular economy
- Pollution prevention and control
- The protection and recovery of biodiversity and ecosystems

Commission Delegated Regulation (EU) 2021/2139 covers only the set of sustainable activities for the first two environmental goals (climate change mitigation and climate change adaptation). Furthermore, for the financial year 2021 and in accordance with the EU disclosure requirement, it will only be mandatory to report for the mentioned environmental objectives, the proportion of Taxonomy-eligible and non-eligible activities for the key performance indicators of total turnover, CapEx and OpEx, leaving the mandatory alignment reporting for subsequent years.

Commission Delegated Regulation (EU) 2021/2178, which develops the reporting methodology, also requires certain qualitative information to be specified in detail concerning accounting policies, the assessment of compliance with the Regulation and contextual information of the figures reported.

Inditex Group figures

Based on the foregoing premises, the Inditex Group has conducted an analysis of its activities in the financial year 2021, so as to identify the Group's degree of eligibility with respect to the climate change mitigation and adaptation goals for the above three KPIs. The process includes an analysis of the company at consolidated Group level.

The table below presents the figures obtained:

KPIs for the Inditex Group in 2021

KPIs	Climate change mitigation	Climate change adaptation
Eligible turnover (%)	0.01%	0.01%
Eligible CapEx (%)	84.39%	84.39%
Eligible OpEx (%)	46.65%	46.65%
Non-eligible turnover (%)	99.99%	99.99%
Non-eligible CapEx (%)	15.61%	15.61%
Non-eligible OpEx (%)	53.35%	53.35%

Evaluation of compliance with the Regulation

In accordance with section 1.2.2.2 of Annex I of the Delegated Regulation of the Commission, the Inditex Group has carried out an analysis in order to determine if its activities can be associated with any of the activities described in Annexes I and II of the Regulation, already mentioned in previous sections.

Inditex Group eligible activities

The Inditex Group's main activity is the distribution of fashion items, primarily clothing, footwear and accessories, which is not currently considered to be an eligible activity in the Regulation. Nevertheless, a detailed analysis was performed of the Group's transversal activities to identify those that, though not the core activity, might be eligible.

Based on this analysis, the main eligible activities obtained for both the mitigation and adaptation objectives are as follows:

Taxonomy activity	Description of the activity	Activities of the Inditex Group
7.1 Construction of new buildings	Development of building projects for residential and non-residential buildings by bringing together financial, technical and physical means to realise the building projects for later sale as well as the construction of complete residential or non-residential buildings, on own account for sale or on a fee or contract basis	Investments associated with the construction projects of the Group's stores and infrastructures.
7.2 Renovation of existing buildings	Construction and civil engineering works or preparation thereof.	Investments associated with the renovation and maintenance projects of the Group's stores and infrastructures.
7.3 Installation, maintenance and repair of energy efficient equipment	Individual renovation measures consisting in installation, maintenance or repair of energy efficiency equipment.	Expenses associated with the installation, maintenance and repair of energy efficient equipment in the Group's stores and environmentally certified distribution centers[119].
7.7 Acquisition and ownership of buildings	Buying real estate and exercising ownership of that real estate.	Expenses, income and investments associated with rent and rights of use registered under IFRS 16 derived from stores under the criteria of sustainability and efficiency, as well as environmentally[119] certified distribution centers.
8.1 Data processing, hosting and related activities	Storage, manipulation, management, movement, control, display, switching, interchange, transmission or processing of data through data centres, including edge computing.	Investments associated with computer development projects to support data management processes and integration with the Group's systems.

[119] 100% of Inditex own distribution centers are environmentally certified.

Inditex's Accounting Policy

This section examines the accounting criteria applied to the calculation of the turnover, CapEx and OpEx KPIs in accordance with the EU Taxonomy.

Turnover KPI

To calculate the turnover KPI, for the denominator, the accounts required by the Regulation are identified, these being the ordinary revenue in the year. In this regard, revenue from Group companies, grants or gifts, among others, are not taken into account.

Revenue associated with an eligible activity pursuant to the Regulation is used to calculate the numerator. Eligible revenue is that associated with real estate leases for each of the companies belonging to the Group and reporting such revenue.

CapEx KPI

Inditex Group projects as a whole are used to calculate the CapEx KPI.

In this regard, the projects that might be considered for the CapEx KPI are taken into account to calculate the KPI denominator, as indicated in Article 8 of the Regulation.

For the numerator, the eligibility of the nature of the projects is examined, so that the numerator shall comprise the aggregation of those projects that prove eligible. Eligible investments are those associated mainly with activities linked to the construction, renovation and maintenance of buildings and efficiency equipment in which the Group's stores and logistic centres are located pursuant to sustainability and efficiency criteria.

OpEx KPI

To calculate the OpEx KPI, and in accordance with the provisions of the Regulation, the accounts associated with research and development expenses, building renovation measures, short-term leases and maintenance or repairs that ensure the proper functioning of the assets are identified. The aggregation of these accounts is the denominator of this key performance indicator.

To obtain the numerator, the details of the Cost Centre (hereinafter, CC) are extracted and the nature of the expenditure is analysed, thereby ascertaining whether it is associated with an eligible activity pursuant to the Regulation. Eligible expenses are those associated with: i) leases, ii) installation, maintenance and repair of energy efficiency equipment.

The Company has established the necessary control measures to guarantee the integrity of the information throughout the process of preparing the indicators, as well as ensuring homogeneity of accounting criteria used, and avoiding double counting or any duplication in the assignment of activities in the different indicators.

6.1.6. Inditex's contribution to the SDGs. Key indicators

SDGS	Targets	COLLABORATING TO HAVE A POSITIVE IMPACT	Main indicator or related content (2016 GRI version if not stated otherwise)
1 NO POVERTY	1.2	Collaborating to generate value in the community	GRI 203-2
2 ZERO HUNGER	2.1	Collaborating to generate value in the community	GRI 203-2
	2.4	Collaborating to generate value in the community	GRI 203-2
3 GOOD HEALTH AND WELL-BEING	3.4	Collaborating with our people, the engine of that transformation	GRI 403-2 (2018)
	3.4	Collaborating so our suppliers grow	Supply chain workers benefiting from health and safety programmes
	3.8	Collaborating to generate value in the community	GRI 203-2
	3.9	Collaborating to transform through sustainable management of our products	Chemical substances included in the Manufacturing Restricted Substances List (MRSL)
	3.9	Collaborating to safeguard the planet	GRI 305-1; GRI 305-2; GRI 305-3
4 QUALITY EDUCATION	4.4 and 4.5	Collaborating with our people, the engine of that transformation	GRI 404-1
	4.4 and 4.5	Collaborating to generate value in the community	GRI 203-2
5 GENDER EQUALITY	5.1	Collaborating with our people, the engine of that transformation	GRI 405-1; GRI 401-3; GRI 405-2
	5.1	Collaborating so our suppliers grow	Supply chain workers benefiting from gender, diversity and inclusion programmes
			GRI 406-1
	5.1	Collaborating to generate value in the community	GRI 203-2
	5.1	Good governance, corporate ethics culture and solid compliance architecture	GRI 405-1
	5.2	Collaborating so our suppliers grow	GRI 414-2
	5.5	Good governance, corporate ethics culture and solid compliance architecture	GRI 102-22
6 CLEAN WATER AND SANITATION	6.4	Collaborating so our suppliers grow	Number of environmental audits carried out and the resulting corrective action plans
	6.4	Collaborating to safeguard the planet	GRI 303-3 (2018)
	6.4	Collaborating to generate value in the community	GRI 203-2
7 AFFORDABLE AND CLEAN ENERGY	7.2	Collaborating to safeguard the planet	GRI 302-1
	7.2	Collaborating to generate value in the community	GRI 203-2
	7.3	Collaborating to safeguard the planet	GRI 302-4

	8.5	Collaborating with our people, the engine of that transformation	GRI 102-8; GRI 405-2
	8.5	Collaborating so our suppliers grow	Workers involved in the Workers at the Centre 2019-2022 programmes
	8.5	Collaborating to generate value in the community	GRI 203-2
	8.5	Good governance, corporate ethics culture and solid compliance architecture	Policies formalizing Inditex's commitment to decent work
8 DECENT WORK AND ECONOMIC GROWTH	8.6	Collaborating with our people, the engine of that transformation	GRI 401-1
	8.6	Collaborating to generate value in the community	GRI 203-2
	8.7	Collaborating so our suppliers grow	GRI 408-1; GRI 409-1
	8.8	Collaborating with our people, the engine of that transformation	GRI 102-41
	8.8	Collaborating so our suppliers grow	Actions taken for the protection of workers in the supply chain within the framework Workers at the Centre 2019-2022
			GRI 407-1
	8.8	Collaborating to generate value in the community	GRI 203-2
	9.2	Fiscal responsibility and transparency	GRI 201-1
	9.4	Colaboramos para transformar a través de una gestión sostenible de nuestros productos	Initiatives developed by the *Sustainability Innovation Hub*
9 INDUSTRY, INNOVATION AND INFRASTRUCTURE	9.4	Collaborating to safeguard the planet	LEED and BREAM Certifications in own distribution centres, headquarters and stores
	9.4	Collaborating to generate value in the community	GRI 203-1
	9.5	Responsible risk management	Technology-related information security initiatives
	10.2	Collaborating to generate value in the community	GRI 203-2
10 REDUCED INEQUALITIES	10.3	Collaborating with our people, the engine of that transformation	GRI 405-2
	10.7	Collaborating so our suppliers grow	Workers benefiting from protection of migrants and refugees programmes
11 SUSTAINABLE CITIES AND COMMUNITIES	11.1	Collaborating to generate value in the community	GRI 203-1
	12.2	Collaborating to transform through sustainable management of our products	GRI 301-1; GRI 301-2
	12.2	Collaborating so our suppliers grow	Identification of suppliers and manufacturers
	12.2	Collaborating to safeguard the planet	GRI 302-2
12 RESPONSIBLE CONSUMPTION AND PRODUCTION	12.2	Collaborating to generate value in the community	GRI 203-2
	12.4	Collaborating to transform through sustainable management of our products	GRI 301-2
	12.4	Collaborating to safeguard the planet	GRI 306-1 (2020)
	12.5	Collaborating to safeguard the planet	GRI 306-3 (2020); GRI 306-4 (2020)
	12.8	Collaborating with our customers, the force driving transformation	Number of enquiries received by the various customer service channels

13 CLIMATE ACTION	13.1	Collaborating so our suppliers grow	GRI 308-1
	13.1	Collaborating to safeguard the planet	GRI 305-5; GRI 302-1
	13.1	Collaborating to generate value in the community	GRI 203-2
	13.1	Responsible risk management	GRI 201-2
14 LIFE BELOW WATER	14.1	Collaborating to transform through sustainable management of our products	Actions within the framework of the commitment to Zero Discharge of Hazardous Chemicals by 2020
	14.3	Collaborating to safeguard the planet	GRI 305-1
	14.3	Collaborating to generate value in the community	GRI 203-2
15 LIFE ON LAND	15.1	Collaborating to transform through sustainable management of our products	Projects with recycled raw materials with less impacts
	15.1	Collaborating to safeguard the planet	GRI 304-2
	15.2	Collaborating to generate value in the community	GRI 203-2
16 PEACE, JUSTICE AND STRONG INSTITUTIONS	16.3	Collaborating to generate value in the community	GRI 203-2
	16.3	Good governance, corporate ethics culture and solid compliance architecture	Grievance mechanisms
	16.5	Good governance, corporate ethics culture and solid compliance architecture	GRI 205-1
	16.7	Collaborating with our shareholders, allies in transformation	Requests attended by the shareholder's office
	16.7	Good governance, corporate ethics culture and solid compliance architecture	GRI 102-24
17 PARTNERSHIPS FOR THE GOALS	17.3	Collaborating to generate value in the community	GRI 203-2
	17.16	Collaborating with our people, the engine of that transformation	Cooperation relationship with international entities
	17.16	Collaborating to transform through sustainable management of our products	Cooperation relationship with international entities
	17.16	Collaborating so our suppliers grow	Cooperation relationship with international entities
	17.16	Collaborating to safeguard the planet	Cooperation relationship with international entities
	17.16	Collaborating to generate value in the community	GRI 203-2
	17.16	Good governance, corporate ethics culture and solid compliance architecture	Cooperation relationship with international entities
	17.17	Collaborating so our suppliers grow	Public-private partnerships
	17.17	Collaborating to generate value in the community	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.

6.2. Reporting principles

6.2.1. How we report

Inditex presents the information concerning its performance during the financial year 2021 (from 1 February 2021 to 31 January 2022) in a single comprehensive document: this 2021 Integrated Directors' Report. This report aims to show all our stakeholders how Inditex generates value in the short, medium and long term, as well as to provide truthful, relevant and accurate information on our accountability for the financial year 2021.

The information included in this Report is both financial and non-financial. It therefore includes the Group's Consolidated Annual Accounts, followed by the Integrated Directors' Report, also comprising the Statement on Non-Financial Information (SNFI). The Social Advisory Board (the Group's advisory body on sustainability matters, composed of independent external members) gave a favourable report to this Statement on Non-financial Information.

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 which modifies Regulation (EU) 2019/2088.

Said Act 11/2018 establishes that certain undertakings, including Inditex, are obliged to prepare a Statement on Non-Financial Information, hereinafter 'SNFI', which must be included in the Directors' Report or in a separate report corresponding to the same financial year. The SNFI must include, among other matters, the necessary information to understand the performance, results and situation of the Group and the impact of its activities in respect of environmental and social issues, respect for human rights and the fight against corruption and bribery, as well as matters regarding the workforce. It must also include, if applicable, such measures taken by the company to promote equal treatment and equal opportunities between women and men, non-discrimination and inclusion of people with disabilities and universal accessibility.

Moreover, Article 8 of the EU Taxonomy Regulation (Regulation (EU) 2020/852) establishes that certain undertakings, including Inditex, are obliged to provide information on how and to what extent the undertaking's activities are associated with economic activities that qualify as environmentally sustainable, and the proportion of their turnover, investments in fixed assets and operating expenditure associated with these environmentally sustainable activities.

The scope of the reported information includes all the companies over which Inditex has control or joint control (contained in Annex I of the Consolidated Financial Statements, where any significant variations in comparison with 2020 is specified). Relevant information is also provided on the Company's supply chain, made up of independent suppliers and manufacturers not owned by the Inditex Group.

In addition to complying with the legislation applicable to the Company, in keeping with the importance we attach to transparency and dialogue with our stakeholders, we also follow the guidelines of the main reporting initiatives and entities:

- International Integrated Reporting <IR> Framework Principles.
- GRI *Sustainability Reporting Standards.*
- The United Nations Global Compact Principles.
- AA1000 APS (2018) ACCOUNTABILITY STANDARD principles.
- Principles of the Sustainability Accounting Standards Board (SASB) framework*.*
- Recommendations of the Task Force on Climate-Related Financial Disclosures (TCFD).
- The guide *Business Reporting on the SDGs*: *An Analysis of Goals and Targets,* compiled by the Action Platform for Reporting on the Sustainable Development Goals.
- Recommendations of the European Securities and Markets Authority (ESMA): *European common enforcement priorities for annual financial reports.*
- Recommendations included in the European Commission Communication 2017/C215/01 – Guidelines on non-financial reporting, and in EU Supplement 2019/C209/01 on reporting climate-related information.

Voluntary reporting frameworks, principles and standards

The Inditex Group's 2021 Integrated Annual Report follows the criteria set forth in the **Integrated Reporting Framework** compiled by the International Integrated Reporting Council (IIRC). Inditex is a member of the IIRC Business Network, and has followed its principles since the initiative began, as we took part in the organisation's pilot edition in 2011.

The principles according to which this Integrated Report has been prepared include the use of **Global Reporting Initiative (GRI) Sustainability Reporting Standards**, or GRI standards*,* as a benchmark. This international reporting framework is cited in article 49.6.e) of the Commercial Code introduced by the aforementioned Act 11/2018.

We have followed the GRI standards since 2007 and are members of the GRI Community, a community of companies from different sectors that collaborate, demonstrate leadership in reporting and share knowledge and best practices.

In determining the contents to be included in the Statement on Non-Financial Information, and how to report on them, the Company has followed the indications provided in GRI 101: Foundation 2016, which establishes the following fundamental reporting principles:

Stakeholder inclusion

- Inditex identifies its stakeholders and systematically engages with them so as to respond to their expectations and interests.

Sustainability context

- Inditex contributes, or intends to contribute in the future, to the improvement of economic, environmental and social trends, advances and conditions at a local, regional or global level, all of which are interconnected.

Materiality

- Inditex's reporting covers those issues and indicators that reflect the Organisation's most significant social, environmental and economic impacts or those that substantively influence the assessment and decisions of its stakeholders.

Completeness

- The boundary of material topics affecting Inditex and the definition of the boundary of information must be sufficient to reflect significant social, economic and environmental impacts and to enable stakeholders to assess the Group's performance during the reporting period.

In application of the materiality principle, this Report addresses the issues which reflect significant economic, environmental and social impacts of Inditex and which may substantially affect the assessments and decision-making of its stakeholders. These issues are identified and assessed by means of a materiality exercise involving the main stakeholder groups.

More information in section *4.4.3. Materiality analysis* of this Report.

To facilitate navigation and as a reference for readers, we include a GRI Content Index in this Report.

More information in section *6.2.5. Index of GRI indicators* of this Report.

In this way, our Report has been prepared in accordance with the Comprehensive option of the GRI Sustainability Reporting Standards.

We also adhere to the **principles of the United Nations Global Compact**, of which we have been members since 2001. Thus, this Report also serves as a Communication on Progress, with the GRI Content Index showing the different parts of the document that are related to each of the Global Compact Principles.

UN GLOBAL COMPACT
APOYAMOS AL PACTO MUNDIAL

Esta es nuestra **Comunicación sobre el Progreso** en la aplicación de los principios del **Pacto Mundial de las Naciones Unidas.**

Agradecemos cualquier comentario sobre su contenido.

Furthermore, we have also used the **Sustainability Accounting Standard Board (SASB)** reporting framework as a reference in preparing this Report. Specifically, the indications of the Apparel, Accessories and Footwear sector standard have been followed and an SASB reference table listing the disclosures and metrics pertaining to this standard has been included.

ⓘ More information in section *6.2.4. SASB reference table* of this Report.

In order to enhance transparency on the risks and opportunities arising from climate change for our Company, in 2020 we expressed our support for the **Task Force on Climate-Related Financial Disclosures (TCFD)**. Thus, in 2021, and for the second consecutive year, we have reported according to the TCFD recommendations. This Report includes a specific chapter on our management of climate change risks and opportunities. To ensure the Report includes the best quality climate data and information, in 2020 Inditex set up a cross-disciplinary working group 'TCFD vision' with the aim of analysing, managing and adapting our framework of climate-related disclosure and management to the TCFD recommendations. This has enabled us in 2021 to make additional progress in incorporating its recommendations, so as provide our stakeholders with rigorous and verified information on climate change risks and opportunities.

ⓘ More information in section *5.10.4. Climate change: risks and opportunities* of this Report.

In addition, for the fifth consecutive year we have used the guide entitled ***Business Reporting on the SDGs: An Analysis of Goals and Targets***, developed by the Action Platform for Reporting on the Sustainable Development Goals, organised jointly by the United Nations Global Compact and the Global Reporting Initiative (GRI), to which Inditex has belonged since its inception and which came to an end in 2020. Accordingly, accurate information is provided on our contribution to the United Nations Sustainable Development Goals (SDGs).

ⓘ More information in section *6.1.6. Inditex's contribution to the SDGs. Main indicators* of this Report.

Lastly, as an important aspect in the preparation of integrated reports, we have considered the recommendations of the **European Securities and Markets Authority (ESMA)**, published in its report ***European common enforcement priorities for 2021 annual financial reports***. In 2021, these referred primarily to the disclosure of information on the impacts of covid-19, climate-related issues and the EU Taxonomy. Information on the above is provided throughout this Integrated Report. Moreover, It has also been prepared with reference to the Recommendations included in the European Commission Communication 2017/C215/01 – Guidelines on non-financial reporting, and in EU Supplement 2019/C209/01 on reporting climate-related information.

External assurance

The information disclosed in this Statement on Non-Financial Information has been subject to the independent verification of Deloitte. The scope and results of this independent verification are described in the Verification Report attached hereto.

This report has been reviewed by Deloitte, S.L. 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 of the contents required by Act 11/2018, a selection of 42 disclosures from the comprehensive option of the GRI Standards have been reviewed. These disclosures were selected based on the materiality analysis performed by Inditex annually with its stakeholders. These disclosures are listed in the GRI index alongside the symbol: ☑

The outcome of the verification corroborates that the declared GRI Standards application option (In accordance - Comprehensive option) is appropriate.

6.2.2. Balance of material topics

GRI 102-44; 102-46; 102-47 and 103-1

MATERIAL TOPIC	GRI STANDARD	CONTENT	COVERAGE*	INVOLVEMENT**
1. Ethical behaviour and governance	GRI 103: Management approach 2016 GRI 205: Anti-corruption 2016 GRI 206: Anti-competitive behaviour 2016 GRI 307: Environmental compliance 2016 GRI 415: Public policy 2016 GRI 419: Socioeconomic compliance 2016	103-1 to 103-3 205-1 to 205-3 206-1 307-1 415-1 419-1		
2. Risk management and control systems	GRI 103: Management approach 2016 GRI 418: Customer privacy 2016	103-1 to 103-3 418-1		
3. Stakeholder engagement	GRI 103: Management approach 2016	103-1 to 103-3		
4. Responsible Communication	GRI 103: Management approach 2016 GRI 417: Marketing and labelling 2016	103-1 to 103-3 417-1 to 417-3		

5. Value chain transparency and traceability	GRI 103: Management approach 2016	103-1 to 103-3		
6. Responsible purchasing practices	GRI 103: Management approach 2016	103-1 to 103-3		
7. Value creation	GRI 103: Management approach 2016 GRI 201: Economic performance 2016 GRI 203: Indirect economic impacts 2016 GRI 207: Tax 2019 GRI 413: Local communities 2016	103-1 to 103-3 201-1 to 201-4 203-1 to 203-2 207-1 to 207-4 413-1 to 413-2		
8. Innovation	GRI 103: Management approach 2016	103-1 to 103-3		
9. Customer orientation	GRI 103: Management approach 2016 GRI 406: Non-discrimination 2016	103-1 to 103-3 406-1		
10. Diversity, equality and inclusion	GRI 103: Management approach 2016 GRI 405: Diversity and equal opportunity 2016 GRI 406: Non-discrimination 2016	103-1 to 103-3 405-1 to 405-2 406-1		
11. Quality of employment	GRI 103: Management approach 2016 GRI 401: Employment 2016 GRI 402: Labor/management relations 2016 GRI 403: Occupational health and safety 2018 GRI 407: Freedom of association and collective bargaining 2016	103-1 to 103-3 401-1 to 401-3 402-1 403-1 to 403-10 407-1		

12. Human Rights	GRI 103: Management approach 2016 GRI 406: Non-discrimination 2016 GRI 408: Child labour 2016 GRI 409: Forced or compulsory labour 2016 GRI 412: Human rights assessment 2016 GRI 414: Supplier social assessment 2016	103-1 to 103-3 406-1 408-1 409-1 412-1 to 412-2 414-1 to 414-2		
13. Safe and healthy environments	GRI 103: Management approach 2016 GRI 403: Occupational health and safety 2018	103-1 to 103-3 403-1 to 403-10		
14. Talent management	GRI 103: Management approach 2016 GRI 401: Employment 2016 GRI 404: Training and education 2016	103-1 to 103-3 401-1 to 401-3 404-1 to 404-3		
15. Socially sustainable production environments	GRI 103: Management approach 2016 GRI 407: Freedom of association and collective bargaining 2016 GRI 408: Child labour 2016 GRI 409: Forced or compulsory labour 2016 GRI 412: Human rights assessment 2016 GRI 414: Supplier social assessment 2016	103-1 to 103-3 407-1 408-1 409-1 412-1 to 412-3 414-1 to 414-2		
16. Climate change	GRI 103: Management approach 2016 GRI 302: Energy 2016 GRI 305: Emissions 2016	103-1 to 103-3 302-1 to 302-5 305-1 to 305-7		
17. Environmental footprint minimisation	GRI 103: Management approach 2016 GRI 303: Water and Effluents 2018 GRI 306: Waste 2020 GRI 308: Supplier environmental assessment 2016	103-1 to 103-3 303-1 to 303-5 306-1 to 306-5 308-1 to 308-2		

18. Protection of natural resources	GRI 103: Management approach 2016 GRI 304: Biodiversity 2016	103-1 to 103-3 304-1 to 304-4		
19. Product sustainability	GRI 103: Management approach 2016 GRI 301: Materials 2016 GRI 416: Customer Health and Safety 2016	103-1 to 103-3 301-1 to 301-3 416-1 to 416-2		
20. Circularity	GRI 103: Management approach 2016 GRI 301: Materials 2016 GRI 306: Waste 2020	103-1 to 103-3 301-1 to 301-3 306-1 to 306-5		

(*)Indicates where the impact takes place, within the organisation, outside of it or both

(**) 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

6.2.3. Index of the contents required by Act 11/2018

Index of the contents required by ACT 11/2018[120]

Information requested by Act 11/2018	Materiality	SNFI page where response is given	Reporting criteria: GRI (2016 version unless otherwise indicated)
GENERAL INFORMATION			
A brief description of the business model that includes its business environment, its organisation and structure	Material	156-161, 165-172, 174-180	GRI 102-2 GRI 102-7
Markets in which it operates	Material	154, 174-180	GRI 102-3 GRI 102-4 GRI 102-6
Organisation's objectives and strategies	Material	148-149, 151-152, 174-187, 190-191, 196, 287, 345, 456-457	GRI 103-2 GRI 102-14
Main factors and trends that may affect its future development	Material	148-149, 151-152, 174-187, 261-262, 274, 468	GRI 102-14 GRI 102-15
Reporting framework used	Material	532-536	GRI 102-54
Materiality principle	Material	223-227	GRI 102-46 GRI 102-47
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	174-190, 285-293, 305-307, 320-330	GRI 102-15 GRI 103-2
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	377-378, 387, 391-394	GRI 102-15
Environmental assessment or certification procedures	Material	305-307, 377-386	GRI 103-2
Resources dedicated to the prevention of environmental risks	Material	382-386	GRI 103-2

[120] In addition to the selected GRI Standards disclosures, disclosures linked to the Draft of the Apparel and Footwear sectoral supplement of the Global Reporting Initiative's G4 Guide (AF) are also indicated in the index.

Application of the principle of precaution	Material	371-374, 377-394	GRI 102-11
Amount of provisions and guarantees for environmental risks	Material	371-374, 377-394	GRI 103-2
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	372-373, 380-381	GRI 103-2 GRI 305-7
including noise and light pollution	Non-material	223-227	Not applicable
Circular economy and waste prevention and management			
Prevention, recycling and reuse measures, and other forms of recovery and disposal of waste	Material	287-302, 313-314, 395-397	GRI 103-2 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	223-227	Not applicable
Sustainable use of resources			
Water consumption and water supply according to local limitations	Material	294-297, 388	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	294-307, 395-397	GRI 301-1 to 301-3 AF18, AF20

Direct and indirect energy consumption	Material	378-380, 382-384	GRI 302-1 GRI 302-3
Measures taken to improve energy efficiency	Material	182-187, 190, 377-380, 382-386, 489-490	GRI 103-2 GRI 201-2
Use of renewable energies	Material	378-380, 382, 384	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	379-381, 518-521	GRI 305-1 GRI 305-2 GRI 305-3 GRI 305-4
Measures taken to adapt to the consequences of climate change	Material	81-186, 190, 196-297, 371-377, 489-490	GRI 103-2 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	377-386,518-521	GRI 103-2 GRI 305-5
Biodiversity protection			
Measures taken to preserve or restore biodiversity	Material	375-377, 391-394	GRI 103-2 GRI 304-3 with regard to measures taken to preserve biodiversity
Impacts caused by the activities or operations in protected areas	Material	325-326, 375-377, 382, 388, 391-394	GRI 103-2 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	229-274	GRI 102-15 GRI 103-2

Employment			
Total number and distribution of employees by country, gender, age and occupational classification	Material	229-231	GRI 102-8 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	251-253, 462	GRI 102-8
Number of dismissals by gender, age and occupational classification	Material	253-254	GRI 103-2 GRI 401-1
Average salaries and their evolution broken down by gender, age and occupational classification or equal value	Material	259-260	GRI 103-2
Wage gap, equal or average remuneration of jobs in society	Material	258-259	GRI 103-2 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	453, 456	GRI 103-2
Implementation of policies to disconnect from work	Material	241-242	GRI 103-2
Number of employees with disabilities	Material	237-238	GRI 103-2 GRI 405-1
Organisation of work			
Organisation of working hours	Material	256-257	GRI 103-2

Number of hours of absenteeism	Material	270	GRI 103-2 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	240-242	GRI 103-2 GRI 401-3 with regard to information relating to Inditex Spain
Health and safety			
Occupational health and safety conditions	Material	261-264, 274, 358-359, 360-362	GRI 103-2 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	264-270	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	254-256	GRI 103-2
Percentage of employees covered by a collective bargaining agreement by country	Material	256	GRI 102-41
Assessment of collective bargaining agreements, particularly in the field of health and safety at work	Material	254-256	GRI 103-2 GRI 403-4 (2018)
Training			
Policies implemented in the field of training	Material	245-249	GRI 404-2
Total number of training hours by occupational category	Material	246	GRI 103-2 GRI 404-1
Universal accessibility			
Universal accessibility for people with disabilities	Material	236-238	GRI 103-2

Equality			
Measures taken to promote equal treatment and equal opportunities between women and men	Material	232-240, 358-359	GRI 103-2
Equality plans, measures taken to promote employment, protocols against sexual and gender-based harassment	Material	232-240	GRI 103-2
Policy against all types of discrimination and, where applicable, diversity management	Material	232-240	GRI 103-2
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	191-195, 345-369, 433-434	GRI 102-15 GRI 103-2
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	191-195,351-352, 360, 367-369	GRI 102-16 GRI 102-17 GRI 412-1, 412-3 AF16
Allegations of cases of human rights violations	Material	570	GRI 103-2 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	194-195, 254-257, 352-357, 365-369, 427-429, 573, 575	GRI 103-2 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	428-447	GRI 102-15 GRI 103-2
Measures adopted to prevent corruption and bribery	Material	430-447	GRI 103-2 GRI 102-16 GRI 102-17 GRI 205-1 to 205-3
Measures to combat money laundering	Material	430-447	GRI 103-2 GRI 102-16 GRI 102-17 GRI 205-1 to 205-3
Contributions to foundations and non-profit entities	Material	212-222, 401-405, 562	GRI 102-13 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	174-178, 185-187, 213-222, 277-280, 331-340, 375-376, 398-426	GRI 102-15 GRI 103-2
Company commitments to sustainable development			
The impact of the company's activity on employment and local development	Material	398-418	GRI 103-2 GRI 203-2
The impact of the company's activity on local populations and on the territory	Material	327, 345-369, 398-418	GRI 103-2 GRI 413-1 GRI 413-2
Relations maintained with local community actors and the modalities of dialogue with them	Material	207-222, 345-369, 398-418	GRI 102-43 GRI 413-1
Partnership or sponsorship actions	Material	213-222,345-369, 398-418, 522-524	GRI 103-2 GRI 201-1 with regard to community investment

Subcontracting and suppliers			
Inclusion of social, gender equality and environmental matters in the procurement policy	Material	303-304, 329-330, 334-344	GRI 103-2 GRI 308-1 GRI 414-1 AF6, AF7
Consideration of its social and environmental responsibility in relations with suppliers and subcontractors	Material	303-304, 334-344	GRI 102-9 GRI 308-1 GRI 414-1
Monitoring and audit systems and their results	Material	337-344, 511-514	GRI 102-9 GRI 308-2 GRI 414-2 AF2, AF3, AF8, AF12, AF13, AF14, AF16
Consumers			
Measures for consumer health and safety	Material	280, 308-310	GRI 103-2 GRI 416-1
Claims systems, complaints received and their resolution	Material	278-279	GRI 103-2 GRI 418-1
Tax information			
The benefits obtained country by country	Material	420	GRI 103-2 GRI 207-4 (2019)
Tax on profits paid	Material	421-426	GRI 103-2 GRI 207-4 (2019)
Public subsidies received	Material	251, 422	GRI 201-4
Regulation EU (2020/852) - Taxonomy			
Requirements of the Regulation	Material	525-528	Inditex's own methodology developed based on the article 8 of the European Taxonomy

6.2.4. SASB reference table

TOPIC	ACCOUNTING METRIC	CODE	DISCLOSURE
Management of Chemicals in Products	Discussion of processes to maintain compliance with restricted substances regulations.	CG-AA-250a.1	Pages 303-304, 308-319, 388-390, 512-517
	Discussion of processes to assess and manage risks and/or hazards associated with chemicals in products.	CG-AA-250a.2	Pages 303-304, 308-319, 388-390, 512-517
Environmental Impacts in the Supply Chain	Percentage of (1) tier 1 supplier facilities and (2) supplier facilities beyond tier 1 in compliance with wastewater discharge permits and/or contractual agreement.	CG-AA-430a.1	In 2021, 99% 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; 99% of suppliers and 99% of the factories had wastewater discharge permits and in 94% of suppliers and 93% 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, 87% of the suppliers and 90% of the factories under the scope of our Green to Wear environmental standard, meet the Foundational level of ZDHC in its direct discharges. Also, in line with our commitment to ZDHC, 84% of suppliers and 75% of factories comply with ZDHC limits applicable to the substances included in ZDHC Wastewater Guidelines v.1.1 in its direct and indirect discharges. As a consequence of the environmental audits, Corrective Action Plans are carried out in those cases in which it is necessary. During these plans, Inditex teams support suppliers and / or factories to correct the non-compliances detected, in accordance with the Company's philosophy of continuous improvement of the supply chain.

Percentage of (1) tier 1 supplier facilities and (2) supplier facilities beyond tier 1 that have completed the Sustainable Apparel Coalition's Higg Facility Environmental Module (Higg FEM) assessment or an equivalent environmental data assessment.	CG-AA-430a.2	All of our suppliers and manufacturers are audited against our Code of Conduct for Manufacturers and Suppliers, which includes a section on environmental compliance. Specifically,77% of the suppliers and 71% of the factories active in 2021 which carried out any wet process, and that therefore are under the scope of our Green to Wear standard, have been environmentally audited. This facilities process a large majority of the products that include any of these wet processes. More information on pages 159-161, 334-335, 340-344, 512-514

Labor Conditions in the Supply Chain	Percentage of (1) tier 1 supplier facilities and (2) supplier facilities beyond tier 1 that have been audited to a labor code of conduct, (3) percentage of total audits conducted by a third-party auditor	CG-AA-430b.1	All our suppliers and manufacturers are audited against our Code of Conduct for Manufacturers and Suppliers. This verification is carried out initially through a pre-assessment audit - carried out to all companies before they can become part of our supply chain - and subsequently periodically through social audits. Specifically, 48% of the suppliers and 48% of the factories active in the year 2021 were audited either through a pre-assessment or social audit during this same period. This percentage has been influenced by the context caused by the covid-19 pandemic and the restrictions on mobility and lockdowns derived from the same. On the other hand, it is necessary to take into account that the periodicity of the social audits varies depending on the ranking obtained in the previous audit. In this sense, the interval between audits of suppliers or manufacturers with A or B rankings will be longer than in those with a C or D ranking. In fiscal year 2021, 97% of suppliers were ranked A o B. In 2021, 2,397 pre-assessment audits were carried out (99% carried out by external auditors), and 5,840 social audits (el 96% carried out by external auditors). Regardless of whether the audits are performed by internal or external auditors, the methodology used is Inditex's own audit methodology. More information on pages 159-161, 334-335, 336-340, 512-514
	Priority non-conformance rate and associated corrective action rate for suppliers' labor code of conduct audits.	CG-AA-430b.2	Pages 331-333, 336-340, 342-344, 513-514
	Description of the greatest (1) labor and (2) environmental, health, and safety risks in the supply chain	CG-AA-430b.3	Pages 351-368, 294-298, 302-319

Raw Materials Sourcing	Description of environmental and social risks associated with sourcing priority raw materials.	CG-AA-440a.1	Pages 294-296, 299-304, 325-326, 367-368
	Percentage of raw materials third-party certified to an environmental and/ or social sustainability standard, by standard.	CG-AA-440a.2	Pages 299-307 This information is not available at the Company's systems with the level of breakdown required. Inditex is working on the improvement of its systems in order to be able to report this information in future reporting periods.
Activity Metrics	Number of (1) tier 1 suppliers and (2) suppliers beyond tier 1.	CG-AA-000.A	In 2021, Inditex's supply chain comprised 1,790 suppliers - equivalent to tier 1 and defined as direct suppliers with which Inditex maintains a commercial relationship - which, in turn, used 8,756 factories for the Group's productions - equivalent to suppliers beyond tier 1. Fashion item suppliers with production of over 20,000 units in the spring/summer and autumn/winter 2021 campaigns are included. Suppliers with lower productions account for 0.25% of total production. Factories declared by suppliers in the product traceability systems for the orders of the spring/summer and autumn/winter 2021 campaigns are included.

6.2.5. GRI Content Index

GRI 102-55 and 102-56

GRI Standard	Disclosure	Page number(s), URL and/or direct answer	Omissions	External Assurance	Global Compact principle
GRI 101: FOUNDATION 2016					
GENERAL DISCLOSURES					
GRI 102: GENERAL DISCLOSURES 2016					
ORGANIZATIONAL PROFILE					
	102-1 Name of the organization	Industria de Diseño Textil, S.A.			
	102-2 Activities, brands, products, and services	165-172			
	102-3 Location of headquarters	Avenida de la Diputación s/n Edificio Inditex, Arteixo, A Coruña, Spain			
	102-4 Location of operations	115-120			
	102-5 Ownership and legal form	159-161, 175-176, 448-449 For further information about the Company's governance structure and practices, refer to the 2021 Annual Corporate Governance Report, available at the corporate web page of Inditex, Compliance section, Corporate Governance heading.			
	102-6 Markets served	115-120			
	102-7 Scale of the organization	156-157, 159-161			

GRI Standard	Disclosure	Page number(s), URL and/or direct answer	Omissions	External Assurance	Global Compact principle
	102-8 Information on employees and other workers	160-161, 462, 231 The employee breakdown by type of contract (permanent/temporary) and region is: the Americas, 90% permanent (10% temporary), Spain, 82% permanent (18% temporary); Europe excl. Spain, 83% permanent (17% temporary); and Asia and RoW, 60% permanent (40% temporary). The employee breakdown by type of working day (full/part time) by gender is: for women, 42% full-time (58% part-time), and for men, 52% full-time (48% part-time).		√ Pg. 143-145	Principle 6
	102-9 Supply chain	159-160, 327-329, 511-514		√ Pg. 143-145	
	102-10 Significant changes to the organization and its supply chain	261-274, 328-329			
	102-11 Precautionary Principle or approach	464-510			
	102-12 External initiatives	174-180, 181-187, 191, 212-222, 263-274			
	102-13 Membership of associations	195, 330, 212-222, 297-298			
STRATEGY					
	102-14 Statement from senior decision-maker	148-149, 150-152			
	102-15 Key impacts, risks, and opportunities	468-486			

GRI Standard	Disclosure	Page number(s), URL and/or direct answer	Omissions	External Assurance	Global Compact principle
ETHICS AND INTEGRITY					
	102-16 Values, principles, standards, and norms of behavior	174-180, 427-429 Code of Conduct and Responsible Practices available at the corporate web page of Inditex, How we do business section, Right to Wear heading.			Principle 10
	102-17 Mechanisms for advice and concerns about ethics	430-447			Principle 10
GOVERNANCE					
	102-18 Governance structure	448-462 For further information about the Company's governance structure and practices, refer to the 2021 Annual Corporate Governance Report, available at the corporate web page of Inditex, Compliance section, Corporate Governance heading.			
	102-19 Delegating authority	448-462 For further information about the Company's governance structure and practices, refer to the 2021 Annual Corporate Governance Report, available at the corporate web page of Inditex, Compliance section, Corporate Governance heading.			
	102-20 Executive-level responsibility for economic, environmental, and social topics	448-462 For further information about the Company's governance structure and practices, refer to the 2021 Annual Corporate Governance Report, available at the corporate web page of Inditex, Compliance section, Corporate Governance heading.			
	102-21 Consulting stakeholders on economic, environmental, and social topics	208-211			

GRI Standard	Disclosure	Page number(s), URL and/or direct answer	Omissions	External Assurance	Global Compact principle
	102-22 Composition of the highest governance body and its committees	450 For further information about the Company's governance structure and practices, refer to the 2021 Annual Corporate Governance Report, available at the corporate web page of Inditex, Compliance section, Corporate Governance heading.			
	102-23 Chair of the highest governance body	450 For further information about the Company's governance structure and practices, refer to the 2021 Annual Corporate Governance Report, available at the corporate web page of Inditex, Compliance section, Corporate Governance heading.			
	102-24 Nominating and selecting the highest governance body	450-451 For further information about the Company's governance structure and practices, refer to the 2021 Annual Corporate Governance Report, available at the corporate web page of Inditex, Compliance section, Corporate Governance heading.			
	102-25 Conflicts of interest	433, 483-486 For further information about therelated-party transactions and conflicts of interest, refer to the 2021 Annual Corporate Governance Report, available at the corporate web page of Inditex, Compliance section, Corporate Governance heading.			

GRI Standard	Disclosure	Page number(s), URL and/or direct answer	Omissions	External Assurance	Global Compact principle
	102-26 Role of highest governance body in setting purpose, values, and strategy	449-452 For further information about the Company's governance structure and practices, refer to the 2021 Annual Corporate Governance Report, available at the corporate web page of Inditex, Compliance section, Corporate Governance heading.			
	102-27 Collective knowledge of highest governance body	453 For further information about the Company's governance structure and practices, refer to the 2021 Annual Corporate Governance Report, available at the corporate web page of Inditex, Compliance section, Corporate Governance heading.			
	102-28 Evaluating the highest governance body's performance	455-459, 482-486 For further information about the evaluation of the highest governance body's performance, refer to the 2021 Annual Corporate Governance Report, available at the corporate web page of Inditex, Compliance section, Corporate Governance heading.			
	102-29 Identifying and managing economic, environmental, and social impacts	223-227, 453-456, 464-467 For further information about the identification of impacts, refer to the 2021 Annual Corporate Governance Report, available at the corporate web page of Inditex, Compliance section, Corporate Governance heading.			
	102-30 Effectiveness of risk management processes	468, 482-486			

GRI Standard	Disclosure	Page number(s), URL and/or direct answer	Omissions	External Assurance	Global Compact principle
	102-31 Review of economic, environmental, and social topics	449-451 For further information about how the Board of Directors operates, refer to the 2021 Annual Corporate Governance Report, available at the corporate web page of Inditex, Compliance section, Corporate Governance heading.			
	102-32 Highest governance body's role in sustainability reporting	The Board of Directors is the body responsible for reviewing and authorising the issuance of the Integrated Directors' Report.			
	102- 33 Communicating critical concerns	207-211, 456-463 For further information about the Company's committees and its stakeholder engagement effort, refer to the 2021 Annual Corporate Governance Report, available at the corporate web page of Inditex, Compliance section, Corporate Governance heading.			
	102-34 Nature and total number of critical concerns	448-463 For further information, refer to the 2021 Annual Corporate Governance Report, available at the corporate web page of Inditex, Compliance section, Corporate Governance heading.			
	102-35 Remuneration policies	453-455, 258-260 For further information, refer to the Annual Report on Remuneration of Directors for 2021 and the 2021 Annual Corporate Governance Report, available at the corporate web page of Inditex, Compliance section, Corporate Governance heading.			

GRI Standard	Disclosure	Page number(s), URL and/or direct answer	Omissions	External Assurance	Global Compact principle
	102-36 Process for determining remuneration	453-455, 258-260 For further information, refer to the Annual Report on Remuneration of Directors for 2021 and the 2021 Annual Corporate Governance Report, available at the corporate web page of Inditex, Compliance section, Corporate Governance heading.			
	102-37 Stakeholders' involvement in remuneration	453-455, 258-260 For further information, refer to the Annual Report on Remuneration of Directors for 2021 and the 2021 Annual Corporate Governance Report, available at the corporate web page of Inditex, Compliance section, Corporate Governance heading.			
	102-38 Annual total compensation ratio	456, 260 For further information, refer to the 2021 Annual Corporate Governance Report, available at the corporate web page of Inditex, Compliance section, Corporate Governance heading.			
	102-39 Percentage increase in annual total compensation ratio	456, 259 For further information, refer to the 2021 Annual Corporate Governance Report, available at the corporate web page of Inditex, Compliance section, Corporate Governance heading.			
STAKEHOLDER ENGAGEMENT					
	102-40 List of stakeholder groups	209			
	102-41 Collective bargaining agreements	255, 356			Principle 3
	102-42 Identifying and selecting stakeholders	208-209			

GRI Standard	Disclosure	Page number(s), URL and/or direct answer	Omissions	External Assurance	Global Compact principle
	102-43 Approach to stakeholder engagement	208-209, 223-224			
	102-44 Key topics and concerns raised	225-227, 536			
REPORTING PRACTICE					
	102-45 Entities included in the consolidated financial statements	114-120			
	102-46 Defining report content and topic Boundaries	225-227, 536-539			
	102-47 List of material topics	225-227, 536-539			
	102-48 Restatements of information	159-161, 328 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.			
	102-49 Changes in reporting	223-225, 482-486			
	102-50 Reporting period	The Annual Report provides an account of Inditex Group's economic, social and environmental performance during financial year 2021, which runs from 1 February 2021 to 31 January 2022.			
	102-51 Date of most recent report	Jun-21			
	102-52 Reporting cycle	Annual			

GRI Standard	Disclosure	Page number(s), URL and/or direct answer	Omissions	External Assurance	Global Compact principle
	102-53 Contact point for questions regarding the report	282 Contact Details Shareholders office accionistas@inditex.com Phone: +34 901 330 212 Fax: +34 981 185 365 Investors Relations Department r.inversores@inditex.com Phone: +34 981 185 364 Fax: +34 981 185 365 Communication and Corporate Affairs Division comunicacion@inditex.com Phone: +34 981 185 400 Fax: +34 981 185 544 Inditex S.A. Edificio Inditex Avda. de la Diputación, s/n 15143 Arteixo, A Coruña, Spain +34 981 185 400			
	102-54 Claims of reporting in accordance with the GRI Standards	This report was prepared in accordance with the GRI Standards - Comprehensive option.			
	102-55 GRI content index	552-593			
	102-56 External assurance	142-145, 536			
MATERIAL TOPICS					
ETHICAL BEHAVIOUR AND GOVERNANCE					
GRI 103: MANAGEMENT APPROACH 2016					
	103-1 Explanation of the material topic and its Boundary	225-227, 536-539			
	103-2 The management approach and its components	229-231, 448-449 For further information, refer to the 2021 Annual Corporate Governance Report, available at the corporate web page of Inditex, Compliance section, Corporate Governance heading.		√ Pg. 143-145	
	103-3 Evaluation of the management approach	430-434, 458-459			

GRI Standard	Disclosure	Page number(s), URL and/or direct answer	Omissions	External Assurance	Global Compact principle
GRI 205: ANTI-CORRUPTION 2016					
	205-1 Operations assessed for risks related to corruptionn	427-429 The Code of Conduct and Responsible Practices addresses the prevention of corruption in all its manifestations. That Code is applicable to 100% of the Group's business units and is available at the corporate web page of Inditex, How we do business section, Right to Wear heading.			Principle 10
	205-2 Communication and training about anti-corruption policies and procedures	430-447		√ Pg. 143-145	Principle 10
	205-3 Confirmed incidents of corruption and actions taken	439-440		√ Pg. 143-145	Principle 10
GRI 206: ANTI-COMPETITIVE BEHAVIOR 2016					
	206-1 Legal actions for anti-competitive behavior, anti-trust, and monopoly practices	The Inditex Group did not record any material (firm) legal action related with anti-competitive behaviour, anti-trust or monopoly practices through any of the channels available to that end in 2021.			
GRI 307: ENVIRONMENTAL COMPLIANCE 2016					
	307-1 Non-compliance with environmental laws and regulations	The Inditex Group did not receive any significant penalties or fines for non-compliance with environmental laws or regulations through any of the channels available to that end in 2021.			Principle 8

GRI Standard	Disclosure	Page number(s), URL and/or direct answer	Omissions	External Assurance	Global Compact principle
GRI 415: PUBLIC POLICY 2016					
	415-1 Political contributions	Inditex's Code of Conduct and Responsible Practices expressly stipulates that all dealings between Inditex and governments, authorities, institutions and political parties must be framed by the principles of lawfulness and neutrality. Any contributions made by the Company, whether in cash or in-kind, to political parties, institutions or public authorities must be made in accordance with prevailing legislation. So as to guarantee transparency in this respect they must be preceded by a report from the legal advisory department certifying their absolute lawfulness.			Principle 10
GRI 419: SOCIOECONOMIC COMPLIANCE 2016					
	419-1 Non-compliance with laws and regulations in the social and economic area	The Inditex Group did not receive any significant fines for non-compliance with laws or regulations applicable to it through any of the channels available to that end in 2021.			
OTHER DISCLOSURES: GRIEVANCE PROCEDURES					
	AF4 Policy and procedures for receiving, investigating, and responding to grievances and complaints	430-447			

GRI Standard	Disclosure	Page number(s), URL and/or direct answer	Omissions	External Assurance	Global Compact principle
RISK MANAGEMENT AND CONTROL SYSTEMS					
GRI 103: MANAGEMENT APPROACH 2016					
	103-1 Explanation of the material topic and its Boundary	225-227, 536-539			
	103-2 The management approach and its components	468-486			
	103-3 Evaluation of the management approach	468-486			
GRI 418: CUSTOMER PRIVACY 2016					
	418-1 Substantiated complaints concerning breaches of customer privacy and losses of customer data	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 2021.		√ Pg. 143-145	
STAKEHOLDER ENGAGEMENT					
GRI 103: MANAGEMENT APPROACH 2016					
	103-1 Explanation of the material topic and its Boundary	225-227, 536-539			
	103-2 The management approach and its components	207-211			
	103-3 Evaluation of the management approach	209			
RESPONSIBLE COMUNICATION					
GRI 103: MANAGEMENT APPROACH 2016					
	103-1 Explanation of the material topic and its Boundary	225-227, 536-539			
	103-2 The management approach and its components	181-187, 480-482			

GRI Standard	Disclosure	Page number(s), URL and/or direct answer	Omissions	External Assurance	Global Compact principle
	103-3 Evaluation of the management approach	162-164, 181-187, 468-486 For further information about the risk management model, refer to the 2021 Annual Corporate Governance Report, available at the corporate web page of Inditex, Compliance section, Corporate Governance heading.			
GRI 417: MARKETING AND LABELING 2016					
	417-1 Requirements for product and service information and labeling	275-280, 305-307, 308-310, 507-509 The Group's product health and safety standards are compulsory across the entire production chain (100%).			
	417-2 Incidents of non-compliance concerning product and service information and labeling	The Inditex Group did not record any significant incidences of noncompliance with regulations and voluntary codes concerning product information and labelling through any of the channels available to that end in 2021.			
	417-3 Incidents of non-compliance concerning marketing communications	The Inditex Group did not record any significant incidents of noncompliance concerning marketing communications through any of the channels available to that end in 2021.			
VALUE CHAIN TRANSPARENCY AND TRACEABILITY					
GRI 103: MANAGEMENT APPROACH 2016					
	103-1 Explanation of the material topic and its Boundary	225-227, 536-539			
	103-2 The management approach and its components	181-187, 327-333			
	103-3 Evaluation of the management approach	327-333, 512-514			

GRI Standard	Disclosure	Page number(s), URL and/or direct answer	Omissions	External Assurance	Global Compact principle
RESPONSIBLE PURCHASING PRACTICES					
GRI 103: MANAGEMENT APPROACH 2016					
	103-1 Explanation of the material topic and its Boundary	225-227, 536-539			
	103-2 The management approach and its components	299-307, 317, 335			
	103-3 Evaluation of the management approach	159-161, 335			
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.	245-249, 317-319, 371-372, 374-378			
OTHER DISCLOSURES: BUSINESS INTEGRATION					
	AF6 Policies for supplier selection, management, and termination	327-344 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, How we do business section, Our commitment to people - Our Suppliers heading.		√ Pg. 143-145	
	AF17 Actions to identify and mitigate business practices that affect code compliance	336, 342-344, 512			

GRI Standard	Disclosure	Page number(s), URL and/or direct answer	Omissions	External Assurance	Global Compact principle
OTHER DISCLOSURES: EMPLOYMENT					
	AF24 Policy on the use and selection of labour brokers, including adherence to relevant ILO Conventions	194-195, 261, 330, 367-369 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.			
VALUE CREATION					
GRI 103: MANAGEMENT APPROACH 2016					
	103-1 Explanation of the material topic and its Boundary	225-227, 536-539			
	103-2 The management approach and its components	190, 229-234, 399-402, 419-426			
	103-3 Evaluation of the management approach	147-152, 229-234, 399-402, 419-426			
GRI 201: ECONOMIC PERFORMANCE 2016					
	201-1 Direct economic value generated and distributed	522-524, 419-426 In the 2021 financial year, the direct economic value generated by the Inditex Group was: 27,716 million euros (composed of the Group's income); The economic value distributed was made up, among others, of personnel expenses (4,179 million euros), taxes on profits (734 million euros), dividends paid to shareholders (2,180 million euros) and the investment in the community (63.5 million euros) the economic value retained would be the difference between that generated and that distributed.			
	201-2 Financial implications and other risks and opportunities due to climate change	181-182, 190, 479-480, 489-492 The Risk Management and Control Policy sets down the basic principles, key risk factors and general management and control framework for the risks to			

GRI Standard	Disclosure	Page number(s), URL and/or direct answer	Omissions	External Assurance	Global Compact principle
		which the Group is exposed. That policy applies to the entire Group and is the basis of the enterprise risk management system. Framed by that Risk Management and Control Policy, the various business units act as the first line of defence in the management and control of the various risks to which the Group is exposed, including those related with climate. Climate conditions influence the availability and price of the raw materials used in the Group's productive processes, among other factors. Furthermore, pronounced changes in climate cycles can affect demand patterns.			
	201-3 Defined benefit plan obligations and other retirement plans	186, 448-449			
	201-4 Financial assistance received from government	251, 422		√ Pg. 143-145	
GRI 203: INDIRECT ECONOMIC IMPACTS 2016					
	203-1 Infrastructure investments and services supported	159-160, 522-524			
	203-2 Significant indirect economic impacts	412-418			
GRI 207: TAX 2019					
	207- 1 Approach to tax	419-427 The information regarding the Group's Tax Strategy and Tax Policy is available at the corporate web page of Inditex, How we do business section, Our commitment to people - Our Tax Contribution heading.			

GRI Standard	Disclosure	Page number(s), URL and/or direct answer	Omissions	External Assurance	Global Compact principle
	207-2 Tax governance, control, and risk management	419-427 The information regarding the Group's Tax Strategy and Tax Policy is available at the corporate web page of Inditex, How we do business section, Our commitment to people - Our Tax Contribution heading.			
	207-3 Stakeholder engagement and management of concerns related to tax	419-427 The information regarding the Group's Tax Strategy and Tax Policy is available at the corporate web page of Inditex, How we do business section, Our commitment to people - Our Tax Contribution heading.			
	207-4 Country-by-country reporting	419-427 The information regarding the Group's Tax Strategy and Tax Policy is available at the corporate web page of Inditex, How we do business section, Our commitment to people - Our Tax Contribution heading.			
GRI 413: LOCAL COMMUNITIES 2016					
	413-1 Operations with local community engagement, impact assessments, and development programs	261-264, 270-274, 345-347, 400-411			Principle 1
	413-2 Operations with significant actual and potential negative impacts on local communities	303-304, 334-335, 400-418			Principles 1 and 2
OTHER DISCLOSURES: COMMUNITY INVESTMENT					
	AF33 Priorities in community investment strategy.	398-406			
	AF34 Amount of investment in worker communities broken down by location	398-406			

GRI Standard	Disclosure	Page number(s), URL and/or direct answer	Omissions	External Assurance	Global Compact principle
INNOVATION					
GRI 103: MANAGEMENT APPROACH 2016					
	103-1 Explanation of the material topic and its Boundary	225-227, 536-539			
	103-2 The management approach and its components	196-205			
	103-3 Evaluation of the management approach	196-205			
CUSTOMER ORIENTATION					
GRI 103: MANAGEMENT APPROACH 2016					
	103-1 Explanation of the material topic and its Boundary	225-227, 536-539			
	103-2 The management approach and its components	275-280, 507-509			
	103-3 Evaluation of the management approach	275-280, 507-509			
DIVERSITY, EQUALITY AND INCLUSION					
GRI 103: MANAGEMENT APPROACH 2016					
	103-1 Explanation of the material topic and its Boundary	225-227, 536-539			
	103-2 The management approach and its components	229-240, 258-259			
	103-3 Evaluation of the management approach	160-161, 231-233, 358-359			
GRI 405: DIVERSITY AND EQUAL OPPORTUNITY 2016					
	405-1 Diversity of governance bodies and employees	229-231, 251-254, 462 For further information about diversity on the Board of Directors, refer to the 2021 Annual Corporate Governance Report, available at the corporate web page of Inditex, Compliance section, Corporate Governance heading.		√ Pg. 143-145	Principle 6

GRI Standard	Disclosure	Page number(s), URL and/or direct answer	Omissions	External Assurance	Global Compact principle
	405-2 Ratio of basic salary and remuneration of women to men	229-231, 258-259, 453, 456	Information about the remuneration earned by women relative to men by job category is not available with the level of detail required in the company's systems. Inditex is working to upgrade its systems with a view to reporting that information in the Non-Financial Information Statement 2022, to be published in 2023.	√ Pg. 143-145	Principle 6
GRI 406: NON-DISCRIMINATION 2016					
	406-1 Incidents of discrimination and corrective actions taken	The Inditex Group did not receive any instances of discrimination implying a breach of human rights through any of the channels available to that end in 2021. The Group is working to establish the criteria and practices constituting potential non-compliance with or breaches of human rights and plans to draw up a risk map to identify the most significant areas of risk.		√ Pg. 143-145	
OTHER DISCLOSURES: DIVERSITY AND EQUAL OPPORTUNITIES					
	AF27 Policy and actions to protect the pregnancy and maternity rights of women workers	240-242, 358-359			
	AF32 Actions to address gender discrimination and to provide opportunities for the advancement of women workers	232-236			

GRI Standard	Disclosure	Page number(s), URL and/or direct answer	Omissions	External Assurance	Global Compact principle
QUALITY OF EMPLOYMENT					
GRI 103: MANAGEMENT APPROACH 2016					
	103-1 Explanation of the material topic and its Boundary	225-227, 536-539			
	103-2 The management approach and its components	251-261, 231-240, 353-360, 453-456			
	103-3 Evaluation of the management approach	231, 251-254, 358, 456			
GRI 401: EMPLOYMENT 2016					
	401-1 New employee hires and employee turnover	Turnover at the Inditex Group, including voluntary departures, was 47.9% (47.5% among women and 49.2% among men). By age category, turnover was 74.9% among the under 30s, 18% among those aged between 30 and 40; and 7.8% for those over the age of 40. Turnover varied considerably by region, reaching 100.2% in the Americas, Followed by Asia with a 95.7%, 45% in Europe (excluding Spain); and 14.2% in Spain. In 2021, hires total 20,926, of which 75% are women and 25% are men. 87% of the hires are under the age of 30, 1% are aged between 30 and 40, and 12% are over 40. Most of them took place in Europe (excluding Spain), with 61%; followed by Spain, accounting for the 28% of the new employees.		√ Pg. 143-145	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.			

GRI Standard	Disclosure	Page number(s), URL and/or direct answer	Omissions	External Assurance	Global Compact principle
	401-3 Parental leave	240-241	Information relating to Spain; the corresponding international data is not available in the Company's systems with the level of detail required. Inditex is working to upgrade its systems with a view to reporting that information in the Non-Financial Information Statement 2022, to be published in 2023.	√ Pg. 143-145	Principle 6
GRI 402: LABOR/MANAGEMENT RELATIONS 2016					
	402-1 Minimum notice periods regarding operational changes	The collective bargaining agreements in force do not include a minimum notice period for officially communicating significant operational changes at Inditex. However, whenever a significant development takes place, it is notified with the advance notice stipulated in prevailing legislation (article 41 of the Spanish Workers' Statute).			Principle 3

GRI Standard	Disclosure	Page number(s), URL and/or direct answer	Omissions	External Assurance	Global Compact principle
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	194, 339, 315-355, 427-429 Inditex's Code of Code of Conduct and Responsible Practices specifically addresses the right to freedom of association and collective bargaining. That Code applies to all of the Group's operations. The Code of Conduct for Manufacturers and Suppliers, which applies to all of the Group's suppliers, also enshrines this right. The programme for supervising compliance with Inditex's Code of Conduct for Manufacturers and Suppliers assesses compliance with workers' right to freedom of association.			Principle 3
OTHER DISCLOSURES: EMPLOYMENT					
	AF22 Policy and practices regarding the use of employees with non-permanent and non-fulltime	251-253			
	AF23 Policy regarding the use of home working	240-242			
OTHER DISCLOSURES: LABOUR/MANAGEMENT RELATIONS					
	AF29 Percentage of workplaces where there is one or more independent trade union(s)	254-257 44% of Inditex's workplaces have trade union representation.			
	AF30 Percentage of workplaces where, in the absence of a trade union, there are worker-management committees, broken down by country.	The Group does not participate in worker-management committees in the absence of a trade union.			
OTHER DISCLOSURES: WAGES AND HOURS					
	AF25 Policy and practices on wage deductions that are not mandated by law	Inditex does not apply wage deductions that are not mandated by law.			

GRI Standard	Disclosure	Page number(s), URL and/or direct answer	Omissions	External Assurance	Global Compact principle
	AF26 Policy on working hours, including definition of overtime, and actions to prevent excessive and forced overtime	254-257 According to the Group's Code of Conduct and Responsible Practices, weekly working hours and overtime cannot exceed the limits stipulated in each country's labour legislation. Overtime is in all instances voluntary and remunerated as set down in applicable legislation. Elsewhere, the Inditex Group's Human Rights Policy sets down its zero tolerance stance towards forced or compulsory labour, as defined in ILO Convention 29. All of the foregoing applies to its own employees and its supply chain workers and any other natural and/or legal person related with Inditex. Moreover, the Code of Conduct sets down how the Group upholds and fosters compliance with human and labour rights, expressly committing to apply applicable regulations and best practices in the areas of employment terms and occupational health and safety, forbidding all forms of violence, harassment and abuse in the workplace.			

GRI Standard	Disclosure	Page number(s), URL and/or direct answer	Omissions	External Assurance	Global Compact principle
HUMAN RIGHTS					
GRI 103: MANAGEMENT APPROACH 2016					
	103-1 Explanation of the material topic and its Boundary	225-227, 536-539			
	103-2 The management approach and its components	191-195, 345-347			
	103-3 Evaluation of the management approach	194, 339			
GRI 408: CHILD LABOR 2016					
	408-1 Operations and suppliers at significant risk for incidents of child labor	336-340 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	336-340 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
GRI 412: HUMAN RIGHTS ASSESSMENT 2016					
	412-1 Operations that have been subject to human rights reviews or impact assessments	160-161, 336-340, 512-514			Principles 1 and 2

GRI Standard	Disclosure	Page number(s), URL and/or direct answer	Omissions	External Assurance	Global Compact principle
	412-2 Employee training on human rights policies or procedures	193-195 In 2021, progress continued in the due diligence processes in the supply chain. Thus, Inditex's Social Sustainability teams in countries where Inditex's production is concentrated have received training in different areas related to Human Rights, such as gender equality, diversity or social protection. In addition, in the last year, training has been given to other areas of the company, such as those received by purchasing teams on issues related to responsible purchasing practices and how they impact on the supply chain.			Principle 1
	412-3 Significant investment agreements and contracts that include human rights clauses or that underwent human rights screening	367-369, 191-195			Principle 2
OTHER DISCLOSURES: CODE OF CONDUCT					
	AF1 Code of conduct content and coverage	193-195, 433-434 For further information, refer to the Code of Conduct and Responsible Practices and the Code of Conduct for Manufacturers and Suppliers, available at the corporate web page of Inditex, How we do business section, Right to Wear heading. You can also refer to the Compliance Programme, available at the corporate web page of Inditex, How we do business section, Our Commitment to people - Our Suppliers heading.			

GRI Standard	Disclosure	Page number(s), URL and/or direct answer	Omissions	External Assurance	Global Compact principle
	AF7 Number and location of workplaces covered by code of conduct	193-195, 433-434, 511-512 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, How we do business section, Our Commitment to people - Our Suppliers heading.		√ Pg. 143-145	
SAFE AND HEALTHY ENVIRONMENTS					
GRI 103: MANAGEMENT APPROACH 2016					
	103-1 Explanation of the material topic and its Boundary	225-227, 536-539			
	103-2 The management approach and its components	261			
	103-3 Evaluation of the management approach	271-273			
GRI 403: OCCUPATIONAL HEALTH AND SAFETY 2018					
	403-1 Occupational health and safety management system	261-262, 258-262			
	403-2 Hazard identification, risk assessment, and incident investigation	261-262, 258-262			
	403-3 Occupational health services	261-262, 258-262			

GRI Standard	Disclosure	Page number(s), URL and/or direct answer	Omissions	External Assurance	Global Compact principle
	403-4 Worker participation, consultation, and communication on occupational health and safety	261-262, 258-262 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	261-262, 258-262			
	403-6 Promotion of worker health	261, 263-264, 274			
	403-7 Prevention and mitigation of occupational health and safety impacts directly linked by business relationships	261, 263-264, 274			
	403-8 Workers covered by an occupational health and safety management system	261, 264-273			

GRI Standard	Disclosure	Page number(s), URL and/or direct answer	Omissions	External Assurance	Global Compact principle
	403-9 Work-related injuries	261, 264-273	The Company's systems are not currently capable of producing disclosures about work-related injuries outside Spain with the level of detail required. Inditex is working to upgrade its systems with a view to reporting that information in the Non-Financial Information Statement 2022, to be published in 2023. Information about workers not employed in the workplaces controlled by the Group is not available in the Company's systems with the level of detail required. Inditex is working to upgrade its systems with a view to reporting that information.	√ Pg. 143-145	
	403-10 Work-related ill health	261, 264, 266-267, 269	Information about workers not employed in the workplaces controlled by the Group is not available in the Company's systems with the level of detail required. Inditex is working to upgrade its systems with a view to reporting that information.	√ Pg. 143-145	

GRI Standard	Disclosure	Page number(s), URL and/or direct answer	Omissions	External Assurance	Global Compact principle
OTHER DISCLOSURES: OCCUPATIONAL HEALTH AND SAFETY					
	AF31 Initiatives and programs to respond to, reduce, and prevent the occurrence of musculoskeletal disorders	261, 263-264			
TALENT MANAGEMENT					
GRI 103: MANAGEMENT APPROACH 2016					
	103-1 Explanation of the material topic and its Boundary	225-227, 536-539			
	103-2 The management approach and its components	243-251			
	103-3 Evaluation of the management approach	159-161, 231, 246-248			
GRI 404: TRAINING AND EDUCATION 2016					
	404-1 Average hours of training per year per employee	245-248 Training hours averaged 14.2 hours per employee in 2021 (13.9 hours for female employees and 15.2 hours for male employees). The data pertaining to the number of training hours broken down by gender is available for all markets representing 100% of the Group's employees.		√ Pg. 143-145	Principle 6
	404-2 Programs for upgrading employee skills and transition assistance programs	229-230, 232-239, 243-244, 248-250 94% 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), URL 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 2021 Annual Corporate Governance Report, available at disponible at the corporate web page of Inditex, Compliance section, Corporate Governance heading.			Principio 6

GRI Standard	Disclosure	Page number(s), URL and/or direct answer	Omissions	External Assurance	Global Compact principle
SOCIALLY SUSTAINABLE PRODUCTION ENVIRONMENTS					
GRI 103: MANAGEMENT APPROACH 2016					
	103-1 Explanation of the material topic and its Boundary	225-227, 536-539			
	103-2 The management approach and its components	181-188, 190, 193-195			
	103-3 Evaluation of the management approach	159-161, 336-339, 511-514			
GRI 414: SUPPLIER SOCIAL ASSESSMENT 2016					
	414-1 New suppliers that were screened using social criteria	159, 337-340, 511-514		√ Pg. 143-145	Principle 2
	414-2 Negative social impacts in the supply chain and actions taken	336-340, 342-344			Principle 2
OTHER DISCLOSURES: AUDIT PROCESS					
	AF2 Parties and personnel engaged in code of conduct compliance function	159-160, 345-347, 360-362, 367-368			
	AF3 Compliance audit process	367-368, 332, 336-340 342-344			
	AF8 Number of audits conducted and percentage of workplaces audited	159-160, 337-340, 512-514		√ Pg. 143-145	
OTHER DISCLOSURES: NON-COMPLIANCE FINDINGS					
	AF9 Incidents of non-compliance with legal requirements or collective bargaining agreements on wages	339			
	AF10 Incidents of non-compliance with overtime standards	339			
	AF11 Incidents of non-compliance with standards on pregnancy and maternity rights	339			
	AF12 Incidents of the use of child labour	339		√ Pg. 143-145	
	AF13 Incidents of non-compliance with standards on gender discrimination	339		√ Pg. 143-145	

GRI Standard	Disclosure	Page number(s), URL and/or direct answer	Omissions	External Assurance	Global Compact principle
	AF14 Incidents of non-compliance with code of conduct	339		√ Pg. 143-145	
	AF15 Analysis of data from code compliance audits	339			
OTHER DISCLOSURES: REMEDIATION					
	AF16 Remediation practices to address non-compliance findings	331-333, 336-344, 339, 511-514		√ Pg. 143-145	
CLIMATE CHANGE					
GRI 103: MANAGEMENT APPROACH 2016					
	103-1 Explanation of the material topic and its Boundary	225-227, 536-539			
	103-2 The management approach and its components	181-187, 377-378, 382-386, 489-506 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, How we do business section, Our Commitment to the Environment - Climate Change and Energy heading.			
	103-3 Evaluation of the management approach	181-187, 196, 377-378, 382-386			
GRI 302: ENERGY 2016					
	302-1 Energy consumption within the organization	160, 379, 382, 384		√ Pg. 143-145	Principles 7 and 8
	302-2 Energy consumption outside of the organization	160, 379, 382, 384		√ Pg. 143-145	Principle 8

GRI Standard	Disclosure	Page number(s), URL and/or direct answer	Omissions	External Assurance	Global Compact principle
	302-3 Energy intensity	160, 379, 382, 384			Principle 8
	302-4 Reduction of energy consumption	160, 379, 380, 382, 384		√ Pg. 143-145	Principles 8 and 9
	302-5 Reductions in energy requirements of products and services	160, 379, 382-386			Principles 8 and 9
GRI 305: EMISSIONS 2016					
	305-1 Direct (Scope 1) GHG emissions	380-381, 518-521		√ Pg. 143-145	Principles 7 and 8
	305-2 Energy indirect (Scope 2) GHG emissions	380-381, 518-521		√ Pg. 143-145	Principles 7 and 8
	305-3 Other indirect (Scope 3) GHG emissions	380-381		√ Pg. 143-145	Principles 7 and 8
	305-4 GHG emissions intensity	380-381, 518-521			Principle 8
	305-5 Reduction of GHG emissions	377-378, 518-521		√ Pg. 143-145	Principles 8 and 9
	305-6 Emissions of ozone-depleting substances (ODS)	334, 383-384 There are plans in place to replace air conditioning units in existing stores with more efficient Class A units in order to ensure the non-emission of ozone-depleting substances. In addition, thanks to the ecoefficiency measures deployed across the Group's owned stores, the Group has unlocked significant savings in electricity, particularly in its HVAC systems, as the ecoefficient devices installed deliver energy performance and efficiency improvements of at least 20% compared to conventional equipment. Those specific energy efficiency initiatives, coupled with materialisation of our strategic commitment to renewable energy, have driven a reduction in the GHG emissions associated with our business activities.			

GRI Standard	Disclosure	Page number(s), URL and/or direct answer	Omissions	External Assurance	Global Compact principle
	305-7 Nitrogen oxides (NOX), sulfur oxides (SOX), and other significant air emissions		Not applicable. We do not disclose information about other air emissions as they are considered non-material due to the characteristics of the devices and the equipment review frequency stipulated in prevailing legislation (controls are not necessary). The emission of particles deriving from transportation is generated by outsourced carriers so that this indicator is not applicable to the Group. Nevertheless, Inditex fosters enhanced emissions management and control in its value chain through the tool that enables calculation of emissions in accordance with the GHG Protocol, coupled with the definition of action plans.		Principles 7 and 8
OTHER DISCLOSURES: ENERGY					
	AF21 Amount of energy consumed and percentage of the energy that is from renewable sources	160, 379-380, 383-384		√ Pg. 143-145	
ENVIRONMENTAL FOOTPRINT MINIMISATION					
GRI 103: MANAGEMENT APPROACH 2016					
	103-1 Explanation of the material topic and its Boundary	225-227, 536-539			

GRI Standard	Disclosure	Page number(s), URL and/or direct answer	Omissions	External Assurance	Global Compact principle
	103-2 The management approach and its components	184-187, 334, 387-391 The Global Water Management Strategy (available at the corporate web page of Inditex, How we do business section, Our Commitment to the Environment - Water heading) contains a roadmap for achieving the sustainable and rational management of water and enhanced conservation of the environmental quality of freshwater and marine ecosystems. Inditex's detox commitment will similarly contribute to the sustainable use of water. For more information, refer to Inditex dedicated website Water Action Plan.			
	103-3 Evaluation of the management approach	184-187, 387-391			
GRI 303: WATER AND EFFLUENTS 2018					
	303-1 Interactions with water as a shared resource	387-390			Principles 7 and 8
	303-2 Management of water discharge-related impacts	388, 334-335, 340-341, 343-344, 159 The water supplied to all workplaces, whether for processing or consumption, is withdrawn from authorised public supply networks, so that Inditex does not have any impact on protected habitats. Moreover, all of its water supply comes from areas experiencing low or no water stress.			Principle 8
	303-3 Water withdrawal	388			Principle 8

GRI Standard	Disclosure	Page number(s), URL and/or direct answer	Omissions	External Assurance	Global Compact principle
	303-4 Water discharge	388 Further information about water discharges, available at the corporate web page of Inditex, How we do business section, Our Commitment to the Environment - Water heading.			
	303-5 Water consumption	388 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. 143-145	

GRI Standard	Disclosure	Page number(s), URL and/or direct answer	Omissions	External Assurance	Global Compact principle
GRI 306: WASTE 2020					
	306-1 Waste generation and significant waste-related impacts	395-397, 296-298, 322-326			Principle 8
	306-2 Management of significant waste-related impacts	395-397, 296-298			Principle 8
	306-3 Waste generated	395-397, 296-307 None of the waste generated is disposed of by deep well injection or stored on site.	The Company's systems are not currently capable of producing disclosures about the waste generated in its proprietary stores with the level of detail required. Inditex has a number of projects underway with the aim of being able to comply with this disclosure requirement by 2023.	√ Pg. 143-145	Principle 8
	306-4 Waste diverted from disposal	396, 285-293	The Company's systems are not currently capable of producing disclosures about the waste diverted from disposal in its proprietary stores with the level of detail required. Inditex has a number of projects underway with the aim of being able to comply with this disclosure requirement by 2023.	√ Pg. 143-145	Principle 8

GRI Standard	Disclosure	Page number(s), URL and/or direct answer	Omissions	External Assurance	Global Compact principle
	306-5 Waste directed to disposal	396	The Company's systems are not currently capable of producing disclosures about the waste directed to disposal in its proprietary stores with the level of detail required. Inditex has a number of projects underway with the aim of being able to comply with this disclosure requirement by 2023.	√ Pg. 143-145	Principle 8
GRI 308: SUPPLIER ENVIRONMENTAL ASSESSMENT 2016					
	308-1 New suppliers that were screened using environmental criteria	159, 340-344, 511-514		√ Pg. 143-145	Principle 8
	308-2 Negative environmental impacts in the supply chain and actions taken	334, 336, 339-341, 407-411		√ Pg. 143-145	Principle 8

GRI Standard	Disclosure	Page number(s), URL and/or direct answer	Omissions	External Assurance	Global Compact principle
PROTECTION OF NATURAL RESOURCES					
GRI 103: MANAGEMENT APPROACH 2016					
	103-1 Explanation of the material topic and its Boundary	225-227, 536-539			
	103-2 The management approach and its components	181-187, 190, 295, 299-308, 391-394 In its Code of Conduct, Inditex pledges to minimise the environmental impact of its products in respect of their entire life cycle. Inditex's Biodiversity Policy (available at the corporate web page of Inditex, How we do business section, Our Commitment to the Environment - Biodiversity 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 and a Biodiversity Strategy , both available at the corporate web page of Inditex, How we do business section, Our Commitment to the Environment - Biodiversity and Our Commitment to the Environment - Closing			

GRI Standard	Disclosure	Page number(s), URL and/or direct answer	Omissions	External Assurance	Global Compact principle
		the Loop - Sustainable materials headings, which establishes management criteria for the entire value chain.			
	103-3 Evaluation of the management approach	185-187, 190, 295, 300-307, 391-394 Inditex's commitment to environmental responsibility includes ethical standards for the use of animal-based products. Further information is available at the corporate web page of Inditex, How we do business section, Our Commitment to the Environment - Closing the Loop - Sustainable Materials - Animal Welfare 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 on biodiversity.		Principle 8
	304-2 Significant impacts of activities, products, and services on biodiversity	294-296, 299-307, 380-382, 386, 388, 391-394			Principle 8
	304-3 Habitats protected or restored	Inditex is committed to protecting and nurturing biodiversity by means of responsible and sustainable management of natural resources. For further information, refer to the Group's Biodiversity Strategy and Forest Product Policy, available at the corporate web page of Inditex, How we do business section, Our Commitment to the Environment - Biodiversity heading.	Not applicable. Inditex's business is to distribute fashion garments (clothing, footwear and accessories) and home textiles, which it procures as finished products from its suppliers; as a result there are no habitats protected or restored as a result of its business activities.		Principle 8

GRI Standard	Disclosure	Page number(s), URL and/or direct answer	Omissions	External Assurance	Global Compact principle
	304-4 IUCN Red List species and national conservation list species with habitats in areas affected by operations	Inditex is committed to protecting and nurturing biodiversity by means of responsible and sustainable management of natural resources. For further information, refer to the Group's Biodiversity Strategy and Forest Product Policy, available at the corporate web page of Inditex, How we do business section, Our Commitment to the Environment - Biodiversity 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
PRODUCT SUSTAINABILITY					
GRI 103: MANAGEMENT APPROACH 2016					
	103-1 Explanation of the material topic and its Boundary	225-227, 536-539			
	103-2 The management approach and its components	184-187, 311-313			
	103-3 Evaluation of the management approach	159-160, 299-304, 308-319, 515-517			
GRI 301: MATERIALS 2016					
	301-1 Materials used by weight or volume	323-325, 296, 299-302		√ Pg. 143-145	Principle 7
	301-2 Recycled input materials used	301, 323-325, 296, 299, 301		√ Pg. 143-145	Principle 8
	301-3 Reclaimed products and their packaging materials	325-326, 298		√ Pg. 143-145	Principle 8

GRI Standard	Disclosure	Page number(s), URL 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	275-280, 308-319, 515-516		√ Pg. 143-145	
	416-2 Incidents of non-compliance concerning the health and safety impacts of products and services	275-280, 308-319, 515-516		√ Pg. 143-145	
OTHER DISCLOSURES: MATERIALS					
	AF18 Programmes to replace organic-based adhesives and primers with water-based adhesives and primers	322-326, 294-304, 327-330, 334			
	AF19 Practices to source safer alternative substances to those on the restricted substances list, including description of associated management systems	322-326, 294-304, 327-330, 334			
	AF20 List of environmentally preferable materials used in apparel and footwear products	322-326, 294-304, 327-330, 334			
CIRCULARITY					
GRI 103: MANAGEMENT APPROACH 2016					
	103-1 Explanation of the material topic and its Boundary	225-227, 536-539			
	103-2 The management approach and its components	285-293			
	103-3 Evaluation of the management approach	159, 181-187, 285-293, 520-522, 322-326			

Report on Internal Control Systems (ICFR)

Deloitte.

Deloitte, S.L.
Ferrol 1
15004 A Coruña
España

Tel: +34 981 12 46 00
www.deloitte.es

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

AUDITOR'S REPORT ON THE INFORMATION RELATING TO THE SYSTEM OF INTERNAL CONTROL OVER FINANCIAL REPORTING (ICFR) OF INDUSTRIA DE DISEÑO TEXTIL, S.A. FOR THE YEAR ENDED 31 JANUARY 2022

To the Directors of
Industria de Diseño Textil, S.A.,

As requested by the Board of Directors of Industria de Diseño Textil, S.A. ("the Entity") and with our proposal-letter of 15 July 2021, we have applied certain procedures to the "information relating to the ICFR system" included in section F) of the accompanying Annual Corporate Governance Report (ACGR) of Industria de Diseño Textil, S.A. for the year ended 31 January 2022, which summarises the internal control procedures of the Entity in relation to its annual financial reporting.

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 and for making improvements to that system and for preparing and establishing the content of the information relating to the ICFR system included in section F) of the accompanying Annual Corporate Governance Report (ACGR).

It should be noted in this regard that, irrespective of the quality of the design and operating effectiveness of the internal control system adopted by the Entity in relation to its annual financial reporting, the system can only permit reasonable, but not absolute, assurance in connection with the objectives pursued, due to the limitations inherent to any internal control system.

In the course of our audit work on the financial statements and pursuant to Technical Standards on Auditing, the sole purpose of our assessment of the internal control of the Entity was to enable us to establish the scope, nature and timing of the audit procedures to be applied to the Entity's financial statements. Therefore, our assessment of internal control performed for the purposes of the aforementioned audit of 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 reporting.

For the purpose of issuing this report, we applied exclusively the specific procedures described below and indicated in the *Guidelines on the Auditor's Report on the Information relating to the System of Internal Control over Financial Reporting of Listed Entities*, published by the Spanish National Securities Market Commission (CNMV) on its website, which establish the work to be performed, the minimum scope thereof and the content of this report. Since the work resulting from such procedures has, in any case, a reduced scope that is significantly less extensive than that of an audit or a review of the internal control system, we do not express an opinion on the effectiveness thereof, or on its design or operating effectiveness, in relation to the Entity's annual financial reporting for the year ended 31 January 2022 described in the information relating to the ICFR system included in section F) of the accompanying Annual Corporate Governance Report (ACGR). Therefore, had we applied procedures additional to those established in the aforementioned Guidelines or performed an audit or a review of the system of internal control over the regulated annual financial reporting, other matters or aspects might have been disclosed which would have been reported to you.

Also, since this special engagement does not constitute an audit of financial statements and is not subject to the audit regulations in force in Spain, we do not express an audit opinion in the terms provided for in those regulations.

Deloitte, S.L. Inscrita en el Registro Mercantil de Madrid, tomo 13.650, sección 8ª, folio 188, hoja M-54414, inscripción 96ª. C.I.F.: B-79104469.
Domicilio social: Plaza Pablo Ruiz Picasso, 1, Torre Picasso, 28020, Madrid.

The procedures applied were as follows:

1. Perusal and understanding of the information prepared by the Entity in relation to the ICFR system -disclosure information included in the consolidated directors' report- and evaluation of whether that information includes all the information required in accordance with the minimum content described in section F) relating to the description of the ICFR systems of the model Annual Corporate Governance Report established in CNMV Circular 5/2013, of 12 June 2013, and subsequent amendments, the most recent being CNMV Circular 3/2021, of 28 September ("the CNMV Circulars").

2. Inquiries of the personnel responsible for preparing the information detailed in point 1 above for the purpose of: (i) obtaining an understanding of the process involved in the preparation of the information; (ii) obtaining information that permits an evaluation of whether the terminology used complies with the framework definitions; and (iii) obtaining information on whether the control procedures described are in place and functioning at the Entity.

3. Review of the explanatory documents supporting the information detailed in point 1 above, including mainly the documentation furnished directly to the personnel responsible for preparing the information describing the ICFR system. In this regard, the aforementioned documentation includes reports prepared for the Audit and Compliance Committee by internal audit, senior management and other internal or external specialists.

4. Comparison of the information detailed in point 1 above with the knowledge of the Entity's ICFR system obtained through the procedures applied during the financial statement audit work.

5. Perusal of the minutes taken at meetings of the Board of Directors, the Audit and Compliance Committee and other committees of the Entity in order to assess the consistency of the ICFR system issues addressed at those meetings with the information detailed in point 1 above.

6. Obtainment of the representation letter concerning the work performed, duly signed by the personnel responsible for preparing and formulating the information detailed in point 1 above.

The procedures applied to the information relating to the ICFR system did not disclose any inconsistencies or incidents that might affect the information.

This report has been prepared exclusively in the context of the requirements of Article 540 of the Consolidated Spanish Limited Liability Companies Law, and of the CNMV Circulars, for the purposes of the description of the ICFR system in Annual Corporate Governance Reports.

DELOITTE, S.L.

Cleber H. Beretta Custodio

16 March 2022

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Annual Corporate Governance Report (ACGR)

ISSUER IDENTIFICATION DETAILS

Year End-Date: 31/01/2022

Tax ID (CIF): A15075062

Company name: INDUSTRIA DE DISEÑO TEXTIL, (INDITEX, S.A.)

Registered office: Avda. de la Diputación, Edificio Inditex, 15142 Arteixo (A Coruña) (Spain)

In this Annual Corporate Governance Report, the board of directors of INDUSTRIA DE DISEÑO TEXTIL, S.A. (INDITEX, S.A.), ("INDITEX", "Inditex", the "Group" or the "Company") has included all the relevant information for financial year 2021, which commenced on 1 February 2021 and ended on 31 January 2022, excepting those cases in which other dates of reference are specifically mentioned.

The revised text of the Ley de Sociedades de Capital [*Spanish Companies Act*] approved by *Real Decreto Legislativo* 1/2010 of 2 July (the "Companies Act" or "LSC" [*Spanish acronym*]), amended by Act 31/2014 of 3 December to improve corporate governance ("Act 31/2014"), Act 5/2015 of 27 April on promotion of corporate financing ("Act 5/2015") and by recently passed Act 5/2021 of 12 April as regards encouragement of long-term shareholder engagement in listed companies ("Act 5/2021"), represents the basic legal framework of corporate governance in Spain.

In addition, the Good Governance Code of Listed Companies ("GGC" or "Good Governance Code"), approved by the Comisión Nacional del Mercado de Valores [*Spanish National Securities Market Commission*] ("CNMV" [*Spanish acronym*]) 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.

For the purposes of aligning the standard forms of the Annual Corporate Governance Report and the Annual Report on Remuneration of Directors with LSC's partial amendment resulting from Act 5/2021 above referred, CNMV's Circular 3/2021 of 28 September was published on 9 October 2021, amending in part (i) Circular 5/2013, of 12 June 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 regulated markets; and (ii) Circular 4/2013 of 12 June that sets forth the standard forms of the annual report on remuneration of directors for listed public limited companies, saving banks and other entities that issue securities admitted to trading on regulated markets ("Circular 3/2021").

Consequently, this Report has been filed, taking into account the amendments and new requirements laid down in Circular 3/2021, in free format in accordance with the provisions of Circular 5/2013 above referred.

Notwithstanding the foregoing, the contents of this Report meet the minimum requirements laid down in applicable regulations, as provided in section 540 LSC and in Order ECC/461/2013 of 20 March, and is accompanied by the relevant statistical Appendix.

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 available on Inditex's corporate website and on CNMV's website.

Inditex's corporate governance rules are established in the Articles of Association, the Board of Directors' Regulations, the Regulations of the General Meeting of Shareholders, the terms of reference of board committees, the Internal Regulations of Conduct in the Securities Markets (IRC), the Code of Conduct and Responsible Practices and the Regulations of the Social Advisory Board, as it is explained in more detail below:

Articles of Association. Approved by the Annual General Meeting in July 2000 and amended several times. They were last amended on 13 July 2021 for the purposes, on the one hand, of encompassing the regulatory development introduced by Act 5/2021 and on the other, aligning its language with the correlative amendments to the Board of Directors' Regulations and the terms of reference of the Audit and Compliance, Nomination and Sustainability Committees made throughout 2020 to bring them into line with the provisions of the revised GGC, amended in part further to a resolution passed by CNMV's board on 25 June 2020.

With the second group of amendments, the process to review and standardize the Group's internal regulations which had begun in FY2020 to align them with the revised GGC, is completed.

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 among other matters, 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 this with the aim of achieving the highest possible degree of efficiency. Amended several times, the last amendment was approved by the Board of Directors on 8 June 2021, for the purposes of encompassing the regulatory development introduced by Act 5/2021. All such amendments are addressed in greater detail in section C.1.15 below.

Regulations of board committees (Audit and Compliance Committee's Regulations, Nomination Committee's Regulations, Remuneration Committee's Regulations and Sustainability Committee's Regulations, jointly "board committees"):

The terms of reference of the Audit and Compliance Committee, the Nomination Committee, and the Remuneration Committee were approved by the Board of Directors in the meeting held on 9 June 2015. The board of directors approved the Sustainability Committee's Regulations in the meeting held on 16 July 2019 following the committee's formation.

These terms of reference seek to govern the proceedings of these Committees as regards their powers, composition, calling, quorum, decision-making and relationship with the remaining governing bodies of the Company.

The terms of reference of board committees were updated for the last time on 8 June 2021. With regard to the Audit and Compliance and Nomination Committee's Regulations, the amendment thereof mainly sought to align their provisions with the regulatory development introduced by Act 5/2021.

Meanwhile, the terms of reference of all board committees were updated for the purposes of relaxing the current system set to hold meetings, expressly including the possibility to hold virtual meetings. With regard to the Remuneration Committee's Regulations, they were amended for the purposes of extending diversity yardsticks to be considered for its membership, in line with the terms of the sets of rules of the remaining board committees.

Regulations of the General Meeting of Shareholders: This set of rules was approved by the Annual General Meeting on 18 July 2003. Its aim is to govern the proceedings of the General Meeting of Shareholders as to calling of meetings, preparation, information, attendance, proceedings and exercise of voting rights, and to inform shareholders of their rights and duties relating to such body. Said Regulations have been amended on different occasions, to adapt its provisions to the successive updates of the Articles of Association, the latest one of which took place on 13 July 2021. As was the case with the amendment to the Articles of Association, approved on that same date, such amendment seeks to encompass the regulatory development introduced by Act 5/2021. In particular, the possibility of holding virtual-only general meetings was covered, in accordance with the provisions of new section 182*bis* LSC.

Internal Regulations of Conduct in the Securities Markets (the "Internal Regulations of Conduct" or "IRC"): the IRC was originally approved by the board of directors in July 2000. This document provides, among other things, 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 stock.

The new IRC was approved by the board of directors on 19 July 2016 for the purposes of adapting its contents to the European regulatory framework to fight market abuse, made up of Regulation (EU) No 596/2014 of 16 April 2014 on market abuse, Directive 2014/57/EU of 16 April 2014, and their respective implementing regulations, that seek to reinforce the integrity of the financial markets and to set up mechanisms for a streamlined implementation and supervision in the different Member States of the European Union.

The last amendment to the IRC was approved by the board of directors on 14 September 2021, mainly for the purposes of aligning its language with the reorganization and changes in the Compliance Supervisory Board (formerly known as "Code Compliance Supervisory Board") as well as encompassing the regulatory development introduced by Act 5/2021.

Code of Conduct and Responsible Practices of the Inditex Group: approved by the Board of Directors on 17 July 2012, it provides the action lines which must be followed by the Group in the performance of its professional duties. Its goal consists of exacting an ethical and responsible professional conduct from Inditex and its entire workforce in the conduct of their business anywhere in the world, as a gist of its corporate culture upon which the training and the personal and career development of its employees is based. For such purposes, the principles and values which shall govern the relations between the Group and its main stakeholders (employees, customers, shareholders, business partners, suppliers and the societies where its business model is implemented) are defined. The Code of Conduct and Responsible Practices is informed by a number of overarching principles, including, (i) that according to which all the operations of the Inditex Group shall be carried out under an ethical and responsible perspective; (ii) that according to which all persons, whether natural or legal, directly or indirectly engaged in any kind of professional, economic, social or industrial relationship with the Inditex Group, shall be treated in a fair and honourable manner; and (iii) that according to which all the activities of the Group shall be carried out in the most environment-friendly manner, promoting biodiversity preservation and sustainable management of natural resources.

Current full text of all the aforementioned documents is available on the corporate website: (i) under the "*Compliance*" tab, "Corporate Governance" section; and (ii) under the "*How we do business*" tab.

Regulations of the Social Advisory Board: The Social Board is Inditex's advisory body in the field of social and environmental sustainability. In December 2002, the board of directors authorized 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 has been amended several times, and for the last time on 16 July 2019 for the purposes of establishing its functional reporting line to the Sustainability Committee.

A. Ownership structure

A.1. Complete the following table on share capital and voting rights attached to shares, including those corresponding to shares with a loyalty vote at year end, where appropriate:

Indicate whether company bylaws 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	0	3,116,652.000

Indicate whether there are different classes of shares with different rights attached:

Yes No x

Class	Number of shares	Par value	Number of voting rights	Rights and obligations conferred
-	-	-	-	-

All shares are of the same class and series, represented by the book-entry method and are fully paid-up and subscribed.

INDITEX has been listed on the four different Spanish Stock Exchanges since 23 May 2001 and has been part of the selective IBEX35 index since July 2001. In addition, it has been part of the Eurostoxx 600 index since September 2001, of MSCI index since November 2001, of the Dow Jones Sustainability index since September 2002 and of the FTSE4Good index since October 2002.

A.2. List the company's significant direct and indirect shareholders at 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 direct or indirect shareholders with significant shareholdings in the Company as at 31 January 2022, 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 Ortega 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 fiscal 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 A2 above:

As at 31 January 2022, directors with a stake in the share capital of the Company were as follows:

Name or company name of director	% of voting rights attached to shares (including loyalty votes)		% of voting rights through financial instruments		% of total voting rights	From the total % of voting rights attached to shares, indicate, where appropriate, the % of the additional votes attached to shares with a loyalty vote		% voting rights that can be transmitted through financial instruments	
	Direct	Indirect	Direct	Indirect		Direct	Indirect	Direct	Indirect
Mr Pablo Isla Álvarez de Tejera	0.068%	-	0.007[121]%	-	0.075%			-	-
Mr Óscar García	0.0004%	-	0.005[122]%	-	0.0054%				

[121] With regard to the second cycle (2020-2023) of the 2019-2023 Long-Term Incentive Plan, the Executive Chairman may receive up to a maximum number of 120,174 shares (i.e. 0.0038%). Likewise, with regard to the first cycle (2021-2024) of the new 2021-2025 Long-Term Incentive Plan, the Executive Chairman may receive up to a maximum of 116,569 shares (i.e. 0.0037%).

[122] With regard to the second cycle (2020-2023) of the 2019-2023 Long-term Incentive Plan, Mr Óscar García Maceiras, the new CEO of the company since 29 November 2021, may receive up to a maximum number of 61,854 shares. (i.e.

Maceiras									
Mr José Arnau Sierra	0.001%	-	-	-	0.001%			-	-
Bns. Denise Patricia Kingsmill	-	-	-	-	-			-	-
Ms Anne Lange	-	-	-	-	-			-	-
Ms Pilar López Álvarez	0.0001%	-	-	-	0.0001%			-	-
Mr José Luis Durán Schulz	0.0001%	-	-	-	0.0001%			-	-
Mr Rodrigo Echenique Gordillo	-	-	-	-	-			-	-
Mr Emilio Saracho Rodríguez de Torres	-	-	-	-	-			-	-
TOTAL	**0.0696**				**0.0816**				

Total % of voting rights held by the board of directors	59.3756%

Total % of voting rights represented on the board of directors	59.3756%

0.002%) for the duties performed as General Counsel and Secretary of the Board of Directors in 2021 and taking into account the amount he has been assigned as CEO pursuant to the Remuneration Policy approved at the Annual General Meeting held in 2021. Likewise, with regard to the first cycle (2021-2024) of the new 2021-2025 Long-Term Incentive Plan, the CEO may receive up to a maximum of 68,562 shares. (i.e. 0.002 %).

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. - Mr Amancio Ortega Gaona	Family	Ms Sandra and Mr Marcos Ortega Mera are the offspring of Mr Amancio Ortega Gaona, director and indirect shareholder. Mr Amancio Ortega Gaona is an indirect shareholder 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 insignificant or arise in the ordinary course of business:

There have been no relationships of a commercial, contractual or corporate nature between significant shareholders and the company that are of a relevant nature or that do not arise from the ordinary course of business, without prejudice to the information provided, for transparency sake, under section D below regarding “Related party and Intragroup transactions”.

A.6. Describe the relationships, unless insignificant for both parties, that exist 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 those 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 such relationships or ties. In particular, mention the existence, identity and post 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
	PONTEGADEA INVERSIONES, S.L.	PONTEGADEA GB 2020, S.L.	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
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
	PONTEGADEA INVERSIONES, S.L.	PONTEGADEA GB 2020, S.L.	1st Deputy Chair
Mr José Arnau Sierra	PONTEGADEA INVERSIONES, S.L.	PONTEGADEA INVERSIONES, S.L.	2nd Deputy Chair
	PONTEGADEA INVERSIONES, S.L.	PONTEGADEA INMOBILIARIA, S.L.U.	2nd Deputy Chair
	PONTEGADEA INVERSIONES, S.L.	PONTEGADEA ESPAÑA, S.L.U.	Joint Director
	PONTEGADEA INVERSIONES, S.L.	ESPARELLE 2016, S.L.	Sole Director (Legal representative of PONTEGADEA INMOBILIARIA, S.L.U.)
	PONTEGADEA INVERSIONES, S.L.	PONTEGADEA DIECIOCHO, S.L.	Sole Director (Legal representative of PONTEGADEA INVERSIONES, S.L.)
	PONTEGADEA INVERSIONES, S.L.	SOBRADO FORESTAL 2014, S.L.	Sole Director

	PONTEGADEA INVERSIONES, S.L.	PONTEGADEA FRANCE S.A.S.	Legal representative of the Chair of the Company, PONTEGADEA INMOBILIARIA, S.L.U.
	PONTEGADEA INVERSIONES, S.L.	PRIMA CINQUE S.p.A.	Chair
	PONTEGADEA INVERSIONES, S.L.	PG REAL ESTATE INTEREST Ltd.	Ordinary member
	PONTEGADEA INVERSIONES, S.L.	PONTEGADEA INMOBILIARIA S.A. de C.V.	Chair
	PONTEGADEA INVERSIONES, S.L.	PONTEGADEA CANADA Inc.	Chair
	PONTEGADEA INVERSIONES, S.L.	PONTEGADEA KOREA Inc.	Ordinary member
	PONTEGADEA INVERSIONES, S.L.	PONTEGADEA USA Inc.	Chair
	PONTEGADEA INVERSIONES, S.L.	PONTEGADEA GB 2020, S.L.	2nd Deputy Chair
	PONTEGADEA INVERSIONES, S.L.	HILLS PLACE, S.à.r.l.	Ordinary member
	PONTEGADEA INVERSIONES, S.L.	PONTEGADEA UK 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.	PONTE GADEA PORTUGAL - INVESTIMENTOS IMOBILIARIOS E HOTELEIROS S.A.	Chair
	PARTLER 2006, S.L.	ALMACK Ltd.	Ordinary member

Remarks:

As stated in sections A.2 and A.4 above, Mr Amancio Ortega Gaona is an indirect shareholder of Inditex through two significant shareholders: Partler Participaciones, S.L.U. and Pontegadea Inversiones, S.L. This latter is a member of Inditex's board of directors, Ms Flora Pérez Marcote, the spouse of Mr Amancio Ortega Gaona, being its legal representative.

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 among 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 among its shareholders.

A.8. Indicate whether any individual or company exercises or may exercise control over the company in accordance with Article 5 of the Securities Market Act. If so, identify them:

Yes x No

Name or company name
Mr Amancio Ortega Gaona

Remarks:

Mr Amancio Ortega Gaona owns a 59.294% stake in Inditex's share capital through PONTEGADEA INVERSIONES, S.L. and PARTLER PARTICIPACIONES, S.L.U.

A.9. Complete the following table with details of the company's treasury shares: At the close of the year:

Number of direct shares	Number of indirect shares	Total percentage of share capital
4,226,305	0	0.136%

Explain any significant changes during the year:

As at 31 January 2021, the Company owned 1,726,305 treasury shares, representing 0.055% of the share capital.

On 13 July 2021 the board of directors approved, under current authorization conferred at the Annual General Meeting held on 16 July 2014, a temporary share buy-back programme, for the purposes of purchasing the necessary number of treasury stock to fulfil the requirements of 2019-2023 Long-Term Incentive Plan regarding the delivery of shares to its beneficiaries.

The Programme was launched in accordance with the provisions of article 5 of Regulation (EU) No 596/2014 on market abuse and of Commission Delegated Regulation (EU) 2016/1052.Under such Progamme, 2,500,000 own shares were purchased, representing 0.08% of the company's share capital.

The purchase of shares within the scope of the above referred scheme aside, no other transactions with treasury shares have taken place in 2021.

Consequently, as at 31 January 2022, the Company owned 4,226,305 treasury shares representing 0.136% 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.

At the date of this report, the authorization granted to the board of directors at the Annual General Meeting held on 16 July 2019 to acquire treasury shares remains in force. Such authorization superseded the prior authorization approved at the Annual General Meeting held on 19 July 2016.

The resolution passed by the aforementioned Annual General Meeting held on 16 July 2019 regarding agenda item 10 is transcribed below:

"To authorize the Board of Directors, so that it may, in accordance with the provisions of section 146 of Companies Act, proceed to the derivative acquisition of treasury stock, either directly or through any subsidiaries in which the Company is the controlling company, observing the legal limits and requirements and under the following conditions:

> *a) Methods of acquisition: the acquisition shall be done through purchase and sale, exchange or dación en pago [acceptance in lieu of payment].*
>
> *b) Maximum number of treasury stock to be acquired: shares with a nominal value which, added to that of those shares, directly or indirectly in the possession of the Company, do not exceed 10% of the share capital.*
>
> *c) Maximum and minimum prices: the minimum price of acquisition of the shares shall be their nominal value and the maximum price shall be up to 105% of their market value at the date of purchase.*
>
> *d) Duration of the authorization: five (5) years from the date of this resolution.*

For the purposes of the provisions of section 146.1(a) of the Companies Act, it is hereby stated that shares acquired under this authority may be used by the Company, among other purposes, to be *delivered to employees or directors of the Company, either directly or as result of the exercise of the option right they may hold, under employees' remuneration schemes in respect of employees of the Company or its Group.*

This authorization supersedes the authorization approved at the Annual General Meeting held on 19 July 2016".

As stated in section A.9 above, the board of directors approved in the meeting held on 13 July 2021 under the above-described authorisation of the Annual General Meeting, a share buy-back programme to allow the Company to meet its obligations pertaining to the delivery of shares to the beneficiaries of the 2019-2023 Long-Term Incentive Plan.

A.11. Estimated float:

	%
Estimated float	35.0394

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 inhibit a takeover of the company through acquisition of its shares on the market, as well as such regimes for prior authorization or notification that may be applicable, under sector regulations, to acquisitions or transfers of the company's financial instruments.

Yes No x

All shares of the Company carry the same voting and financial rights, and there are no legal or by-law restrictions on the acquisition or transfer of shares.

As regards the exercise of voting rights, the only restriction is that provided in section 83.1 LSC, according to which any shareholder who is in arrears regarding any outstanding payments may not exercise their voting right.

There are no restrictions either to absentee voting, as any shareholder can exercise this right.

A.13. Indicate whether the General Meeting of Shareholders has resolved to adopt measures to neutralise a takeover bid by virtue of the provisions of Act 6/2007.

Yes No X

A.14.Indicate whether the company has issued shares that are not traded on a regulated EU market.

Yes No X

B. General meeting of shareholders

The General Meeting of Shareholders duly convened and with a quorum present in accordance with all statutory requirements and those provided in the Articles of Association and its own Regulations, is the supreme and sovereign body of expression of the will of the company. Its resolutions are binding on all shareholders, including absent or dissenting ones, without prejudice to any remedies they may have at law.

In accordance with the Articles of Association and the Regulations of the General Meeting of Shareholders, the General Meeting is authorized to pass all kinds of resolutions concerning the Company and, in particular, and subject to any other powers vested by the applicable regulations, the exercise of the following powers is reserved to such 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, confirm or revoke such 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 the granting either of 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 authorize 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 authorization 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 authorize 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's shares or which 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 authorize Company's shares buy-back;
k) To approve the related-party transactions that the General Meeting must approve pursuant to statute;
l) To approve such transactions which entail a structural amendment in the Company, and namely: (i) the transformation of listed companies into holding companies, through "subsidiarisation" or the assignment to subsidiaries of core activities theretofore carried out by the Company, even though the Company retains full control of such entities; (ii) the acquisition, disposal or contribution to another company of essential assets; and, (iii) such transactions which 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 authorization, the passing by the Board of Directors of decisions or resolutions on certain management matters; and
r) To grant to the Board of Directors such powers it may deem fit to deal 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 decide upon the distribution of income or loss.

Pursuant to sections 168 and 495.2(a) LSC, the Extraordinary General Meeting shall meet when the board of directors so resolves or when a number of shareholders representing at least 3% of the share capital so request, expressing in the request the business to be transacted. In this latter case, the General Meeting of Shareholders shall be called to be held 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 through notice published in the Official Gazette of the Companies Register or in one of the newspapers with the largest circulation in Spain, on the Company's website and on CNMV's website, at least 1 month in advance of the day scheduled for the meeting to be held, or within any longer period required by statute, where appropriate, on account of the scope of the resolutions submitted for deliberation. The notice must state the name of the Company, the day, time and place of the meeting, as well as the date on which, if appropriate, the General Meeting shall be held on second call. There must be at least a 24-hour period between the first and the second call. 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 calling it, attendance at the Annual General Meeting may be in person or remotely, or even, where circumstances so advise, a virtual-only general meeting can be called. At any rate, 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 right to speak, to information, to raise motions, and to vote they are entitled to, and to follow the participation of the remaining attendees by the above referred means. In such cases, the board of directors will implement in the notice calling the meeting the procedure to exercise shareholders rights.

No later than the date of publication, or at any rate, on the business day that immediately follows, the Company shall send the notice calling the meeting to CNMV, and to the Governing Organizations 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.

Against a backdrop still marked by the existence of some restrictions to people's mobility in certain parts of Spain, and for the purposes of ensuring that the Company operates normally and achieves its objectives, while at the same time, protecting the interests of shareholders and other stakeholders, the Annual General Meeting was held, once again on first call, on 13 July 2021. Shareholders and/or proxy holders were able to attend and participate in the meeting both in person or remotely, as the Company made available to them resources and means allowing remote and real time connection, pursuant to the provisions set forth in section 3.1(a) of *Real Decreto-Ley* 34/2020, of 17 November, on urgent measures to support business solvency and the energy sector, and article 16.5 of the Articles of Association and section 11*bis* of the Regulations of the General Meeting of Shareholders.

The Company further implemented all necessary preventive measures to preserve the health of staff members responsible for arranging the Annual General Meeting and of the shareholders and proxy holders who chose to attend in person.

All members of the board of directors attended the Annual General Meeting in person except for Mr Amancio Ortega Gaona.

B.1 Indicate whether there are any differences between the minimum quorum regime established by the Spanish Companies Act (LSC) for General Meeting 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 will be present at the General Meeting on first call when shareholders who are present or represented by proxy represent at least 50% of the subscribed voting stock. On second call, generally, a quorum will be present at the General Meeting irrespective of the capital attending the same. However, if the General Meeting of Shareholders is called to decide on an increase or a reduction of the share capital, the issue of bonds convertible into Company's shares or which 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 of the Articles of Association, shall require, on second call, the attendance of 25% of the subscribed voting stock.

Therefore, the only difference between said rules and the provisions of the Companies Act lies in the quorum required to hold the General Meeting on first call: under the Articles of Association and the Regulations of the General Meeting of Shareholders, a quorum will be present at the General Meeting to validly pass any resolution when shareholders present or represented by proxy represent at least 50% percent of the subscribed voting stock, whereas in accordance with sections 193 and 194 LSC, such 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 to be a restriction on the control by the Company, since it is only applicable to first calls.

This is expressly permitted by section 193 LSC which provided 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 about 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 in order to convene on first call the Annual General Meeting which has to address any amendment to the Articles of Association.

"A quorum will 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. On second call, generally, a quorum will be present at the General Meeting, regardless of the share capital attending 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 for shares in the Company, or bonds which 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."

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 authorized 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 which 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 Meeting of Shareholders held during the reporting year and the two previous years:

	Attendance data				
AGM Date	**% physically present**	**% present by proxy**	**% absentee voting[123]**		**Total**
			Electronic voting	**Others**	
16-07-2019	0.08%	87.19%	0%(1)	0.35%(1)	**87.62%**
Of which float	0.08%	22.85%	0%	0.35%	**23.28%**
14-07-2020	0.07%	88.31%	0%(2)	0.34%(2)	**88.72%**
Of which float	0.07%	23.96%	0%	0.34%	**24.37%**
13-07-2021	0.07%	88.35%	0%(3)	0.31%(3)	**88.73%**
Of which float	0.07%	24.00%	0%	0.31%	**24.38%**

(1) 361 shareholders cast absentee vote through distance communication means, by post, or electronic vote.

(2) 146 shareholders cast absentee vote through distance communication means, by post, or electronic vote.

(3) 187 shareholders cast absentee vote through distance communication means, by post, or electronic vote.

[123] Pursuant to the Regulations of the General Meeting of Shareholders of Inditex, shareholders who cast absentee votes shall be deemed to be present for the purposes of the quorum of the General Meeting of Shareholders in question

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 13 July 2021 was rejected or not approved for any other reason. All agenda items were approved with the percentages and in the manner shown in the votes 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 Meeting of Shareholders, or to cast absentee vote:

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, this latter is authorized to pass all kinds of resolutions concerning the Company and, in particular, and 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 such body.

The partial amendment to the Regulations of the General Meeting of Shareholders was approved under agenda item no. 8 of the Annual General Meeting held on 13 July 2021, for the purposes, inter alia, of (i) expressly including the power to approve certain related party transactions pursuant to statutory terms, as provided in new section 529 *duovicies* LSC, introduced by Act 5/2021; and (ii) enabling the possibility of holding virtual-only general meetings, in line with the provisions of new section 182 *bis* LSC.

B.8 Indicate the address and manner of access on the company's website to information on corporate governance and other information regarding General Meeting of Shareholders that must be made available to shareholders through the company website.

The most relevant information on the Company's corporate governance system (Articles of Association, Regulations of the General Meeting of Shareholders, Board of Directors' Regulations, the terms of reference of each board committee, the Internal Regulations of Conduct, as well as the composition of the board of directors and its committees, the Annual Corporate Governance Report and the Annual Report on Remuneration of Directors) can be found in the "*Compliance*" tab, "*Good Governance*" section of the corporate website (https:/www.inditex.com/en/compliance/corporate-governance/board).

In that same section, the "*Annual General Meeting*" sub-section provides information on the General Meeting. 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 webcasted live and a link is provided for such purposes in such 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 such matters exclusively within the purview of the shareholders at the General Meeting of Shareholders, the board of directors is the highest decision-making, supervisory and monitoring body of the Company, as it is entrusted with its administration, management and representation, delegating as a general rule the management of the day-to-day business of Inditex to the executive bodies and the management team and focusing on the general supervisory function, which includes guiding Inditex's policy, monitoring the management bodies, assessing the management by the senior managers, making the most relevant decisions for the Company and liaising with the shareholders.

It is also incumbent on the board of directors to ensure that the Company enforces its social and ethical duties, and its duty to act in good faith with regard to its relationship with its employees and with third parties, as well as to ensure that no individuals or small groups of individuals have decision power within the company which 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 the corporate interest, it being understood as the viability and maximization 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 legitimate interests, either public or private, that concur in the development of every business activity, especially those of the other "stakeholders" of the Company (employees, customers, suppliers and civil society at large), determining and reviewing its business and financial strategies pursuant to said criterion, trying to achieve a reasonable balance between the proposals chosen and the risks taken.

C.1.1. Maximum and minimum number of directors established in the articles of association and the number set by the general meeting:

Maximum number of directors	12
Minimum number of directors	5
Number of directors set by the general meeting	11

C.1.2. Complete the following table on board members:

Name or company name of director	Representative	Directorship type	Position on the board	Date first appointed to the board	Date of last appointment	Election procedure
Mr Pablo Isla Álvarez de Tejera		Executive	Executive Chairman	09/06/2005	16/07/2019	AGM
Mr Óscar García Maceiras González		Executive	CEO	29/11/2021	29/11/2021	Board of Directors Co-option
Mr Amancio Ortega Gaona		Proprietary	Ordinary member	12/06/1985	16/07/2019	AGM
Mr José Arnau Sierra		Proprietary	Deputy Chairman	12/06/2012	13/07/2021	AGM
PONTEGADEA INVERSIONES, S.L.	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	17/07/2018	AGM
Mr José Luis Durán Schulz		Independent	Ordinary member	14/07/2015	16/07/2019	AGM
Mr Rodrigo Echenique Gordillo		Independent	Lead Independent Director	15/07/2014	17/07/2018	AGM
Mr Emilio Saracho Rodríguez de Torres		Independent	Ordinary member	13/07/2010	16/07/2019	AGM

Total number of directors	11

Indicate any removal 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 Carlos Crespo González	Executive	16/07/2019	29/11/2021	Executive Committee	Yes (end of his term of office: 16/07/2023)

Reason for removal when this occurs before the end of the term of office and other observations; information on whether the director has sent a letter to the remaining members of the board and, in the case of removal of non-executive directors, explanation or opinion of the director dismissed by the general meeting

Inditex board of directors acknowledged in the meeting held on 29 November 2021 the resignation tendered by Mr Carlos Crespo González from the board of directors and from his positions as CEO and member of the Executive Committee.

Mr Crespo's resignation took place within the framework of the organizational restructuring of the Company, which includes the setting up of a new Management Committee, where Mr Crespo sits following his resignation, as COO & Head of Digital and Sustainable Transformation, to continue boosting areas which are a priority to the Group's strategy. This was explained by Mr Crespo to all board members in a letter sent to the Deputy Chair of the Board of Directors on 29 November 2021.

The foregoing is directly related with the resignation tendered on that same date by Mr Pablo Isla Álvarez de Tejera from his position as Chairman and member of Inditex's board of directors and the Executive Committee. His resignation was also acknowledged by the board of directors in the above referred meeting held on 29 November 2021 and will become effective as of 31 March 2022. Mr Isla will continue performing his current duties until that date.

In this same context, the board of directors resolved in that same meeting, following a favourable report of the Nomination Committee, to co-opt Ms Marta Ortega Pérez to the board as new proprietary director and (non-executive) Chair, to fill the board vacancy which will be created after Mr Isla's departure, and to co-opt Mr Óscar García Maceiras to the board as new executive director and CEO, effective immediately, to fill the board vacancy created after Mr Crespo's resignation.

With Mr Isla's departure and subsequent co-option of Ms Ortega to the board of directors, a generational handover, which had been in the making for a certain time will be completed, piloted by Mr Isla himself and Inditex's founder, controlling shareholder and director, Mr Amancio Ortega Gaona, who were in agreement to ensure that the succession of the Chair takes place in an orderly and planned manner.

C.1.3. Complete the following tables on the members of the board and their directorship type:

The structure of the board of directors is addressed in detail in the sections below. It is represented in the following image:

EXECUTIVE DIRECTORS

Name or company name of the director	Position within the company's organization chart	Profile
Mr Pablo Isla Álvarez de Tejera	Executive Chairman	(1)
Mr Óscar García Maceiras	CEO	(1)

Total number of executive directors	2
% of all directors	18.18%

Remarks
As indicated in section C.1.2 above, the board of directors resolved in the meeting held on 29 November 2021, *inter alia*, following a report of the Nomination Committee, to accept the resignation tendered by Mr Isla who stepped down from the board and its Executive Committee. Mr Isla's departure will be effective on 31 March 2022 and until that date, he will remain in office as Executive Chairman.

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)

Total number of proprietary directors	3
% of all directors	27.27 %

Remarks

The board of directors resolved in the meeting held on 29 November 2021, following a favorable report of the Nomination Committee on the motion raised by Mr Isla and Mr Ortega, to appoint through the co-option system Ms Marta Ortega Pérez to the board of directors as non-executive proprietary director, effective as of 1 April 2022, to fill the board vacancy which will be created only after Mr Isla's departure, i.e., on 31 March2022. Therefore, as at 2021 year-end, this is not taken into account as a higher percentage of this directorship type. Ms Ortega's appoitment to the board via the co-option system will be subject to shareholders at the following Annual General Meeting for ratification.

Pursuant to First Transitional Provision of Act 5/2021, Pontegadea Inversiones, S.L., represented by its legal representative, Ms Flora Pérez Marcote, will remain a member of Inditex board of directors until the end of its term of office.

Ms Pérez's relationship with Pontegadea Inversiones, S.L. is detailed in section A.6 above.

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)
Mr Emilio Saracho Rodríguez de Torres	(3)

Total number of independent directors	6
% of all directors	54.55 %

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 such a 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 any such 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 Emilio Saracho Rodríguez de Torres - Mr Rodrigo Echenique Gordillo	Inditex has been engaged for years in a business relationship with Microsoft, Consolidated Airlines Group and Banco Santander in the ordinary course of business.	Pursuant to section 229 LSC and section 34.1(d) of the Board of Directors' Regulations, the board of directors has considered that none of the business relationships with any such companies compromises the independence of its directors, as none of them takes part in the negotiation and execution of the relevant agreements, and none of such relationships can be

		deemed to be a significant or relevant business relationship, within the meaning of section 529 *duodecis*(4)(e)LSC.

Below is a brief description of the profile of:

(1) Executive directors

(2) Proprietary directors

(3) Independent directors

(1) EXECUTIVE DIRECTORS

Mr Pablo Isla Álvarez de Tejera

Inditex's Executive Chairman since 2011. He previously served as Deputy Chairman and CEO since 2005.

A law graduate from Complutense University of Madrid (1987), he became Spanish State Attorney [*Abogado del Estado*] in 1988, ranked #1 of its class. From 1992 to 1996 he was Group General Counsel of Banco Popular. He went on to be appointed General Director of State Assets at the Ministry of Economy and Finances. From July 2000 to 2005 he was Chairman of Altadis Group. He currently is an independent director on the board of directors of Nestlé.

Mr Isla was re-elected to the board of directors at the Annual General Meetings held on 13 July 2010, 14 July 2015 and 16 July 2019.

He directly owns 1,989,764 shares of the Company.

Mr Óscar García Maceiras

Chief Executive Officer since November 2021. He previously served as General Counsel and Secretary of the Board since March 2021.

A law graduate from Universidade de A Coruña (1998) - Premio Extraordinario y Premio Fin de Carrera [*Award for Excellence in Academic Performance*] in Galicia-, he became Abogado del Estado [*Spanish State Attorney*] in 2001. From 2001 through 2005 he was State Attorney at the State Legal Service in A Coruña. In 2005 he joined Banco Pastor as Head of Legal, and was subsequently appointed Director-General Counsel and Secretary of the Board. In 2012 he was elected Deputy Secretary of the Board of Directors and Head of Institutional Service (Deputy Director) of Banco Popular. In 2012 he joined SAREB where he served as General Counsel and Secretary of the Board and Head of Corporate Development and Legal Affairs until 2016. From 2016 through March 2021, he was Group General Counsel and Deputy Secretary of the Board of Directors of Banco Santander.

Mr García was co-opted to the board of directors as executive director on 29 November 2021.

He directly owns 3,645 shares of the Company.

(2) PROPRIETARY DIRECTORS

Mr Amancio Ortega Gaona

Inditex founder. 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 was Inditex's Chairman from the date of incorporation until 2011. He currently chairs the board of directors of Pontegadea Inversiones, S.L. and Partler 2006, S.L. as well as the Board of Trustees of *Fundación Amancio Ortega*.

He was re-elected to the board of directors at the Annual General Meetings held on 30 June 1990, 31 July 1995, 20 July 2000, 15 July 2005, 13 July 2010, 14 July 2015 and 16 July 2019.

Mr Ortega is the controlling shareholder of the Company where he owns 1,848,000,315 shares through Pontegadea Inversiones S.L. and Partler Participaciones, S.L.U.

Pontegadea Inversiones S.L.

The company is represented on Inditex's board of directors by Ms Flora Pérez Marcote. It owns 1,558,637,990 shares of the Company, which represents 50.01% of the share capital.

Ms Flora Pérez Marcote is the legal representative of Pontegadea Inversiones S.L., where she holds the position of First Deputy Chair. She has spent her entire career within the Inditex Group, where she held different positions in areas relating to both design of products and the supply chain. In addition, she has broad experience as company director since 1992. She has been a member of Inditex's board of directors since 2005 representing Pontegadea Inversiones, S.L. Additionally, she has been a member of the Board of Trustees of Fundación Amancio Ortega since March 2003 and its Deputy Chair since October 2005.

She was appointed to the board of directors on 9 December 2015, ratified at the Annual General Meeting on 19 July 2016 and re-elected at the Annual General Meeting held on 14 July 2020.

Mr José Arnau Sierra

Inditex's Deputy Chairman since June 2012. Non-executive proprietary director since 2012, representing the founder, Mr Amancio Ortega Gaona.

A law graduate from University of Santiago de Compostela and State Tax Inspector, he has been the chief executive of Group Pontegadea since 2001.

He was the head of the Tax Department and a member of Inditex's Steering Committee from 1993 to 2001, and served on its board of directors from 1997 to 2000. He had previously held different positions within the Tax Administration. He has been a member of different boards of directors as legal representative of Pontegadea Inversiones, S.L. From 1993 to 1996, he taught Tax Law at the University of A Coruña. He has been a member of the Board of Trustees of Fundación Amancio Ortega from inception and its Executive Deputy Chair since 2017.

He was appointed to the board of directors in June 2012, ratified at the Annual General Meeting held on 17 July 2012 and re-elected at the Annual General Meeting held on 18 July 2017.

He directly owns 30,000 shares.

(3) NON-EXECUTIVE INDEPENDENT DIRECTORS

Mr José Luis Durán Schulz

Independent director since July 2015.

Mr Durán holds a degree in Economics and Management from ICADE. From 1987 through 1990, he was an auditor at Arthur Andersen. In 1991, he joined 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 such 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.

Mr Durán was elected as a director at the Annual General Meeting held on 14 July 2015 and re-elected at the Annual General Meeting on 16 July 2019.

He is the direct holder of 3,106 shares.

Mr Rodrigo Echenique Gordillo

Independent director since July 2014. Mr Echenique is a law graduate from Complutense University of Madrid and Spanish State Attorney [*Abogado del Estado*].

At present, he is the Chair of Fundación Banco Santander and a member of the board of directors of Banco Santander International (BSI) and non-executive director of Directorio Santander Chile.

He is a member of the Board of Trustees of Fundación Consejo España-EE.UU, Deputy-Chair of the Board of Trustees of Teatro Real, member of the Board of Trustees of Escuela Superior de Música Reina Sofia, of Fundación Empresa y Crecimiento and of Fundación ProCNIC y CNIC.

From 1987 through 2020, he served on the board of directors of Banco Santander, S.A. He has been CEO, Deputy Chairman and Executive Director of Banco Santander, S.A., and has chaired Santander España and Banco Popular. He also served as Deputy Chairman of Banco Banif, S.A., Chairman of Allfunds Bank, and of SPREA. He has been a member of the board of directors of Santander Investment. He has been Ordinary Member of the board of directors of different industrial and financial companies such as Ebro Azúcares y Alcoholes, S.A., Industrias Agrícolas, S.A., SABA, S.A. and Lar, S.A.

Mr Echenique chaired the Social Advisory Board of University Carlos III of Madrid. Additionally, he was first 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.

Mr Echenique was elected to the board of directors at the Annual General Meeting held on 15 July 2014 and re-elected at the Annual General Meeting held on 17 July 2018.

Bns. Denise Patricia Kingsmill

Independent director since July 2016.

In 2000 she was awarded a CBE for services to Employment Law and Competition. In June 2006, Baroness Kingsmill was appointed to the House of Lords as a Labour Peer. She is a Member of the Select Committee on Economic Affairs.

After a 20 year legal career she became deputy chair of the Competition Commission between 1996 and 2004. She has 5 honorary Doctorates from universities in the United Kingdom.

Baroness Kingsmill has been a Chair/member of the Remuneration committees of many international companies. As a lawyer she has advised in relation to remuneration schemes. In 2001 she was invited by the Government to head a task force looking at women's employment and remuneration in the UK.

In 2003 she was appointed Chairman of the Department of Trade and Industry's Accounting for People task force. She headed a second Government enquiry ("Accounting for People") into how companies should evaluate and measure the contribution of their work forces and specifically as to how they should communicate their progress in this area of "Human Capital Management" to all their stakeholders (www.accountingforpeople.gov.uk). In 2013 she was the co-chair of the Design Commission report into Design and Public Services ("Re-starting Britain").

Until May 2018, Baroness Kingsmill was the Chair of Monzo Bank and a Member of the Supervisory Board of E. ON SE. She is currently a member of the Advisory Board for the Global Sustainability Forum and the International Advisory Board of 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, the law and regulation, as well as politics and people have given Baroness Kingsmill a unique perspective on the contemporary boardroom.

Baroness Kingsmill was elected as a director on 19 July 2017 at the Annual General Meeting and re-elected at the Annual General Meeting held on 14 July 2020.

Ms Anne Lange

Independent director since December 2019.

A French citizen, Ms Lange is an entrepreneur and a sought after C-level business advisor with over 25 years of experience in technology innovation, both private & public sectors. She is graduated 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. Anne worked in diverse global executive functions with Cisco since 2004, based out of France and Silicon Valley. As a C-level executive, her engagements centered on adoption and innovation of technological, organizational 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 Peugeot Invest (Peugeot's family holding).

She was appointed non-executive independent director by the Board of Directors in the meeting held on 10 December 2019 and ratified at the Annual General Meeting held on 14 July 2020.

Ms Pilar López Álvarez

Independent director since July 2018.

Ms López has a Bachelor of Science in Business Administration and a Major in Finance from ICADE. She has worked in a variety of roles at J.P. Morgan in Madrid, London and New York (1993-1999). She joined Telefónica in 1999, where she held the following positions: Head of Management Planning and Control (1999-2001), Financial Controller in Telefónica Móviles (2001-2006), Strategy Director in Telefónica de España (2006-2007), Chief Financial Officer of O2 Plc., based in the UK (2007-2011) and for Telefónica Europa based in Madrid (2011-2014), and Head of the Operational Simplification Program of Grupo Telefónica (2014-2015).

She has served as Supervisory Board member of Telefónica Czech Republic AS (2007-2014), and as Vice Chairman of the Supervisory Board of Telefónica Deutschland Holding AG (2012-2015). She was a member of the Board of Tuenti Technologies and non-executive director of Ferguson Plc (2013-2018). She was a member of the Board of Trustees of Fundación ONCE, and a member of the board of directors of Asociación para el Progreso de la Dirección (APD).

She was the Chair of Microsoft Ibérica S.R.L. At present, she is the Deputy Chair of Microsoft Western Europe.

Ms López was elected to the board of directors at the Annual General Meeting held on 17 July 2018.

She directly owns 4,000 shares of the Company.

Mr Emilio Saracho Rodríguez de Torres

Independent director since June 2010.

Mr Saracho is a graduate in Economics from Complutense University of Madrid, he has an MBA from the University of California in Los Angeles (UCLA), awarded in 1980. He was also a Fulbright scholar. Mr Saracho began his career in 1980 in Chase Manhattan Bank, where he was responsible for operations in different sectors such as Oil and Gas, Telecommunications and Capital goods. In 1985, he took part in the launching and implementation of Banco Santander de Negocios, where he led the Investment Banking division. In 1989, he was appointed head of the Division of Large Companies of Grupo Santander and Deputy General Director. He has been a director of FISEAT, Santander de Pensiones and Santander de Leasing. In 1990, he worked for Goldman Sachs in London as co-head of Spanish and Portuguese operations. In 1995, he returned to Santander Investment as General Director in charge for the Investment Banking area worldwide. From 1996 to 1998, he was responsible for the Banking operations in Asia. Mr Saracho joined J.P. Morgan in 1998 as Chairman for Spain and Portugal and head of business for the Iberian Peninsula and member of the European Management Committee. From early 2006 through 1 January 2008, he was Chief Executive Officer of J.P. Morgan Private Bank for Europe, the Middle East and Africa, based in London. He also sat on the Operating Committee and on the European Management Committee, while chairing at the same time J.P. Morgan in Spain and Portugal. He was in charge of Investment Banking operations of J.P. Morgan for Europe, the Middle East and Africa, and sat on the Executive Committee of the Investment Bank and on the Executive Committee of JPMorgan Chase. From December 2012 through April 2015, he was Deputy CEO for EMEA. From 2015 to the end of 2016, he was Vice Chairman of JPMorgan Chase & Co and from February to June 2017, he chaired the Board of Directors of Banco Popular.

At present, he sits on the Board of Directors of International Consolidated Airlines Group, S.A. (IAG) and is Senior Advisor of Altamar Capital Partners.

Mr Saracho was elected as director on 13 July 2010 at the Annual General Meeting and re-elected at the Annual General Meetings held on 14 July 2015 and 19 July 2019.

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 described in section C.1.2 above, in 2021 Mr Crespo stepped down from the board as executive director. However, the subsequent appointment of Mr García to the board through the co-option system as new executive director, to fill the board vacancy created following Mr Crespo's resignation, entails that as at year end, the percentage of executive directors out of all board members remains the same. As described in section C.1.2 above, the board of directors acknowledged in 2021 the resignation tendered by Mr Isla as executive director, effective as of 31 March 2022. In view of the board vacancy following his resignation, the board of directors further resolved to appoint through the co-option system, Ms Marta Ortega Pérez to the board as proprietary director and Chair thereof. Such appointment will become effective on 1 April 2022.

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			
	FY2021	FY2020	FY2019	FY2018	FY2021	FY2020	FY2019	FY2018
Executive	0	0	0	0	0	0	0	0
Proprietary	1	1	1	1	33.3%	33.3%	33.3%	33.3%
Independent	3	3	3	2	50%	50%	40%	20%
Affiliate	0	0	0	0	0	0	0	0
Total	**4**	**4**	**4**	**3**	**36.36%**	**36.36%**	**36.36%**	**33.33%**

Remarks
In the meeting held on 29 November 2021, the board of directors resolved, following a favorable report of the Nomination Committee on the motion raised by Mr Isla and Mr Ortega, to appoint Ms Marta Ortega Pérez to the board of directors through the co-option system, effective as of 1 April 2022, as proprietary director to fill the board vacancy resulting from Mr Isla's resignation. Following Ms Ortega's appointment to replace Mr Isla, the percentage of women out of all board members will be 45.45%. Thus, if the structure and/or size of the board of directors is not subject to any change, the 40% target for female representation on the board, set in the company's internal regulations since 2020 pursuant to Recommendation 15 GGC, will be exceeded.

C.1.5 Indicate whether the company has diversity policies in relation to its Board of Directors on such questions as age, gender, disability, education and professional experience. Small and medium-sized enterprises, in accordance with the definition set out in the Spanish Auditing Act, will have to report at least the policy that they have implemented in relation to gender diversity.

Yes x No Partial policies

If so, describe these diversity policies, their objectives, the measures and the way in which they have been applied and their results over the year. Also indicate the specific measures adopted by the Board of Directors and the nomination and remuneration committee to achieve a balanced and diverse board membership.

If the company does not apply a diversity policy, explain the reasons why.

Description of the policies, objectives, measures, how they have been enforced and the results achieved

Inditex's Diversity of Board of Directors Membership and Director Selection Policy ("Diversity of Board of Directors Membership and Director Selection Policy") was originally approved by the board of directors in the meeting held on 9 December 2015 and amended in part first at the board meeting held on 14 December 2020, for the purposes of aligning its provisions with the language of the revised GGC approved by CNMV's board on 25 June 2020, and more recently 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. Under such new 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 the search and selection processes as well as the motions 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 knowledge, skills, experience, geographic origin, age and gender of directors; (iii) ensure an appropriate composition of the board and its committees, facilitating the appropriate discharge of the duties they are called upon to perform; and, (iv) contribute to talent attraction in the Inditex Group, making efforts to ensure that the best professionals serve on its governing bodies. The Policy observes and follows both the recommendations laid down in the GGC 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 not less than 30% prior to that date.

In line with the provisions of the Diversity of Board of Directors Membership and Director Selection Policy, the terms of reference of board committees also reflect the board's commitment to encouraging a diverse membership in terms of professional experience, competences, personal skills, sector-specific knowledge, international experience or origin, age and gender, taking into account the restrictions that are a result of their smaller size.

In this regard, the board of directors resolved in the meeting held on 8 June 2021, following an explanatory report issued by the Remuneration Committee, to amend in part the terms of reference of this latter for the purposes, inter alia of extending diversity yardsticks upon considering the committee's membership, in line with the language of the terms of reference of all remaining board committees.

In addition to the above referred Policy, 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 in the meeting held on 14 December 2020.

The D&I Policy seeks to fully endorse the regulatory requirements, recommendations and best practices in the area of diversity and inclusion, and mark Inditex's commitment to diversity and multiculturalism in the working environment, in all positions and levels within the company, including on the board of directors, and its commitment to champion a culture of inclusion, equal treatment and respect, advocating for equitable workplace environments within the scope of its zero tolerance policy against any kind of discrimination. In particular, the Policy fully endorses, in line with Recommendation 14 GGC, the company's commitment to favouring diversity among Senior Managers and namely gender diversity, as the board of directors and the Nomination Committee are fully committed to encourage the Company to have a significant number of female senior managers.

The board of directors is the driving force behind this commitment of the Group at its highest level and its employees to diversity, and it shall ensure that action is taken to encourage diversity within the organization as well as ensuring the absence of any manner of discrimination, in particular gender-based discrimination, upon electing board members or senior managers.

The board of directors is ultimately responsible for the company's management and is entrusted with guiding its policies. Thus, being the driving force behind this high-level commitment, it shall ensure that action is taken to ensure compliance with the D&I Policy at all levels within the organization and by all employees.

The principles and action lines of the D&I Policy govern all the proceedings of the Company, in particular in the area of human resources: recruitment and selection of candidates, compensation and benefits, promotions, transfers, skills enhancement, professional development and training, demotions, terminations and other disciplinary actions.

Meanwhile, pursuant to the Code of Conduct and Responsible Practices of the Inditex Group, no one who is employed at Inditex shall be discriminated against because of their gender, and all employees shall be bound to interact with other employees, pursuant to criteria of respect, dignity and justice, taking into account the different cultural background of each individual, without allowing any manner of violence, harassment or abuse in the workplace, or any manner of discrimination on account of race, religion, age, nationality, gender or any other personal or social condition beyond qualifications and capacity.

With regard to a balanced and diverse board membership, the Annual General Meeting held on 13 July 2021 resolved on the proposal of the Nomination Committee pursuant to agenda item 5, to re-elect Mr José Arnau Sierra to the board of directors as non-executive proprietary director. Such re-election was subsequently approved by the board of directors on 8 June 2021, on the proposal of the Nomination Committee.

The re-election of Mr Arnau was based on the prior analysis of the needs of the company and the board of directors itself, the findings of which were written up in an explanatory report approved by the Nomination Committee on 7June 2021, in accordance with Recommendation 14 GGC and sections 3, 4 and 5 of Technical Guide 1/2019 as well as section 5 of the Diversity of Board of Directors Membership and Director Selection Policy.

In said analysis, the Nomination Committee took into account, without limitation: (a) the findings of the annual evaluation of the performance of the board of directors for 2020; and (b) the commitments undertaken by the Company, pursuant to the Diversity of Board of Directors Membership and Director Selection Policy with regard to: (i) the diversity of background, experience, skills and gender on the board of directors, and (ii) the achievement of the representation target for the least represented gender on the board, set in Recommendation 14 GGC.

As shown in the above referred report, further to the review of the size, composition, skills and effectiveness of the board of directors at the time, the Nomination Committee considered that with its current composition and structure the board of directors had achieved an appropriate balance and stability materialized in: (i) a balanced presence of men and women on the board, as female representation has been gradually increasing over the past years, and the current percentage of women on the board is close to reaching the new 40% target set by the board of directors before 2022; and, (ii) an appropriate balance of skills and experience that befits the interests of the company and its Group.

In particular, it was established that board members as a whole had accredited abilities, competences, experience and merits: (i) regarding the Company itself, the Group, and the retail sector; (ii) in economy and finances, accounting, audit and risk management matters, including both financial and non-financial ones; (iii) in regulatory compliance and corporate governance matters; (iv) in the digital and new technologies sector; (v) in sustainability; (vi) in different geographical markets; and (vii) in management, leadership and business strategy.

The findings of the Nomination Committee were confirmed in an explanatory report approved by the board of directors on 8 June 2021 covering the motion on the re-election of Mr Arnau to the board pursuant to section 529*decies*(5) LSC, section 23.1 of the Board of Directors' Regulations and the Diversity of Board of Directors Membership and Director Selection Policy.

Based on the foregoing, the board of directors found in the above referred explanatory report dated 8 June 2021, that the re-election of Mr Arnau to the board of directors as proprietary director contributed in terms of diversity and considered as a whole, to maintaining and reinforcing:

(i) A diverse board membership in terms of competences, personal skills, sector-specific knowledge, professional experiences, age and origin, contributing in particular, to maintaining the presence of Spanish citizens on the board.

(ii) The presence on the board of profiles with proven experience and sound knowledge of the Company, the Group (including of its business model and its governance regulations), and generally, of the retail sector.

At a later stage, the company's governance structure underwent a significant change in 2021, completing the generational handover process driven by the Executive Chairman, Mr Isla, and the founder, controlling shareholder and director, Mr Ortega, to ensure that the succession of the chair takes place in an orderly and planned manner.

Thus, in the meeting held on 29 November 2021, the board of directors passed by unanimous vote, following a favorable report of the Nomination Committee, the following resolutions, inter alia:

- To acknowledge the resignation tendered by Mr Pablo Isla Álvarez de Tejera as Chairman and member of the board of directors and its Executive Committee, effective as of 31 March 2022. Mr Isla will remain the Chairman of the company until that date.

- To co-opt Ms Marta Ortega Pérez to the board of directors as proprietary director, to fill the vacancy created following the resignation tendered by Mr Isla from his position as Chairman, and to appoint her (non-executive) Chair of the board of directors, effective as of 1 April 2022.

- To acknowledge the resignation tendered by Mr Carlos Crespo González from his position as CEO and member of the board of directors and its Executive Committee and to appoint him as COO & Head of Digital and Sustainable Transformation. His resignation and subsequent appointment will be effective immediately.

- To acknowledge the resignation tendered by Mr Óscar García Maceiras as General Counsel and Secretary of the board and its committees, and to co-opt him to the board as executive director and CEO. His resignation and subsequent appointment will be effective immediately.

The above referred co-options to the board of directors were based on the prior analysis of the Company's needs and of the competences required by the board, written up in the relevant explanatory report approved by the Nomination Committee on 29 November 2021, pursuant to Recommendation 14 GGC and sections 3, 4 and 5 of CNMV's Technical Guide 1/2019.

In its report, the Nomination Committee considered, inter alia, that favouring gender diversity should be an immediate priority for any future director selection, to complete the process of achievement of targets set for 2022, without disregarding however, that all elections must be made based upon suitability and merit yardsticks.

Thus, based upon the analysis of the Nomination Committee, the restructuring process carried out in 2021 has contributed to:

(i) reinforcing diversity of directorship types, ensuring a majority presence of non-executive directors and a representation of proprietary directors that ensures the existence of effective counterweights and the alignment of board decisions with shareholders' interests.
On the other hand, the actual separation of the position of Chair of the board of directors and chief executive, with a new non-executive Chair and a CEO, effectively reduces any potential risk of power concentration.

(ii) Reinforcing female representation.
Although as at year end, female directors account for 36.36% of all board seats, as of 1 April 2022, date when the appointment of Ms Marta Ortega Pérez will become effective, the percentage of female representation will stand at 45.45%, thus surpassing the 40% target set for 2022;

(iii) a progressive board refreshment, combined with the presence on the board of directors with proven experience and sound knowledge of the company, the Group and its business.
The appointment of Mr García and Ms Ortega represents a generational handover while at the same time, Inditex's values are upheld, thus ensuring the stability of the project, considering the career of both new directors.
Moreover, both appointments have contributed to significantly reduce the average age of directors, as well as their average tenure; and

(iv) reinforcing experience in areas such as digital transformation, sustainability, compliance, corporate governance and the relationship with regulators, as well as in leadership commercial strategy management, in particular as regards product, design, innovation and brand image, which are key strategic priorities for the Company.
With such composition, the committee considers that an appropriate balance of skills and experiences exists on the board, that serves the interests of the Company and the Group, as directors with a solid experience and knowledge of the Group, its business and generally the

retail sector sit with others with education, competences and experiences in other fields and industries. All of which contributes to the appropriate exercise of the oversight duty entrusted to the board of directors.

Based on all the foregoing, the Nomination Committee has considered that Inditex meets the targets and fulfils its commitment to diversity provided in the Diversity of Board of Directors Membership and Director Selection Policy and the remaining internal regulations.

C.1.6 Describe the measures, if any, agreed upon by the nomination committee to ensure that selection procedures do not contain hidden biases which impede the selection of female directors and that the company deliberately seeks and includes women who meet the target professional profile among potential candidates, making it possible to achieve a balance between men and women. Also indicate whether these measures include encouraging the company to have a significant number of female senior managers:

As explained in detail in section C.1.5 above, the Group relies on the Diversity of Board of Directors Membership and Director Selection Policy and the D&I Policy, both of which reflect the company's commitment to encouraging diversity, in particular gender diversity. Notwithstanding this, the role that the Nomination Committee plays in this area is addressed below.

Pursuant to the section 529*bis*(2) LSC, the board of directors shall ensure that gender, experiences and knowledge diversity is encouraged in recruitment processes of directors, which should not suffer from any implicit bias that may entail any discrimination and particularly, that selection of female directors is fostered.

The role that the Nomination Committee plays in this field is summarized 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 basic 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. In this regard, pursuant to section 6(d) of the terms of reference of the Nomination Committee and the Diversity of Board of Directors Membership and Director Selection Policy, women should account for at least 40% of all board seats by the end of 2022. Under no circumstances shall such percentage be less than 30% at any given time before the expiry of such deadline

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 of the Board of Directors' Regulations, section 5.3.(b) of the Nomination Committee's Regulations and the provisions of the Diversity of Board of Directors Membership and Director Selection Policy, the Nomination Committee is responsible for seeking an appropriate composition and a diverse membership on the board of directors and its committees in terms of professional experience, competences, personal skills, sector-specific knowledge, international experience or geographic origin, age and in particular, gender, taking into account the restrictions that are a result of the smaller size of the Committee.

Last, pursuant to section 5.3(e) of its terms of reference, the Nomination Committee shall be responsible for *"issuing a report regarding the motions to appoint and to dismiss senior managers, supporting the existence of a significant number of female senior managers in the company"*.

C.1.7 Explain the conclusions of the nomination committee regarding verification of compliance with the policy aimed at promoting an appropriate composition of the Board of Directors.

Three directors were appointed to the board in 2021. One of them, Mr José Arnau Sierra was re-elected, as his term of office came to an end in the year, whereas the other two, Mr Óscar García Maceiras and Ms Marta Ortega Pérez were co-opted to the board to fill vacancies.

As explained in detail in section C.1.5 above, the Annual General Meeting held on 13 July 2021 resolved on the proposal of the Nomination Committee to re-elect Mr Arnau to the board of directors as non-executive proprietary director.

His re-election was based on the prior analysis of the needs of the company and the board of directors itself, the findings of which were written up in an explanatory report issued by the Nomination Committee on 7 June 2021, and which were subsequently endorsed by the board of directors in a report dated 8 June 2021 covering the motion on the re-election of the above referred director. Both reports and their findings have been addressed in detail in section C.1.5 above.

Pursuant to section 4 of the then applicable Director Selection Policy, the above referred reports and the explanatory report of the needs of the board of directors were posted on the corporate website at the time that the 2021 Annual General Meeting was called.

As explained in detail in section C.1.5 above, the board of directors resolved on 29 November 2021, following a favourable report of the Nomination Committee and exercising the power provided for in section 529*decies* LSC and in article 24.3 of the Articles of Association, to fill the following board vacancies:

- The one which will arise on 1 April 2022 on account of the resignation tendered by Mr Isla, with the election of Ms Ortega to the board of directors as proprietary director and new (non-executive) Chair of the Board of Directors, effective as of said date.

- The vacancy created by the resignation from the board and consequently from his position as CEO, tendered by Mr Crespo on 29 November 2021, effective immediately, and the appointment of Mr García as new executive director and CEO, also effective immediately.

The Nomination Committee has played an active role regarding the appointment of the 2 new directors via the co-option system, which shall be confirmed at the upcoming Annual General Meeting, even though they were made on the motion raised by the Executive Chairman, Mr Isla and the founder and director, Mr Ortega, within the scope of an orderly and planned succession of the Chair. In this regard, the committee began by reviewing the competences and skills that the board of directors needs to include or reinforce, considering the Company's strategic priorities and challenges, current and future, in particular, (i) appraising the knowledge, experience and competences required to understand the business and its main risks and ensure it smooth running; and (ii) with regard to the addition of female directors who meet the profile sought, to encourage gender diversity on the board. The findings of such analysis were written up in the relevant explanatory report approved by the Nomination Committee on 29 November 2021, pursuant to Recommendation 14 GGC and sections 3, 4 and 5 of CNMV's Technical Guide 1/2019. Likewise, in line with best corporate governance practices, and pursuant to the provisions of section 6.1 of the Diversity and Director Selection Policy, the Committee engaged an external advisor, Heidrick&Struggles, to carry out the analysis of the suitability of the proposed candidates out of a selection of profiles included in a list of potential directors.

Based on the foregoing, it can be inferred that the motions on the re-election and appointment of directors were consistent with the analysis on the needs of the board and the Company itself, and that the Nomination Committee has established that directors with a wide knowledge of business sit on the board, together with others with background in other industries, and that in general, board membership is diverse in terms of experiences and career – both domestic and international – age and gender.

Based on all the foregoing, the Nomination Committee considered that the re-election and appointment process carried out by the Company in 2021 is aligned with the terms and goals set in the Diversity of Board of Directors Membership and Director Selection Policy, observing its overarching principles, as such process has been based on a prior analysis of the needs of the company and the Board of Directors, and has contributed to encouraging a diverse membership on the board and its committees, in particular gender diversity, seeking to ensure an appropriate board membership and contributing to talent attraction.

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 Pablo Isla Álvarez de Tejera	Executive Chairman
Mr Óscar García Maceiras	CEO

Mr Pablo Isla Álvarez de Tejera, Executive Chairman, and Mr Óscar García Maceiras, CEO, have been delegated each and every one of the powers contained in the list included further below, and these must be exercised in the following manner and conditions: all of them individually, without distinction, with the exception of those included in sections 4 to 6 (both inclusive) and which entail undertaking in excess of a given amount or disposal of funds in excess of a given amount; in such case either of the executive directors must act jointly with another person who, by virtue of any legal title, is also empowered with the power in question.

At any rate, the prior resolution of the Board of Directors or, where delegated, of the Executive Committee, shall 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 referred to above will suffice.

At any rate, 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 both the Executive Chairman and the CEO may act individually, for and on behalf of the company, regardless of the amount involved in the matter in question.

List of powers:

1.- To appear and represent the company vis-à-vis all manner of authorities, institutions, agencies, departments and offices of the General State Administration, Central or Peripheral Government, Autonomous Communities, Provinces, Municipalities, of the Institutional, Corporate or Independent Administration, whether Spanish authorities or authorities from a foreign State, or of the European Union, including vis-à-vis any manner of Public Registries and, in general, before any entity or public or private person, whether domestic or foreign. To sign and lodge all manner of applications and petitions; and, in general, to exercise such powers as may be required for the management and defense of the rights of the company.

2.- To sign, send, receive and collect from the postal and telegraph authorities or offices ordinary or registered postal or telegraph correspondence, declared value items and postal and telegraphic money orders. To file any relevant claims before said authorities or offices and, where appropriate, collect the related indemnity payments.

3.- To verify consignments of all kinds of merchandise and goods by land, sea or air, and to receive those addressed to the Company. To file the relevant claims against railroad, shipping companies or airlines, or against carriers in general for breakdowns, delays, losses or any other breach of the transportation agreement, and to collect the indemnity agreed with the same or set by the courts. To sign agreements and arrangements of all types with carriers, travel agencies, hotels, restaurants and other persons or entities who take part in the transport of individuals or in the sphere of the hotel and catering industry.

4.- To claim and collect amounts owing to the Company for whatever reasons and to sign the appropriate receipts. To make payment. To render and require the rendering of accounts and to challenge or approve said accounts. To provide, cancel and recover all manner of bonds and deposits, including those at/of the General Savings Deposit and its branches.

5.- To execute all manner of acts and contracts for valuable consideration relating to property of all kinds, whether movable and real property, rights, securities, shareholdings, shares, interests, at such prices, for such considerations, under such terms, for such periods and under such provisions, terms and conditions as are deemed appropriate.

Specifically, without limitation:

- To acquire, assign, grant and dispose of or transfer for whatever title for valuable consideration, including that of a court-ordered sale in lieu of payment, all manner of property, whether movable or real property, rights, trademarks and other distinctive signs and industrial property on intellectual property rights, securities, shareholdings, shares and interests; take out all manner of compulsory and voluntary insurance; to hire the execution of works, services and supplies of all kinds; to lease as a lessor or lessee, grant or be the recipient of financial leases, sublease as a sub lessor or sub lessee; to create, amend, acknowledge and extinguish real property rights; including chattel mortgages and mortgages, pledges with or without transfer of possession and any other encumbrance on any manner of property and rights owned by the Company; to carry out groupings of, additions of, divisions of and severances of title to properties, make declarations of new construction work and divisions of real property under the condominium ownership system, establishing the bylaws which shall govern the same, and, generally, to execute any disposals; and to conduct and take part in measurements, surveys and boundary marking, approving the same and executing any certificates that may be issued. Regarding all the above acts and contracts, attorneys in fact may act with the broadest powers in the execution and performance thereof, requiring, where appropriate, whatever is necessary for such purpose, as well as to amend, substitute, cancel, terminate or discharge the same.

- To execute any manner of bank and financial agreements in general, even though they would entail indebtedness of the Principal; do such acts and things as are allowed by bank laws and practice; to act as a plaintiff or defendant in connection with all types of securities and commercial papers.

As an exception to the foregoing, in the exercise of the authority conferred, securities and guarantees may only be granted to other companies belonging to the “INDITEX” Group, and as a result, securities, guarantees, surety insurance or any other security may only be granted to them.

6.- To grant all manner of acts and contracts relating to IT, management, security and communication products, plant and systems, as well as those referring to intellectual property arising out of or related with the same and, in general, any others referring to all manner of movables. Specifically, to acquire, assign, grant, encumber and dispose of or transfer for whatever title, including that of a court-ordered sale in lieu of payment, the aforementioned goods; to lease them as lessee or lessor, to grant or be the recipient of financial leases in respect thereof, or to sublease them as sub lessor or sub lessee; to create, amend, acknowledge and extinguish or cancel real property rights and securities on the movables belonging to the Company. Regarding all the above acts and contracts, the attorneys in fact may act with the broadest powers in the execution and performance thereof, requiring, where appropriate, whatever is necessary for such purpose, as well as to amend, substitute, cancel, terminate or discharge them.

7.- To enter into all manner of agreements for business collaboration, such as franchise contracts, joint-venture contracts, accounts in participation, commercial distribution agreements, license and agency contracts as well as supply agreements and option to purchase agreements associated to the contracts for business collaboration and, in general, in any such agreement that the national and international expansion of the company might require.

8.- To represent the Company in meetings or Annual or Extraordinary General Meetings of any manner of companies and economic interest groupings, uniones temporales de empresas [temporary business partnership] and any other entities, taking the floor therein and casting their vote in the way that they deem appropriate, regardless of the business being transacted, including, without limitation, the following business: incorporation, alteration, merger or split-off, assignment of assets and liabilities, winding-up and liquidation of all kinds of entities and companies, amendment of by-laws and internal regulations, capital increases or reductions, approval of accounts, granting and revocation of powers of attorney, appointment and removal of officers or acceptance of offices to which the principal has been appointed in any company, proceeding to the relevant statements of disqualification or incompatibility required to accept such appointment and appointing the natural persons who will act on their behalf in the discharge of such office, with all powers inherent therein, replacing the representatives natural persons already appointed, even where the appointment or replacement falls on the attorneys in fact themselves, and generally, exercising on behalf of the Company any rights that it may be entitled to, in its capacity as shareholder. To appear in and grant any deed of incorporation, amendment, merger, split off, assignment of assets and liabilities, winding-up or liquidation of any manner of companies, economic interest groupings, temporary business partnership of companies and any other entities. And for all purposes above, to subscribe such documents, whether public or private, which may be necessary and generally, to do such acts and things which may be required for the full effectiveness and publicity thereof further to their registration with public registries.

9.- To attend in the name and on behalf of the company, meetings, general meetings and assemblies of condominiums or co-owners, taking the floor therein and casting their vote in the way that they deem appropriate, whatever the matter that is being debated and on which resolutions are passed, to accept positions and appointments and, in general, to exercise in the name of the company any rights that it may be entitled to in Condominium Owner Communities, as well as in the meeting they these may hold in compliance with the current Condominium Property Law and other applicable legislation

10.- To appear in deeds of incorporation, alteration, merger or winding-up of all kinds of entities and companies, and attend, on behalf of the Company, assemblies, meetings or ordinary and extraordinary meetings of shareholders, intervening therein and casting their vote in the manner that they deem appropriate whatever the matter that is being debated and on which resolutions are passed, accepting positions and appointments and, in general, exercising in the name of the company any rights that may correspond to it.

11.- To set up the offices, workplaces and buildings of the Company and to organize the services provided therein. To establish branches, hire staff, establishing recruitment and joining terms; to freely appoint and remove the same, including officers and skilled employees; to establish their rights, duties, powers and functions, salary, bonuses and indemnity payments; to agree upon promotions and transfers; and to exercise penalization and disciplinary powers, as well as to act on behalf of the Company before the employees' collective representation bodies and to represent it in the negotiation of agreements or pacts whatever their scope or nature.

12.- To represent the company before any manner of authorities and administrative bodies, of whichever administration, that have authority in labour and Social Security matters, bringing proceedings and claims, requesting or not the suspension of the actions being the subject of the claim, to appear and act in matters pending in which their principal has a direct or indirect interest, in all manner of cases and proceedings, proposing and examining all types of evidence; to request and obtain documents, copies, certificates and transfers; to file, prepare and draft all manner of pleadings, applications, petitions, allegations and claims; and, in general, to carry out all those acts that are necessary in the labour life of the company, to file its registration as a company before the labour authorities and the Social Security, those necessary for and arising out of the hiring of all manner of workers, including applying for and receiving payment of subsidies and allowances, the registration of workers [with the relevant authorities], etc., as well as those actions that are necessary for or are motivated by the amendment or termination of that labour relationship; those that are necessary for or arise out of the training that has to be given to the personnel of the company; statements and payments of Social Security contributions, requests for postponement and refunds, all that are necessary in the relations of the company with the employment and job-search offices; and, in general, to following the procedures through all its stages and motions, bringing the appropriate actions before the courts or not, until such time as firm decisions are obtained and fully enforced.

13.- To represent the company before all manner of authorities and administrative bodies, of whichever administration, that have authority in respect of Health and Safety at Work and Occupational Hazards, bringing proceedings and filing claims and, in general, carrying out all those actions that may be desirable for the principal company in those cases in which it, directly or indirectly, may have an interest. To carry out all that may be necessary to promote and maintain the safety of the workers in the workplaces, complying with the legislation on the prevention of Labour Risks and other complementary regulatory schemes; to plan and executive the policy for the prevention of risks; to act in the name of the company before the workers and their representative bodies and participating bodies as regards prevention; to draw up and introduce an occupational hazard plan; to organize the prevention service, providing it with the material and human resources that are necessary for it to develop its activity; to contract and to sign arrangements with authorized entities for the provision or acting as external prevention services; to carry out, organize and arrange the carrying out of assessments of risks, medical check-ups and other health check measures and prevention systems; to contract the performance of external labour risk prevention audits and, in general, all those acts that are related to such risks. To proceed to insure common and occupational risks of the workers, signing agreements and association documents with of the Social Security Agencies and Mutual Insurance Companies for Work Accidents and Industrial Diseases of the Social Security, or entities that should replace them in such functions and tasks, reporting or putting an end to, at the appropriate time, those that may have been signed; to accept positions and participate in the governing boards and advisory boards of such entities collaborating in the management of Social Security.

14.- As regards procedural rules, to exercise all those actions that are available to the principal and to waive those brought. To appear before the ordinary and special Courts of Law and Tribunals of all levels and jurisdictions, in all manner of trials, as well as in any kind of voluntary jurisdiction cases, administrative and economic-administrative cases. Consequently, to enter into conciliation agreements, with or without composition settlements, to mediate in pre-court proceedings, to file relevant claims and to answers summons and notifications, to sue, contest or accept, and report or lodge complaints; to file statements and ratify them, request and obtain documents; to request the practice of any proceedings whatsoever including: indictments, imprisonment and releases from prison; to hear notifications, notices, citations and summons, to assert and challenge jurisdictions; to apply for joinder of claims; challenge judges, magistrates and court officials; to propose and examine evidence and submit depositions; to attend court appearances, hearings and meetings and speak and vote, including meetings of creditors in all manner of collective execution proceedings, and may take part in auctions and request the adjudication of goods in partial or total payment of the debt being claimed; to reach a composition in court and outside court, to file and pursue, to the end, the litigation or case through its particular proceedings, possible incidents and appropriate appeals, until such time as firm resolutions, decisions or judgments are obtained and enforced; to take responsibility for the money or goods that are subject to the procedure being followed and, generally, exercising in the name of the company any rights that it may be entitled to.

15.- To compromise and refer to arbitrators all matters in respect of which they are empowered, either in any of the types of arbitration proceedings with the scope and under the requirements provided for in the Spanish legislation on arbitration, or those types of arbitration proceedings characteristic of international commercial arbitration.

16.- To request that a Notary Public enter into record the minutes, and to serve and receive notices and notarial summons.

17.- To grant powers of attorney, allocating to third parties, in full or in part, the above listed authorities, to revoke the powers granted, and to get copies of all kinds of records and deeds.

18.-To execute as public deeds the resolutions passed by the Annual General Meeting, the board of directors or any other governing body.

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 2022, Mr Óscar García Maceiras was a member of the governing body of the following Group companies.

Company name of the group entity	Position	Does the director have executive power?
ZARA BELGIQUE, S.A.	Director	Yes
ITX LUXEMBOURG, S.A.	Director	Yes
PULL & BEAR SUISSE, S.A.R.L.	Director	Yes
ZARA HOME SUISSE, S.A.R.L.	Director	Yes
ZARA SUISSE, S.A.R.L.	Director	Yes
ITX SVERIGE, AB	Director	Yes
INDITEX NORGE, AS	Director	Yes
ITX HELLAS SINGLE MEMBER, S.A.	Director	Yes

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
Mr Amancio Ortega Gaona	Pontegadea Inversiones S. L	Chair	Paid
	Pontegadea Inmobiliaria S.L	Chair	Paid
	Partler 2006 S.L	Chair	Paid
	Pontegadea GB2020 S.L	Chair	Paid
	Partler Participaciones S.L	Chair	Unpaid
	Fundación Amancio Ortega	Chair	Unpaid
Mr Pablo Isla Álvarez de Tejera	Nestlé, S.A.	Independent director	Paid
Ms Flora Pérez Marcote	Pontegadea Inversiones S. L	First Deputy Chair	Paid
	Pontegadea Inmobiliaria S.L	First Deputy Chair	Paid
	Pontegadea GB2020 S.L	First Deputy Chair	Paid
	Fundación Amancio Ortega	First Deputy Chair	Unpaid
Mr José Arnau Sierra	Pontegadea Inversiones S. L	Second Deputy Chair	Paid
	Pontegadea Inmobiliaria, S.L.U.	Second Deputy Chair	Paid
	Partler 2006 S.L	Second Deputy Chair	Paid
	Pontegadea GB2020 S.L	Second Deputy Chair	Paid
	Pontegadea España, S.L.U.	Joint Director	Unpaid
	Partler Participaciones S.L.	Second Deputy Chair	Unpaid
	Esparelle 2016, S.L.	Sole Director, legal representative of Pontegadea Inversiones S.L.U.	Unpaid

	Pontegadea Dieciocho S.L	Sole Director, legal representative of Pontegadea Inversiones S.L	Unpaid
	Sobrado Forestal 2014, S.L	Sole Director	Unpaid
	Pontegadea France, SAS	Chair, legal representative of Pontegadea Inmobiliaria SLU	Unpaid
	Prima Cinque, S.p.a.	Chair	Unpaid
	PG Real Estate Interests Ltd	Ordinary member	Unpaid
	Pontegadea Inmobiliaria, SA de CV	Chair	Unpaid
	Pontegadea Canadá, Inc	Chair	Unpaid
	Pontegadea Korea, Inc	Ordinary member	Unpaid
	Ponte Gadea USA, INC	Chair	Unpaid
	Hills Place, Sarl	Ordinary member	Unpaid
	Pontegadea UK, Ltd	Ordinary member	Unpaid
	Almack Ltd	Ordinary member	Unpaid
	Ponte Gadea Portugal – Investimentos Imobiliários e Hoteleiros, S.A.	Chair, appointed by Partler 2006 SL	Unpaid
	Pontegadea Amoreiras – Sociedade Imobiliária, S.A.	Chair, appointed by Partler 2006 SL	Unpaid
	Proherre Internacional-Sociedade Imobiliária, Lda	Joint and Several Director	Unpaid
	Pontegadea Real Estate, SAS	Chair, legal representative of Pontegadea Inmobiliario SLU	Unpaid
	Montaigne Real Estate, SAS	Sole Director	Unpaid
	Adelphi Property SARL	Ordinary member	Unpaid
	Fongadea Recoletos 7-9, S.L.	Chair	Unpaid

	Daimar de Inversiones S.L.	Sole Director	Unpaid
	Pontel Participaciones S.L.	Ordinary member	Unpaid
	Fundación Amancio Ortega Gaona	Second Deputy Chair	Unpaid
	Fundación Kertor	Trustee	Unpaid
	Fundación Santiago Rey Fernández Latorre	Trustee	Unpaid
	Fundación Bal y Gay	Trustee	Unpaid
Ms Anne Lange	Pernod-Ricard, S.A	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
	Banco Santander Internacional (BSI)	Non-executive director	Paid
	Fundación Banco Santander	Chair	Unpaid
Mr Emilio Saracho Rodríguez de Torres	International Consolidated Airlines Group, S.A.	Independent director	Paid
	Rustica y Forestal El Socor, S.L.	Chair and CEO	Unpaid
Ms Pilar López Álvarez	Microsoft Western Europe	VP Sales, Marketing, Ops (COO)	Paid

Remarks

Indicate, where appropriate, the other remunerated activities of the directors or directors' representatives, whatever their nature, other than those indicated in the previous table.

Identity of the director or representative	Other paid activities
Ms Anne Lange	Managing Partner at ADARA: a consulting firm that provides senior-level advice to start-ups and in the field of innovation.
Mr Rodrigo Echenique Gordillo	Advisor to Banco Santander (Santander Group)
Mr Emilio Saracho Rodríguez de Torres	Senior Advisor at Altamar Capital Partners
Mr José Luis Durán Schulz	CEO for Europe at VALUE RETAIL MANAGEMENT

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)	21,232
Funds accumulated by current directors for long-term savings systems with consolidated economic rights (thousands of euros)	9,422
Funds accumulated by current directors for long-term savings systems with unconsolidated economic rights (thousands of euros)	-
Pension rights accumulated by former directors (thousands of euros)	-

The amount stated as "*Remuneration of the board of directors (thousand euros)*" corresponds to the aggregate amount shown in section C.1.c) "*Summary of remunerations (thousand euros)*" of the Annual Report on Remuneration of Directors for 2021. Included therein are the fixed remuneration of directors in their status as such, and the fixed and the short and long-term variable remunerations accrued by the Executive Chairman, Mr Pablo Isla Álvarez de Tejera, the new CEO, Mr Óscar García Maceiras and the outgoing CEO, Mr Carlos Crespo González, for the performance of executive functions. In particular:

The amounts of the remuneration accrued by: (i) Mr Pablo Isla Álvarez Tejera, as director and for the performance of executive functions from 1 February 2021 through 31 January 2022; (ii) Mr Óscar García Maceiras, in his status as director and for the performance of executive functions from 1 December 2021, date of economic effect of his appointment as CEO, through 31 January 2022, as well as (iii) Mr Carlos Crespo González, in his status as director and for the performance of executive functions from 1 February 2021 through 30 November 2021, date of economic effect of his resignation.

With regard to long-term or multi-year variable remuneration: included in the above referred global remuneration for directors are the amounts of €4,218 thousand, €70 thousand and €2,633 thousand accrued by the Executive Chairman, the new CEO and the outgoing CEO, respectively, as at 31 January 2022, under the first cycle (2019-2022) of the 2019-2023 Plan. Such Plan materialised in:

- A cash incentive in the aggregate gross amount of (i) €1,760 thousand for the Executive Chairman; (ii) €36 thousand for the new CEO; and (iii) €1,099 thousand for the outgoing CEO.

- An incentive in shares equivalent to the total number of: (i) 112,953 shares, corresponding to the gross amount of €2,458 thousand for the Executive Chairman; (ii) 1,552 shares corresponding to the gross amount of €34 thousand for the new CEO. These are the shares accrued for the period running form 1 December 2021, date of economic effect of his appointment through 31 January 2022; and (iii) 70,499 shares, corresponding to the gross amount of €1,534 thousand for the outgoing CEO. These shares were accrued for the period in FY2021 when he held such position, i.e., from 1 February 2021 through 30 November 2021.

It bears mention that for the purposes of quantifying the part of such incentive to be delivered in shares, the closing price of Inditex share on the last business day of the week before the date when the board of directors assessed and approved the level of target achievement of the the first cycle of the 2019-2023 Plan (i.e. 11 March 2022), was considered. The incentive in cash and in shares will be paid in the month following the release of the annual accounts for FY2022.

With regard to the "*Funds accumulated by current directors for long-term savings systems with consolidated economic rights (thousand euros)",* no contributions to long term savings systems have been made since 2015 and the amount of accumulated funds in such systems reached €9,422 thousand as of 31 January 2022 (pursuant to section C.1.a iii) "Long term saving systems" of the Annual Report on Remuneration of Directors for 2021.

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
Mr Carlos Crespo González	Chief Operating Officer & Head of Digital and Sustainable Transformation
Mr Miguel Díaz Miranda	Chief Financial Officer & Chief Operating Officer of ZARA
Mr Jesús Echevarría Hernández	Chief Communication Officer
Mr Ignacio Fernández Fernández	Chief Financial Officer
Mr Antonio Flórez de la Fuente	Director of BERSHKA
Mr Javier García Torralbo	Chief e-commerce Director of ZARA
Ms Begoña López-Cano Ibarreche	Chief Human Resources Officer
Mr Abel López Cernadas	Head of Import, Export and Transport
Mr Marcos López García	Capital Markets Director
Mr Juan José López Romero	Head of General Services and Infrastructures
Mr Javier Losada Montero	Chief Sustainability Officer
Mr Gabriel Moneo Marina	Chief IT Officer
Mr Javier Monteoliva Díaz	General Counsel and Secretary of the Board

Ms María Lorena Mosquera Martín	Director of ZARA HOME
Ms Paula Mouzo Lestón	Chief Audit Officer
Ms Beatriz Padín Santos	Director of ZARA WOMAN
Mr Jorge Pérez Marcote	Director of MASSIMO DUTTI
Mr Óscar Pérez Marcote	Director of ZARA
Mr José Luis Rodríguez Moreno	Director of UTERQÜE
Ms Carmen Sevillano Chaves	Director of OYSHO
Mr Jordi Triquell Valls	Director of STRADIVARIUS

Number of women in senior management	6
Percentage out of all senior managers	26.08%

Total remuneration of senior management (thousand euros)	79,287

Included in the amount stated as "*Aggregate remuneration for senior managers*" is the amount of the fixed remuneration and the variable remuneration accrued by senior managers in financial year 2021, both the short-term variable remuneration and the long-term variable remuneration for the first cycle (2019-2022) of the 2019-2023 Long-Term Incentive Plan.

Under such cycle, the amount of €27,581 thousand were accrued by senior managers as at 31 January 2022 in the framework of the 2019-2023 Plan, materialized in: (i) an incentive in cash in the aggregate gross amount of €13,472 thousand, and (ii) an incentive in shares equivalent to a total number of 648,398 shares, which correspond to the gross amount of €14,109 thousand.

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

The incentive in cash and in shares will be delivered within the month following the release of the annual accounts for 2021.

Likewise, included in such amount are:

- The remuneration accrued by Mr Óscar García Maceiras for the performance of his duties as General Counsel and Secretary of Board for the period running from 31 March 2021, date when he was appointed to the position through 30 November 2021, date of economic effect of his appointment as new Chief Executive Officer and when he ceased performing senior management duties.

- The remuneration accrued by Mr Carlos Crespo González for the performance of his duties as Chief Operating Officer and Head of Digital and Sustainable Transformation of the Group, for the period running from 1 December 2021, date of economic effect of his appointment until FY2021 year end.

- The remuneration accrued by Mr Javier Monteoliva Díaz, for the performance of his duties as Head of Legal, through 30 November 2021, as well as for the performance of his duties as General Counsel and Secretary of the Board from 1 December 2021 until FY2021 year end.

- The remuneration accrued by Ms Beatriz Padín Santos, Mr Miguel Díaz Miranda and Mr Javier García Torralbo, from 1 December 2021, date on which they began performing senior management duties, following their appointment to the Company's Management Committee, through FY2021 end.

- The remunerations accrued on a pro-rata basis in 2021 by Mr Ramón Reñón Túñez and Mr Antonio Abril Abadín for the time they performed senior management duties in the year, including relevant severance payments.

C.1.15. Indicate whether the Board regulations were amended during the year:

Yes x   No

In the meeting held on 8 June 2021, the board of directors approved, following a favourable report of the Audit and Compliance Committee, the partial amendment to its Regulations, for the main purpose of aligning its provisions with the regulatory development introduced by Act 5/2021.

The amendments made are addressed below:

- Amendment to section 15 (“The Audit and Compliance Committee”) in Chapter IV. (“Structure of the Board of Directors”)

  The amendments to this section seek to:

  - Adapt the power already assigned to the Committee regarding related-party transactions, in accordance with the new language of section 529*quaterdecies* LSC, introduced by Act 5/2021. The proposed change consists of removing such power from sub-paragraph (g) and adding a new sub-paragraph to cover such power separately.

  - Reflect that committee meetings take place on a quarterly basis for the purposes of reviewing the financial information that the Company is going to release to CNMV, whether to fulfil an obligation or of its own accord, following the entry into force of Act 5/2021 under which listed companies are no longer bound to release an interim management statement with regard to each year’s first and third quarter.

- Amendment to section 19 (“Board meetings”) in Chapter V. (“Proceedings of the Board of Directors”)

  The amendment made sought to relax the system for the board to meet by remote means, for the purposes of allowing virtual-only meetings.

- Amendment to section 21 (“Election of Directors”) in Chapter V. (“Proceedings of the Board of Directors”)

  With regard to the powers relating to the election of new directors, the reference to natural persons acting on behalf of a director legal person whose appointment is proposed has been removed, as in line with the new wording of section 529bis(1) LSC, no legal person can be appointed as company directors.

- Amendment to section 34 (“Conflicts of interest”) in Chapter IX. (“Duties of directors”)

  This amendment made seeks to align the system on related parties with the new language of section 231 LSC, introduced by Act 5/2021, revising to such end the percentage that determines a significant shareholding in a company and adding a new conflict of interest situation: that of shareholders represented by a director on the Board of Directors. Likewise, the possibility for directors in a conflict of interest not to have to abstain in such cases provided for in applicable regulations is included.

- Amendment to section 36 (“Non-public information”) in Chapter IX. (“Duties of directors”)

  The amendment consists of changing the order of paragraphs 2 and 3 for the sake of higher consistency.

- Amendment to section 40 ("Transactions with directors and significant shareholders") in Chapter IX. ("Duties of directors")

  This section has been amended to align its provisions with the system on related-party transactions addressed in the new section 529*duovicies* LSC, introduced by Act 5/2021. Transaction carried out with Group companies in their ordinary course of business and on an arm's length basis are not subject to the general approval by the board of directors system. Likewise, the value of transactions carried out pursuant to standard framework agreements applied en masse to a large number of clients has been reduced to 0.5%. With regard to this derogation system, the requirement of establishing an internal procedure for information and monitoring overseen by the Audit and Compliance Committee, has been included.

  Likewise, a new obligation is added: that of reporting on such transactions under certain circumstances, on the website and to CNMV.

  On the other hand, to allow the Company higher flexibility, a derogation has been added with regards to such transactions which, for reasons of urgency, and provided that they are duly supported, must be carried out without the board's authorisation. Notwithstanding the foregoing, they shall be subsequently submitted to the board for ratification.

- Amendment to section 42 ("Corporate Website") in Chapter X. ("Relations of the board of Directors")

  The opportunity has been seized to introduce some editorial improvements. In particular, the term "Relevant Fact" is replaced with communication of "Other Relevant Information" (*Otra información relevante*) in sub-section (r) in section 42.1, pursuant to the terms introduced in the new Procedure for Disclosing Issuer Information approved by CNMV on 8 February 2020.

- Amendment to section 44 ("Relations with the Markets") in Chapter X. ("Relations of the Board of Directors")

  This section has been amended following the entry into force of Act 5/2021, as companies are no longer bound to release quarterly financial information, in line with the change made to section 15, above referred.

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 which is expressly covered in the Articles of Association, the Board of Directors' Regulations and the Nomination Committee's Regulations.

The Diversity and Director Selection Policy referred to in section C.1.5 above, provided guidance on selection of directors for the purposes of guiding the proceedings of the Board of Directors and the Nomination Committee in this area.

The Policy is informed by the Recommendations of the GGC and the overarching principles and guidelines of CNMV's Technical Guide 1/2019. According to the Policy, the process to appoint, ratify and re-elect directors shall be guided by the following overarching principles: (i) favouring diversity and search for excellence within the board of directors; (ii) the selection process for prospective directors shall not be tainted by any kind of discrimination and shall follow the merit-based approach; (iii) fulfilling the corporate interest; and (iv) transparency in the process to select prospective directors.

In this regard, the Policy sets forth that the selection, appointment, ratification and re-election of directors shall be based upon a prior analysis of the needs of the Company and the Group, and of the competences required by the board of directors itself. Such 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 favorable 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 to select 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 motions 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 motion raised by the Nomination Committee, as regards independent directors; or, (ii) a report of the Nomination Committee for all other directorship types.

To ensure the appropriate composition of the board of directors at all times, its structure, size and composition as well as the membership of its committees shall be regularly reviewed.

To this end, efforts should be made to ensure that the board of directors has a balanced membership with regard to the different classes of directors, with a large majority of non-executive directors and an appropriate mix of proprietary and independent directors, and an appropriate balance of profiles, knowledge, skills, careers and experiences so that multiple viewpoints are contributed to the discussion of the business transacted and the decision-making process is enriched. In addition, consideration should be given to ensuring a progressive and orderly board refreshment to achieve the objectives set out in the Policy.

As provided in the Policy, the findings of the above referred prior analysis shall be written up in an explanatory report issued by the Nomination Committee, to be posted on the corporate website upon calling the General Meeting to which the nomination, ratification or re-election of each director is submitted.

Prospective directors of the Company shall meet at all times the following requirements:

- Be honest, respectable persons of well-known ability, competence, professional background and experience and merits.

- Be law-abiding and respectful of good marketing practices both in their lives and professional careers and observe the provisions of applicable regulations.

- Be trustworthy professionals whose conduct and career is aligned with the principles and duties set out in Inditex's internal regulations – in particular, in the Code of Conduct and Responsible Practices – and with the views and values of the Inditex Group.

- Be committed to their duties as directors and available to dedicate sufficient time and efforts to meet their board responsibilities.

In the process for the selection of prospective directors, those individuals who meet the requirements laid down in the Policy and who, given their profile and features favour diversity of knowledge, skills, experiences, origin, age and gender on the board of directors, shall be considered, and any implicit bias which might entail any manner of discrimination and specifically hamper selection of female directors shall be prevented.

In order to define the duties and required skills of prospective directors, the Nomination Committee shall review the competences, knowledge, experience and other occupations of current directors serving on the board, and it shall prepare and keep updated a 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 laid down 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 motions 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. For such purposes, 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 on the Nomination Committee to establish and ensure the effective independence of the above referred experts.

The motions 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 having to be duly supported.

The motions on the election of directors that the board of directors submits to the Annual General Meeting shall be accompanied by an explanatory report issued by the board of directors assessing the qualifications, experience and merits of the proposed candidate; such report shall be attached to the minutes of the Annual General Meeting or board meetings. 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. At any rate, the Nomination Committee shall take into account the need for progressive board refreshment.

Where the board of directors departs from the motions and reports of the Nomination Committee, it must state the reasons for its actions and place them on record.

The board of directors shall explain to the Annual General Meeting in charge of appointing, ratifying or re-electing directors the directorship type, which shall be confirmed or, where appropriate, reviewed on an annual basis in the Annual Corporate Governance Report, after verification by the Nomination Committee.

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 terms of reference of the Nomination Committee. The company endorses the commitment to ensure that the number of female directors should account for at least 40% of all board seats by the end of 2022 and not less than 30% prior to that date.

The Nomination Committee shall establish on an annual basis compliance with the Diversity of Board of Directors Membership and Director Selection Policy and inform thereof the board of directors, which shall disclose such information in the Annual Corporate Governance Report.

With regard to the removal and dismissal of directors, directors shall vacate office upon expiry of their term of office, or at any time further to a resolution of the General Meeting of Shareholders.

The board of directors may only propose to the General Meeting the removal of an independent director before the expiry of his/her term of office when a just cause arises, where the director has incurred in any grounds for dismissal or resignation pursuant to applicable regulations or to the Company's corporate governance rules. Such just cause must be considered by the board, and in case of independent directors, following a favourable report of 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 which entail a change in the shareholding structure of the Company, where such 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 such 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.

Where directors tender their resignation, the Nomination Committee must ensure the transparency of such 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 process to evaluate the board of directors, its committees and its members, as provided in its internal regulations, in accordance with applicable regulations and the recommendations of the Good Governance Code.

In this regard, following each annual evaluation, a number of recommendations are issued, where appropriate, to improve (i) the quality and effectiveness of the proceedings of the board of directors; (ii) the proceedings and composition of its committees; (iii) the diversity of board membership and powers; (iv) the performance of the Executive Chairman and the CEO; and (v) the performance and input of each director, paying special attention to the chairs of the different board committees and to the Lead Independent Director and the Secretary of the board.

In 2021, the findings of the annual evaluation for the previous year were considered both in the various analysis of board needs carried out by the Nomination Committee in respect of the re-election and appointment of directors resolved in the year, and in the suitability analysis commissioned by the committee and carried out by the external facilitator. In particular, the following findings were established further the evaluation:

i) The current number of directors was found to be appropriate to facilitate dialogue and interaction among them, and its size was considered to be aligned with the Group's dimensions, complexity and business, and on par with that of comparable companies.

ii) The Committee appreciated the relevance of keeping and reinforcing within the company's supreme governing body: (i) different profiles and experiences line with the strategic focal points marked as a priority by the Company; (ii) a highly diverse membership on the board in terms of, without limitation, professional experience, competences, personal skills, sector-specific knowledge and age; (iii) a balanced membership of the different directorship types, ensuring the majority of non-executive directors and that the presence on the board of proprietary directors is such as to ensure the existence of an effective counterweight; and, (iv) a progressive board refreshment, combined with the necessary presence on the board of directors with proven experience and sound knowledge of the company, the Group, its business and generally, the retail sector.

   In this regard, favouring gender diversity was identified as a priority for any future director selection, without disregarding however, that all elections must be made based upon suitability and merit yardsticks.

As described in detail in section C.1.5 above, in accordance with the above-mentioned analyses, both the re-election of Mr Arnau and the appointment of Ms Ortega as proprietary director and (non-executive) Chair, and of Mr García as executive director and CEO, in line with the directors' insight reflected in the annual evaluation, contribute to: (i) consolidating diversity of directorship types, keeping the balance of proprietary and independent directors and increasing the already wide majority of non-executive directors (90.9%); (ii) reinforcing female representation, as the 40% target set for 2022 has been exceeded; (iii) ensuring the existence of appropriate counterweights, as the positions of Chair of the Board and chief executive are separate; (iv) reinforcing the existence of profiles with a wide experience and knowledge of the Company, its Group, the retail sector, as well as the experience in digital transformation, ESG (which are the focal points of the Company's strategy) and the relationship with regulators, in view of the increasing regulatory pressure in the industry; as well as (v) reducing directors' average age and average tenure.

On the other hand, with regard to the organization and proceedings of the board and its committees, the annual self-evaluation process is a very useful driver of the gradual implementation of required changes, such as:

i) The improvement of the internal dynamics of the board and its committees as a result of:

- The appropriate arrangement of board and committees' meetings, via the relevant schedule that allows to systematically arrange the agenda, topics and attendees.
- In terms of agenda, it has also contributed to (i) greater commitment to strategy-related issues, and (ii) a gradual transformation of board debates and decisions, as topics related to sustainable management and stakeholders' accountability are gaining momentum.
- An increasing interaction between directors and the management team, as members of this latter are increasingly in attendance at board and committees' meetings.
- Directors are more regularly updated on business evolution without a need for formal meetings
- Headway has been made in providing the information earlier in advance as well as in terms of its quality, in the context of a continuous improvement process, thus allowing them to better prepare the meetings and dedicate more time to debate.

ii) Significant progress regarding directors' training schemes. In 2021, a new action plan was launched, which has been drafted considering directors' concerns and key elements pointed out in the annual evaluation.

iii) The process for evaluating the board of directors, its members and committees, the Executive Chairman, the CEO, the Lead Independent Director and the Secretary of the board has been automated, as a result of which it has become more effective.

iv) Significant headway was made in the dynamics of separate meetings held by independent directors under the helm of the Lead Independent Director. Once again, they are deemed to be very useful to exchange their input on highly relevant matters to the Company, align board practices with those of peer companies and consequently speed up changes in the areas subject to improvement which were identified, enhance the proceedings of the board of directors and its committees.

Such meetings are further considered a very useful practice, as they have served the purposes of determining issues considered to be a priority, with the subsequent scheduling of meetings and proceedings of the board and its committees.

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, the Executive Chairman, the CEO, board committees and in particular, following up on attendance of directors at the meetings of the board and the committees where they sit.

Therefore, considering the statutory framework and Inditex's own internal regulations, the evaluation system of the board of directors, its members and committees, the Executive Chairman, the CEO, the Lead Independent Director and the Secretary of the Board is carried out as follows:

1. The Nomination Committee prepares an annual programme for the evaluation of the performance of the duties of the board of directors, its members and committees, the Chairman, the CEO, the Lead Independent Director and the Secretary of the Board.

2. According to this annual programme, each committee has to prepare an evaluation report assessing its performance and that of its members which has to be sent to the board of directors. Contemporaneously, the Nomination Committee must prepare a report to evaluate the performance of the board of directors, the Chairman, the CEO, the Lead Independent Director and the Secretary of the Board.

   To carry out this procedure, separate questionnaires are sent to each director, as described below:

   a) An individual self-evaluation questionnaire for each director.
   b) An evaluation questionnaire on the performance of the committees.
   c) An evaluation questionnaire on the performance of the board of directors that includes specific questions on the role of the Lead Independent Director and the Secretary of the board of directors.
   d) A questionnaire on the performance of the Chairman and the CEO.

3. On the other hand, since the Chairman is currently an executive director until 31 March 2022, the evaluation of his performance is coordinated by the Lead Independent Director.

   The Nomination Committee also plays an active role in the evaluation of the performance of the Chairman, the CEO and the remaining executive directors, if any.

4. Finally, the board of directors assesses – pursuant to statute and to the Board of Directors' Regulations–, its performance, that of its members and committees, of the Chairman, the CEO, the Lead Independent Director and the Secretary of the Board, based upon the reports issued by these latter, as stated in section 2 above.

   The above referred questionnaires are reviewed and updated every year, to align the annual evaluation of the performance of the board of directors, its members and committees and the Chairman with best practices in the field of good governance.

   New developments in the evaluation process have been introduced in the year for the purposes of: (i) removing or redirecting certain questions from the previous year about the governing bodies performance during the crisis resulting from the pandemic; (ii) putting the spotlight on Sustainability and non-financial risks, given their increasing relevance and the state of maturity reached by the Sustainability Committee; and, (iii) diversity-related issues are gaining attention.

   In addition to the material changes introduced as detailed above, further formal amendments have been made to the questionnaire this year to raise more simple and consistent questions. Special mention is made of the fact that the process has been automatised through the use of a technological platform available to the Directors that ensures information confidentiality, traceability and security.

   Last, in accordance with Recommendation 36 of the Good Governance Code, Inditex has relied once again on the advice of external consultant Spencer Stuart in the evaluation process for 2021.

C.1.18. Provide details, for years in which the evaluation was carried out with the help of an external advisor, of the business relationships that the external advisor or company in its group maintains with the company or any company in its group.

Inditex has relied again in 2021 on consultant Spencer Stuart for advice on the process for the evaluation of the performance of the board of directors, its members and committees, and the performance of the members of board committees, the Executive Chairman, the CEO, the Lead Independent Director, and the Secretary of the board. Other than this specific engagement, Spencer Stuart has no business relationship with Inditex or with any company of its Group.

C.1.19. Indicate the cases in which directors are required to resign.

Pursuant to section 25 of the Board of Directors' Regulations, directors must offer their resignation to the board of directors and effectively resign, should this latter deem it advisable, in the following cases:

a) When they reach a certain age, under the terms detailed in section C.1.22.
b) When they cease to hold the executive positions to which their appointment as director was associated.
c) When they are involved in any of the incompatibility or prohibition cases provided in applicable regulations, the Articles of Association or these Regulations, including if they would happen to hold the office of director in more than four listed companies other than the Company.
d) When they are seriously admonished by the Audit and Compliance Committee for having breached their duties as directors.
e) When they are involved in any circumstances affecting them, related or not to their actions within the Company, that may harm the name and reputation of the Company or, otherwise jeopardize the Company's interests. For such purposes, they shall report to the board of directors any criminal charges brought against them as well as any procedural consequences.
f) When the reasons for their appointment cease.
g) With regard to proprietary directors, when the shareholders they represent dispose of their ownership interest in its entirety or reduce it up to a limit which requires the reduction of the number of proprietary directors.
h) With regard to independent directors, when they have continuously held such position in the Company for 12 years.

C.1.20. Are qualified majorities other than those established by statute required for any particular kind of decision?

Yes x No

If so, describe the differences.

Description of differences

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 such 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 such cases where a larger majority is required by statute, by these Articles of Association or by the Board of Directors' Regulations. In the case of an equality of votes, the Chairman shall have a casting vote*." Likewise, article 27.2 of the Articles of Association provides that for the permanent delegation of any power of the board of directors other than non-delegable ones it shall be necessary for two-thirds of those making up the board of directors to vote for the motion, as provided in section 249.3 LSC.

C.1.21. Explain whether there are any specific requirements, other than those relating to directors, for being appointed as chairman of the Board of Directors.

Yes No X

Description of requirements
-

C.1.22. Indicate whether the articles of association or Board regulations establish any limit as to the age of directors:

Yes X No

	Age limit
Chair	68
CEO	65
Director	68

Section 25.2(a) of the Board of Directors' Regulations provides that directors must offer their resignation to the Board of Directors and effectively resign, should this latter deem it advisable "*When they reach the age of 68. Notwithstanding this, directors who hold the office of Chief Executive Officer or Managing Director shall offer their resignation to the Board of Directors upon attaining the age of 65, being able to continue as ordinary members of the Board of Directors until the aforementioned age of 68. As an exception, the foregoing rules shall not apply in the case of the founder of the Company, Mr. Amancio Ortega Gaona*".

C.1.23. Indicate whether the articles of association or Board regulations establish any term limits for independent directors other than those required by law or any other additional requirements that are stricter than those provided by law:

Yes No x

Additional requirements and/or maximum number of years of office	-

C.1.24. Indicate whether the articles of association or Board regulations establish specific rules for appointing other directors as proxy to vote in Board meetings, if so the procedure for doing so and, in particular, the maximum number of proxies that a director may hold, as well as whether any limit has been established regarding the categories of director to whom votes may be delegated beyond the limits imposed by law. If so, briefly describe these rules.

Article 25.3 of the Articles of Association sets forth that any director can appoint another director as proxy holder in writing, each meeting requiring a special proxy, notifying the Chairman of the same in writing.

Pursuant to such article and section 20.1 of the Board of Directors' Regulations, non-executive directors may only be represented by another non-executive director.

No maximum number of proxies that a director can hold has been fixed.

In line with this provision, section 20.1 of the Board of Directors' Regulations provides that quorum shall be present on the board of directors when at least half plus one of its members attend either in person or by proxy (or, in case of an uneven number of directors, when a number of directors immediately higher than half of it is in attendance), stating further that the directors shall do their best to attend the meetings of the board of directors, and, when they cannot do so in person, they shall endeavour to grant a proxy to another member of the board giving instructions as to its use and communicating the same to the Chairman of the Board of Directors.

C.1.25. Indicate the number of meetings held by the Board of Directors during the year. Also indicate, where applicable, the number of times the Board met without the chairman being present. Meetings where the chairman gave specific proxy instructions are to be counted as attended.

Number of board meetings	7
Number of board meetings held without the chairman's presence	0

In 2021, the board and its committees held hybrid meetings (with some directors attending in person and others remotely). Videoconference or conference call systems were used to hold such meetings, pursuant to the provisions of section 19.4 of the Board of Directors' Regulations.

In 2021, the board of directors has held the same number of meetings as in the previous year. Agendas of the board and its committees meetings, in particular of the Audit and Compliance Committee, have been marked by the follow-up on the evolution of the global health crisis and its impact on the group's operations as well as the main risk indicators.

Indicate the number of meetings held by the lead independent director with the other directors, where there was neither attendance nor representation of any executive director:

Number of meetings	1

Remarks

On 12 July 2021, a separate meeting of non-executive independent directors was held led by Mr Rodrigo Echenique Gordillo, Lead Independent Director, for the purposes of discussing highly relevant matters to the Company, thus ensuring that with regard to the decision-making over such matters, their independence within the board of directors is kept.

Indicate the number of meetings held by each board committee during the year:

Number of meetings held by the executive committee	0
Number of meetings held by the audit committee	5
Number of meetings held by the nomination committee	4
Number of meeting held by the remuneration committee	3
Number of meetings held by the sustainability committee	4

In 2021, board committees held hybrid meetings (with some directors attending in person and others remotely), in accordance with the provisions of sections 19.2, 15.2, 12.2 and 14.2 of the terms of reference of the Audit and Compliance, Nomination, Remuneration and Sustainability Committees, respectively, which were amended in 2021 to relax the existing system to hold meetings by remote means, as virtual-only meetings of the board and its committees are now allowed.

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	96.10%
Number of meetings with attendance in person or proxies given with specific instructions, by all directors	7
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 Executive Chairman and the Chief Financial Officer.

Name	Position
Mr Pablo Isla Álvarez de Tejera	Executive Chairman
Mr Ignacio Fernández Fernández	Chief Financial Officer

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 the auditors of the individual and consolidated annual accounts 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 the legal requirements and correct application of generally accepted accounting principles in the drafting of the financial statements. In such meetings, 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 which are subject to discussion with the external auditors.

In this regard, in line with the revised 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 auditors 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	-

The board of directors acknowledged in the meeting held on 9 March 2021 the resignation tendered by Mr Antonio Abril Abadín, who stepped down as General Counsel and Secretary of the board, and resolved to appoint Mr Óscar García Maceiras as new General Counsel and Secretary of the board and its committees, following a favourable report of the Nomination Committee. Both the resignation and appointment above referred became effective as of 31 March 2021.

At a later stage, in the meeting held on 29 November 2021, the board of directors resolved, following a favourable report of the Nomination Committee, to appoint Mr Javier Monteoliva Díaz as General Counsel and Secretary of the Board and its committees, replacing Mr García, whose resignation was also acknowledged in such meeting.

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 channeled through the Audit and Compliance Committee.*
2. *The Board of Directors shall meet at least once a year with the statutory auditor to receive information on the work done and on the evolution of the accounting and risk situation of the Company.*
3. *The Audit and Compliance Committee shall refrain from proposing to the Board of Directors, and the latter shall refrain from putting forward to the General Meeting of Shareholders, the appointment as statutory auditor of the Company of an audit firm incurring in incompatibility in accordance with the legislation on statutory audit as well as any audit firm wherein the fees that the Company expects to pay them for all services are in excess of the limits established in the legislation on statutory audit.*
4. *The Board of Directors shall publicly disclose the whole of the fees paid by the Company to the audit firm for non-audit services. [...]"*

The measures to preserve the independence of external auditors are explained below:

- The Audit and Compliance Committee, mostly made up of non-executive independent directors, and as a whole, with the relevant background with regard to the industry to which Inditex belongs, proposes to the board of directors the appointment of the statutory auditors, so that such motion is submitted to the Annual General Meeting. The Audit and Compliance Committee shall be in charge of the process for the selection of auditors, pursuant to applicable regulations, as well as of the terms of their engagements, the scope of their professional mandate and, where appropriate, the termination or non—renewal of their appointment.

  With regard to such process for the selection of auditors, above referred, 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 different 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 work team made up of members of different areas and departments will be appointed to assist in the process. Such 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 auditing legislation and auditing standards. Namely, the Audit and Compliance Committee shall:

  – • Receive from the 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.

    For such purposes, the Committee relies on 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 and amended in part in the meeting held on 14 March 2022, that regulates the process that shall be followed so that the Committee may be apprised of and approve the agreements executed by the Company and the entities within its Group with external auditors for the provision of non-audit services (in particular, when fees are significant), as a mechanism to ensure the due independence of the latter.

    Statutory auditors will provide the committee with detailed and itemized information about non-audit services of any kind rendered and the relevant fees paid to them or to any of their related natural or legal persons, in accordance with the provisions of the regulations on statutory audit.

    However, to safeguard the independence of its statutory auditor, Inditex limits as much as possible, the provision by said auditor of any non-audit service. In this regard, the above referred Procedure sets out a number of services that under no circumstances may be provided by external auditors.

  – Additionally, for the purposes of reinforcing the duty to oversee and establish the independence of the statutory auditor, the engagement by Inditex’s parent company (i.e., Pontegadea Inversiones, S.L. and/or any other significant shareholder of the Company from time to time) 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 not only comply with applicable regulations regarding the provision of non-audit services but 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 firms has been jeopardized. In any case, such report must contain the assessment of the provision by external auditors of each and every additional non-audit service, considered both separately and as a whole, and its opinion regarding the independence system of the auditor pursuant to statutory audit regulations.

- Finally, in the event of resignation of the statutory auditor, the Audit and Compliance Committee shall examine the circumstances that may have given rise thereto.

As regards the mechanisms established to ensure the independence of the financial analysts, the Company releases information to the market following the principles of the Internal Regulations of Conduct in the Securities Markets, especially relating to the obligation that the information must be accurate, clear, quantified and complete, avoiding subjective assessments that lead or could lead to confusion or deceit.

The Company also relies on the Policy on Communication and Contact with Shareholders, Institutional Investors and Proxy Advisors, informed by a set of principles that it must observe upon disclosing information: transparency, accuracy, immediacy and symmetry. Under the policy, the Company is encouraged to keep communication channels which 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. Such 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 of 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

Outgoing auditor	Incoming auditor
-	-

Financial year ended on 31 January 2022, i.e., FY2021 has been the last year audited by Deloitte. The maximum engagement period in accordance with statutory audit regulations will have been reached at the end of such year.

The board of directors resolved in the meeting held on 14 December 2020, following a report of the Audit and Compliance Committee to submit to the Annual General Meeting 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.

Such motion of the Audit and Compliance Committee was drawn up following an audit tender process led by such committee in accordance with the Procedure to Select the Statutory Auditor for the Group, and CNMV's Technical Guide 3/2017 on audit committees at public-interest entities. The process has been described in section C.1.30 above.

If there were any disagreements with the outgoing auditor, explain their content:

Yes No x

Explanation of disagreements
-

C.1.32. Indicate whether the audit firm performs any non-audit work for the company and/or its group and, if so, state the amount of fees it received for such work and express this amount as a percentage of the total fees invoiced to the company and/or its group for audit work:

Yes x No

	Company	Group companies	Total
Amount invoiced for non-audit services (thousand euros)	198	16	214
Amount invoiced for non-audit work/Amount for audit work (in %)	32.7%	0.2%	2.6%

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	10	10

	Individual	Consolidated
Number of years audited by the current audit firm/number of years in which the company has been audited (in %)	28%	32%

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 notice shall always include the agenda of the meeting and shall be accompanied by the duly summarized and prepared relevant information.

In this regard, to help directors effectively prepare meetings, in addition to the documentation relating to agenda items, an executive summary of each of them is made available to them ahead of each meeting, outlining the main business to be transacted, the presentations and the minutes of the previous meeting.

Directors are made available in real time via a platform the documentation deemed appropriate to prepare the meetings of the board and its committees, according to the agenda, including the relevant presentations. Such tool allows 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 agreements on remuneration or analysts' reports which may be useful for directors), in a confidential and secure environment.

On the other hand, attendance at board and committees' meetings of officers and supervisors of the different departments and areas of the Company with a recurrent presence is encouraged, to give their insight on certain issues directly associated with the responsibilities of the board and its committees so that directors have a direct understanding of business concerns and are entitled to directly debrief them on the business transacted at each meeting.

Additionally, any employee or officer can be called to the meetings, even without the presence of any other officer.

Without prejudice to the foregoing, efforts will be made to ensure that presence at committee meetings of anyone other than its members is limited to such cases where it is necessary, and for the transaction of specific items on the agenda for which they were called to attend.

For the purposes of ensuring that Inditex's board members fully understands their duties and responsibilities, as well as the proceedings of the Company's governing bodies, a "Directors Handbook" was prepared in 2021.

Additionally, section 27 of the Board of Directors' Regulations, recognizes 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 channeled through the Chairman, the Deputy Chairman or (any of the Deputy Chairmen, where appropriate), or through the Secretary of the board of directors, who shall attend to the requests made by any director, and directly provide him/her with the information, facilitate contacts with the appropriate spokespersons at the appropriate level in the organization 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/ 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:

Sí x No

Explain the rules

Pursuant to Recommendations 22 and 24 GGC and section 25.2(e) of the Board of Directors' Regulations, directors must submit their resignation from the position to the board of directors and formally tender their resignation, if this latter should consider it advisable, when they are involved in any circumstances affecting them, related or not to their actions within the Company, that may harm the name and reputation of the Company or, otherwise jeopardize its interests. For such purposes, they shall report to the board of directors any criminal cases in which they are accused as well as how the legal proceedings subsequently unfold.

Meanwhile, pursuant to section 39.3 of the Board of Directors' Regulations, directors shall inform the Board of Directors of any circumstance which might compromise the credit and reputation of the Company or jeopardize its interest.

C.1.37. Indicate whether, apart from such special circumstances as may have arisen and been duly minuted, 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	25

Type of beneficiary	Description of agreement
Executive Chairman and CEO	Both executive directors will be entitled to severance pay in an gross amount equivalent to the remuneration of 2 years calculated based upon their fixed remuneration for the current year respectively, where their contracts are terminated by unilateral decision of the Company, as well as in case of resignation tendered by the Executive Chairman or the CEO under certain premises (including the succession in the company or a change in control in the Company that affects more than 50% of the share capital or of the voting rights, provided that a significant refreshment of the governing bodies of the Company or a change in the purpose of the main activity of the Company takes place at the same time, if such request for termination is made within 6 months of the occurrence of such succession or change. For such purposes, 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 23 senior managers and officers, in the event that their contract, whether ordinary or senior management, 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 or officer 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. 3 new senior managers have been appointed this year and their pay information is reported for the first time. Their employment contract does not cover an indemnity or golden parachute clause, as their seniority within the Group makes them unnecessary.

In the context of Mr Isla's departure from the company, and in order to strengthen the protection of the Company's legitimate interests, the board of directors resolved, on the proposal of the Remuneration Committee to submit to the Annual General Meeting to be held in 2022 for approval, inter alia: (i) the motion to extend the scope of the post-contractual non-compete obligation, and the related increase of his compensation further to such extension, and (ii) the motion to amend the current Directors' Remuneration Policy approved at the Annual General Meeting held in 2021, to align it with the above referred reality.

In any case, the maximum termination payment amounts for executive directors pursuant to the provisions of the above referred recommendations GGC, are respected.

Indicate whether, beyond the cases established by law, these agreements have to be communicated and/or authorized 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, provided in the Articles of Association, the Board of Directors' Regulations and the specific sets of regulations of each board committee, is not different from the statutory system provided in the Companies Act.

The clauses included in contracts with senior managers are approved by the board of directors, following a favourable report of the Remuneration Committee.

Information about such clauses, which are included in the contracts entered into with the Executive Chairman and the CEO, can be found in the Annual Report on Remuneration of Directors for 2021, which will be put to an advisory say-on-pay vote at the following Annual General Meeting as a separate agenda item.

C.2 Committees of the Board of Directors

C.2.1 Provide details of all committees of the Board of Directors, their members, and the proportion of executive, proprietary, independent and other external directors forming them:

EXECUTIVE COMMITTEE

In accordance with the provisions of article 27 of the Articles of Association, an Executive Committee was set up by the Board of Directors on 28 February 1997, which holds in delegation all the powers of the Board, except for those that cannot be delegated by statute or pursuant to the Articles of Association and those that are necessary for the responsible exercise of the general supervisory function that is incumbent on the board of directors.

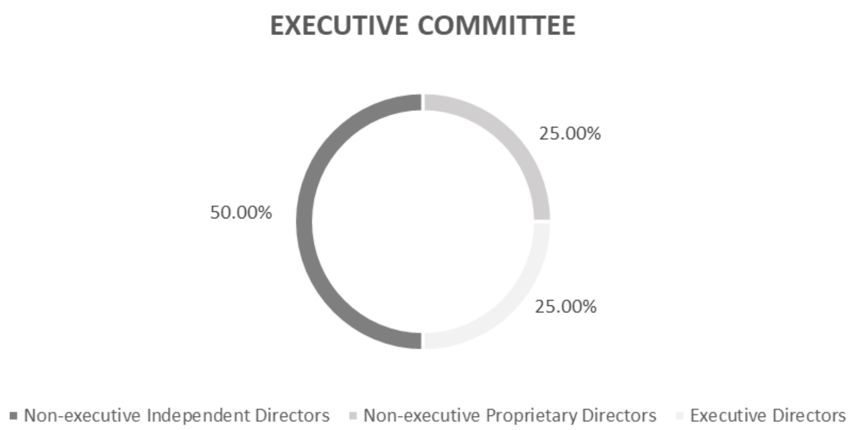
Composition of the Executive Committee as at 31 January 2022:

Name	Position	Directorship type
Mr Pablo Isla Álvarez de Tejera	Chair	Executive
Mr José Arnau Sierra	Deputy chair	Proprietary
Mr Amancio Ortega Gaona	Ordinary member	Proprietary
Mr Óscar García Maceiras	Ordinary member	Executive
Ms Pilar López Álvarez	Ordinary member	Independent
Mr José Luis Durán Schulz	Ordinary member	Independent
Mr Rodrigo Echenique Gordillo	Ordinary member	Independent
Mr Emilio Saracho Rodríguez de Torres	Ordinary member	Independent

% executive directors	25 %
% proprietary directors	25 %
% independent directors	50 %
% affiliate directors	0 %

Mr Javier Monteoliva Díaz, General Counsel and Secretary of the Board, acts as Secretary non-member of the Executive Committee.

Considering the foregoing, 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 organization and functioning. For each of these functions, briefly describe its most important actions during the year and how it has exercised in practice each of the functions assigned to it by law, in the articles of association or in other corporate resolutions.

a) Composition

The board of directors resolved on 14 December 2020, following a favourable report of the Audit and Compliance Committee to amend in part its terms of reference for the purposes, inter alia, of aligning the rules on the composition of the Executive Committee with the new language of Recommendation 37 GGC.

Pursuant to section 14.2 of the Board of Directors' Regulations, the Executive Committee, should it exist, shall be made up of a number of directors being no less than 3 and no greater than 8. At least 2 of the members of the Executive Committee must be non-executive directors and at least one of these latter must be an independent director. The Chairman of the board of directors shall chair the Executive Committee and the Secretary of the Board of Directors shall act as Secretary, who may be assisted by the Deputy-Secretary.

b) Duties

The Executive Committee holds in delegation all the powers of the board, except for those that cannot be delegated by statute or pursuant to the Articles of Association and those that are necessary for the responsible exercise of the general supervisory function that is incumbent on the board of directors.

Pursuant to article 27 of the Articles of Association, for the permanent delegation of any power of the board of directors to the Executive Committee, it shall be necessary for two-thirds of those making up the board of directors to vote for the motion.

c) Proceedings

No meeting of the Executive Committee was held in 2021.

AUDIT COMMITTEE

Article 28 of the Articles of Association and section 15 of the Board of Directors' Regulations, as well as the Audit and Compliance Committee's Regulations set out the regulations governing the Audit and Compliance Committee.

Composition of the Audit and Compliance Committee as at 31 January 2022:

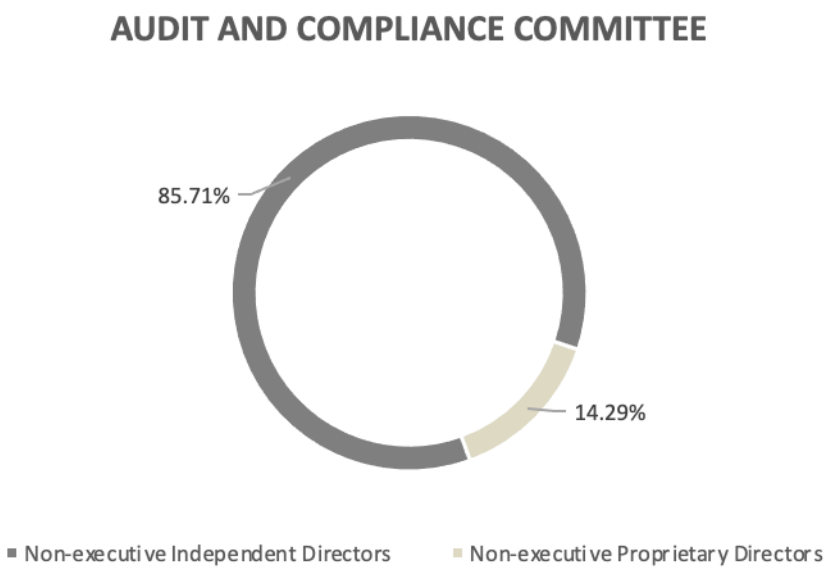
Name	**Position**	**Directorship type**
Ms Pilar López Álvarez	Chair	Independent
Bns. Denise Patricia Kingsmill	Ordinary member	Independent
Ms Anne Lange	Ordinary member	Independent

Mr José Arnau Sierra	Ordinary member	Proprietary
Mr José Luis Durán Schulz	Ordinary member	Independent
Mr Rodrigo Echenique Gordillo	Ordinary member	Independent
Mr Emilio Saracho Rodríguez de Torres	Ordinary member	Independent

% executive directors	0 %
% proprietary directors	14.29 %
% independent directors	85.71 %
% affiliate directors	-

Mr Javier Monteoliva Díaz, General Counsel and Secretary of the Board, acts as Secretary non-member of the Audit and Compliance Committee.

Considering the foregoing, the structure of the Audit and Compliance Committee is represented in the image below:



Explain the duties assigned to this committee, including where applicable those that are additional to those prescribed by law, and describe the rules and procedures for its organization and functioning. For each of these duties, briefly describe its most important actions during the year and how it has exercised in practice each of the duties assigned to it by law, in the articles of association or in other corporate resolutions.

a) Composition:

Pursuant to section 14 of the Audit and Compliance Committee's Regulations and article 28 of the Articles of Association, the Audit and Compliance Committee shall be made up of a minimum of 3 and a maximum of 7 non-executive directors appointed by the board of directors, a majority of whom must necessarily be independent directors. All members of the committee and in particular its Chair shall be appointed taking into account their knowledge and experience on accounting, audit, internal control or risks management matters, both financial and non-financial, as well as industry-specific knowledge. Additionally, at least one of them shall be appointed taking into account their knowledge, skills and experience in the matter of information technology.

The Audit and Compliance Committee must be chaired by an independent director, who shall be elected by the board of directors for a maximum 4-year term, upon expiry of which he/she shall be replaced. He/she may be re-elected after expiry of one year of the date of his/her removal. 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 are a result of the smaller size of the committee.

b) Duties

The mission and powers of the Audit and Compliance Committee are addressed in article 28 of the Articles of Association, section 15 of the Board of Directors' Regulations and sections 5 to 13 of the Audit and Compliance Committee's Regulations.

In addition to the powers it is expressly assigned 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 the amendments and updates of the Company's corporate governance regulations; (ii) to oversee the degree of compliance by the Company with generally recognized recommendations on good governance and in particular, with the GGC; (iii) to oversee compliance with the Internal Regulations of Conduct in the Securities Markets, and, in general, with the corporate governance regulations of the Company; (iv) to be regularly apprised of issues relating to management of treasury stock; and (v) to prepare and table to the board of directors for approval, the Annual Corporate Governance Report.

- • Powers relating to Compliance: (i) to issue reports on the policies and procedures of the Company on topics within its remit; (ii) to oversee compliance with the applicable regulations and the effectiveness of the internal policies and procedures of the Company; (iii) to review the recommendations and best practices on Compliance and corporate governance, both domestic and/or international, and to encourage compliance with the most demanding standard; (iv) to oversee compliance with the Annual Compliance Plan and with the Model of Criminal Risk Prevention of the Group; (v) to ensure that the Compliance Function relies on the necessary resources for the appropriate discharge of its duties; and (vi) to receive information, at least every

6 months, on the degree of compliance with the Codes of Conduct and the proceedings of the Ethics Line and the reports received through the relevant channel of any potential breach of the Codes of Conduct of the Group, 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 Audit and Compliance Committee: (i) to oversee in coordination with the Sustainability Committee, where applicable and with regard to issues under its purview, the strategy of communication and relations with shareholders, including small and medium shareholders, investors, proxy advisors and other stakeholders as well as the effective application of the Policy on Disclosure of Economic-Financial, Non-Financial and Corporate Information, and encourage its enhancement; (ii) to oversee and evaluate the process of interaction with the different stakeholders of the company as regards issues under its purview; and (iii) to exercise when the Committee so decides all the duties inherent in audit committees from time to time provided in applicable laws, as regards such Group companies that are deemed to be public-interest entities (as defined by applicable regulations) provided that such companies are directly or indirectly wholly-owned by the Company and the administration thereof is not vested in a board of directors.

The terms of reference of the Audit and Compliance Committee have been amended in 2021, for the main purpose of aligning the duties it is entrusted with regarding related party transactions, with the legal system provided in the new section 529 *duovicies* LSC introduced by Act 5/2021.

c) Organizational and operational rules

The Committee shall meet, at least on a quarterly basis, for the purposes of reviewing the periodic financial information to be submitted to the market authorities further to an obligation or of its own accord, as well as the information that the board of directors must approve and include within its annual public documentation. Likewise, it shall meet each time that its Chair calls it. The Chair must call the Audit and Control Committee whenever the board of directors or the Chairman thereof would request a report or the submission of motions and, at any rate, whenever it is appropriate for the successful performance of its functions.

Likewise, the Chair may arrange other communication channels, working meetings to prepare committee meetings on specific topics apart from the formal meetings of the committee.

Ordinary meetings shall be called by letter, fax, telegram or e-mail and the notice shall be signed by the Chair or the Secretary. A quorum for committee meetings shall be declared when at least half plus one of its members, present or represented are in attendance. The committee may also pass resolutions in writing, without holding a meeting, pursuant to the provisions of statute.

Committee meetings may be held via videoconference or conference call, or any other equivalent system allowing to recognize and identify attendees, for them to communicate, speak and cast vote, all of it in real time.

Likewise, for the purposes of making the appropriate arrangements that ensure the achievement of the objectives effectively sought, the committee shall prepare an annual working plan, which shall include, at least, the specific objectives for the financial year and an annual schedule of ordinary meetings. In addition, the committee may rely on external advisors to properly carry out its duties.

d) Main proceedings of the Audit and Compliance Committee carried out in 2021

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 addressed below:

1. **Proceedings relating to the supervision of the process to draw up and release the periodic financial information, annual accounts, auditor's report and Statement on Non-Financial Information.**

- Preparation of financial and non-financial information

The Audit and Compliance Committee reviews Inditex's economic and financial information before it is approved by the board of directors.

To do so, prior to the stating of the quarterly, half-yearly or annual financial statements, the Audit and Compliance Committee also meets with the Company's Management to review, among other things, the enforcement of the accounting principles and the estimates made upon stating the financial statements.

Additionally, the committee, which is entirely made up of non-executive directors, meets with the external auditor for the purposes of reviewing the Company's annual accounts and certain periodic financial information, ensuring compliance with statutory requirements, the appropriate delimitation of the consolidation perimeter and the appropriate use of generally accepted accounting principles upon stating the annual accounts.

The Audit and Compliance Committee reviewed on 8 March 2021 the annual accounts and the directors' report, both consolidated and individual, as well as the auditor's report for FY2020. The Committee verified that an unqualified auditor's report was issued. In that same meeting, in the exercise of the oversight duties inherent in audit committees assumed in respect of Zara España, S.A. ("Zara España"), a wholly-owned subsidiary, the Committee reviewed the results and the Annual Financial Report, comprising the individual annual accounts and directors' reports for FY2020.

Likewise, the Audit and Compliance Committee reviewed the quarterly results for 2021 and the relevant Results Releases and Press Releases in the meetings held on 7 June (1Q), 13 September (1H) and 13 December 2021 (3Q). Such 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.

- Statement on Non-financial Information

The committee gave a favourable report to the consolidated Statement on Non-financial Information (SNFI) of the Inditex Group for 2020 in the meeting held on 8 March 2021.

The SNFI was prepared in accordance with the provisions of applicable commercial regulations, following the criteria laid down in Global Reporting Initiative (GRI) standards, in particular in GRI 101: Foundation 2016, selected pursuant to the table of required contents provided in Act 11/2018.

It was subject to an independent review by an external facilitator and the Audit and Compliance Committee verified that it was unqualified. The SNFI was an integral part of the Annual Report for 2020.

- 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 2020 Annual Corporate Governance Report approved on 8 March 20210. The Company's ICFR has been verified by the statutory auditor, who issued an unqualified report.

2. Proceedings relating to statutory audit

- Overseeing the process to select and appoint the external auditor

The audit tender process to select the new statutory auditor was completed in 2020. In the meeting held on 11 December 2020, the Audit and Compliance Committee resolved to submit to the Board of Directors the motion on the appointment of E&Y, S.L. to be the new statutory auditor of the Company and its Group for FY2022, 2023 and 2024.

Pursuant to applicable audit laws, the audit firm charged with performing the mandatory audit of a public interest entity will not be able to provide to the audited entity, its parent company or controlled entities prohibited non-audit services in the year before the beginning of the statutory audit, i.e., between 1 February 2021 and 31 January 2022. Consequently, in 2021 both the Internal Audit Function and the external auditor have apprised the committee of the transition of the various services.

- Overseeing the effectiveness of the statutory audit and fulfilment of the audit engagement

The audit conducted in 2020 was reviewed by the Audit and Compliance Committee in the meeting held on 8 March 2021, which was attended by the external auditor via conference call.

The external auditor audited the consolidated financial statements of the Group as at 31 January 2021 as well as the individual financial statements of certain Group companies, also as at 31 January 2021. Likewise, the information about individual accounts of Zara España was included for the first time in the audit scope. An unqualified report was issued.

External auditors have also carried out the limited review of the consolidated financial statements for 1Q2021 and 3Q2021, which was accounted for in the meetings held on 7 June and 13 December 2021, respectively.

They were also in attendance at the meeting held by the Audit and Compliance Committee on 13 September 2021 to account for the limited review of interim condensed consolidated financial statements of Industria de Diseño Textil, S.A. and subsidiaries.

External auditors were also in attendance in the meeting held on 13 December 2021 by invitation of the Committee, to address the audit plan for the current year.

Partners of E&Y, S.L. audit firm have been invited to attend the Committee meeting to be held on 14 March2022 to report on the transition status of the different services.

- Verifying the independence of Statutory Auditor

Pursuant to the provisions of the Procedure to Contract an Auditor for the Provision of Non-audit Services approved by the Committee on 18 July 2016 and amended in part on 14 March 2022, the Audit and Compliance Committee evaluated and approved in the meetings held on 8 March, 7 June, 13 September and 13 December 2021 the engagement by the Company, Group companies and Zara España, of non-audit services from external auditors.

Meanwhile, on 8 March 2021, the committee approved the report on the independence of the external auditor of the Company and of Zara España, which also addressed the issue of the provision of non-audit services.

Pursuant to Recommendation 6 GGC, the report on the independence of the external auditor from the Company was made available to the shareholders on the corporate website at the time the Annual General Meeting was called.

In the meeting held on 8 March 2021, having established that independence requirements are met, and having assessed the degree of fulfilment of the audit engagement, the audit findings, and the terms of the contracts entered into with auditors to perform non-audit services other than those covered in the audit engagement, the Audit and Compliance Committee gave a favourable report to the re-election of statutory auditors, to be approved by the board of directors and subsequently submitted to the Annual General Meeting.

3. Proceedings relating to Internal Audit

The Chief Audit Officer attended all the meetings of the Audit and Compliance Committee held in 2021 and took an active part therein.

A number of issues that fall under the purview of the committee were addressed in such meetings. The committee oversaw the work plan of the Internal Audit Department (progress report of the projects and review of the follow-up on the most critical recommendations, both of operational, financial, compliance and systems audits currently in progress), and approved its budget and its activities report.

- In the meeting held on 8 March 2021: (i) it acknowledged the assignments carried out by Internal Audit in 4Q2021 and the Annual Activities Report of internal Audit for 2020; (ii) it approved the Internal Audit Plan and the budget for 2021, in accordance with Recommendations 41 & 42 GGC; and (iii) it gave a favourable report to the external audit fees for 2020, the external audit budget for 2021 and the fees for non-audit services provided to the company and its Group.

- In the meeting held on 7 June 2021, it acknowledged the work done by Internal Audit in 1Q2021, in particular, with regard to the auditor rotation process, the follow-up on incompatible services and the estimated timeline.

- In the meeting held on 13 September: (i) it acknowledged the work done by Internal Audit in 2Q2021; and (ii) it resolved to update the Internal Audit Plan for 2021 in line with the outcome of the re-evaluation of risks.

- Last, in the meeting held on 13 December, it acknowledged the work done by Internal Audit in 3Q2021, in particular with regard to the auditor rotation process, the coordination of the kick-off meetings to learn the main processes.

4. Proceedings relating to *Compliance*

- Supervision of the Model of Criminal Risk Prevention: review of the reports issued by the Committee of Ethics

The Committee reviewed and approved the Annual Report of the Committee of Ethics for 2020 in the meeting held on 8 March 2021 and the Half-yearly Report of the Committee of Ethics for 2021 first half, in the meeting held on 13 September 2021. Likewise in the meeting held on 8 March 2021 it acknowledged the Report on the Model of Criminal Risk Prevention for 2020 and in the meeting held on 13 September 2021 the half-yearly Report on the Model of Criminal Risk Prevention. Such reports review, among other things, the enforcement of the Code of Conduct and Responsible Practices and the Code of Conduct for Manufacturers and Suppliers, with a description of the cases seen by the Committee of Ethics, the proceedings carried out and the resolutions issued; the outcome of the supervision of the Model of Criminal Risk and proceedings to implement the Corporate Compliance System at domestic and international level (circulation and communication of the Corporate Compliance System, proceedings regarding the acceptance of the Code of Conduct and Responsible Practices and training on Corporate Compliance).

The committee also acknowledged the main proceedings carried out by the Committee of Ethics as regards the Ethics Line in the meetings held on 7 June and 13 December 2021.

Last, the committee acknowledged in the meeting held on 13 September 2021 the implementation of the Model of Criminal Risk Prevention in Mexico.

- Supervision of the Compliance Function

In the meeting held on 8 March 2021, the committee approved the strategic action lines of the Compliance Function and its budget for 2021.

Likewise, in the meetings held on 7 March and 13 September 2021, it acknowledged the 2020 Annual Compliance Report and the half-yearly Compliance Report for 2021 first half, respectively.

The committee further acknowledged the main proceedings of the Compliance Function in the meetings held on 7 June and 13 December 2021.

- Corporate policies.

In the meeting held on 7 June 2021, the committee gave a favourable report to the Corporate Security Policy, which was subsequently approved by the board of directors in the meeting held on the following day.

5. Proceedings in the field of oversight and evaluation of the Enterprise Risk Management Function

The Audit and Compliance Committee is responsible for verifying the level of risk tolerance and its limits, at least by means of an annual review and periodic reports on the degree of compliance with the Enterprise Risk Management Policy, to be raised to the board. Its main proceedings in the field in the year were:

- Risks Map

In the meeting held on 13 December 2021 the Head of the ERM Department apprised the committee of the main risks affecting business development and the control measures established to manage and monitor such risks. The committee gave a favourable report to the update of the 2021 Risks Map.

- Evaluation of other risks

Pursuant to sections 5.3(i) of the Audit and Compliance Committee's Regulations, and the provisions of the Enterprise Risk Management Policy, the evaluation of any question regarding "financial and non-financial risks (*including operational, technological, legal, social, environmental, political and reputational risks or those related to corruption*)" is part of the Committee's duty to oversee the effectiveness of risk control systems.

Likewise, pursuant to section 9(h) of the above referred set of rules, the Audit and Compliance Committee may "*meet with the heads of business units at least once a year, and whenever the Committee deems it appropriate, for the purposes of reporting to the Committee on trends of business and risks associated with the respective areas under their purview*."

Considering the foregoing, the Committee has encouraged attendance of company's officers, supervisors 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

In the meeting held on 13 December 2021, the Head of the ERM Department and the Head of Financial Risk Management reported on the main financial risks of the Group, in particular the foreing exchange risk.

- Report on Tax Policies

Pursuant to the Company's Tax Policy, the committee acknowledged in the meeting held on 8 March 2021 the tax policies followed in 2020.

- Information Security

In the meeting held on 8 March 2021, the committee acknowledged the findings of the review of the Group's cybersecurity maturity level. External auditors were in attendance via conference call.

In that same meeting, the committee acknowledged:(i) the main events of interest noted by the Information Security Committee in 2H2020; (ii) the most relevant projects and initiatives of the Information Security Department; and (iii) the Plan for FY2021

On the other hand, in the meeting held on 13 September 2021, the committee acknowledged: (i) the main events of interest noted by the Information Security Committee in 1H2021.

- Report of the Data Protection Officer

In the meeting held on 13 September 2021, the committee acknowledged the report of the DPO, which identified, inter alia: (i) the most relevant initiatives carried out by the area; and, (ii) the current strategy and main action lines.

- Technology

The committee acknowledged in the meeting held on 8 March 2021 the outcome of the analysis carried out by the statutory auditor regarding technical incidents.

Likewise, in the meeting held on 13 September 2021, the committee acknowledged the presentation given by the Chief Data Officer, the Head of the Organization and Processes Area and the Chief Analytics Officer on the Update on the Group's Data Transformation Plan.

- The corporate strategy

As a general rule, the board of directors delegates the management of the day-to-day business and the conduct of its strategy to the management team, focusing on carrying out its general oversight duty and exercising its non-delegable powers, pursuant to statute, the Articles of Association and its own set of rules.

Within the scope of its powers relating to enterprise risk management, both financial and non-financial, the Audit and Compliance Committee will be regularly updated by the Management and the heads of business units who will attend its meetings for the purposes of reporting to the committee on trends of business and risks associated with the respective areas under their purview.

In this regard, the committee acknowledged in the meetings held on 8 June 2021 and 13 September 2021 the presentations given by brand managers and country managers of the main subsidiaries of the Group on business evolution in their respective markets, against the backdrop of the global pandemic of coronavirus disease.

6. Proceedings relating to Corporate Governance

The most relevant proceedings of the committee in 2021 regarding observance of statutory and good governance requirements have been:

- Annual Corporate Governance Report (ACGR)

The Audit and Compliance Committee approved on 8 March 2021 the 2020 Annual Corporate Governance Report filed in free format, in accordance with CNMV's Circular 5/2013, accompanied by the relevant Statistical Appendix laid down in such Circular. The committee submitted the ACGR to the board of directors which approved it on 9 March 2021, and subsequently sent it to the CNMV as other relevant information. The ACGR is available on CNMV's website.

- Review of the reports of the Compliance Supervisory Board and the Compliance Office

The Audit and Compliance Committee reviewed in the meetings held on 8 March and 13 September 2021 the half-yearly reports drawn up by the Compliance Office and the Compliance Supervisory Board on (i) the enforcement of the Internal Regulations of Conduct; (ii) the measures taken to promote knowledge and ensure compliance with the provisions of the IRC; and, (iii) the approval of the new parameters to be considered to issue the new list of persons subject to the IRC.

- Amendment to internal regulations

In 2021 almost all the amendments to Inditex's internal regulations on corporate governance were made to bring their language into line with the regulatory development which came into force since the last Annual General Meeting, i.e, the reform introduced by Act 5/2021.

In particular, the committee gave a favourable report to the following motions on the amendment or approval of internal regulations:

- In the meeting held on 7 June 2021:

    - The motion to amend the Articles of Association to align its language with the regulatory development introduced by Act 5/2021 and with the relevant amendments made to the Board of Directors' Regulations and the terms of reference of the Audit and Compliance, Nomination and Sustainability Committees throughout 2020, to align their language with the partial review of GGC approved by CNMV's board on 25 June 2020.
    - The motion to amend the Regulations of the General Meeting of Shareholders to align its language with the regulatory development made by Act 5/2021. In particular, particular, the possibility of holding virtual-only general meetings, in accordance with the provisions of recently added section 182*bis* LSC was covered.
    - The motion to amend the terms of reference of the Board of Directors and the Audit and Compliance Committee, to align their provisions with the regulatory development created by Act 5/2021.

- In the meeting held on 13 September 2021: the motion on the amendment to the Internal Regulations of Conduct in the Securities Markets, to align its language with the reorganization and changes made to the Compliance Supervisory Board (formerly known as the "Code Compliance Supervisory Board") and its provisions with the regulatory development introduced by Act 5/2021.

- In the meeting held on 13 December 2021, the Audit and Compliance Committee gave a favourable report to the new Procedure for Periodic Control and Reporting on Related Party Transactions, in accordance with the provisions of section 529*duovicies* LSC.

All the motions referred to above were passed at the relevant board meetings subsequently held.

- Evaluation of the appropriateness of the corporate governance system

In the meeting held on 14 March 2022, the Audit and Compliance Committee appreciated that the Company's corporate governance system is appropriate in 2021, as it considers that it meets its purpose of promoting corporate interest taking into account the legitimate interests of the different stakeholders.

- Related party transactions

In the meeting held on 8 March 2021, the Audit and Compliance Committee issued and approved the report on related party transactions carried out by the Inditex Group throughout 2020.

Pursuant to Recommendation 6 GGC, such report was made available to the shareholders on the corporate website at the time the notice calling the Annual General Meeting was posted.

In the meeting held on 13 December 2021, the Committee resolved to propose to the board of directors that this latter delegate the approval of related party transactions as set out in section 529 *duovicies*(4) LSC, to the Compliance Supervisory Board. It also gave a favorable report to the Procedure for Periodic Control and Reporting on Related Party Transactions to which such transactions are subject. Such delegation was subsequently approved by the boad of directors in the meeting held on 14 December 2021.

In this latter meeting, the committee gave a favorable report to the related party transaction consisting of the collaboration between Inditex and the company styled PONTEGADEA DIECIOCHO, S.L. to organise a charity concert addresed to employees of the Inditex Group and its affiliates. Such transaction was subsequently approved by the board of directors on 14 December 2021.

- Report on treasury stock

The Committee acknowledged in the meeting held on 8 March 2021 the report on the Group's treasury shares.

- Report on its proceedings

The Audit and Compliance Committee issued the annual report on its proceedings on 7 June 2021 It was published in the 2020 Annual Report and is available on www.inditex.com

7. Other actions

- Assumption by Inditex's Audit and Compliance Committee of functions of audit committee at Zara España, S.A.

As described above in the relevant sections, the Audit and Compliance Committee carried out duties inherent in the audit committee of Zara España, S.A. in 2021.

- Corporate and structural changes

In the meeting held on 13 December 2021, the committee gave a favourable report to the terms and conditions of a review of the Group's international corporate structure, which was subsequently approved by the board of directors on the following day.

Identify the directors who are members of the audit committee and have been appointed taking into account their knowledge and experience in accounting or audit matters, or both, and state the date on which the Chairperson of this committee was appointed.

Names of directors with experience	Ms Pilar López Álvarez, Bns. Denise Patricia Kingsmill, Ms Anne Lange, Mr José Arnau Sierra, Mr José Luis Durán Schulz, Mr Rodrigo Echenique Gordillo and Mr Emilio Saracho Rodríguez de Torres
Date of appointment of the chairperson	14/07/2020

NOMINATION COMMITTEE

Article 29 of the Articles of Association, section 16 of the Board of Directors' Regulations and the Nomination Committee's Regulations set out the regulations governing the Nomination Committee.

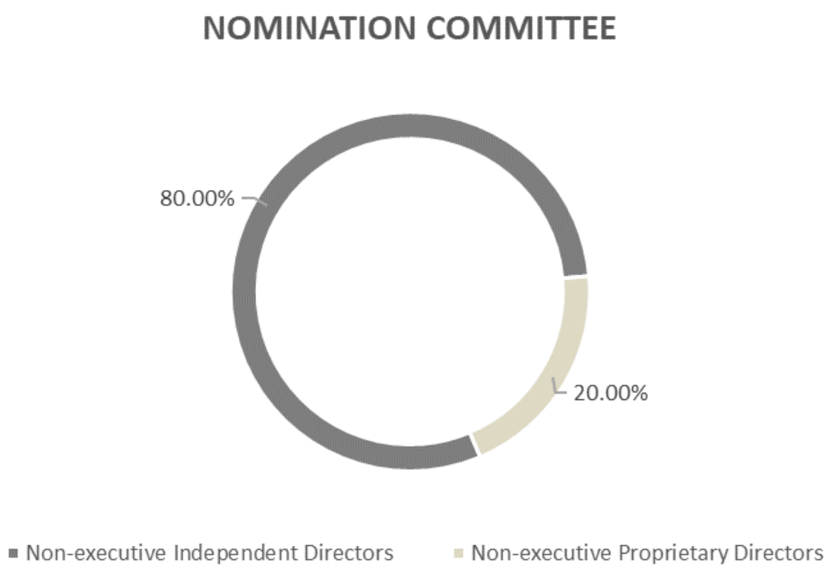
Composition of the Nomination Committee as at 31 January 2022:

Name	Position	Directorship type
Mr Emilio Saracho Rodríguez de Torres	Chair	Independent
Ms Anne Lange	Ordinary Member	Independent
Ms Pilar López Álvarez	Ordinary Member	Independent
D. José Arnau Sierra	Ordinary Member	Proprietary
D. Rodrigo Echenique Gordillo	Ordinary Member	Independente

% executive directors	0 %
% proprietary directors	20.00%
% independent directors	80.00%
% affiliate directors	0 %

Mr Javier Monteoliva Díaz, General Counsel and Secretary of the Board, acts as Secretary-non-member of the Nomination Committee.

Considering the foregoing, the structure of the Nomination Committee is represented in the image below:



Explain the duties assigned to this committee, including where applicable those that are additional to those prescribed by law, and describe the rules and procedures for its organization and functioning. For each of these functions, briefly describe its most important actions during the year and how it has exercised in practice each of the functions assigned to it by law, in the articles of association or in other corporate resolutions.

a) Composition

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 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, who shall be elected, in particular its Chair, considering the appropriate knowledge, qualifications and experience to discharge the duties they are called upon to perform, including on corporate governance issues, analysis and strategic assessment of human resources, selection of directors and senior executives and the assessment of the suitability requirements legally provided for the discharge of senior executive functions. The Chair of the Nomination Committee shall be appointed by the board of directors out of the independent members of the committee.

Likewise, the board of directors shall encourage diversity of committee membership in terms of professional experience, qualifications, personal skills, sector-specific knowledge, international experience or geographic origin, age and gender, taking into account the restrictions that are a result of the smaller size of the committee.

b) Duties

The mission and powers of the 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 such powers it is expressly assigned pursuant to statute and the Recommendations of the Good Governance Code, the Nomination Committee is entrusted with the following duties:

- • With regard to the selection of directors: (i) to issue a report on the Diversity of Board of Directors Membership and Director Selection Policy; (ii) to set a representation target for the least represented gender on the Board of Directors and to provide guidance on how to reach such target; (iii) to set up and review the criteria that must be adhered to regarding an appropriate composition and diverse board membership and the selection of prospective candidates; (iv) to ensure that, upon filling new vacancies or upon appointing new directors, selection procedures shall encourage diversity ensure the absence of any manner of discrimination, and shall follow merit-based approach; and (v) to be regularly apprised of the succession and career plans of Senior managers.

- • With regard to the annual evaluation programme: (i) to establish and oversee an annual programme for evaluating the performance of the Executive Chairman, the CEO and board committees; (ii) to report on an annual basis to the board of directors on the performance of the Executive Chairman, the CEO and any other executive director; (iii) to propose an action plan or recommendation to amend potential weaknesses detected or to improve the operation of the board and its committees; and (iv) to assess the convenience of discussing with the directors the findings of their individual evaluations and, if appropriate, the measures to be adopted to improve their performance.

  Additionally, the Committee may gather information about the evaluation of senior managers.

- • Other powers entrusted to the Committee: to design and periodically organise the induction and refresher programmes for directors.

c) Organizational and operational rules

The Nomination Committee shall meet at least 3 times a year and each time that its Chair calls it. The Chair shall call a committee meeting each time the Board of Directors or its Chairman requests the issuing of a report or the adoption of proposals within its purview and, at any rate, whenever this is suitable for the successful performance of its functions.

Likewise, the Chair may arrange 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 e-mail and the meeting notice shall be authorized by the signature of the Chair or the Secretary. A quorum for committee meetings shall be declared when at least half plus one of its members, present or represented are in attendance. The Committee may also pass resolutions in writing, without holding a meeting, pursuant to statutory provisions.

Committee meetings may be held via videoconference or conference call, or any other equivalent system allowing to recognize and identify attendees, for them to communicate, speak and cast vote, all of it in real time.

Likewise, for the purposes of making the appropriate arrangements that ensure the achievement of the objectives effectively sought, the committee shall prepare an annual working plan, which shall include, at least, the specific objectives for the financial year and an annual schedule of ordinary meetings. In addition, the committee may rely on external advisors to properly carry out its duties.

d) Main proceedings of the Nomination Committee in 2021:

In 2021, the main proceedings of the Nomination Committee have revolved around the following areas:

1. **Proceedings relating to appointment and removal of directors and senior managers**

In the meeting held on 7 June 2021, the Nomination Committee resolved to give a favourable report to the motion on the re-election of Mr José Arnau Sierra to the board of directors as non-executive proprietary director and member of the Executive Committee and all board committees.

The Committee had previously approved an explanatory report on the analysis of prior needs of the Board, for the purposes of the re-election of the above referred director.

Mr Arnau's re-election was approved at the Annual General Meeting held on 13 July 2021. The relevant report issued by the Nomination Committee was made available to the shareholders on the corporate website at the time the notice calling the Annual General Meeting was posted.

In the meeting held on 7 June 2021, the committee (i): acknowledged the resignation tendered by Mr Ramón Reñón Túñez from his position as Director General Adjunto al Presidente [*Deputy General Manager*]. This position is made redundant. It also (ii) gave a favourable report to the re-election of all members of the Social Advisory Board.

Finally, in the meeting held on 29 November 2021, the Nomination Committee:

- acknowledged the resignation tendered by Mr Pablo Isla Álvarez de Tejera from his positions as Chairman and member of the board of directors and the Executive Committee, effective as of 31 March 2022.

- Gave a favourable report to the motion on the co-option of Ms Marta Ortega Pérez to the board as proprietary director and (non-executive) Chair, effective as of 1 April 2022.

- Acknowledged the resignation tendered by Mr Carlos Crespo González, who stepped down from the board, where he was an executive director, and consequently, from his positions as CEO and member of the Executive Committee, effective immediately. The committee gave a favourable report to the motion on his appointment as COO & Head of Digital and Sustainable Transformation.

- Acknowledged the resignation tendered by Mr Óscar García Maceiras from his position as General Counsel and Secretary of the Board and its committees and gave a favourable report to the motion on his co-option to the board, as executive director, effective immediately, as well as his appointment as CEO and member of the Executive Committee.

- With regard to the above referred motions, the Nomination Committee approved in said meeting the report on the prior analysis of board needs.

- Acknowledged the resignation tendered by Mr Javier Monteoliva Díaz from his position as Deputy Secretary of the board of directors, effective immediately, and gave a favourable report to the motion on his appointment as General Counsel and Secretary of the Board and its committees.

- Gave a favourable report to the motion on the creation of a Management Committee and on its composition.

The Nomination Committee played an active role, having evaluated beforehand the needs of the Company, and the competences, knowledge and experience required by the board on account of the business complexity, the strategic priorities and the commitment undertaken by the board to encourage an appropriate and diverse membership. Likewise, it commissioned a suitability analysis of prospective candidates from an external facilitator.

All the above referred motions or reports, where appropriate, were approved by the board of directors in the 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.**

Pursuant to the provisions of the Board of Directors' Regulations and the Nomination Committee's Regulations and, in line with the Recommendations of GGC and Recommendation 7 of Technical Guide 1/2019, the Nomination Committee submitted to the board of directors on 13 September 2021 the supervision of the "Annual Programme for the Evaluation of the Board of Directors, the Directors, the Committees, the Executive Chairman, the CEO, the Secretary and the Lead Independent Director" for 2021.

Such programme covers the preparation and supervision of the annual evaluation of the performance of the board, its members and committees, the Executive Chairman, the CEO, the Lead Independent Director and the Secretary of the Board. The evaluation process has been updated in 2021, as described in section C.1.17 above.

Likewise, pursuant to Inditex' internal regulations and best practices in the field of corporate governance, the Nomination Committee approved on 13 December 2021 the report on the annual evaluation of the performance of the Board of Directors, the Executive Chairman, the CEO, the Secretary of the Board, the Lead Independent Director, the directors and board committees. Such report was subsequently approved by the board in the meeting held on 14 December 2021.

The findings of the evaluation carried out in 2021 show that in general, directors are satisfied with regard to the areas evaluated.

3. Ascertaining compliance with the Diversity of Board of Directors Membership and Director Selection Policy

In the meeting held on 14 March 2022, the Nomination Committee assessed compliance with the Diversity of Board of Directors Membership and Director Selection Policy in the process to re-elect and appoint directors via the co-option system carried out in 2021.

4. Internal regulations

In the meeting held on 7 June 2021, the committee gave a favourable report to the motion on the amendment of its own terms of reference, which it submitted to the board of directors, to relax the existing system to hold meetings, expressly including the possibility of virtual-only meetings.

In said meeting, pursuant to the provisions of section 6(a) of its terms of reference, the Nomination Committee gave a favourable report to the motion on the amendment to the Diversity of Board of Directors Membership and Director Selection Policy, to bring it into line with Act 5/2021

Both motions were approved by the board of directors in the meeting held on 8 June 2021.

5. Schedule of dates and agenda of business to be transacted:

Pursuant to recommendations of CNMV's Technical Guide 1/2019, the Nomination Committee approved in the meeting held on 13 December 2021 the schedule of dates and agenda of business to be transacted by the committee in 2022.

6. Report on its proceedings

The Nomination Committee issued the annual report on its proceedings on 7 June 2021. It was published in the 2020 Annual Report and is available on the corporate website.

REMUNERATION COMMITTEE

Article 30 of the Articles of Association, section 17 of the Board of Directors' Regulations and the Remuneration Committee's Regulations set out the regulations governing the Remuneration Committee.

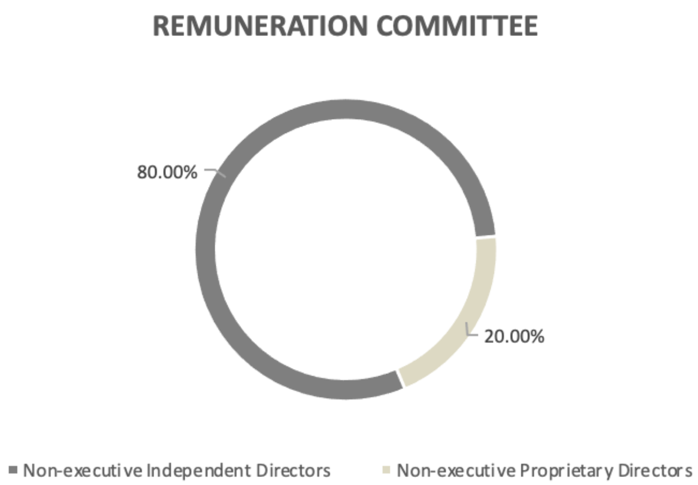
Composition of the Remuneration Committee as at 31 January 2022:

Name	Position	Directorship type
Mr Rodrigo Echenique Gordillo	Chair	Independent
Bns. Denise Patricia Kingsmill	Ordinary member	Independent
Mr José Arnau Sierra	Ordinary member	Proprietary
Mr José Luis Durán Schulz	Ordinary member	Independent
Mr Emilio Saracho Rodríguez de Torres	Ordinary member	Independent

% executive directors	0%
% proprietary directors	20.00%
% independent directors	80.00%

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. It is represented in the image below



Explain the duties assigned to this committee, including where applicable those that are additional to those prescribed by law, and describe the rules and procedures for its organization and functioning. For each of these functions, briefly describe its most important actions during the year and how it has exercised in practice each of the functions assigned to it by law, in the articles of association or in other corporate resolutions.

a) Composition

Pursuant to article 30 of the Articles of Association and section 7 of its own terms of reference, the Remuneration Committee shall be made up of a minimum of 3 and a maximum of 7 non-executive directors appointed by the board of directors, a majority of whom shall be independent. Members of such committee and in particular its Chair shall be appointed considering the appropriate knowledge, qualifications and expertise based upon the duties they must discharge, including among others, the analysis and strategic assessment of human resources and the design of remuneration policies and schemes for directors and senior managers. The Chair of the Remuneration Committee shall be appointed by the board of directors out of the independent members of the committee.

Likewise, the board of directors shall encourage a diverse committee membership in terms of professional experience, competences, personal skills, sector-specific knowledge, international experience or geographic origin, age and gender, taking into account the restrictions that are a result of the smaller size of the Committee.

b) Duties

The mission and powers of the Remuneration Committee are addressed in article 30 of the Articles of Association, section 17 of the Board of Directors' Regulations and sections 5 and 6 of the Remuneration Committee's Regulations.

The Remuneration Committee has not been assigned any powers other than those expressly entrusted by statute, and the Recommendations set forth in the Good Governance Code.

c) Organizational and operational rules

The Remuneration Committee shall meet at least 3 times a year and each time that its Chair calls it. The Chair of the Remuneration Committee shall call it whenever the board of directors or its Chairman requests the issuing of a report or the adoption of proposals within its remit and, at any rate, whenever this is suitable for the successful performance of its functions.

The Chair may arrange working meetings to prepare committee meetings on specific topics apart from the formal meetings.

Ordinary meetings shall be called by letter, fax, telegram or e-mail and the meeting notice shall be signed by the Chair or the Secretary. A quorum for committee meetings shall be declared when at least half plus one of its members, present or represented are in attendance. The committee may also pass resolutions in writing, without holding a meeting, pursuant to statutory provisions.

Committee meetings may be held via videoconference or conference call, or any other equivalent system allowing to recognize and identify attendees, for them to communicate, speak and cast vote, all of it in real time.

Likewise, for the purposes of making the appropriate arrangements that ensure the achievement of the objectives effectively sought, the committee shall prepare an annual working plan, which shall include, at least, the specific objectives for the financial year and an annual schedule of ordinary meetings. The committee may rely on external advisors to duly perform the duties it has been entrusted with.

d) Main proceedings of the Remuneration Committee in 2021:

In 2021 the most relevant proceedings of the Remuneration Committee have revolved around the following areas:

1. **Remuneation of executive directors and Senior Managers**

The Remuneration Committee resolved in the meeting held on 8 March 2021 to give a favourable report and submit to the board of directors:

- The proposal on the remuneration of the Executive Chairman and the Chief Executive Officer for the performance of executive functions in 2021, with regard to the amount and the remaining terms thereof. Such proposal was approved by the Board of Directors on 9 March 2021.

- The evaluation of the level of achievement of the targets tied to the annual variable remuneration of the Executive Chairman and the Chief Executive Officer for financial year 2020. The Board of Directors assessed the achievement of such targets in the meeting held on 9 March 2021, considering the extraordinary situation derived from the global COVID-19 pandemic.

- The basic terms of the senior manager employment contract of Mr Óscar García Maceiras as General Counsel and Secretary of the Board and to submit it to the board for approval. The Board of Directors approved such contract on 9 March 2021

Likewise, in the meeting held on 7 June 2021, the committee resolved to give a favourable report and submit to the board of directors the terms of termination of senior manager employment agreement associated with the retirement of Mr Ramón Reñón Túñez.

Last, in the meeting held on 13 December 2021, the committee resolved to give a favourable report and submit to the board of directors:

- The motion to novate Mr Pablo Isla Álvarez de Tejera's contract in order to strengthen the post-contractual non-compete clause therein included and to compensate him for his departure. The Board of Directors approved such motion at its meeting held on 14 December 2021 and further resolved to submit the offer of novation of such contract to Mr Isla and, if accepted, to submit it to the shareholders for approval at the Annual General Meeting in 2022.

- The motion on the basic conditions of the new executive services contract of the current Chief Executive Officer.

Both motions were approved by the Board of Directors in the meeting held on 14 December 2021.

2. **Duties relating to the remuneration and the remuneration policy for directors and senior managers**

The committee resolved in the meeting held on 7 June 2021 to give a favourable report to the draft Remuneration Policy for Directors for FY2021, FY2022 and FY2023, to be assessed and approved by the board of directors and subsequently put to an advisory say-on-pay vote at the 2021 Annual General Meeting. The Policy was approved at the Annual General Meeting held on 13 July 2021.

3. **2019-2023 Long-term Incentive Plan**

In the meeting held on 7 June 2021, the Remuneration Committee reviewed the following up and the evaluation of the level of achievement of certain metrics of the 2019-2023 Long-Term Incentive Plan.

4. **2021-2025 Long-term Incentive Plan**

In the meeting held on 7 June 2021, the Remuneration Committee resolved to give a favourable report and submit the proposal on the design of the 2021-2025 Long-Term Incentive Plan, for evaluation and approval by the Board of Directors and subsequent submission to the binding vote at the Annual General Meeting in 2021. The Plan was approved by the board of directors in the meeting held on 9 March 2021 and at the Annual General Meeting held on 13 July with 99.43% of votes in favour.

In this regard, the committee resolved in the meeting held on 13 December 2021 to give a favourable report and submit to the board for approval, the proposal on the performance scales for the first cycle (2021-2024) of the 2021-2025 Long-Term Incentive Plan for each metric and the favourable report to the draft Plan Regulations. Such Plan Regulations were approved by the board of directors in the meeting held on 14 December 2021. In that same meeting, the committee acknowledged the list of beneficiaries of such first cycle.

5. **Annual Report on Remuneration of Directors for 2020**

The Remuneration Committee resolved in the meeting held on 8 March 2021 to raise the 2020 Annual Report on Remuneration of Directors to the board of directors for approval, which it did in the meeting held on 9 March 2021.

Such report was submitted to CNMV as a relevant fact and is available on CNMV's website. Additionally, pursuant to section 541LSC, the 2020 Annual Report on Remuneration of Directors was approved at the Annual General Meeting held on 13 July 2021, having been put to an advisory say-on-pay vote.

6. **Internal regulations**

In the meeting held on 7 June 2021, the Remuneration Committee gave a favourable report and resolved to submit to the board of directors the partial amendment to its own terms of reference for the purposes of (i) allowing a higher flexibility to the system set to hold meetings, including the possibility of holding virtual-only meetings,(ii) extending the diversity yardsticks to be considered regarding membership on the committee, in line with the provisions of the terms of reference of the remaining board committees.

7. Report on its proceedings

The Remuneration Committee issued the annual report on its proceedings on 7 June 2021. It was published in the 2020 Annual Report and is available on the corporate website.

8. Schedule of dates and agenda of business to be transacted

Pursuant to recommendations of CNMV's Technical Guide 1/2019, the Remuneration Committee approved on 13 December 2021 the schedule of dates and agenda of business to be transacted by the Committee in 2021.

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.

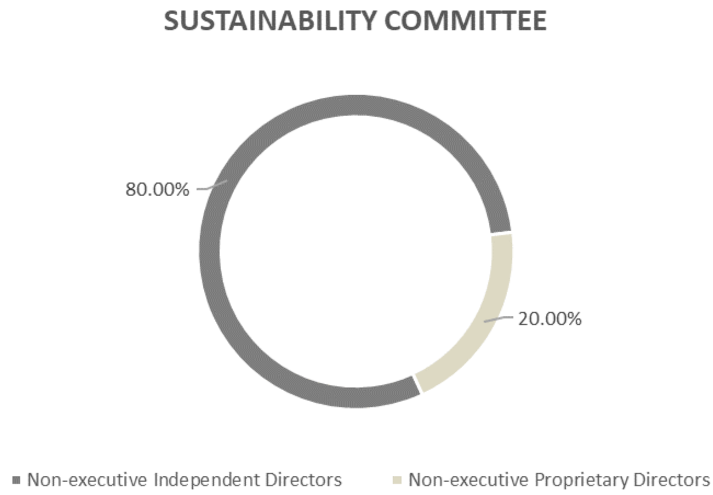
Composition of the Sustainability Committee as at 31 January 2022:

Name	Position	Directorship type
Bns. Denise Patricia Kingsmill	Chair	Independent
Ms Anne Lange	Ordinary member	Independent
Ms Pilar López Álvarez	Ordinary member	Independent
Mr José Arnau Sierra	Ordinary member	Proprietary
Mr José Luis Durán Schulz	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 Sustainability Committee.

The structure of the Sustainability Committee is addressed in the sections below. It is represented in the image below:



Explain the duties assigned to this committee and describe the rules and procedures for its organization and functioning. For each of these functions, briefly describe its most important actions during the year and how it has exercised in practice each of the functions assigned to it by law, in the articles of association or in other corporate resolutions.

a) Composition:

Pursuant to article 30*bis* of the Articles of Association and section 9 of its own terms of reference, the Sustainability Committee shall be made up of a minimum of 3 and a maximum of 7 non-executive directors appointed by the board of directors, a majority of whom shall be independent. Members of such Committee and in particular its Chair, shall be appointed considering the appropriate knowledge, qualifications and experience based upon the duties they must discharge, in particular in the field of sustainability, social action initiatives, sustainable management of resources and design of communication policies with stakeholders.

The board of directors shall encourage a diverse committee membership in terms of professional experience, competences, personal skills, sector-specific knowledge, international experience or geographic origin, age and gender, taking into account the restrictions that are a result of the smaller size of the committee.

b) Duties:

Pursuant to article 30*bis*(3) of the Articles of Association, section 17*bis* of the Board of Directors' Regulations and sections 5 to 8 of the Sustainability Committee's Regulations, the Sustainability Committee shall have the following basic responsibilities:

- Powers relating to sustainability: (i) to oversee that environmental and social practices of the Company are aligned with the strategy and the policy set by the Company; (ii) to oversee monitoring of the entire supply chain and compliance by its members with Inditex's Code of Conduct for Manufacturers and Suppliers; (iii) to establish that the products that the Company sells 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 Inditex's Policy on Human Rights 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 the enforcement of the Policy on Disclosure of Economic-Financial, non-Financial and Corporate information; and (ii) to oversee –in cordination with the Audit and Compliance Committee- the process for preparing and releasing the 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; (iii) to issue reports on the internal regulations of the Company on matters that fall within its purview; and, (iv) 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.

c) Organizational and operational rules.

The Sustainability Committee shall meet at least 3 times a year and each time that its Chair calls it. The Chair must call the Sustainability Committee whenever the board of directors or its Chairman would request the issue of a report or the approval of motions within the scope of its powers and, at any rate, whenever it is useful for the successful performance of its functions.

Ordinary meetings shall be called by letter, fax, telegram or e-mail and the meeting notice shall be signed by the Chair or the Secretary. A quorum for committee meetings shall be declared when at least half plus one of its members, present or represented are in attendance. The committee may also pass resolutions in writing, without holding a meeting, pursuant to statutory provisions.

Likewise, the Chair may arrange working meetings to prepare committee meetings on specific topics apart from the formal meetings of the committee.

Committee meetings may be held via videoconference or conference call, or any other equivalent system allowing to recognize and identify attendees, for them to communicate, speak and cast vote, all of it in real time.

For the purposes of making the appropriate arrangements that ensure the achievement of the objectives effectively sought, the committee shall prepare an annual working plan, which shall include, at least, the specific objectives for the financial year and an annual schedule of ordinary meetings. The committee may rely on external advisors to duly perform the duties it has been entrusted with.

d) Proceedings of the Sustainability Committee in 2021:

The most relevant proceedings of the Sustainability Committee in 2021 have revolved around the following areas:

1. **With regard to overseeing the process to prepare and release regulated and non-regulated non-financial information**

As part of its oversight duties regarding the process to prepare and release regulated non-financial information, the Sustainability Committee gave, in the meeting held on 8 March, a favourable report to the Statement on Non-Financial Information (SNFI) as regards the issues that fall under its purview. The SNFI was approved by the board of directors in the meeting held on the following day.

Likewise, in the meeting held on 7 June 2021, it gave a favourable report to the 2020 Annual Report as regards the issues that fall under its purview. Such Annual Report was approved by the board of directors in the meeting held on the following day.

Last, the committee acknowledged in the meeting held on 13 September 2021 the presentation given by the Sustainability Committee on the main actions, progress and estimated action plan with regard to the internal reporting system

2. **With regard to monitoring the social and environmental sustainability strategy and practices**

In the meeting held on 8 March 2021, the committee acknowledged the update of the 2025 Sustainability Plan and resolved on 7 June 2021 to acknowledge the presentation given by the Sustainability Department on its strategic lines.

Meanwhile, in its meeting dated 8 March 2021, the Sustainability Committee: (i) acknowledged the 2020 Annual Report on Sustainability Activities, and the 2021 Annual Work Plan; and (ii) approved the 2021 budget.

Last, in the meeting held on 13 September 2021, the committee acknowledged the presentation on the update on the sustainability targets announced at the Annual General Meeting held on 13 July 2021.

3. **With regard to Human Rights**

In the meeting held on 7 June 2021, the committee resolved to give a favourable report to the Statement on the action taken to prevent any manner of slavery and human trafficking within the organization and its supply chain for 2020, and submit it to the board of directors, pursuant to the provisions of section 54 of the UK Modern Slavery Act, the California Transparency in Supply Chain Act and section 14 of the Australian Modern Slavery Act.

4. **With regard to monitoring of applicable regulations**

In the meeting held on 8 March 2021, the committee acknowledged the presentation given by the Sustainability Department on regulatory environment in the field of Sustainability. Likewise, the Sustainability Committee acknowledged in the meeting held on 13 September 2021 the update of the Sustainability Department on EU regulatory initiatives on sustainability in the textile industry.

5. With regard to the monitoring of the supply chain

In the meeting held on 13 December 2021, the Sustainability Committee acknowledged the presentation given by the Sustainability Department on the supply chain of the Group.

6. Other powers entrusted to the Sustainability Committee

In the meeting held on 7 June 2021, the committee gave a favourable report to the motion on the amendment of its own terms of reference, which it submitted to the board of directors, to relax the existing system to hold meetings, expressly including the possibility of virtual-only meetings.

In that same meeting, it acknowledged the presentation given by the Sustainability Department on the self-consumption project with a wind-powered renewable energy system set up in A Coruña port.

7. Schedule of dates and business to be transacted

The Sustainability Committee approved in the meeting held on 13 December 2021 the schedule of dates and agenda of business to be transacted by the Committee in 2022.

8. Report on its proceedings

The report on the Sustainability Committee was issued on 7 June 2021 and was published in the 2020 Annual Report. It is available on the corporate website.

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			
	2021	2020 Number %	2019 Number %	2018 Number %
Executive Committee	12.5%	12.5%	12.5%	14.3%
Audit and Compliance Committee	42.85%	42.85%	42.85%	33.3%
Nomination Committee	40%	40%	40%	33.3%
Remuneration Committee	20%	20%	20%	33.3%
Sustainability Committee	60%	60%	60%	-

C.2.3 Indicate, where applicable, the existence of any regulations governing Board committees, where these regulations are to be found, and any amendments made to them during the year. Also indicate whether any annual reports on the activities of each committee have been voluntarily prepared.

The terms of reference of the Audit and Compliance Committee, the Nomination Committee, the Remuneration Committee and the Sustainability Committee are available on the corporate website (Section "*Compliance*", sub-section "*Corporate Governance*"):

- Audit and Compliance Committee:

  https://www.inditex.com/en/compliance/corporate-governance/board-of-directors/audit-and-compliance-committee-s-regulations

- Nomination Committee:

  https://www.inditex.com/en/compliance/corporate-governance/board-of-directors/nomination-committee-s-regulations

- Remuneration Committee:

  https://www.inditex.com/en/compliance/remuneration-committee-s-regulations

- Sustainability Committee:

  https://www.inditex.com/en/compliance/corporate-governance/board-of-directors/sustainability-committee-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*: https://www.inditex.com/en/compliance/corporate-governance/board-of-directors/regulations-of-the-board,* and on CNMV's website (www.cnmv.es)

The Audit and Compliance Committee, the Nomination Committee, the Remuneration Committee and the Sustainability Committee prepare on an annual basis a report on the activities they have carried out in the year, which is included in the Annual Report published ahead of the Annual General Meeting.

The latest amendment to the terms of reference of board committees was approved by the board of directors in the meeting held on 8 June 2021, as hereunder laid forth.

D. Related party and intragroup transactions

The related party transactions carried out in 2021 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 intragroup parties, indicating the criteria and general internal rules of the entity that regulate the abstention obligations of the affected director or shareholders. Detail the internal information and periodic control procedures established by the company in relation to those related-party transactions whose approval has been delegated by the board of directors.

Pursuant to the provisions of section 5.3(b)(vii) of the Board of Directors' Regulations, the Audit and Compliance Committee shall report on the transactions of the Company or any company of its Group with directors, significant shareholders (i.e. shareholders owning 10% or more 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 referred to in Section 40 of the Board of Directors' Regulations.

Such related party transactions shall be approved by the board of directors, following a favorable report of the Audit and Compliance Committee, except for those which shall be approved at the Annual General Meeting, on account of their value or special nature.

Any transaction with a director for a value in excess of ten (10%) of the corporate assets shall be approved by the General Meeting of Shareholders.

The board of directors shall not approve related party transactions without a prior report from the Audit and Compliance Committee assessing whether it is fair and reasonable.

In this regard, section 13(c) of the Audit and Compliance Committee's Regulations provides that it is incumbent on such Committee to advice the board of directors on any transaction that the Company or the companies comprising its corporate Group intend to carry out with directors, significant shareholders or shareholders who hold a significant stake or who have proposed the appointment of any director of the Company, or with their respective related persons, from an arm's length perspective.

In the event of transactions with significant shareholders, the Audit and Compliance Committee shall also examine them from the standpoint of an equal treatment of all shareholders.

The Company shall report on any transactions carried out with its directors, significant shareholders and Related Persons in the half-yearly public periodic information and in the Annual Corporate Governance Report, within the scope provided by statute in each case.

Likewise, the Company shall include in the notes to the annual accounts information on the transactions carried out by the Company or any companies within the Inditex Group with directors or with those acting on their behalf, whenever they do not fall within the scope of the ordinary course of business of the Company or are not carried out on an arm's length basis.

Pursuant to section 40 5 of the Board of Directors' Regulations, which has also been amended to be brought into line with the terms of the new section 529 *duovicies*(4) LSC introduced by Act 5/2021, the board of directors has delegated to the Compliance Supervisory Board the approval of the following transactions.

(a) Transactions between companies of the Inditex Group made in the ordinary course of business of such companies and on an arm's length basis; and,

(b) Transactions which 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 such 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 Compliance Supervisory Board. It ultimately seeks to ensure that such transactions are equitable and transparent and that applicable statutory requirements are met.

The board's approval shall not be required for such transactions that must be carried out on grounds of urgency provided that this is duly supported. However, such transactions shall be subsequently confirmed by the board of directors.

D.2. Give individual details of operations that are significant due to their amount or of importance due to their subject matter carried out between the company or its subsidiaries and shareholders holding 10% or more of the voting rights or who are represented on the board of directors of the company, indicating which 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 if the proposed resolution has been approved by the board without a vote against the majority of the independents:

No significant transactions have been carried out in 2021 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.) or Rosp Corunna Participaciones Empresariales, S.L.U and with any persons and companies related thereto.

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 if the proposed resolution has been approved by the board without a vote against the majority of the independents:

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.

Name (person or company) of directors or officers	Name (person or company) of the related party	Relationship	Type of transaction	Amount (thousand euros)
-	-	-	-	-

No relevant transactions have been carried out in 2021 between the Company or entities of its group and the directors and officers of the Company

D.4. Report individually on intra-group transactions that are significant due to their amount or relevant due to their subject matter that have been undertaken by the company with its parent company or with other entities belonging to the parent's group, including subsidiaries of the listed company, except where no other related party of the listed company has interests in these subsidiaries or that they are fully owned, directly or indirectly, by the listed company.

No transactions as described in this section have been carried out in 2021.

Transactions undertaken by Inditex with its subsidiaries are part of their ordinary course of business as regards their purpose and terms. They have been fully eliminated on consolidation and therefore, they are not broken down in this section.

In any case, report any intragroup transaction conducted with entities established in countries or territories considered as tax havens:

Company name of the entity within the group	Brief description of the transaction	Amount (thousand euros)
Joint Control Companies (1)	Purchase of goods	970,261
100% Subsidiaries (2)	Sale of goods and provision of services to stores	13,686

(1) Transactions between Inditex or any company of the Inditex Group with Tempe and/or its subsidiaries are made in their ordinary course of business as regards their purpose and terms. Being jointly controlled entities, they are consolidated using the equity method.

(2) The above mentioned transactions are exclusively within the ordinary course of business of the Group through its stores, not being due to tax reasons, and are made on arm’s length basis. As at 31 January 2022, transaction of the Group with Group companies residing in countries or territories considered tax havens under Spanish laws, correspond to sales through 6 stores of the Group located in Macau and in Monaco.

D.5. Give individual details of the operations that are significant due to their amount or relevant due to their subject matter carried out by the company or its subsidiaries with other related parties pursuant to the international accounting standards adopted by the EU, which have not been reported in previous sections.

Company name of the related party	Brief description of the transaction and other information necessary for its evaluation	Amount (thousand euros)

No other transactions with other related parties have been carried out.

D.6 Give details of the mechanisms in place to detect, determine and resolve potential conflicts of interest between the company and/or its group and its directors, senior management, significant shareholders or other associated parties.

Section 34 of the Board of Directors' Regulations addresses potential situations of conflict of interest for board members:

"1. It shall be understood that a conflict of interest situation exists where there is a direct or indirect conflict between the interest of the Company and the personal interest of a director. It is considered that directors have a personal interest when the matter affects them or any of their Related Persons.

For the purposes of these Regulations, Related Persons are understood as being the following:

- *a) The spouse of the director or any other person deemed to be equivalent to a spouse;*
- *b) the ancestors, descendants and siblings of the director or of the spouse (or any other person deemed to be equivalent to a spouse) of the director;*
- *c) the spouse (or any other person deemed to be equivalent to a spouse) of the ancestors, descendants and siblings of a director;*
- *d) Those companies or entities where directors would hold, directly or indirectly, even via a nominee a significant shareholding giving them a significant influence or, if they hold in them or in their parent companies an office in their governing body or act a senior manager thereof. For such purposes, 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 iure, shall be deemed to give significant influence.*

(e) Shareholders represented by a director on the Board of Directors.

With regard to directors who are legal entities, Related Persons are understood as being the following:

a) Those partners who are included with regard to the Director legal entity, in any of the situations provided in Section 42 of the Code of Commerce;

b) The representative, who is a natural person, the director de iure or de facto, the liquidators and the attorneys-in fact with general powers of the director, who is a legal entity;

c) Those companies that are part of the same corporate group, as defined in Section 42 of the Code of Commerce, and their shareholders; and,

d) Those persons who are understood, with regard to the director who is a legal entity, as being related persons in accordance with the provisions of the paragraph above regarding directors who are natural persons.

The following rules shall apply to the conflict of interest situations:

a) Prevention: directors must take all necessary measures to prevent, as far as possible, becoming involved in any situations in which their interests may, either on their behalf, or on behalf of third parties, be in conflict with the interest of the company and with their duties towards the company.

b) Information: without prejudice to their obligation of active prevention, directors must inform the Board of Directors, through the Chairman or the Secretary thereof, of any conflict of interest situation in which they are involved.

c) Abstention: directors must abstain from attending and taking part in the discussions and voting of those matters regarding which they are in a conflict of interest situation, with the exceptions provided in the applicable laws. Likewise, with regard to proprietary directors, they shall abstain from taking in the voting of those matters that might entail a conflict of interest between those shareholders that had proposed their appointment and the Company, with the exceptions provided for in the applicable regulations.

d) Transparency: the Company must disclose in the notes to the annual accounts any conflict of interest situation in which a director is, that the Company is aware of by virtue of the information of same by the affected person, or by any other means."

In addition, sections 33 and 35 to 37 of the Board of Directors' Regulations address the following situations which can give rise to conflicts of interest: (i) the rendering of professional services in competing companies (section 33); (ii) the use of corporate assets (section 35); (iii) the use of non-public Company information for private ends (section 36), and (iv) taking advantage of business opportunities of the Company (section 37).

Moreover, section 39 of the Board of Directors' Regulations provides that directors must inform: (i) the Company of the shares of its share capital that he/she directly or indirectly holds. Likewise, they must inform about those other shares which are held, directly or indirectly, by their closest relatives, all of which is in accordance with the provisions of the Internal Regulations of Conduct in the Securities Markets; (ii) the Company of any conflict of interest situation, either direct or indirect, in which either themselves or their Related Parties may be involved in respect of the interest of the Company; and (iii) the Nomination Committee of all the positions they hold and the activities they carry out in other companies or entities and, in general, about any fact or situation which may be relevant for the performance of their duties as director of the Company (in this regard, and without prejudice to the obligation of offering 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 in their professional situation and of any circumstance which might harm the name and reputation of the Company or jeopardize its interests); and (iv) of any legal, administrative proceedings or other proceedings whatsoever brought against them and which might, given their relevance or description, seriously affect the reputation of the Company. Namely, directors shall inform the Company via the Chairman of the board of directors, of any criminal charges brought against them as well as how the legal proceedings subsequently unfold. The Board of Directors shall examine the case, as soon as possible, and shall take, following a report of the Nomination Committee and based upon the interest of the company, such measures as it may deem fit, such as the opening of an internal investigation, calling on a director to resign or proposing his/her dismissal.

In such case, the Company shall report the measures taken in the Annual Corporate Governance Report, unless there are special circumstances which justify otherwise, which must be recorded in the minutes.

Additionally, section 1 of the Board of Directors' Regulations provides that the rules of conduct therein established for directors shall apply, to the extent that they are compatible with their specific nature, to the senior managers of the company who are not directors. More particularly and with the due nuances, the following sections shall apply to senior managers: section 32 (duty of confidentiality), 34 (conflicts of interest), in connection with the duty of informing the Company, 35 (use of corporate assets), 36 (non-public information), 37 (business opportunities), and 38 (prohibition to make undue influence of the office).

With regard to significant shareholders, section 40 of the Board of Directors' Regulations provides that:

> *"1. The Board of Directors reserves the right to be apprised of any transaction between the Company or any of its subsidiaries with directors, with shareholders owning 10% or more of the voting rights or represented on the Board of Directors, or with any other person qualifying as related party in accordance with the definition provided in International Accounting Standards.*
>
> *2. The approval of a related party transaction must be subject to the 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, and 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 such case, they must be ratified at the first board meeting held following their conduct.*
>
> *4. The Company shall inform of the transactions conducted with directors, significant shareholders and Related Persons in the half-yearly public periodic information and in the Annual Corporate Governance Report, within the scope of applicable regulations. Likewise, the Company shall include on the notes to the annual accounts information on the transactions carried out by the company or any companies within the Inditex Group with directors and with those acting on their behalf, whenever they are alien to the ordinary course of business of the Company or are not carried out on an arm's length basis.*

Related parties transactions whose value is in excess of 5% of the equity value or 2.5% of the annual turnover must be published on the Company's website 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.

5. The Board of Directors may delegate the approval of the following related-party transactions in the following cases:

(i)Transactions which 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 such prices or rates generally set by the provider of the good or service in question; and

(c) their value does not exceed of 0.5% of the company's net turnover.

(*ii) Transactions among companies of the same group carried out within the ordinary course of company business and on an arm's length basis. Such 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 which 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 authorization or release by the Board of Directors of the obligations stemming from the duty of loyalty of directors, where such responsibility is not incumbent on 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 which may arise regarding officers and other employees.

Thus, section 4.8 of the Code of Conduct and Responsible Practices provides that: "*INDITEX's employees shall avoid any situation which might entail any conflict between their personal interests and those of the company. They shall also refrain from representing the company and from taking part or having a say in any decision making wherein they may have, either directly or indirectly, either themselves or through any related party thereto, any personal interest. They may not avail themselves of their position in the company to obtain any economic or personal benefit, or any business opportunity for them.*

No employee of INDITEX may render services as consultant, director, officer, employee or advisor to any of INDITEX's competitors, except for such services which may be rendered at the request of INDITEX or with the authorization of the Committee of Ethics.

INDITEX respects the private life of its employees and therefore the private sphere of their decisions. In the framework of this policy of respect, employees are urged to report to the Committee of Ethics any personal conflicts of interest or any conflicts of interest involving their relatives, that might jeopardize the necessary objectivity or professionalism of their duties within Inditex, so that, in the respect of the *confidentiality and privacy of individuals, the relevant measures might be taken for the mutual benefit of the company and of the affected individuals.*

Namely, the cases below shall be considered as potential situations of conflict of interest and they shall be reported to the Committee of Ethics:

- *The conduct by any employee or by any person related to him/her, either directly or indirectly, by themselves or through any company or institution, of any business which is the same, similar or supplementary to the business conducted by INDITEX.*

- *The conduct by any employee or by any person related to him/her, either directly or indirectly, by themselves or through any company or institution, of any business which involves an exchange of goods and/or services, regardless of the remuneration system agreed."*

On the other hand, the Board of Directors approved on 16 July 2019 the Conflicts of Interest Policy, following a favourable report of the Audit and Compliance Committee.

Such Policy seeks to supplement and implement the provisions of the Code of Conduct on conflicts of interest, defining the appropriate measures aimed at preventing, detecting, disclosing and managing such conflicts of interest which may affect employees in the performance of their job.

In this regard, section 4 of the Policy defines conflict of interest as "*any situation where an employee's personal interest (direct conflict of interest) or the interest of any related party thereto (indirect conflict of interest) contradicts (actual conflict of interest) or may contradict (potential conflict of interest) the Company's interest, jeopardizing the requisite objectivity or professionalism of such employee at the workplace.*"

Likewise, section 5 provides the obligation for employees to avoid where possible, being in any situations which may entail a direct or indirect, actual or potential conflict of interest.

Moreover, employees are bound to forthwith disclose to the Committee of Ethics any apparent or real conflict of interest situation which may arise, as well as any doubt they may have on whether a specific situation qualifies as conflict of interest. The Committee of Ethics shall be responsible for addressing the conflicts of interest situations which may arise between the Company and its employees

D.7 Indicate whether the company is controlled by another entity within the meaning of section 42 of the Commercial Code, whether listed or not, and whether it has, directly or through any of its subsidiaries, business relationships with said entity or any of its subsidiaries (other than the listed company) or carries out activities related to those of any of them.

Yes x No

Pontegadea Inversiones, S.L owns 1,558,637,990 shares of the Company, which represents a 50.1% stake in its share capital. Transactions that are significant, either on account of the amount involved or of their nature, entered into between the company and the different entities within the Inditex Group and Pontegadea Inversiones, S.L and its related entities, are covered in section D.2 above. However, no new significant transaction has been entered into in financial year 2021.

Mandatory full information on related party transactions pursuant to the yardsticks and the disaggregation level envisaged in section 42 of the Code of Commerce is provided in the Notes to the annual accounts for FY2021. Such information includes the related party transactions carried out between the Company or any entity of the Inditex Group with its controlling shareholder, Pontegadea Inversiones, S.L. and/or any companies of its Group. Most of them refer to commercial leases.

The object of Pontegadea Inversiones, S.L. are holding stakes in trading companies and the purchae and disposal of stock, transferable securities and real estate.

Indicate whether the respective areas of activity and any business relationships between the listed company or its subsidiaries and the parent company or its subsidiaries have been defined publicly and precisely:

Yes x No

Report the respective areas of activity and any business relationships between the listed company or its subsidiaries and the parent company or its subsidiaries, and identify where these aspects have been publicly reported.

Transactions that are significant, either on account of the amount involved or of their nature, entered into between the company and the different entities within the Inditex Group and Pontegadea Inversiones, S.L and its related entities, are covered in section D.2 above.

Pursuant to section 40.4 of the Board of Directors' Regulations, the Company reports on the transactions carried out with its significant shareholders and their related parties in the periodic half-yearly information.

Additionally, pursuant to Recommendation 6 GGC, the report on related party transactions issued by the Audit and Compliance Committee is made available to the shareholders on the corporate website well in advance of the Annual General Meeting.

Identify the mechanisms in place to resolve potential conflicts of interest between the parent of the listed company and the other group companies:

Mechanisms for resolving possible conflicts of interest

Section 40 of the Board of Directors' Regulations governs the procedure to approve transactions between the Company and its shareholders as well as the rules on the reporting thereof. It is fully transcribed in section D.6 above. In short: this type of transactions must be approved by the board of directors, following a report of the Audit and Compliance Committee, except for (i) transactions within the ordinary course of company business and of a habitual or recurrent nature. In such case, a general approval of the line of transactions will suffice; (ii) transactions which do not require the approval of the board of directors for meeting simultaneously a number of conditions; and (iii) any transaction with a director for a value which is in excess of 10% of the corporate assets. These latter must be approved by the General Meeting of Shareholders.

Likewise, as stated in section D.1 above, the Audit and Compliance Committee is tasked with reporting on transactions which entail or which might entail conflicts of interest situations.

E: Enterprise risk management systems

The information on the Enterprise Risk Management System is provided in section 5.10 – "Responsible risk management" of the Statement on Non-Financial Information (SNFI), which is an integral part of the Integrated Report.

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 such matters exclusively within the purview of the shareholders at the General Meeting of Shareholders, the board of directors is the supreme decision-making, supervisory and monitoring body of the Group, being ultimately responsible for the existence and update of an appropriate and effective ICFR, as provided in the Policy on Internal Control System over Financial Reporting (the "ICFR Policy"), approved by the board of directors.

The board of directors is entrusted with the duties of leadership, management and representation of the Group, delegating as a general rule the management of the day-to-day business of the Company to the executive bodies and the management team and focusing on the general supervisory function, which includes guiding the policy of the Group, monitoring the management activity, evaluating officers' performance, making the most relevant decisions for the Group and liaising with the shareholders.

Audit and Compliance Committee

Pursuant to the provisions of the Articles of Association, the Board of Director's Regulations and the Audit and Compliance Committee's Regulations, and as part of its financial and monitoring duties, the committee shall oversee the process for preparing and releasing the regulated financial information, as well as the effectiveness of the Internal Control over Financial Reporting System, as provided in the ICFR Policy.

In this regard, the Committee carries out the following duties, without limitation:

- To oversee the effectiveness of the internal control system of the Group, the internal audit, and the risk management systems, including tax risks, as well as reviewing with the statutory auditor the significant weaknesses of the internal control system revealed, as the case may be, during the audit.

- With regard to the powers relating to the process of preparing the regulated financial information:

  - To oversee and evaluate on an ongoing basis the process of preparation and presentation as well as the clarity and integrity of the financial information and the directors' report relating to the Company and its Group, ensuring that the half-yearly financial reports and the quarterly management statements are drafted in accordance with the same accounting standards as the annual financial reports and to oversee the review of the interim financial statements requested from the statutory auditor, with the scope and frequency that may be defined, as the case may be.

  - To review compliance with statutory requirements, the appropriate delimitation of the consolidation perimeter and the correct application of the generally accepted accounting principles and international financial reporting standards as may be applicable.

  - To keep a fluent communication with the Company's Management to understand its decisions regarding the application of the most significant criteria; with the Internal Audit Function to be apprised of the findings of the reviews carried out; and with the external auditor or verifier, to obtain their opinion regarding financial information.

  - To be familiar with, understand, oversee and evaluate the effectiveness of the internal control over financial and non-financial reporting system and receive information on a regular basis from the supervisor thereof.

  - To submit recommendations or motions to the board of directors for the purposes of safeguarding the integrity of the financial information;

  - To assess and advice the board of directors on any significant changes in accounting standards and on the significant risks on the balance sheet and off-balance sheet;

- With regard to enterprise risk management:
  - To oversee the enterprise risk management function and establish that it operates pursuant to the provisions of the policy approved by the Board.
  - To receive on a regular basis reports from the Management or from the supervising areas, on the proceedings of risk management systems established, as well as on the results of the tests carried out by internal auditors relating to the same, and on any significant internal control weakness detected by the external auditors.
  - To evaluate the effectiveness of internal control and management systems relating to financial risks, as well as of the measures established to mitigate the impact of identified risks.
  - To promote a corporate culture within the Company wherein risk assessment is a factor upon decision-making, at all levels of the Company and its Group.
  - To identify and re-assess, at least on an annual basis, the most significant financial risks and the level of risk tolerance.
  - To identify and understand emerging risks as well as their alert mechanisms, and regularly evaluate their effectiveness.
  - To ensure that risks are kept and managed within the levels of risk tolerance set by the board of directors.
  - To ensure that the internal control policies and systems established by the company are effectively applied in practice.
  - To meet with the heads of business units at least once a year, and whenever the committee deems it appropriate, for the purposes of briefing the committee on business trends and risks associated with the respective areas under their remit.
  - To submit recommendations or motions to the board of directors and the relevant deadline for follow-up.

Most members of the Audit and Compliance Committee are non-executive independent directors. The committee meets on a quarterly basis and whenever it is called by its Chair. In 2021, the Audit and Compliance Committee has met 5 times.

Financial Department

The Financial Department is responsible for the design, roll-out and implementation of the ICFR system, keeping the system updated, monitoring its design and proceedings to ensure that it is effective and appropriate, communicating and training the parties involved and keeping a periodic report.

The Financial Department drafts and circulates the policies, guidelines and procedures, associated with financial reporting and ensures the appropriate enforcement thereof within the Group.

Internal Audit

The Internal Audit function supports the board of directors, through the Audit and Compliance Committee, with regard to the oversight duty relating to risk exposure, ensuring that appropriate and effective controls are set as an answer to risks in the field of governance, operations and information systems, regarding, inter alia, reliability and integrity of financial information and in particular, the Internal Control over Financial Reporting System (ICFR). To achieve this, Internal Audit carries out specific periodic ICFR audits, requests action plans to correct or reduce any weaknesses revealed and follows up on the implementation of the proposed recommendations.

The Internal Audit Charter, approved by the board of directors, covers the mission, authority and responsibilities of the Internal Audit function pursuant to both domestic and international regulations and standards for the professional practice of internal auditing.

Likewise, Internal Audit has been awarded the certificate of compliance with the "*International Standards for the Professional Practice of Internal Auditing*" by the Instituto de Auditores Internos, a member of the IIA (Institute of Internal Auditors).

F.1.2.. Indicate whether the following exist, especially in relation to the drawing up of financial information:

Departments and/or mechanisms in charge of: (i) the design and review of the organizational 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 organizational structure and the lines of responsibility within the Group. The departments charged with drawing up the financial information are found within such structure.

Senior Managers and the Human Resources Department (HR Department) define the duties and responsibilities of each area.

The Group has clearly defined lines of authority and responsibility regarding the process to draw up financial information. The main responsibility regarding financial reporting lies with the Financial Department.

The structure, size and definition of duties and tasks of each position within the financial area are defined by the Financial Department and disclosed by the Human Resources Department.

The Financial Department is organized in the following departments: Administration, Planning and Management Control, Treasury, Enterprise Risk Management, Tax, and Processes and Projects.

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 organizational structures that meet local requirements in each country where it operates, under the helm of a Chief Financial Officer 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 analyzing breaches and proposing corrective actions and sanctions.

The board of directors approved in the meeting held on 17 July 2012, following a favourable report of the Audit and Compliance Committee, the Code of Conduct and Responsible Practices and the Code of Conduct for Manufacturers and Suppliers of the Inditex Group.

Likewise, on 19 September 2017 the Board of Directors approved, following a favourable report of the Audit and Compliance Committee, the so called Integrity Policies of the Inditex Group.

The main internal conduct regulations of the Group are provided in:

- The Code of Conduct and Responsible Practices.
- The Code of Conduct for Manufacturers and Suppliers.
- The Integrity Policies, which are: (i) the Policy on Gifts and Business Courtesies; (ii) the Policy on Donations and Sponsorships, and; (iii) the Policy on Dealings with Public Servants
- The Conflicts of Interest Policy
- The Internal Regulations of Conduct in the Securities Markets (IRC)

Code of Conduct and Responsible Practices

The Code of Conduct and Responsible Practices provides the action lines which must be followed by the Group employees upon doing their job.

Its goal consists of exacting an ethical and responsible professional conduct from Inditex and its entire workforce in the conduct of business anywhere in the world, as a gist of its corporate culture built up on training and personal and professional career development for its employees. For such purposes, the principles and values which shall govern the relations between the Group and its stakeholders (employees, customers, shareholders, business partners, suppliers and the societies where its business model is implemented) are defined therein.

The Code of Conduct and Responsible Practices is based upon a number of overarching principles, inter alia, that according to which: (i) the Inditex Group shall carry out all its transactions under an ethical and responsible perspective; (ii) all persons, whether natural or legal, who maintain, directly or indirectly, any kind of professional, economic, social or industrial relationships with the Inditex Group shall be treated in a fair and honourable manner and; (iii) all the activities of Inditex shall be carried out in the manner that most respects the environment, promoting biodiversity preservation and sustainable management of natural resources.

One of the standards of conduct covered in the Code of Conduct and Responsible Practices is the "Obligation to Record Transactions", addressed in section 4.13 thereof, according to which:

"*Any and all transactions carried out by the Company which may have an economic impact shall be clearly and accurately shown on the appropriate records of accounts, as a true representation of the* *transactions carried out, and they shall be made available to the internal and external auditors.*

Inditex's employees shall enter the financial information on the company's systems in a full, clear and accurate manner, so that they would show, as at the relevant date, their rights and obligations in accordance with the applicable regulations. Additionally, the accuracy and integrity of the financial information which, under the prevailing regulations in force shall be disclosed to the market shall be ensured.

Inditex undertakes to implement and maintain an appropriate internal control system on financial reporting, ensuring the regular supervision of the effectiveness of such system.

Accounting records shall be at all times made available to the internal and external auditors. For such purposes, Inditex undertakes to provide its employees with the necessary training for them to understand and comply with the commitments undertaken by the company regarding the internal control on financial information."

Policy on Criminal Risk Prevention.

The Policy on Criminal Risk Prevention associates engagements of ethical behaviour undertaken pursuant to the Code of Conduct and Responsible Practices with such offences that it intends to prevent.

Similarly to the provisions of the Code of Conduct and Responsible Practices, section 2.9 of the Policy reads as follows: *"(…) any transaction of economic weight carried out by the Company shall be clearly and accurately recorded in appropriate accounting records that show the true and fair image of the transactions carried out. Such records must be made available to internal and external auditors.*

Inditex's employees shall enter the full financial information into the Company's systems in a clear and accurate manner so that they will show, as at 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 such information is regularly monitored. For such purposes, required training will be offered so that employees may be apprised of and understand the company's commitments in the field of internal control on financial information."

The Policy, together with the Criminal Risk Prevention Procedure and the Scoping Matrix of Criminal Risks and Controls, comprise the Model of Criminal Risk Prevention of the Inditex Group. The Committee of Ethics is the governing body responsible for overseeing compliance with such 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 Committee of Ethics, 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, on account of civil, criminal and/or administrative liability, and to the obligation to compensate any damages incurred, where appropriate.

Finally, there is a Compliance Supervisory Board (the "CSB") 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 CHRO.

CSB is mainly responsible for developing procedures and implementing regulations to enforce the IRC. Likewise, the Compliance Office (the "CO") reports to the CSB. The CO is part of the General Counsel's Office, led by the General Counsel and the Board of Directors. The CO is charged, inter alia, with enforcing the conduct regulations of stock exchanges 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 which are part of the Group and of all the individuals with access to information which may be deemed to be inside information and/or other relevant information, and namely financial information, shall comply with the following principles, without limitaiton: regulatory compliance, transparency, collaboration, information, confidentiality and neutrality. Both the CSB and the CO shall ensure that the above referred principles are observed.

With regard to the IRC, the CO keeps a General Documentary Register of Affected Persons. The CO informs Affected Persons 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 reserved information.

Likewise, the CO informs the Affected Persons that they have been included in the General Documentary Register.

Compliance with the Codes of Conduct of the Inditex Group and, in general, with its internal regulations of conduct is ensured through the Committee of Ethics, composed of:

- The General Counsel and Secretary of the Board, who chairs it.
- The Compliance Officer, in her capacity of Deputy Chair.
- The Chief Sustainability Officer
- The Chief Human Resources Officer
- The Chief Audit Officer, in an advisory capacity

The Committee of Ethics may act of its own motion or at the behest of any employee, manufacturer or supplier of Inditex, or any third party involved in a direct relation and with a lawful business or professional interest, further to a report made in good faith.

The Committee of Ethics reports to the board of directors through the Audit and Compliance Committee and has the following basic responsibilities:

- To oversee compliance with the Code and the internal circulation thereof to the Group's s personnel.
- To receive any manner of written instruments with regard to the enforcement of the Code and to send them, where appropriate, to the relevant body or department which may be responsible for processing and issuing a resolution regarding such instrument.
- To oversee the ethics line (formerly known as the "Whistle Blowing Channel") and compliance with the Ethics Line Procedure.
- To monitor and oversee proceedings and their settlement.
- To solve any doubts which 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 which 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 Committee of Ethics shall ensure:

- The confidentiality of all the information and background and of the acts and deeds performed, unless the disclosure of information is required by law or by a court order.

To ensure that the Ethics Line is properly run, and that the privacy of the parties concerned is protected, the Committee of Ethics may address 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.

Further to the launching of appropriate proceedings, the Committee of Ethics will take, as the case may be, the relevant prevention, remediation and/or disciplinary measures, including referring the matter to the relevant department which will be charged with taking, and at any rate applying, the remediation measures which may be necessary. Such remediation measures shall be reported to the Committee of Ethics.

Decisions of the Committee of Ethics are binding for the Inditex Group and its employees.

The Committee of Ethics submits a report to the Audit and Compliance Committee at least every six months, reviewing its proceedings and the enforcement of the Code of Conduct and Responsible Practices.

Additionally, the Audit and Compliance Committee apprises the board of directors, on an annual basis as well as whenever this latter so requires, of the enforcement of the Code of Conduct and Responsible Practices and the additional documents which comprise the Model of Compliance with internal regulations, from time to time in force.

With regard to the dissemination of the above referred conduct regulations, the Human Resources Department is responsible for circulating a copy of the Code of Conduct and Responsible Practices to any new employee when they join the organization.

Likewise, conduct regulations as amended are available on the corporate website under the Compliance tab, and on INET; they are subject to the appropriate measures regarding disclosure, circulation, training and awareness-raising, so that they may be understood and implemented within the whole organization.

- 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 organization, indicating whether this channel is confidential and whether anonymous notifications can be made, protecting the rights of the whistleblower and the person reported.

An Ethics Line is available to all employees of the Group, manufacturers, suppliers or third parties with a direct relation and a lawful business or professional interest, regardless of their tier or geographic or functional location, so that they may report, even anonymously and within the remit of the Committee of Ethics, any breach of the Group's internal conduct regulations by employees, manufacturers, suppliers or third parties engaged in an employment, business or direct professional relations with the Group, which affect Inditex or its Group.

Therefore, any breach and/or any manner of malpractice, including those of a financial and accounting nature, may be reported.

The Committee of Ethics is responsible for overseeing the Ethics Line and compliance with the Ethics Line Procedure.

The proceedings of the Ethics Line are described in the Ethics Line Procedure approved by the board of directors on 17 July 2012 and amended on 10 December 2019. Such Procedure clarifies and reinforces guarantees and protective measures for all parties in the process: (i) maximum confidentiality; (ii) non-retaliation; (iii) presumption of innocence and respect for the right to honour of reported parties; (iv) the right of the parties to be heard, and; (v) appropriate use of personal data processed.

Full information on the Committee of Ethics and the Ethics Line is available on the intranet and on the corporate website under the "*Compliance – Corporate Ethics*" section, where a direct link to such Line is available.

Reports of noncompliance and/or queries regarding the construction or enforcement of internal conduct regulations may be sent to the Company either (i) by post - for the attention of the Committee of Ethics to the following postal address: Avenida de la Diputación, Edificio INDITEX, 15142 Arteixo, A Coruña (Spain) – or (ii) by e-mail - (ethicsline@inditex.com).

- Training and periodic refresher programmes for personnel involved in the preparation and revision of financial information, as well as in the assessment of the ICFR system, covering at least accounting standards, auditing, internal control and risk management.

The Group's Training and Career Development Area, reporting to the HR Department, is charged with preparing, together with each of the areas reporting to the Financial Department, training and refresher courses addressed to staff responsible for drawing up and overseeing the financial information of each company within the Group. Such schemes include, both general courses, focusing on business expertise and knowledge of the different interrelated departments which 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. Then, they spend time at different corporate departments at headquarters and their training is completed at any of the markets where the Group operates.

Specific training

Group employees responsible for the processes associated with the drawing up 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. A new e-learning platform (Tra!n) is available to employees, to train them on issues regarding financial reporting or information security, among others.

Within the financial environment, training and refresher schemes are arranged by the Human Resources Department liaising with each of the areas of the Financial Department.

Training courses are provided on an annual basis for all new heads of financial areas in each country, in order to get them acquainted with the Inditex Group's management model, as well as with the internal control system over financial reporting implemented by the Group.

Additionally, courses are taught by internal staff on the operation of financial software tools used to draw up the financial information.

Among the specialized training run to employees of the different units and areas of the Financial Department in the year, the following bears mention:

- Internal Control System over Financial Reporting
- COSO Internal Control – Integrated Framework
- Update on international accounting standards (IFRS)
- Financial management in SAP S4/HANA.
- ECA certification (equivalent to CPA)
- Update on local accounting standards
- Internal audit methodology and new regulations
- Update on tax regulations

Additionally, training schemes on local accounting regulations are in place in the different markets.

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 which 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 referred risks management process consists of five stages:

- - Gathering financial information.
- - Identifying the operating processes with an impact on financial information.
- - Assessment of risks by the reporting unit of financial statements.
- - Prioritizing accounts criticality.
- - Checking risks versus operating processes.

As a result of such process, a scoping matrix of risks regarding financial information (ICFR Scoping Matrix) is updated on an annual basis. This Scoping Matrix allows identifying the material headings of the financial statements, the assertions or goals of financial information in respect of which any risks may exist, and the prioritization of operational processes which 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 such parameters as turnover, size of assets and pre-tax profit; and, (ii) from a qualitative perspective in accordance with different issues such as transactions standardizing 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 which are part of the Inditex Group are included. Such 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, determines on a monthly basis the number of companies which make up the Consolidation Perimeter as well as the consolidation methods which apply to each of the companies included in the above referred 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 referred 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 Organization 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 authorization 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 which 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 referred Regulations the Audit and Compliance Committee shall meet on a quarterly basis to review the periodic financial information to be submitted to the Stock Exchanges authorities and the information that the board of directors must approve and release as its annual public documentation.

Furthermore, the ICFR Area monitors that the ICFR is effective and apprises the Financial Department and, where appropriate, the Audit and Compliance Committee, of the findings of such monitoring.

The Group relies on mechanisms to review financial information. Each organizational structures is responsible for reviewing the financial information reported. Analytical reviews of the financial information reported by such 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 in a number of sub-processes, with their relevant flowcharts, that include the proceedings that play a direct or indirect role on financial reporting.

Such processes describe the controls which allow giving an appropriate response to risks associated with the achievement of the objectives relating to reliability and integrity of the financial information, identifying the risks which 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 ARIS.

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 system monitoring model is implemented based upon *SAP GRC Process Control* tool, wherein each control activity is assigned to a supervisor, 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 keeps updated the ICFR process 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 heads 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.

SAP GRC Process Control is implemented with regard to all the processes within the ICFR scope, including those carried out by areas outside the financial area.

With regard to the consolidation, closing and reporting process, 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) which 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 which allows the company to prioritize and focus on such IT environments which are deemed to be especially relevant.

A number of general controls on applications (IT General Controls or ITGCs) are identified within the ICFR IT controls framework defined by the Group, including:

- Secure access to both applications and data.
- The application of logic and physical security measures
- Control and monitoring on changes in applications and their data.
- Environment segregation.
- Appropriate operation of applications.
- Availability of data and continuity of applications.

It bears mention that design of such controls is reviewed on an annual basis for the purposes of implementing such changes, if necessary, which ensure that associated risks are appropriately covered.

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 the ICFR scope is that they play a significant role in the preparation and monitoring of the financial information.

The findings of such monitoring are reported to the Financial Department through the quarterly reports 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, both technical and operational, which have been defined to ensure recovery of information systems in case of lack of availability.

In 2021, the Information Security Committee has met on a quarterly basis. Such Committee is charged with ensuring the effective and consistent enforcement of best practices regarding information security management across the organization, reducing risks affecting security to the minimum, taking into account the company’s business.

The Information Security Committee is composed of:

- The COO & Head of Digital and Sustainable Transformation
- The General Counsel and Secretary of the Board
- The Chief IT Officer
- The Chief Information Security Officer
- The Chief Financial Officer
- The Chief Audit Officer

The Information Security Policy sets forth the principles and guidelines whereby Inditex will protect its information, pursuant to applicable regulations and its ethical values defined in the Code of Conduct and Responsible Practices as well as the provisions of the Regulations of the Information Security Committee and of any other applicable internal regulations.

The overarching principles that inform the Policy are:

(i) classification of information, in accordance with its value, relevance and criticality for the business;
(ii) limited use of information systems to lawful and exclusively professional purposes;
(iii) segregation of duties to avoid risks;
(iv) setting retention periods by information category, where necessary or convenient;
(v) setting monitoring procedures to control how information is made available to third parties;
(vi) security in Information Systems;
(vii) setting a process for continuity management to ensure recovery of critical Information for the Group in the event of disaster; and
(viii) alignment of Information Systems and communications of the Group with the requirements of applicable laws and regulations.

The Information Security Department performs its monitoring duties in an independent manner and is responsible for implementing the Policy and monitoring compliance therewith, and with all requirements arising from applicable laws, regulations and best practices in the field of Information Security.

In 2021 as a result of the global pandemic caused by COVID-19, special attention has been given to the remote work plans and the management of risks associated thereto, further providing appropriate tools and mechanisms to ensure employees' operations and the continuity of critical processes. In particular, the existing capacity of remote access channels and systems has been adapted, monitoring, protection and control measures regarding such remote connections have been reinforced, and specific awareness-raising actions have been addressed to our employees and collaborators.

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.

In 2021, certain activities, mainly actuarial calculations, human resources-related services, calculation of discount rates and certain processes of the Systems and Administration areas, were outsourced to third parties. Included in the ICFR processes are controls on such calculations made by third parties, for the purposes of mitigating risks which may have an impact on financial information.

Outsourced services are commissioned by the supervisors of the relevant areas, ensuring the technical and legal qualifications, capacity and independence of the experts hired.

F.4. Information and communication

Report on whether the company has at least the following, describing their main characteristics:

F.4.1.. A specifically assigned function for defining and updating accounting policies (accounting policy area or department) and resolving doubts or conflicts arising from their interpretation, maintaining a free flow of information to those responsible for operations in the organization, 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, such area is responsible for, inter alia:

- Defining the accounting treatment of the transactions which make up the business of the Group.
- Defining and updating the accounting practices of the Group.
- Addressing doubts and queries arising from the construction of accounting standards.
- Standardizing 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 such updating procedure, the External Reporting area includes all accounting changes identified which 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 for consolidation and preparation of consolidated financial statements is centralized, being 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. The entire addition and consolidation process is supported by SAP BPC tool.

Financial information reported to CNMV is prepared based upon consolidated financial statements gathered through the above referred tool, and upon certain supplementary information reported by the markets, required to prepare the annual/half-yearly report. The entire process is supported by SAP Disclosure Management tool. Contemporaneously, certain specific controls are exerted to confirm integrity of such 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 the disclosure by the Company of Economic-Financial, Non-Financial and Corporate Information via Regulated and non-Regulated Channels.

Under such Policy, the board of directors, being the highest supervisory body responsible for overseeing economic-financial, non-financial and corporate information, shall ensure the largest circulation and the highest quality of the information provided to the stakeholders in accordance with a set of principles, including: 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 has monitored on a quarterly basis, via the owners of processes with an impact on the financial information, the implementation of controls, requesting and reviewing a sample of evidence from the supervisors of each control.

As a result of such monitoring, improvement areas of each control have been identified and they have been assigned an action plan to remedy them. Follow up has ensued, to ensure they have been complied with.

Likewise, the ICFR area has issued 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 have been submitted to the Financial Department, the heads of financial departments and the Internal Audit Department. The ICFR area has reported to the Audit and Compliance Committee on the evaluation of ICFR effectiveness in 2020 and the planned scope for 2021.

In 2021 and specifically regarding ICFR oversight activities, the Audit and Compliance Committee has carried out the following proceedings, without limitation:

- It has reviewed the consolidated annual accounts of the Group and the periodic quarterly and half-yearly financial information that the Board of Directors has to provide to the markets and its supervisory bodies, overseeing compliance with statutory requirements and the appropriate application of the generally accepted accounting principles upon drafting such information.

- As part of its supervision duties regarding the Internal Audit function, it has approved its annual activities report, as well as its budget and the annual internal audit plan which includes specific audits on ICFR processes, pursuant to a pluri-annual plan set.

- It has reviewed the annual audit plan of external auditors that includes the audit objectives based upon the evaluation of risks of financial information and the main areas of interest or significant transactions subject to review in the year.

- It has reviewed with the external auditor and with Internal Audit the internal control weaknesses revealed, where appropriate, in the course of the different audit and review assignments. Meanwhile, both external auditors and Internal Audit have regularly advised the Audit and Compliance Committee on the degree of enforcement of recommendations resulting from such assignments.

- It has regularly met with other corporate departments of the Inditex Group for the purposes of overseeing the effectiveness of internal control systems of the Group, including ICFR, verifying their suitability and integrity and the degree of implementation of action plans to meet audit recommendations.

Internal Audit is a corporate function directly linked to the board of directors, which ensures full independence in the performance of its activities. Internal Audit functionally reports to the Audit and Compliance Committee.

The area is centrally managed from headquarters and has representatives at such geographic areas where the presence of the Inditex Group so requires. Additionally, it is divided into specialized areas, which allows gathering deep understanding on risks and processes.

Internal Audit's budget is approved on an annual basis by the Audit and Compliance Committee which provides for the human and material assets, both internal and external of the Internal Audit Department.

The mission of the Internal Audit function consists, inter alia, of assessing risk exposure and the suitability and effectiveness of controls in respect of risks identified and namely, those related to reliability and integrity of financial and operational information.

Based upon the ICFR Scoping Matrix, Internal Audit drafts a pluri- annual plan for the regular review of ICFR of the Group which is submitted to the Audit and Compliance Committee for approval every year.

This pluri-annual plan entails conducting ICFR reviews of the significant processes and elements of the Group's financial statements. Review priorities are set based upon the risks identified. Such plan is implemented through annual planning which determines the scope of the annual ICFR reviews. The suitability of such plan is reviewed every year, further to the update of the process to identify and assess financial information risks. Additionally, annual planning include compliance with the provisions of current internal corporate policies, including the ICFR Policy.

Namely, the following issues are subject to review: the design and effective operation of key transactional controls and general controls on the main software tools involved in financial reporting, as well as the review of the general control environment.

To carry out its activities, Internal Audit uses different audit techniques, mainly interviews, analytical reviews, specific control tests, reviewing both the appropriateness of design and the effective operation thereof, review of the effectiveness of software tools and material tests.

Results of the assignments, together with the corrective measures recommended, where appropriate, are reported to the Financial Department and the Audit and Compliance Committee. Internal Audit follows up on the implementation of such measures which is 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 regularly meet with the Financial Department and Internal Audit, both to gather information and to disclose any potential control weaknesses which may have been revealed, where appropriate, in the course of their work.

In its meetings, the Audit and Compliance Committee considers the potential weaknesses in control which might have an impact on financial statements, requesting, where appropriate, from the affected areas, the necessary information to assess any effects on the financial statements.

Section 45.5 of the Board of Directors' Regulations provides that: "*The Board of Directors shall ensure that the annual accounts are drawn up in accordance with accounting standards, endeavouring 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 referred, any discussions or different views existing are advanced in the meetings of the Audit and Compliance Committee with external auditors. In turn, external auditors report, where appropriate, on the main internal control issues that need to be improved which have been identified as a result of their work. Additionally, Management reports on the degree of implementation of the relevant action plans set in train to correct or reduce the issues identified.

Meanwhile, the Audit and Compliance Committee meets with the statutory auditors of the individual and consolidated annual accounts for the purposes of reviewing on the one hand the Group's annual account, and on the other, certain half-yearly 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 shall regularly receive from the statutory auditor information regarding the audit plan and the results of its implementation, follow up on the recommendations proposed by the statutory auditor and may request its collaboration whenever this is deemed necessary.

In 2021 members of the Internal Audit function and external auditors were in attendance in all 5 meetings held by the Audit and Compliance Committee, an external auditors were in attendance in 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 2021 and prepared by the Group's Management is reviewed by the external auditors.

G. Degree of compliance with corporate governance recommendations

Specify the company's degree of compliance with recommendations of the Good Governance Code for listed companies.

In the event that a recommendation is not followed or only partially followed, a detailed explanation of the reasons must be included so that shareholders, investors and the market in general have enough information to assess the company´s conduct. General explanations are not acceptable.

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 such channels 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 referred to 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 such 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 such 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 such that the new agenda items and alternative proposals can 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 such 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 such 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 will annually verify 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 capitalization 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, after 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 place 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 post as a director, are in breach of their fiduciary duty, or is affected by any of the circumstances which 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 such 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 which affect them, whether or not related to their actions in the company itself, and which 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 referred to 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, insofar 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 Complies partially X Explain

The Board of Directors meets according to the schedule of dates and agendas previously approved at the start of each year. Such schedule covers the most relevant issues that the board of directors must address.

The board of directors met 7 times in 2021.

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, such 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, in exceptional circumstances, the chairman wishes to bring urgent matters for decision or resolution before the board of directors which do not appear on the agenda, prior express agreement of a majority of the directors shall be necessary, 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; organize 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 such 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 will 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 rely for its evaluation upon the assistance of 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 the 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 such 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) which 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 specialized 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 materialized.
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 specialized 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 which 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 laid down 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 specialized committee on sustainability or corporate social responsibility or such other specialized committee as the Board of Directors, in the exercise of its powers of self-organization, may have decided to create. And that such 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 referred to 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 such 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 such 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, such 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 such extraordinary situations as 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 which 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 which it is necessary to include 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 such 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 Tax Practices of 20 July 2010.

Codes and global commitments willingly undertaken by INDITEX are:

- *UNI GLOBAL UNION* (www.uniglobalunion.org). It encourages respect and promotion of fundamental rights and decent work within the retail and distribution network. Date of endorsement: 2 October 2009.
- *The United Nations Global Compact* (www.globalcompact.org). A United Nations initiative that encourages social dialogue between companies and the civil society. Date of endorsement: 31 October 2001.
- *Ethical Trading Initiative* (ETI) (www.ethicaltrade.org). A dialogue platform to improve working conditions of workers of the distribution sector in developing countries. It is an alliance of companies, international trade unions, and non-governmental organizations. Date of endorsement: 17 October 2005.
- Global Framework Agreement with IndustriALL Global Union (formerly, ITGLWF) (www.industriall-union.org). To promote fundamental human and social rights within Inditex's supply chain, including the definition of mechanisms of joint action within the supply chain to implement the Code of Conduct for Manufacturers and Suppliers. Date of endorsement: 4 October 2007. Inditex and IndustriALL executed on 4 May 2012 the "Protocol to define the involvement of trade unions in the reinforcement of the International Framework Agreement within Inditex's supply chain." On 8 July 2014, the Framework Agreement was renewed by both parties at ILO headquarters in Geneva (Switzerland). A new Agreement was executed on 25 April 2016 between Inditex and IndustriALL, that introduces the concept of "union experts" to enforce the Global Framework Agreement. On 13 November 2019 the Global Framework Agreement was renewed, with both parties agreeing 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 in 2020.* Multi-stakeholder organization comprising brands and representatives of the supply chains of the textile and footwear industry committed to the elimination of certain chemicals in the textile and footwear product manufacturing process. Date of execution: 27 November 2012.
- *ILO's Better Work Programme* (www.betterwork.org). Platform to improve compliance with labour regulations and competitiveness of global supply chains Date of endorsement: October 2007. In the course of this partnership, Inditex and Better Work executed on 9 October 2013 a specific partnership agreement whereby Inditex became a direct buyer partner of the Better Work programme.
- *The CEO Water Mandate* (www.ceowatermandate.org). A United Nations initiative to support companies in the development, implementation and disclosure of their water-related strategies and policies. Date of endorsement: 30 June 2011.
- *Sustainable Apparel Coalition* (www.apparelcoalition.org). An initiative of the textile sector to set in train a joint sustainable index to assess the environmental performance of their suppliers during the production process. Date of endorsement: 20 October 2011.
- *Textile Exchange* (www.textileexchange.org). A Platform to promote the growing of organic cotton, and global sustainability within the textile sector. Date of endorsement: 8 September 2010.
- *Better Cotton Initiative* (www.bettercotton.org). An initiative that develops and promotes best practices in the traditional growing of cotton to benefit the farmers and the environment, and to ensure the future of the sector. Date of endorsement: 1 July 2011.
- Code of Good Tax Practices. It encourages a mutually cooperative relationship between the Tax Administration Authority of Spain and the companies. Sign up date: 21 September 2010.
- Cooperation Agreement between the Ministry of Health and Consumption and the fashion sector in Spain. Date: 23 January 2007. It promotes the defense and encouragement of the rights of Spanish customers in the world of fashion, namely as regards creating and encouraging a healthy-looking appearance.
- *Cotton Campaign:* this is an initiative led by companies and organizations of the third sector to improve working conditions and defend Human Rights in the production and supply of cotton. Date of endorsement: 25 October 2012.
- International Accord (https://internationalaccord.org/). Agreement signed in 2021 by brands and international trade unions, witnessed by non-governmental organizations to honor the commitment to continue and expand the efforts towards a safe and healthy textile industry, based on the principles first upheld in Bangladesh in 2013. Inditex is a founding member of its Steering Committee. The International Accord recognizes the RMG Sustainability Council (RSC) as an independent organization that continued the efforts in Bangladesh. Date of execution: 1 September 2021

- *Fur Free Alliance* (www.infurmation.com). Inditex is a member of the Fur Free Retailer Program of the Fur Free Alliance. The Fur Free Alliance is an international coalition of animal protection organizations working to bring an end to the exploitation and killing of animals for their fur. Date of endorsement: 1 January 2014.
- *ACT (Action Collaboration Transformation):* an initiative of international brands & retailers, manufacturers, and trade unions to address the issue of living wages in the textile and garment supply chain. In development thereof, a Memorandum of Understanding was subscribed by ACT's brands and IndustriALL Global Union to establish within the supply chains the principles of freedom of association, collective bargaining and living wages. Date of execution: 13 March 2015.
- *CanopyStyle Initiative.* Date of endorsement: 2014. Committed to protecting HCV primary forests, and namely, to ensuring that from 2017 on, no cellulose originating in this type of forests will be used in man-made fibers (viscose, modal, Lyocell).
- Organic Cotton Accelerator (OCA Foundation). One of the founding partners of OCA Foundation in 2016 and member of the Investment Committee, being actively committed to contributing to develop a responsible and healthy market of organic cotton for all parties involved.
- International Labour Organization (ILO). Execution of a global Public-Private Partnership aimed at promoting respect for the fundamental principles and rights at work in the cotton sector. Date of execution: 11 May 2017.
- *Fashion Industry Charter for Climate Change.* The Fashion Industry Charter was subscribed with the UN Climate Change Office. Aligned with the goals of the Paris Agreement, the Charter has set an initial target of 30% GHG emission reduction by 2030. Date of execution: 28 November 2018.
- *New Plastics Economy Global Committment.* Undertaken with the Ellen MacArthur Foundation to establish a circular economy for plastic and prevent that it becomes waste, on account of not being reused or recycled. Date of execution: 18 October 2018.
- *Better Than Cash Alliance.* Based in the UN, this is an alliance of governments, companies and large international organizations that seek to globally promote the transition from cash to digital payments. Inditex is focused on achieving digitalization and financial education across its supply chain. Inditex became a member in November 2018.
- *Sustainable Fibre Alliance* (SFA). Non-profit international organization that works with the extended cashmere supply chain, from herders to retailers. Its goal is to promote a global sustainability standard for cashmere production in order to preserve and restore grasslands, ensure animal welfare and secure livelihoods. Year of membership: 2019.

- *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. The Pact was signed on 23 August 2019.
- *Global Fashion Agenda* (https://globalfashionagenda.com). It encourages a number of commitments towards circular economy in 2020 known as GFA 2020 Commitment. Inditex has been a signatory since 11 May 2017.

- AFIRM GROUP: working forum of leading brands in the apparel, footwear and sporting goods industries who share the goal of reducing the use and impact of harmful substances across the textile and leather supply chain.

- Partnership for a sustainable recovery plan for the Spanish economy: initiative promoted in 2020 by Ecodes and the Spanish Green Growth Group, to support and implement a sustainable stimulus package, effective from both an economic and social perspective and aligned with sustainability and biodiversity policies.

- BSR: Global non-profit organization that works with a network of more than 200 members to build a fair and sustainable world. Inditex has been a member of BSR since 2019 and takes part in several of BSR's initiatives, such as the HER Project to promote women's empowerment.

- *UN Business Ambition for 1.5ºC*: Inditex joined in 2020 this urgent call for action from UN Global Compact, for a global coalition of business and industry leaders to commit their companies to set science-based targets aligned with emission reduction.

- The Fashion Industry Charter for Climate Action (UNFCCC): Inditex is a signatory of the Charter with the UN Climate Change Office, aligned with the goals set in the Paris Agreement, to be climate-neutral by 2050 (net-zero GHG emissions). The Agreement has set an initial target of -30% by 2030. The Fashion Industry Charter was launched in December 2018 at the COP24 summit in Katowice, Poland.

- *Clean Cargo Working Group*: Inditex joined in 2020 this initiative that seeks to reduce the environmental impacts of global freight transport and promoting responsible shipping. Within the Clean Cargo Working Group, companies work together to integrate environmentally and socially responsible busines principles into freight management.

- *Covid-19: Action in the global garment industry:* this initiative aims to catalyze action from across the global garment industry to support manufacturers to survive the economic disruption caused by the COVID-19 pandemic and to protect garment workers' income, health and employment. This call to action has been coordinated in 2020 by the International Organisation of Employers (IOE), the International Trade Union Confederation (ITUC) and IndustriALL Global Union together with international brands, with the technical support of the International Labour Organization (ILO). Inditex is a member of the international working group convened by ILO to implement it.

- Foro Social de la Moda [*Fashion Industry Social Forum*]: This forum was founded in 2018 as a joint initiative involving organisations in the third sector, local unions affiliated with IndustriALL Global Union (CCOO and UGT) and various Spanish textile brands including Inditex. It provides a forum for dialogue on global supply chains between various stakeholders.

- *Massachusetts Institute of Technology* (MIT): Inditex has partnered with the Massachusetts Institute of Technology (MIT) in the MIT-MISTI (International Science and Technology Initiatives) to finance research to develop recycling processes from used garments. In addition, Inditex is part of the group of founding companies of the *MIT Climate and Sustainability Consortium* (MCS), created with the aim of accelerating the development of large-scale solutions to combat climate change. The initiative brings together leading multinationals from different industries to work with the Massachusetts Institute of Technology (MIT) to share processes and strategies for environmental innovation.

- *Shift:* non-profit organisation specializing in Human Rights led by Professor John Ruggie, the author of the UN Guiding Principles on Business and Human Rights. Inditex has been a participant of Shift's Business Learning Program since 2018. This leading program in Human Rights involves companies of all sectors willing to work towards implementing the Guiding Principles.

- *Smart Freight Centre (SFC):* Inditex has joined in 2020 this global non-profit organization dedicated to sustainable freight. Its vision is achieving an efficient and zero-emissions global logistics sector, contributing to the Paris Agreement targets and the Sustainable Development Goals. To achieve this, it brings together the global logistics community through its Global Logistics Emissions Council (GLEC).

- *The Policy Hub*: Inditex actively collaborates with The Policy Hub, an organization that brings the textile industry and its stakeholders together to speed up the sector's transformation to a circular model.

- *Uniting Business and Governments to Recover Better* Statement, backed by UN: Inditex has signed in 2020 together with some other 150 companies in the Science Based Targets initiative, this joint statement urging governments across the world to align their COVID-19 economic aid and recovery efforts with the latest climate science.

- *Alianza país por la pobreza infantil cero* [Country Alliance for Zero Child Poverty]. This initiative was launched by the High Commissioner against Child Poverty of the Government of Spain. It seeks to encourage participation and joint alliances from social players to work together towards a common goal: a country where all kids and teens have the same opportunities irrespective of their birth conditions. Inditex has been a member of the Alliance since January 2021.

- *Clean Cargo Owners for Zero Emissions Vessels* (https://www.cozev.org/). This initiative is led by Aspen Institute as part of its Shipping Decarbonization Initiative (SDI) programme to accelerate the transition towards zero emissions vessels and to set a commitment to use only zero—carbon ocean shipping by 2040.

- *The Leaf Coalition* (https://leafcoalition.org/). Voluntary global coalition that brings together the private sector and governments to focus on the protection of tropical forests to halt deforestation and support sustainable development in the countries where they are found. Inditex became a participant in November 2021.

- *The Business call for a UN treaty on plastic pollution*. Call aimed at the 5th Session of the UN Environmental Assembly (UNEA5) that seeks to encourage negotiations among UN member states towards an international treaty on plastic pollution to help drive the transition to a circular economy.

This Annual Corporate Governance Report was approved by the Board of Directors of the company in the meeting held on15 March 2022.

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 (ARR)

ISSUER IDENTIFICATION

Year-end date: 31/01/2022

CIF: A-15075062

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

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

About this Report

This Report (the "Report" or the "Annual Report on Remuneration of Directors") provides information on remuneration of directors for the period running from 1 February 2021 through 31 January 2022 (financial year 2021) and offers detailed information about the Directors' Remuneration Policy of INDUSTRIA DE DISEÑO TEXTIL, S.A. (INDITEX, S.A.), ("Inditex", the "Company" or the "Group") for 2022.

This Report was drawn up by the Remuneration Committee (the "Remuneration Committee" or "the Committee") pursuant to the provisions of section 541 of the Spanish Companies Act ("LSC" *(Spanish acronym)* or the "Companies Act"); Order EEC/461/2013 of 20 March, whereby the contents and structure of the annual corporate governance report, the annual remuneration report, and of other information instruments of listed companies, savings banks and other entities which issue securities admitted to trading on official securities markets, are determined, as amended by Order ECC/2515/2013 of 26 December; Circular 3/2021 of 28 September issued by the National Securities Market Commission ("CNMV" *(Spanish acronym)*) amending Circular 4/2013 of 12 June, that establishes the template of the Directors' Annual Remuneration Report 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. This Circular addresses the changes to directors' remuneration introduced by Act 5 of 12 April 2021 amending the redrafted text of the Spanish Companies Act, approved by Royal Legislative Decree 1 of 2 July 2010, and other financial regulations, with regard to the promotion of long-term shareholder engagement in listed companies, and transposing Directive (EU) 2017/828 of the European Parliament and of the Council of 17 May 2017 amending Directive 2007/36/EC as regards the promotion of long-term shareholder engagement in listed companies; section 30 of the Board of Directors' Regulations and section 6 of the Remuneration Committee's Regulations.

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

This Annual Report on Remuneration of Directors for financial year 2021 was approved by Inditex's Board of Directors on 15 March 2022, 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 Directors' Remuneration Policy for financial years 2021, 2022 and 2023 (the "Directors' Remuneration Policy" or the "Remuneration Policy") was approved at the Annual General Meeting held on 13 July 2021 with 98.42% of votes in favour pursuant to the provisions of section 529 *novodecies* LSC.

At its meeting held on 29 November 2021, and on the proposal of the Nomination Committee, Inditex's Board of Directors passed by unanimous vote the following resolutions, among others:

- To accept the resignation tendered by Mr Pablo Isla Álvarez de Tejera as Chairman and member of Inditex's Board of Directors and of its Executive Committee, effective as of 31 March 2022. Mr Isla will continue as Chairman until that date.

- To appoint via co-option system Ms Marta Ortega Pérez as proprietary director to fill the vacancy created by Mr Isla's resignation as Chairman and member of the Board of Directors and its Executive Committee, and to appoint her as (non-executive) Chair of the Board of Directors, in both cases with effect from 1 April 2022.

- To accept the resignation tendered by Mr Carlos Crespo González as CEO and member of the Board of Directors and its Executive Committee and to appoint him as Chief Operating Officer & Head of Digital and Sustainable Transformation, effective immediately.

- To accept the resignation tendered by Mr Óscar García Maceiras as General Counsel and Secretary of the Board of Directors and its Committees and to appoint him via co-option system as executive director and CEO, effective immediately.

Mr Isla's departure marks the conclusion of a generational handover, which had been in preparation for some time and was initiated by mutual agreement between him and the founder, shareholder and director of the Company, Mr Amancio Ortega Gaona, so that the succession of the Chair would take place in an orderly and planned manner.

The resulting corporate governance model, whereby the roles of Board Chair and CEO will be separate and the position of Board Chair is non-executive, is in line with good corporate governance recommendations.

Against this background, the following decisions have been made regarding directors' remuneration:

1. Proposal to amend the Remuneration Policy:

In view of the aforementioned **changes** in the **corporate governance structure**, at its meeting held on 15 March 2022 and on the proposal of the Remuneration Committee, the Board of Directors passed a resolution to propose to the Annual General Meeting that the Remuneration Policy be amended in order to adapt its content to the new organisational structure. The following is proposed in particular:

- To introduce a **fixed cash remuneration**, specific to the **position of (non-executive) Chair of the Board of Directors**, reflecting the duties assigned and the intrinsic value and criticality of the person appointed to the position. This remuneration is in addition to the fixed annual remuneration payable directors in their status as such for their membership on the Board. The position of (non-executive) Chair of the Board of Directors will not comprise any other element of remuneration and/or compensation in addition to the above.

- The introduction of this component makes it necessary to **increase the maximum amount of remuneration that may be paid annually by the Company to all directors in their status as such**. The Remuneration Policy approved at the Annual General Meeting in 2021 set the current limit of €2,480 thousand based on the composition of the Board of Directors and its Committees as at the date of approval of that Remuneration Policy (13 July 2021).

- To determine the **total remuneration package for the CEO** for the performance of his duties as chief executive under the new corporate governance structure, including the terms of his contract. In general terms, this proposal remains in line with the principles and foundations of Inditex's previous Remuneration Policy,and provides that the aggregate remuneration to be paid to the CEO or any other executive director, as the case may be, should they leave the Company for reasons not attributable to them personally or to their exclusive will, should not be in excess of a sum equivalent to their aggregate remuneration for 2 years calculated on the basis of their respective fixed and annual variable for the current year.

The details, specific amounts and parameters of the proposed amendments, as well as the criteria applied and the bodies involved in the decision-making process, are described in the different headings of section A on the remuneration policy applicable for the current year.

It should be pointed out that the combined amount of remuneration proposed for the new corporate governance structure remains in line with the principles and foundations of the Company's remuneration policy and is even lower than the total amount of remuneration resulting from the previous structure.

2. Proposal to amend the post-contractual non-compete clause of the current Executive Chairman:

As regards the **departure of the Executive Chairman**, the Remuneration Committee, considered at its meeting held on 13 December 2021, the executive agreement in force between Mr Isla and the Company, dated 17 March 2015, and the Remuneration Policy approved at the Annual General Meeting held on 13 July 2021, in particular with respect to the conditions stipulated in case of termination of such executive service relationship. This agreement included a non-compete clause by virtue of which Mr Isla undertook not to carry out activities in competition with those of the Company or any other company of the Inditex Group for a term of two years starting from the termination of his contractual relationship, in exchange for compensation in the amount of one year's fixed remuneration. The clause set out an obligation for Mr Isla to reimburse such consideration and a further amount as a penalty in the event of breach of the commitment, without prejudice to the compensation for damages caused by such breach and without the payment of such penalty and compensation releasing Mr Isla from compliance with such obligation.

The Remuneration Committee reviewed these conditions and concluded that both the current compensation and the scope of the non-compete obligation agreed when Mr Isla joined the Company in 2005, which have remained unchanged since then, are outdated. An in-depth analysis of the current conditions of the sector shows that the conditions must be updated, especially taking into account the transformation of the retail business in the fashion industry, notably with regard to the emergence of the online business, the use of technology in customer relations, as well as the arrival of a new type of competitor in the sector, the so-called “market places”, and the experience acquired by Mr Isla in this sector, which is extremely attractive for any competitor.

As a result, the Remuneration Committee resolved to submit to the Board of Directors a proposal to novate the contract (“Novation of the Contract”) entered into with Mr Isla in order to **strengthen the post-contractual non-compete clause** included therein, as it was deemed to be in the Company's best interest to bolster this commitment extending its scope and increasing the penalty that Mr Isla should pay should he fail to observe the non-compete clause, while at the same time increasing the amount of the compensation to be paid by the Company, as maintaining the initially agreed conditions could entail a serious strategic risk for the Company. The Board of Directors approved on 14 December 2021 to offer Mr Isla such proposal to novate his Contract and Mr Isla accepted this Novation of the Contract on 15 March 2022.

The compensation under the non-compete clause set out in the Novation of the Contract observes the limits on the maximum amounts of severance payments for executive directors referred to in the recommendations of the Good Governance Code of Listed Companies approved by CNMV’s board on 18 February 2015 and amended in part on 26 June 2020. However, as it exceeds the provisions of the current Remuneration Policy regarding severance payments for Executive Directors, the Board of Directors resolved at its meeting held on 14 December 2021, on the proposal of the Remuneration Committee, to **submit the proposal to increase such compensation to shareholders at the Annual General Meeting**.

A breakdown of the criteria considered in this process of reflection by the Remuneration Committee for the proposal of the Novation of the Contract, as well as the resolutions passed by the Board of Directors in post-contractual non-compete matters, on the proposal of the Remuneration Committee, is provided in section A.1.8. This section also includes details of all payments associated with the departure of the Executive Chairman.

As a result of the foregoing, a distinction must be made between two periods for FY2022 based on the current corporate governance structure and the applicable Remuneration Policy:

- From 1 February to 31 March 2022, the transitional period for the transfer of duties from the Executive Chairman to the CEO. The Directors' Remuneration Policy approved at the Annual General Meeting held on 13 July 2021 is applicable in the period.

- From 1 April 2022 to 31 January 2023, the period starting with a new (non-executive) Chair of the Board of Directors and the CEO, now fully in office. Two different time intervals should be considered in this period:

  - Between 1 April and the date of the 2022 Annual General Meeting, directors' remuneration will be in accordance with the Remuneration Policy approved at the Annual General Meeting held on 13 July 2021.

  - From the date of the 2022 Annual General Meeting until 31 January 2023, the amendment to the Remuneration Policy and the resolution regarding the novation of the post-contractual non-compete clause of the current Executive Chairman, once approved, will be applicable and will be submitted for approval at the 2022 Annual General Meeting.

<table>
<tr><th>Corporate governance structure</th><th>Period</th><th>Remuneration to be paid under the following Remuneration Policy</th></tr>
<tr><td>Transitional period for the transfer of duties from the Executive Chairman to the CEO</td><td>01/02/22 – 31/03/22</td><td rowspan="2">Directors' Remuneration Policy approved at the Annual General Meeting held on 13 July 2021</td></tr>
<tr><td rowspan="2">(non-executive) Chair of the Board of Directors and CEO fully in office</td><td>01/04/22 – Date of the 2022 Annual General Meeting</td></tr>
<tr><td>Date of the 2022 Annual General Meeting – 31/01/23</td><td>Amended Directors' Remuneration Policy, once approved at the 2022 Annual General Meeting

Specific resolution of the Annual General Meeting on the post-contractual non-compete clause</td></tr>
</table>

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

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 General Meeting of Shareholders shall be responsible for:

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

The Board of Directors plans to submit for approval at the 2022 Annual General Meeting the following proposed resolutions, as separate agenda items: (i) the Annual Report on Remuneration of Directors for the year ended 31 January 2022; (ii) the amended Directors' Remuneration Policy for financial years 2022 and 2023; and (iii) the proposed increase of the post-contractual non-compete compensation and amendment of its scope and the applicable penalty in case of breach as provided in the Novation of Mr Isla's Contract.

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 at the Annual General 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 duties, including the potential severance pay as a result of early termination, and the amounts to be paid by the Company as insurance premiums or contributions to savings systems.

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

a) Determination of the Remuneration Policy:

- To propose to the Board of Directors the remuneration policy for Directors as well as the regular review and update thereof.
- To propose to the Board of Directors the system and amount of the annual remuneration of directors, to be submitted to shareholders at the Annual General Meeting.

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

b) Application of the Remuneration Policy:

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

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

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

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

c) Review of the Remuneration Policy:

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

d) Transparency of the Remuneration Policy:

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

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

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

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

In accordance with financial year 2022 schedule, the Remuneration Committee is expected to hold, at least, 3 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 this regard, the Remuneration Committee has conducted a number of **remuneration benchmarking**, assisted by an independent experienced consultant in the field of director remuneration, to propose appropriate levels of remuneration for both the new (non-executive) Chair of the Board of Directors and the CEO for their roles in the new corporate governance structure.

In particular, with regard to the (non-executive) Chair of the Board of Directors, market practice in **relevant European countries** has been considered. For this purpose, the amounts and remuneration practices for the remuneration of (non-executive) Board Chairs in the companies that make up the **main stock market indices** (Ibex-35 in Spain, CAC40 in France, FTSE MIB in Italy, DAX40 in Germany, SMI 20 in Switzerland and FTSE 100 in the United Kingdom) have been analysed.

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.

- *Dow Jones Retail Titans 30 Index*, made up of the 30 leading companies of the retail sector. Such companies are selected by Dow Jones based upon ranking by market capitalisation, revenue and net profit.

- Large Ibex-35 companies comparable in size to Inditex (Iberdrola, Santander, Telefónica and BBVA).

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 expenses of the Company.

In this regard, in the current year to this date, to prepare this Report the Remuneration Committee has been advised by WTW, an independent consultant specialising in the field of compensation of directors and senior managers, in connection with its drafting, the drafting of the amendment to the Remuneration Policy and the preparation of remuneration benchmarks; and by the law firm Uría Menéndez, which has provided legal advice on corporate governance and post-contractual non-compete clauses.

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.

Neither the current Remuneration Policy, nor the amendment thereof proposed at the upcoming Annual General Meeting include the possibility to apply temporary exceptions.

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

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

With regard to executive directors, their 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 Remuneration Policy approved at the Annual General Meeting in 2021, in a scenario of maximum level of performance, 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 Executive Chairman and for the CEO.

The amendment to the Remuneration Policy proposed for approval at the 2022 Annual General Meeting does not include changes to the remuneration items comprising the CEO 's total remuneration and the maximum weighting of variable remuneration on total remuneration remains within the limits specified for the position of CEO.

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

Variable remuneration items to compensate executive directors, tied to the achievement of Group's targets, are flexible enough to allow their shaping, including the possibility of not paying any 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 objectives, values and interests of the Company, and measures taken to ensure 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 Remuneration Policy approved at the Annual General Meeting in 2021, long-term or multi-year variable remuneration, on an annualised basis and for a maximum target achievement scenario, may have a weighting of less than 40% of total remuneration (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). In accordance with the proposed amendment to the Remuneration Policy, the weighting of the long-term variable remuneration for the new CEO is below this limit.

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

Part of this long-term variable remuneration is **granted and delivered in shares**, based upon value creation, so that the interests of the executive directors and officers are aligned with those of the shareholders. Specifically, in a scenario of maximum level of achievement, close to 30% of the total variable remuneration of the executive directors 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 Executive Chairman committed to the Company to **maintain** in his personal wealth, while he remains in office, a number of **shares** equivalent to at least 2 years of fixed remuneration.

The CEO, Mr Óscar García Maceiras, has undertaken to retain for 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 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 CEO with those of the shareholders.

Payment of variable remuneration at Inditex, both annual and multi-year, is tied to the achievement of sustainability targets (ESG). These targets are aligned with the Group's sustainable strategy, wherein all stakeholders are considered, and allows rewarding its implementation. Namely, in financial year 2022 the weight of sustainability objectives on aggregate variable remuneration is approximately 20%.

The amendment to the Remuneration Policy proposed for approval at the 2022 Annual General Meeting does not foresee any material changes in the design and weighting of the variable remuneration components.

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

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

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

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

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

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

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

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

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

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

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

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

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

Moreover, with regard to significant shareholders, senior managers and any person affiliated therewith, section 40 of the Board of Directors' Regulations provides the rules governing "Transactions with Directors and significant shareholders". One of the duties assigned to the Audit and Compliance Committee consists of reporting on certain related party transactions. In light of this report, it falls to the General Meeting of Shareholders, the Board of Directors or another body with delegated authority, as the case may be, to approve the transaction when appropriate.

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

(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 forces directors to return remuneration received when such remuneration has been based on certain figures that have clearly been shown to be inaccurate:

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

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

- With regard to the current Long-term Incentive Plans (the 2019-2023 and 2021-2025 plans), as well as any outstanding variable remuneration while the Remuneration Policy is in effect, the Company may cancel before payment and/or claim refund of the incentive previously paid, in full or in part, in the event that any of the following unforeseen circumstances would occur during (i) the period immediately before consolidation, or (ii) the 2 years following settlement of the incentive, 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 and when this is to the detriment of the Company, except where this is appropriate pursuant to a change in accounting standards;

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

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 529*septdecies* LSC, the Directors' Remuneration Policy approved at the Annual General Meeting held on 13 July 2021 determines the maximum amount of remuneration that may be paid each year by the Company to all directors in their status as such. Based on the composition of the Board of Directors and its Committees at the date of approval of this Remuneration Policy, this maximum amount was set at €2,480 thousand.

In view of the organisational changes outlined above, the Board of Directors resolved to submit to the Annual General Meeting a motion on the amendment of the Remuneration Policy to increase this maximum limit to bring it into line with the new corporate governance structure, as well as to establish a specific fixed remuneration for the position of (non-executive) Chair of the Board of Directors, which has not been paid to date.

In order to propose to the Board of Directors the remuneration for the position of (non-executive) Board Chair, the Remuneration Committee has carried out a reflection exercise in financial year 2022, taking into account the following factors:

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

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

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

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

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

As a result of the aforementioned analyses, on the proposal of the Remuneration Committee, the Board of Directors has decided to establish a specific fixed remuneration for the position of (non-executive) Chair of the Board of Directors, which amounts, on an annualised basis, to €900 thousand and which will be paid in cash. This remuneration is included as part of the amendments to the Remuneration Policy which will be submitted for approval at the 2022 Annual General Meeting. The Chair of the Board of Directors will also receive the annual remuneration set for all directors for their board membership, which, on an annualised basis, amounts to €100 thousand. The remuneration of the (non-executive) Chair of the Board of Directors does not comprise any other element of remuneration and/or compensation in addition to the above.

Consequently, a motion is made for the **maximum amount of the annual remuneration to be paid to all the directors in their status as such,** to stand at €3,380 thousand.

Within the limit set by the Annual General Meeting, it falls to the Board of Directors, upon proposal of the Remuneration Committee, to determine the manner and time at which such amounts are to be paid. At its meeting held on 15 March 2022 and on the proposal of the Remuneration Committee, the Board of Directors resolved to maintain for financial year 2022 the following amounts set in the Directors' Remuneration Policy approved at the Annual General Meeting held on 13 July 2021 (with 98.42% of votes in favour) which have remained unchanged since they were approved at the Annual General Meeting held on 19 July 2011 (with 99.59% of votes in favour):

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

Such amounts are fully independent and compatible with each other.

Except for the remuneration of the Executive Chairman and the CEO for the performance of executive duties, the amounts shown above represent the only remuneration paid to directors of the Company for membership on the Board of Directors of Inditex or of any Group company. No per diems are paid for attendance at meetings of the Board of Directors or its delegated or advisory Committees, nor is there any remuneration in the form of profit-sharing or bonuses, or remuneration systems or pension plans incorporating variable remuneration, or severance payments for the termination of their relationship with the Company or any other items determined for the performance of executive duties. 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 D&O insurance policy for directors, executives 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.

The Remuneration Policy approved at the Annual General Meeting held on 13 July 2021 sets out the fixed remuneration amounts for the Executive Chairman and the CEO, which remain unchanged for the 3 financial years covered by the policy. Therefore, from 1 February to 31 March 2022, the transitional period for the transfer of duties from the Executive Chairman to the CEO, the fixed remuneration of the executive directors, on an annualised basis, amounts to the following:

- Executive Chairman: €3,250 thousand. The Remuneration Policy stipulates that this amount is payable in 14 instalments and will apply until the termination date of 31 March 2022. Therefore, the estimated amount to be accrued by the Executive Chairman in 2022 for this item amounts to €597 thousand (this amount includes the payments for the months of February and March and the prorated part of the 13th and 14th months extraordinary payments).

- CEO: €1,500 thousand, to be paid in 14 instalments.

With a view to proposing to the Board of Directors the **fixed remuneration** of the position of **CEO** for the performance of his executive duties in the new corporate governance structure, in 2022 the Remuneration Committee has carried out a reflection exercise where it has considered the following **factors and** applied the following **criteria**:

- The principles and foundations set out in the Remuneration Policy approved at the Annual General Meeting held on 13 July 2021. In particular, the principle whereby this fixed remuneration must represent a sufficient part of their compensation package for the sake of achieving an appropriate balance between fixed and variable remuneration items.

- The new corporate governance structure under which the roles of Chair and CEO are separate and the position of Chair of the Board of Directors is non-executive.

- The consistency with the responsibility and duties as chief executive and leadership within the organisation, in line with the remuneration paid in the market by comparable companies.

- The extent to which fixed and total remuneration is appropriate to reward the value of the contribution of the position and the individual, both to the Company and to shareholders.

- Internal fairness with regard to the remuneration of the members of the Management Committee, made up of officers of the Inditex Group with a long track record and from different corporate and business areas.

- Guidelines from institutional investors and proxy advisors, as well as feedback received from them in the Company's regular consultation process.

- Total remuneration benchmarking for the lead executive in various comparator groups, as described in section A.1.2.

In view of the foregoing considerations, the Board of Directors resolved at its meeting held on 15 March 2022 to set a fixed remuneration for the CEO amounting to €2,500 thousand on an annualised basis. Once approved at the Annual General Meeting, this amount shall remain unchanged during the financial years covered by the Remuneration Policy.

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 from 1 April 2022, 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.

In the specific case of the Executive Chairman, the Remuneration Policy approved at the Annual General Meeting held in 2021 stipulates an annual variable remuneration with a target amount equivalent, on an annualised basis, to 120% of the fixed remuneration for the performance of executive functions. In case of overachievement of the pre-established target levels, it might reach up to 125% of variable target remuneration (€4,875 thousand on an annualised basis). On the proposal of the Remuneration Committee, the Board of Directors has considered and assessed the success of the handover process from the Executive Chairman to the (non-executive) Chair of the Board of Directors and the CEO during the transitional period, as well as the performance of sales in these months compared to the previous financial year. No other variable remuneration has been granted to the CEO in financial year 2022.

For the CEO, the variable components of his remuneration for the performance of his executive functions, as stipulated in the Remuneration Policy approved at the Annual General Meeting in 2021, 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, in line with the interest of the Company and consistent with the medium to long-term strategy.

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

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

  The Remuneration Committee is responsible for approving the targets at the beginning of each financial year and assessing their achievement level at year end. This evaluation is done based upon the data and the results provided by the Financial Division, the General Counsel's Office – Compliance Office and the Sustainability Department, all of which are first reviewed by the Audit and Compliance Committee and the Sustainability Committee, as the case may be, as well as upon the level of achievement of the relevant targets.

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

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

In accordance with the Directors' Remuneration Policy approved at the Annual General Meeting held in 2021, the CEO's **target annual variable remuneration**, i.e., the one which corresponds to a level of achievement of 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, this could amount to a maximum of **125% of annual target variable remuneration** (150% of fixed remuneration for the performance of executive functions, i.e. €,3,750 thousand on an annualised basis). The motion on the amendment to the Remuneration Policy which will be submitted for approval at the 2022 Annual General Meeting continues along the lines of these amounts.

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, its needs and the business status, and the recommendations and best practices in the market in the field of remuneration. Such terms are submitted to the Board of Directors for approval.

Namely, the Board of Directors has resolved on 15 March 2022, on the proposal of the Remuneration Committee, that the annual variable remuneration for the CEO in financial year 2022 will be determined in accordance with the following criteria:

<table>
<tr><th>Weighting</th><th>Performance measures</th><th>Measurement criteria</th></tr>
<tr><td>70%</td><td>Net sales (35%) and contribution margin (35%)</td><td>The same criteria established for senior managers according to the budget of the Company are applied.</td></tr>
<tr><td rowspan="2">15%</td><td>Personal performance</td><td>Assessment by the Board of Directors, on the proposal of the Nomination Committee.</td></tr>
<tr><td>Strategic development of the Company</td><td>Boost of store and online integration, through the development and implementation of new processes and tools allowing to provide a differentiated customer experience, pursuant to the Groups' targets</td></tr>
<tr><td rowspan="3">15%</td><td>Progress in implementation of the strategy towards global sustainability, measured against the following indicators:</td><td>(i) Increase in the number of sustainable items, measured against the following parameters:
a. More sustainable raw materials: cotton, linen, polyester and cellulose fibres.
b. Garments featuring the Join Life sustainability label.
(ii) Number of audits and control of discharges at dyeing facilities (wet processes) within the scope of the Zero Discharge of Hazardous Chemicals (ZDHC) Programme;
(iii) Percentage of waste reduction in respect of waste generated at Inditex facilities (HQ, logistics centres and own stores) (Zero Waste);
(iv) Percentage of packaging material collected to be recycled or reused in the supply chain (Green to Pack);
(v) Percentage of internal consumption of renewable energy at Inditex facilities (HQ, logistics centres and own stores);
(vi) Progress in the roll-out of the "Reusable shopping bag" project;
(vii) Progress in the elimination of single-use plastics from customer sales;
(viii) Innovation projects related to textile recyclability:</td></tr>
<tr><td>Progress in corporate governance</td><td>Degree of compliance with the recommendations of the Good Governance Code of Listed Companies and alignment with international best practices</td></tr>
<tr><td>Progress in implementing diversity and compliance programmes</td><td>Approval of internal regulations and degree of international roll-out</td></tr>
</table>

The short-term variable remuneration for 2022 on account of achievement of the above referred targets will be paid in 2023 in cash.

- Multi-year or Long-term variable remuneration

a) 2021-2025 LONG-TERM INCENTIVE PLAN

The General Shareholders' Meeting held on 13 July 2021 approved the **2021-2025 Long-Term Incentive Plan**. This Plan continues with the same approach as the previous 2019-2023 Long-Term Incentive Plan and embraces certain developments which improve the level of alignment with the recommendations of institutional investors and proxy advisors.

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, shall be paid to the beneficiaries of the Plan, either in full or in the relevant applicable percentage, as the case may be.

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

- The first cycle of the Plan runs from 1 February 2021 to 31 January 2024. The Executive Chairman and the CEO are beneficiaries of this cycle.
- The second cycle runs from 1 February 2022 to 31 January 2025. Only the CEO is a beneficiary of this cycle.

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

Under such Plan, executive directors 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, 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 targets and propose the number of shares to be delivered.

Executive directors must **retain** a number of shares equivalent to the incentive received in **shares**, net of any applicable taxes, for the **2 years following delivery thereof**. This is notwithstanding the CEO 's commitment to retain them for 3 years until he holds a number of shares equivalent to at least 2 years of his fixed remuneration.

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 first cycle of the Plan are detailed below.

- The **maximum amount of the incentive** assigned to executive directors would amount to:

	Maximum Incentive =	Cash +	Shares
Executive Chairman	155% of annual fixed remuneration	€2,011 thousand	116,568 shares
CEO	118% of annual fixed remuneration	€1,183 thousand	68,562 shares

  In the specific case of the CEO and for the first cycle 2021-2024, the specified amount includes the total incentive granted for the full cycle taking into account the different positions held, i.e. the amount granted for the performance of duties as General Counsel and Secretary of the Board in 2021 and the amount assigned as CEO, in accordance with the Remuneration Policy approved at the Annual General Meeting in 2021. The incentive, which is expressed as a percentage of the annual fixed remuneration, is calculated based on a fixed remuneration of €2,500 thousand (this amount corresponds to the annual fixed remuneration as CEO, in accordance with the provisions of the amendment to the Remuneration Policy to be submitted for approval at the 2022 Annual General Meeting).

- Upon expiry of each cycle, the Remuneration Committee will evaluate the level of achievement of targets and propose the cash amount and the number of shares to be delivered. Target achievement will be measured through identifiable and quantifiable parameters known as metrics. The incentive for each cycle will vary depending upon the following metrics, with the following **weight**:

Weighting	Performance measures	Measurement criteria
25%	Profit before Taxes ("PBT")	PBT figure for financial year 2023, expressed in euros, compared to the amount set by the Board of Directors as a target at the commencement of the first cycle.
25%	Store and Online Sales ("TTTT" *(Spanish acronym)*)	Amount in euros of total sales in store and online in financial year 2023 at constant currency, according to the Company's information, compared to the amount set by the Board of Directors as a target at the commencement of the first cycle.

Weighting	Performance measures	Measurement criteria
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 weighted average share price on the 30 trading days immediately prior to 1 February 2021[124], excluded, and the final value is defined as the weighted average share price on the 30 trading days immediately prior to 31 January 2024 (included). To this end, for calculating such final value, the dividends or other similar amounts received by shareholders on said investment during the respective period of time will be considered, as if the gross amount thereof (before taxes) would have been reinvested in more shares of the same class on the first date on which the dividend or any similar amount is payable to shareholders and at the closing share price on that date. The TSR achieved will be compared with the target set by the Board of Directors at the commencement of the first cycle.
12.5%	Relative Total Shareholder Return ("TSR")	Comparison of the evolution of an investment in Inditex's shares with the evolution of an investment in shares of any of the companies included in the Peer Group of companies (as defined below), determined by the ratio (expressed as a percentage) between the final value of a hypothetical investment in shares (reinvesting the dividends from time to time) and the initial value of that same hypothetical investment. The initial value of Inditex and the companies in the Peer Group is defined as the weighted average share price on the 30 trading days immediately prior to 1 February 2021 (excluded), and the final value is defined as the weighted average share price on the 30 trading days immediately prior to 31 January 2024 (included). To this end, for calculating such final value, the dividends or other similar amounts received by shareholders on said investment during the respective period of time will be considered, as if the gross amount thereof (before taxes) would have been reinvested in more shares of the same class on the first date on which the dividend or any similar amount is payable to shareholders and at the closing share price on that date.
25%	Sustainability index (comprising 4 indicators)	(i) Sustainable product, measured as the percentage of sustainable garments. (ii) Waste management, measured as the percentage of Inditex facilities (headquarters, factories, logistics centres and stores) where a waste management system for an appropriate waste recycle, recovery and processing is in place, preventing it from ending up in landfill. (iii) Decarbonisation, measured as the reduction in the volume of greenhouse gas emissions in the company's own operations (Scope 1 and 2).

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

		(iv) Social, measured as the percentage of Inditex suppliers rated A or B in social audits.

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

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

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

  Intermediate figures are calculated by linear interpolation.

  - Regarding the evolution of relative TSR:

    - The Peer Group is made up of the companies included in the Dow Jones Retail Titans 30 index as at 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 coefficients of such positions, according to the difference between the values of TSR, in accordance with the following scale:

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

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

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

The maximum number of shares under the 2021-2025 Plan amounts to 7,500,000 ordinary shares, which represent 0.24% of the Company's share capital, out of which a maximum number of 300,000 shares are addressed to the Executive Chairman and a maximum number of 160,000 shares are addressed to the CEO.

On the proposal of the Remuneration Committee, the Board of Directors intends to approve the implementation of the second cycle (2022-2025) of the 2021-2025 Long-Term Incentive Plan. The incentive amounts and associated features of the cycle for the CEO will be set out in detail in the Annual Report on the Remuneration of Directors to be published in 2023.

b) 2019-2023 LONG-TERM INCENTIVE PLAN:

The Annual General Meeting held on 16 July 2019 approved the **2019-2023 Long-Term Incentive Plan** (the "Plan"). This Plan continues with the same approach as the previous 2016-2020 Long-term Incentive Plan and embraces certain developments which improve the level of alignment with the recommendations of institutional investors and proxy advisors.

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 objectives has been verified, shall be paid to the beneficiaries of the Plan, either in full or in the relevant applicable percentage, as the case may be.

The beneficiaries of the Plan include Mr Pablo Isla Álvarez de Tejera, as Executive Chairman, and Mr Carlos Crespo González, as CEO, for remuneration purposes, until 30 November 2021[125]. Mr Óscar García Maceiras, the CEO, for remuneration purposes, from 1 December 2021[126] is also a beneficiary of this Plan, which includes, in relation to the first cycle, the incentive granted for the performance of his duties as General Counsel and Secretary of the Board, and in relation to the second cycle, for the duties performed as General Counsel and Secretary of the Board in 2021 and the amount granted as CEO, in accordance with the Remuneration Policy approved at the Annual General Meeting in 2021.

Specified below are the features of the Plan applicable to executive directors and the incentive amounts applicable to the CEO. The incentive amounts for Mr Carlos Crespo González, as CEO, are set out in section B of this Report, which includes the information corresponding to the implementation of the Remuneration Policy in financial year 2021.

The total duration of the Plan is **4 years**. It is structured in **2 independent cycles**. The first cycle of the Plan began on 1 February 2019 and it will run until 31 January 2022. The second cycle began on 1 February 2020 and will expire on 31 January 2023.

The Plan is tied to critical business, shareholder value creation and sustainability targets. Upon expiry of the performance period for each cycle, the Remuneration Committee shall evaluate the level of achievement reached in respect of each objective, as well as in the entire cycle, considering the information disclosed by the Company and audited, and it shall propose to the Board of Directors for approval the levels of incentive associated to achievement, based upon the performance scales set, and certain extraordinary factors which, if any, may have occurred during the performance period of the Plan's objectives.

[125] While his resignation from his position on 29 November 2021 was effective immediately, the Company recognises 30 November 2021 as the date of economic effect.
126 While his appointment as new Chief Executive Officer became effective on 29 November 2021, the Company recognises 1 December 2021 as the date of economic effect of appointment.

Under such Plan, executive directors will receive, if appropriate, an incentive which will materialize as follows: **60% in shares** and **40% in cash**.

The aggregate **amount** of the **incentive** granted to the **Executive Chairman** for a scenario of achievement of objectives on **target** for the 2 cycles of the Plan would be €6,800 thousand, equivalent on an annualised basis to €1,700 thousand (**52% of the annual fixed remuneration** for the performance of executive functions). In a scenario of **overachievement**, the incentive would be equivalent to **185% of the above referred target incentive** (equivalent, in annualized terms, to 97% of annual fixed remuneration for the performance of executive functions).

Regarding 60% of the incentive which would, if appropriate, be settled in shares, the number of shares to be delivered 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 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.1.7 above.

The description of the first and the second cycles of the Plan is as follows:

- The first cycle of the Plan runs from 1 February 2019 until 31 January 2022. In turn, the second cycle begins on 1 February 2020 and expires on 31 January 2023.

- The aggregate amount of the incentive assigned to the Executive Chairman amounted to:

Cycle	Target Incentive	=	Cash	+	Shares
First cycle	105% of annual fixed remuneration		€1,360 thousand		87,291 shares
Second cycle	105% of annual fixed remuneration		€1,360 thousand		65,010 shares

  For both cycles, in a scenario of overachievement, the incentive would be equivalent to 185% of the above referred target incentive (equivalent to 193% of the annual fixed remuneration for the performance of senior management functions).

- The aggregate amount of the incentive assigned to the CEO, Mr Óscar García Maceiras amounted to:

Cycle	Target Incentive	=	Cash	+	Shares
First cycle	13% of annual fixed remuneration		€165 thousand		7,090 shares
Second cycle	70% of annual fixed remuneration		€700 thousand		33,460 shares

  The amounts shown include the total incentive assigned for the full cycle taking into account the different positions held by Mr Óscar García Maceiras. For both cycles, in a scenario of overachievement of targets, the incentive would be equivalent to 185% of the specified target incentive (equivalent to 24% for the first cycle and 104% for the second cycle of the annual fixed remuneration for his executive functions as CEO in accordance with the provisions of the amendment to the Remuneration Policy to be submitted for approval at the 2022 Annual General Meeting, i.e. €2,500 thousand).

- Upon expiry of each cycle, the Remuneration Committee will assess the level of target achievement and propose the cash amount and the number of shares to be delivered. Target achievement will be measured through identifiable and quantifiable parameters known as metrics. The incentive for each cycle will vary depending upon the following metrics, with the following **weight**:

Weighting	Performance measures	Measurement criteria
30%	Earnings before Taxes ("PBT")	PBT in a certain period of time.
30%	Same-store Sales ("MMTT" *(Spanish acronym)*)	Sales in comparable physical and online stores, according to the information released by the Company.
30%	Relative Total Shareholder Return ("TSR")	Comparison of the evolution of an investment in Inditex's shares with the evolution of an investment in shares of any of the companies included in the Peer Group of companies (as defined below), determined by the ratio (expressed as a percentage) between the final value of a hypothetical investment in shares (reinvesting the dividends from time to time) and the initial value of that same hypothetical investment.

10%	Sustainability index (comprising 4 indicators)	(i) Percentage of factories within Inditex's supply chain where wet processing (such as washing, dyeing and printing) is carried out, that use *The List, by Inditex* standard as a reference to select the chemical products used in their processes. This percentage will be verified by means of the relevant audits. It is measured at the end of each cycle. (ii) Percentage of waste reduction (in terms of waste similar to urban waste and hazardous waste) internally generated at Inditex headquarters, and at all own factories and logistics centres, that is appropriately recycled, evaluated and managed to be recovered, preventing discharge to landfill. It is measured at the end of each cycle. (iii) Greenhouse as direct emissions reduction ratio in own operations in respect of total net sales of the Group. It is measured at the end of each cycle. (iv) Percentage of Inditex's suppliers of goods ranked A and B following their social audit. The average of the three years of each cycle is measured.

- In order to calculate the incentive payout for each level of target achievement, a Maximum Incentive level and a **performance scale** have been determined for each metric, as provided below: The performance scales are described below:
    - Regarding PBT and MMTT:

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

Intermediate figures are calculated by linear interpolation.

- Regarding the evolution of relative TSR:

  - The Peer Group is made up of the companies included in the Dow Jones Retail Titans 30 index as at 1 February 2019 for the first cycle, and as at 1 February 2020 for the second cycle (the "Peer Group").

  - For the purposes of Inditex's TSR and the TSR of each company within the Peer Group, initial value shall be understood as the average weighted closing share price of each company on the 30 trading days immediately prior to 1 February 2019 (excluded), for the first cycle, and 1 February 2020 (excluded) for the second cycle (the "Initial Value").

  - For the purposes of Inditex's TSR and the TSR of each of the companies included in the Peer Group, final value shall be understood as the average weighted closing share price of each company on the 30 trading days immediately prior to 31 January 2022 (included) for the first cycle and 31 January 2023 (included) for the second cycle (the "Final Value").

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

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

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

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

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

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

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

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

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

Percentage of waste similar to urban waste	Percentage of hazardous waste appropriately managed to be recovered	Level of Incentive (% of maximum incentive)
< 85%	< 80%	0%
85%	80%	50%
88%	82%	75%
91%	85%	100%
> 95%	> 88%	125%

- Indicator no. 3: GHG emissions reduction:

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

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

Percentage of concentration of production in suppliers ranked A and/or B following their social audit upon expiry of each cycle of the 2019-2023 Plan	Level of Incentive (% of maximum incentive)
< 90%	0%
90%	50%
92%	75%
93.5%	100%
> 95%	125%

  - Regarding the first cycle, the incentive will be delivered within the calendar month following the publication of the 2021 annual accounts, and with regard to the second cycle, within the calendar month following the publication of the 2022 annual accounts.

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

The maximum number of shares under the 2019-2023 Plan amounts to 9,800,000 ordinary shares, which represent 0.3% of the Company's share capital, out of which a maximum number of 390,000 shares are addressed to the Executive Chairman and 75,000 shares to the CEO.

Section A.1.8. below sets out the incentive settlement for the second cycle of the 2019-2023 Long-Term Incentive Plan and the first cycle of the 2021-2025 Long-Term Incentive Plan, associated with the departure of the Executive Chairman.

Since the first cycle 2019-2023 ended on 31 January 2022, section B shows the level of achievement for each target and as a whole and the corresponding level of incentive payment.

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

Pursuant to the Remuneration Policy approved at the 2021 Annual General Meeting, except for the Executive Chairman, directors are not beneficiaries of any long-term saving system, including retirement or any other survivor benefit, partly or wholly funded by the Company. The amendment to the Remuneration Policy proposed for approval at the Annual General Meeting does not include any changes in this respect. Therefore, once approved, no director shall participate in long-term savings schemes while the Remuneration Policy is in effect, which may however provide that the Board of Directors is entitled to implement this type of systems while it is in effect.

No contributions to the Executive Chairman's pension plan will be made during financial year 2022. Further details on the Chief Executive's pension scheme and the amount of accumulated funds are included in section A.1.8.

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 noncompetition, minimum contract term or loyalty, that entitles the director to any kind of remuneration.

As stated in section A.1.1., at its meeting held on 29 November 2021 and following a report from the Nomination Committee, the Board of Directors of Inditex resolved by unanimous vote, inter alia, to accept the resignation tendered by Mr Pablo Isla Álvarez de Tejera as Chairman and member of the Board of Directors of Inditex and of its Executive Committee. This marks the conclusion of a generational handover process, which had been in preparation for some time and was initiated by mutual agreement between him and the founder, controlling shareholder and director of the Company, Mr Amancio Ortega Gaona, so that the succession of the Board Chairmanship would take place in an orderly and planned manner. The resignation will take effect on 31 March 2022, until which time Mr Pablo Isla Álvarez de Tejera will continue to hold his position as Executive Chairman.

At its meeting held on 13 December 2021, the Remuneration Committee considered the current executive services agreement entered into between Mr Isla and the Company on 17 March 2015, and the Remuneration Policy approved at the Annual General Meeting held on 13 July 2021, in particular with respect to the conditions stipulated for the termination of such executive service relationship. This agreement included a non-compete clause by virtue of which Mr Isla undertook not to carry out activities in competition with those of the Company or any other company of the Inditex Group for a 2-year term starting from the termination of his contractual relationship, in exchange for compensation in the amount of one year's fixed remuneration. The clause set out an obligation on Mr Isla to reimburse such consideration and a further amount as a penalty in the event of breach of the commitment, notwithstanding compensation for the damages caused by such breach and without the payment of such penalty and compensation exempting Mr. Isla from compliance with such obligation.

Following a thorough analysis, the Remuneration Committee concluded that both the compensation and the scope of the non-compete obligation, which were agreed when Mr Isla joined the Company in 2005 and have not been updated since then, are out of step with more general market practices.

As part of this analysis process, the Committee assessed, on the one hand, the evolution of the retail business in the fashion sector - the emergence of online business, the use of technology in customer relations, the emergence of new types of competitors such as marketplaces, etc. on the other hand, throughout these years, the Inditex Group has undertaken a process of global expansion of its different commercial formats with presence in the five continents and has carried out a digital transformation process through an integrated offer of online and in-person sales, as well as having engaged for several years in the adaptation of its supply chain to the highest standards in terms of sustainability. Mr Isla's direct involvement in the aforementioned developments has made him one of the world's leading experts in the fields of these business areas and his experience is extremely attractive to any competitor. Evidence of this is the fact that Mr Isla was named World's Best CEO in 2017 and 2018 by the prestigious Harvard Business Review and Best CEO of the Decade in 2020 by Forbes magazine. In the opinion of the Remuneration Committee, this would represent a serious strategic risk for the Company if the contractual conditions initially agreed in this respect were to be maintained.

At its meeting held on 14 December 2021 and on the proposal of the Remuneration Committee, the Board of Directors, observing the limits on the maximum amounts of termination payments for executive directors set out in the recommendations of the Good Governance Code of Listed Companies approved by CNMV’s board on 18 February 2015 and revised by such Board on 26 June 2020, decided to present Mr Isla with an offer to novate his agreement in order to update the post-contractual non-compete agreement, both in terms of a broader definition of Mr Isla's non-performance obligation and also, in parallel, in terms of the consideration for such obligation and the multiplier applicable to the penalty in the event of breach of such obligation, in order to increase the deterrent and thereby improve the protection of the Company's legitimate interests. For such purpose:

a) The compensation for post-contractual non-compete is increased to a total amount equivalent to two annual amounts of his total target remuneration, this being calculated based on the fixed remuneration, the annual variable remuneration and the annualised long-term variable remuneration, in accordance with the most recent approved long-term incentive, both at target levels. Of this amount, the amount corresponding to one (1) year's fixed remuneration is considered as severance pay and the remainder constitutes compensation for the non-competition obligation. The foregoing is on the understanding that the sum of both amounts shall in no case exceed an amount equal to two (2) annual payments of Mr Isla's maximum total remuneration.

b) The scope of the non-compete obligation is given a broader definition, covering the marketing of any products that are the same as, similar or supplementary to those marketed by the Inditex Group, through online channels and logistics services.

c) The penalty applicable, along with the reimbursement of the compensation, in the event of failure by Mr Isla to fully comply with his non-compete obligation, is increased by twice the amount of the compensation received by Mr Isla.

Therefore, the total amount payable by the Company to Mr Isla as consideration for his post-contractual non-compete obligation, if the Novation of the Contract is approved by the Company's Annual General Meeting, amounts to €19,740 thousand, of which: a) the amount of €3,250 thousand shall be paid to him within 15 days following the date of termination of his contract, i.e. between 1 and 15 April 2022; and b) the balance, i.e. €16,490 thousand shall be paid to him within 15 days following the date of the next Annual General Meeting, provided that the Novation of the Contract is approved.

This compensation stipulated in the Novation of the Contract is in accordance with the limits on the maximum amounts of severance payments for executive directors set out in the aforementioned recommendations of the Good Governance Code of Listed Companies. In any case, since it exceeds the provisions of the current Directors' Remuneration Policy approved at the Annual General Meeting in 2021 with regard to severance payments for Executive Directors, at its meeting held on 14 December 2021 and on the proposal of the Remuneration Committee, the Board of Directors resolved to submit to the Annual General Meeting for approval the proposal regarding the Novation of Mr Isla's contract. Mr Isla accepted such proposal on 15 March 2022.

In addition, as severance for termination of the contractual relationship, Mr Isla will receive a gross amount equivalent to one year's fixed remuneration for the current year, i.e. €3,250 thousand. This amount shall be paid within 15 days after the date of termination of his contract, i.e. between 1 and 15 April 2022.

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

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

  As shown down in section A.1.6. above, this cycle runs from 1 February 2020 to 31 January 2023. Therefore, on the effective termination date of the Executive Chairman, i.e. 31 March 2022, 2 years and 2 months will have elapsed out of a total accrual period of 3 years. Since the metrics associated with this cycle (PBT, MMTT, relative TSR and sustainability index) are measured as at the end of the cycle, it is not possible to determine an accurate level of achievement. Therefore, the Board of Directors has decided to consider as the level of achievement for the purposes of the early settlement a "target" level of achievement in view of the good results of Inditex in 2021. Therefore, the target incentive, pro-rated for the time elapsed from the commencement of the cycle until the termination date, would amount to €980 thousand and 46,859 shares.

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

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

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

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

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

  Pursuant to the Remuneration Policy approved at the Annual General Meeting held in 2021 and as stated in Mr Isla's contract, the amount of the annual fixed remuneration for his executive duties is paid in 14 instalments. As a result, 2 payments will be made in the period from 1 February 2022 to 31 March 2022 and the proportional share of the extraordinary 13th and 14th months payments that would be paid in the months of July and December will be accrued. This amount is €132 thousand.

Lastly, for information purposes, the Executive Chairman's pension scheme and the amount of the accumulated funds are described below.

From 2011 through 31 January 2015, the Executive Chairman was the beneficiary of a defined contribution pension scheme, implemented through a group life insurance policy underwritten with an insurance company of repute in Spain (the "Policy").

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

As has been the norm since 2015, in financial year 2021, no contributions have been made to the pension scheme for the Executive Chairman.

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

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

At 31 December 2021, the accumulated funds amounted to €9,422 thousand.

For the CEO, no severance pays have been agreed in case of termination of functions, except for that provided in subparagraphs iii) and iv) of the next section regarding executive directors for the performance of executive duties.

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

As part of the reflection process to propose the CEO 's total remuneration in line with the new corporate governance structure, the Remuneration Committee also reviewed the terms and conditions of the contracts applicable to executive directors. The Committee specifically considered the following perspectives:

- The risks identified in assessing the terms and conditions stipulated for Mr Isla in his initial 2005 contract and in the Remuneration Policy approved at the Annual General Meeting in 2021 for post-contractual non-compete purposes and which have been determined to be insufficient to protect the interests of Inditex.

- The guidelines of institutional investors and proxy advisors, as well as recommendation 64 of the Good Governance Code of Listed Companies in Spain.
- Ibex-35 market practice in relation to severance payments and post-contractual non-compete clauses. It was noted in this regard that the most common practice is to provide severance payments equivalent to 2 years of fixed and variable annual remuneration.

As a result, at its meeting held on 14 December 2021 and on the proposal of the Remuneration Committee, the Board of Directors decided to maintain the conditions set out in the Remuneration Policy approved at the Annual General Meeting in 2021 in terms of duration, notice periods and clawback clause, and to amend the severance payment and the post-contractual non-compete clause. Detailed below are the terms and conditions of the CEO 's contract, which are proposed for approval at the Annual General Meeting as part of the amendment to the Remuneration Policy.

(i) Term

The term of the CEO 's contract is indefinite.

(ii) Notice period

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

(iii) Golden parachute clause

The CEO will be entitled to severance pay in a gross amount equivalent to the **remuneration of two years** calculated based upon the sum of his **fixed remuneration and annual variable remuneration** respectively, 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 50% 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

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

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

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

(v) Clawback clause

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 referred, 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 post.

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 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 Remuneration Policy.

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

Inditex Directors' Remuneration Policy for financial years 2021, 2022 and 2023 was approved at the Annual General Meeting held on 13 July 2021 with 98.42% of votes in favour pursuant to the provisions of section 529 *novodecies* LSC.

In view of the changes in the corporate governance structure mentioned in section A.1. above, at its meeting held on 15 March 2022 and on the proposal of the Remuneration Committee, the Board of Directors passed a resolution to propose to the Annual General Meeting that the Remuneration Policy be amended in order to align it with the new organisational structure. The following is proposed in particular:

- To introduce a fixed remuneration payable in cash, specific to the position of (non-executive) Chair of the Board, reflecting the duties assigned and the intrinsic value and criticality of the person appointed to the position. This remuneration is in addition to the fixed annual remuneration payable by directors in their status as such for their membership on the Board.

- The introduction of this component makes it necessary to increase the maximum amount of remuneration that may be paid annually by the Company to all directors in their status as such. The Remuneration Policy approved at the Annual General Meeting in 2021 set the current limit of €2,480 thousand based on the composition of the Board of Directors and its Committees as at the date of approval of that Remuneration Policy (13 July 2021).

- To determine the total remuneration package for the CEO for the performance of his duties as Chief Executive taking into account the new corporate governance structure, including the terms of his contract. In general terms, this proposal maintains the alignment with the principles and foundations of Inditex's previous Remuneration Policy.

The details, specific amounts and parameters of the proposed amendments, as well as the criteria applied and the bodies involved in the decision-making process, are described in the different headings of this section A on the remuneration policy applicable for the current year.

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

The link to the Directors' Remuneration Policy approved at the Annual General Meeting held on 13 July 2021 is provided below:

https://www.inditex.com/documents/10279/667846/14.+Pol%C3%ADtica+de+Remuneraciones+2021+2022+y+2023.pdf/a10ba3ea-58c4-7126-3c78-3d6df84c428f

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

The Annual General Meeting held on 13 July 2021 approved the following:

- The Directors' Remuneration Policy for financial years 2021, 2022 and 2023 with 98.42% of votes in favour.

- The Annual Report on the Remuneration of Directors for financial year 2020 with 96.74% 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 vote and, in addition, by institutional investors and proxy advisors.

Bearing in mind that the approval rate obtained at the last Annual General Meeting in the advisory vote on the Annual Report on the Remuneration of Directors for financial year 2020 is slightly lower than in the previous year, it has been deemed appropriate to make the necessary technical improvements in order to strengthen its alignment with the interests of the Company's shareholders and other stakeholders, the voting criteria of institutional investors and the proxy advisors, and the recommendations and best practices for good corporate governance in the area of remuneration, both at national and international level.

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

The corporate governance structure has maintained the roles of Executive Chairman and CEO in financial year 2021. Mr Carlos Crespo González held the office of CEO from 1 February until 29 November 2021, when he resigned and the Board of Directors appointed Mr Óscar García Maceiras as the new CEO via the co-option system, until his ratification at the next Annual General Meeting. The Remuneration Policy approved at the Annual General Meeting held on 13 July 2021 has been applied during financial year 2021.

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

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

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

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

As at 31January 2022 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, who is considered proprietary):

D. Rodrigo Echenique Gordillo (Presidente, Consejero Independiente)	Dña. Denise Patricia Kingsmill (Member, Independent Director)
D. José Arnau Sierra (Vocal, Consejero Dominical)	D. José Luis Durán Schulz (Member, Independent Director)
D. Emilio Saracho Rodríguez de Torres (Member, Independent Director)	

As of 31 January 2022, 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. In 2021, Mr Antonio Abril Abadín and Mr Óscar García Maceiras also held the aforementioned position of Secretary non-member of the aforementioned Committee (from 1 February to 31 March 2021, and from 31 March to 29 November 2021, respectively).

The Remuneration Committee meets whenever it is deemed appropriate for its smooth operations, and at any rate, each time the Board of Directors or its Chair requests the issuing of a report or the passing of motions 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.

In the meeting that the Board of Directors holds immediately after each meeting of the Remuneration Committee, the Chair of the latter informs directors 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 3 times in 2021, with the attendance of all its members (either in person or by proxy). This represents a 100% attendance rate. In 2022 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 decided, where appropriate, to submit them to the Board of Directors for approval:

- In the meeting held on 8 March 2021:
  - The evaluation of the level of achievement of the targets tied to the annual variable remuneration of the Executive Chairman and the CEO for financial year 2020. The Board of Directors assessed the achievement of such targets in the meeting held on 9 March 2021, considering the extraordinary situation derived from the global COVID-19 pandemic.
  - The proposal submitted to the Board of Directors on the remuneration of the Executive Chairman and the CEO for the performance of executive functions in 2021, with regard to the amount and the remaining terms thereof. Such proposal was approved by the Board of Directors on 9 March 2021.
  - The proposed Annual Report on the Remuneration of Directors for financial year 2020 to be submitted to the Board of Directors for evaluation and subsequent approval, and then to be put to an advisory say-on-pay vote at the 2021 Annual General Meeting. The Board of Directors approved such Report on 9 March 2021.

- In the meeting held on 7 June 2021:
  - The motion design of the 2021-2025 Long-Term Incentive Plan, for evaluation and approval by the Board of Directors and subsequent submission to the binding vote at the Annual General Meeting in 2022. The Board of Directors approved such Plan at its meeting held on 9 March 2021, which was approved at the Annual General Meeting held on 13 July with 99.43% of votes .
  - The proposed Directors' Remuneration Policy for financial years 2021, 2022 and 2023, for evaluation and subsequent approval by the Board of Directors and subsequent submission to the binding vote at the Annual General Meeting in 2022. The Board of Directors approved such Report on 9 March 2021.
  - Monitoring and assessment of the levels of achievement of selected metrics in the 2019-2023 Long-Term Incentive Plan.
- In the meeting held on 13 December 2021:
  - The proposal to amend Mr Pablo Isla Álvarez de Tejera's contract in order to strengthen the post-contractual non-compete clause included in the contract and to compensate him for his termination. The Board of Directors approved these proposals at its meeting held on 14 December 2021 and further resolved to submit the offer of novation of such contract to Mr Isla and, if accepted, to submit it to the shareholders for approval at the Annual General Meeting in 2022.
  - The proposed severance payment for Mr Isla's termination. Such proposal was approved by the Board of Directors on 14 December 2021.
  - The proposal on the basic conditions of the new executive services agreement of the current CEO. The Board of Directors approved the content of this executive services agreement at its meeting held on 14 December 2021.
  - The proposed performance scales for the first cycle (2021-2024) of the Long-Term Incentive Plan 2021-2025 for each metric and the favourable report on the draft Regulation of the 2021-2025 Long-Term Incentive Plan. The Board of Directors approved the text of the aforementioned Regulations of the Plan at its meeting held on 14 December 2021.
  - The acknowledgement of the list of beneficiaries for this cycle.
- In the meeting held on 14 March 2022:
  - Regarding the Executive Chairman and the outgoing CEO:
    - The evaluation of the level of achievement of the targets tied to the annual variable remuneration of the Executive Chairman and the CEO for financial year 2021 and the payment level for each one. The Board of Directors approved the achievement of these targets at its meeting held on 15 March 2022 along with the level of the incentive payment.

  - The assessment of the level of achievement of the targets for the various metrics to which the first cycle of the 2019-2023 Long-Term Incentive Plan is tied and the corresponding payment level for the Executive Chairman and the outgoing CEO. At its meeting held on 15 March 2022, the Board of Directors approved the achievement of these targets and the level of the incentive payment.

- In relation to the Executive Chairman's departure:

  - The proposed settlement of the ongoing long-term incentives, i.e. the second cycle (2020-2023) of the 2019-2023 Long-Term Incentive Plan and the first cycle (2021-2024) of the 2021-2025 Long-Term Incentive Plan. The Board of Directors approved the proposed settlement at its meeting held on 15 March 2022.

  - The proposal to the Board of Directors regarding the assessment of the target to which the annual variable remuneration for the period running from 1 February to 31 March 2022 is tied and the settlement of such remuneration. The Board of Directors approved the proposed settlement at its meeting held on 15 March 2022.

  - The proposed settlement of the proportional share of the accrued fixed remuneration for FY2022 corresponding to the payments for the months of June and December. The Board of Directors approved the proposed settlement at its meeting held on 15 March 2022.

- Regarding the new CEO:

  - The assessment of the level of achievement of the targets tied to the CEO's annual variable remuneration for financial year 2021, and the corresponding level of payment (pro-rated according to the time spent in office in the aforementioned financial year). At its meeting held on 15 March 2022, the Board of Directors approved the achievement of these targets and the level of the incentive payment.

  - The assessment of the level of achievement of the targets for the various metrics to which the first cycle of the 2019-2023 Long-Term Incentive Plan is tied and the corresponding payment level. At its meeting held on 15 March 2022, the Board of Directors approved the achievement of these targets and the level of the incentive payment.

  - The proposal to the Board of Directors regarding the CEO's remuneration for the performance of his executive functions in the new corporate governance structure, for financial year 2022. Such proposal was approved by the Board of Directors on 15 March 2022.

- The proposal to the Board of Directors regarding the remuneration of the (non-executive) Chair of the Board of Directors in the new corporate governance structure. Such proposal was approved by the Board of Directors on 15 March 2022.

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

- The proposal to amend the Directors' Remuneration Policy, for evaluation and approval by the Board of Directors and subsequent submission to the binding vote of the Annual General Meeting in 2022. The Board of Directors approved such Report on 15 March 2022.

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

The information on the remaining proceedings of the Remuneration Committee in 2021 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 2021 by WTW, an independent consultant specialising in the field of compensation of directors and senior managers, in the preparation of the Annual Report on the Remuneration of Directors for financial year 2020, the design of the 2021-2025 Long-Term Incentive Plan and the assessment of the implications for remuneration arising from the departure of the Chairman. On this issue, the Committee was also assisted by law firm Uría Menéndez, which provided legal advice on corporate governance and post-contractual compete clauses.

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

There were no deviations from the established procedure for the application of the Remuneration Policy in financial year 2021.

B.1.3. Temporary exception has been applied to the remuneration policy and, if so, explain the exceptional circumstances that have led to the application of these exceptions, the specific components of the remuneration policy affected and the reasons why the entity believes that these exceptions have been necessary to serve the long-term interests and sustainability of the society as a whole or ensure its viability.

No temporary exceptions to the Remuneration Policy have been applied during financial year 2021.

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 2021 to ensure that long-term results of the Company are considered in the application of the Remuneration Policy are described below:

- Executive directors' total remuneration comprises different remuneration elements, mainly consisting of: (i) a fixed remuneration, (ii) a short-term variable remuneration (annual), and (iii) a long-term variable remuneration (multi-year).

- In financial year 2021, this long-term element had a weighting of approximately 40% of the total remuneration (fixed + short-term variable + long-term variable) for the Executive Chairman. This weighting for the CEO would amount to 47% of his total annualised remuneration as CEO, in accordance with the Remuneration Policy approved at the Annual General Meeting held in 2021.

- Long-term variable remuneration plans are part of a multi-year framework to ensure that the evaluation is based upon long-term results and that the underlying economic cycle of the Company is considered therein.

- Part of this remuneration is granted and delivered in shares, based upon shareholder value creation, so that the interests of executive directors and officers are aligned with shareholders' interests.

- Executive directors shall hold a number of shares equivalent to the incentive received in shares, net of any applicable taxes, for the 2 years following delivery thereof. Additionally, the Executive Chairman has committed to the Company to maintain in his personal wealth, while he remains in office, a number of shares equivalent to at least 2 years of fixed remuneration. 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. These courses of action result in a better alignment of the interests of executive directors with those of the shareholders.

The Remuneration Policy in effect in 2021 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 2021 with regard to **those members of staff** whose professional activity may have a **material impact on the risks profile** of the Company were:

- The Remuneration Committee was responsible for considering and reviewing the Directors' and Senior Managers' Remuneration Policy and for enforcing it. Those professionals whose activity may have a material impact on the risks' profile of the Company are included among them.

- All members of the Remuneration Committee also sit on the Audit and Compliance Committee. Therefore, the Chair of the Remuneration Committee is a member of the Audit and Compliance Committee. This ensures that risks associated to remuneration are considered in the course of the debates of the Remuneration Committee and of the Audit and Compliance Committee and in motions submitted by both Committees to the Board of Directors, on both the determination and the process to assess annual and multi-year incentives.

- Likewise, three ordinary members of the Remuneration Committee also sit on the Sustainability Committee. In particular, the Chair of the Sustainability Committee is a member of the Remuneration Committee. The Sustainability Committee is responsible for overseeing and monitoring motions in the field of sustainability, on social and environmental issues, of health and safety of the products that the Company places on the market, and the relations with the different stakeholders in the field of sustainability. Thus, the fact that the same directors sit on different committees allows ensuring that alignment with the Group's priorities in the field of sustainability for all its stakeholders is considered upon establishing and enforcing the Remuneration Policy.

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

- A clawback clause is included in the contract executed with executive directors in respect of variable items of their remuneration in such cases. Additionally, the Company may cancel and/or claim the refund of the long-term incentive previously paid in full or in part, upon occurrence of certain unforeseen circumstances, as described in section A.1 above.

- The Remuneration Committee may propose to the Board of Directors the cancellation of payment or, where appropriate, the refund of the variable items of the remuneration of directors based on results, when they have been paid on the basis of information clearly shown to be inaccurate, as well as the termination of the relationship with the relevant supervisor and the filing of the relevant claims, pursuant to the terms of article 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.

B3. How the remuneration accrued and consolidated over the financial year complies with the provisions of the current remuneration policy and, in particular, how it contributes to the Company's long-term and sustainable performance. Relationship between the remuneration obtained by the directors and the results or other performance measures of the Company in the short and long term.

The Directors' Remuneration Policy for 2021 was approved at the Annual General' Meeting held on 13 July 2021.

The amounts set out in section A.1 above are the only remuneration paid in 2021 to directors in their status as such for membership on the Board of Directors of Inditex, or of any Group companies, except for the remuneration of executive directors for the performance of senior management functions. Directors have not received any other remuneration under a profit-sharing scheme or bonus, nor any remuneration systems or schemes covering a variable remuneration or based on results or other indicators of performance of the Company.

As regards executive directors, certain items of their remuneration for the performance of senior management functions are tied to results and other indicators of performance of the Company. In particular, in 2021:

- Short-term or annual variable remuneration:

  As explained below, the Board of Directors resolved, on the proposal of the Remuneration Committee, that the annual variable remuneration for financial year 2021 should be determined in accordance with the following criteria for both executive directors (Mr Pablo Isla Álvarez de Tejera as Executive Chairman and Mr. Carlos Crespo González as CEO):

Weighting	Performance measures	Measurement criteria
70%	Net sales (35%) and contribution margin (35%)	The same criteria established for senior managers according to the budget of the Company are applied
15%	Personal performance	Assessment by the Board of Directors, on the proposal of the Nomination Committee
	Strategic development of the Company	Boost of store and online integration, through the development and implementation of new processes and tools allowing to provide a differentiated customer experience, pursuant to the Groups' objectives.
15%	Progress in implementation of the strategy towards global sustainability, measured against the following indicators:	(i) Increase in the number of sustainable items measured against the following parameters. a. Sustainable raw materials: organic cotton and linen, recycled polyester and sustainable cellulose fibres, in furtherance of the commitment to responsible viscose (Changing Markets RoadMap). b. Garments featuring the Join Life environmental excellence label. c. Certified forest friendly garments, within the framework of the Canopy commitment, ensuring that manufactured fibres are cellulose-free (ii) Progress in the elimination of single-use plastics from customer sales; (iii) Number of audits and control of discharges at dyeing facilities where wet processing is carried out in the framework of Inditex's commitment to the Zero Discharge of Hazardous Chemicals (ZDHC) Programme; (iv) Percentage of waste reduction in respect of waste generated at Inditex facilities (HQ, logistics centres and own stores) (Zero Waste); (v) Percentage of packaging material collected to be recycled or reused in the supply chain (Green to Pack); (vi) Percentage of internal consumption of renewable energy at Inditex facilities (HQ, logistics centres and own stores); (vii) Percentage of designers trained specialising in circularity within the framework of our commitment to Global Fashion Agenda.
	Progress in corporate governance	Degree of compliance with the recommendations of the Good Governance Code of Listed Companies and alignment with international best practices
	Progress in implementing diversity and compliance programmes	Approval of internal regulations and degree of international roll-out

In order to assess the criteria above for the purposes of determining the annual variable remuneration of executive directors for 2021, the Remuneration Committee has taken into account, pursuant to the power set out in section 6a) of its terms of reference, the following:

Sales and contribution margin targets, with a weighting of 70%, were calibrated at the beginning of the year taking into account the level of uncertainty of the COVID-19 pandemic and the lack of information on the potential impact on the business. In light of the results at the end of financial year 2021, the Committee has decided to consider a full view of the achievements made in this year to assess the part of the annual variable remuneration linked to economic and financial objectives. Specifically, the following results have been considered:

- The recovery of sales to pre-pandemic levels. Sales in constant currency increased by 3.25% versus financial year 2019 and decreased by 2% at average exchange rate, heavily penalized by the generalized devaluation of sales currencies against the euro. The retail space has been highly affected throughout the year by the restrictions on commercial traffic in physical stores as a result of the different phases of the pandemic during financial year 2021. In the first quarter, 20% of the stores remained closed due to COVID-19 restrictions affecting 25% of business hours.

- The gross margin reached 57.1%, increasing 123 bp compared to financial year 2020 (55.8%). Flexible and efficient management of the supply chain has been decisive in this evolution, catering to the different demand's needs. The inventory position at year-end increased by 31% compared to financial year 2020. This growth is less than the 36% growth in sales in the same period, and less than the growth in sales in the first weeks of financial year 2022.

- The Group maintains a solid financial position, reaching a net cash position as of 31 January 2022 of €9,359 million, 24% higher than on the same date in 2020 and 16% higher than in financial year 2019. Particularly, according to the information in the Statement of Cash Flows, the generation of cash flows from operating operations, discounting lease payments, amounting to €5,086 million euros, is noteworthy.

- As a result of the foregoing, the EBITDA achieved in financial year 2021 amounts to €7,183 million, with a 58% growth compared to financial year 2020, and net profit stands at €3,243 million compared to €1,106 million at the end of financial year 2020.

- Inditex's dividend policy of 60% ordinary payout and bonus dividends remains in place.

- Definition of an investment plan for the 2020-2022 period consisting of €900 million per year (€2,700 million in the three-year period), with €1,000 million allocated to digitization. In financial years 2020 and 2021 €716 and €1,134 million, respectively, were allocated to investment projects.

With regard to the remaining targets, with a 30% weighting, the Remuneration Committee has evaluated the following:

- The findings of the evaluation of the Executive Chairman's performance, carried out by the Board of Directors in the meeting held on 14 December 2021, following a report of the Nomination Committee, which was rated excellent. This evaluation has taken into account his excellent management in an environment that remains challenging in the face of the pandemic. The following were once again highlighted as strong points: (i) his speed, flexibility and reliability in decision-making; (ii) his anticipation and responsiveness to change and new trends; (iii) his efficient allocation of resources and the implementation of the necessary measures to adapt to the new reality and guarantee the Company's success and profitability; (iv) his strong leadership and his imparting a culture of commitment and continuous improvement to his teams, providing visibility and recognition to the Company's key staff. The directors also emphasised that, under his leadership, Inditex has strengthened its reputation, its image as a unique, successful and exemplary company and its positioning among all stakeholders and, in particular, they highlighted his work and related initiatives such as the reduction of stock, the reorganisation of commercial space, the renegotiation of rents and the operational maintenance during the handling of the COVID-19 pandemic crisis, as well as the digital transformation and the integrated model.

- The findings of Mr Carlos Crespo González' performance evaluation in his duties as CEO until 29 November 2021. The Board has particularly highlighted (i) his high level of commitment, excellence and the credibility he conveys both to his teams and to the Board; (ii) his leadership in bolstering the Sustainability and Technology teams, with the ongoing incorporation of new talent (internal and external), creating diverse, highly qualified and motivated teams; (iii) his strong management in his areas of responsibility, particularly in the areas of Sustainability and Technology; and in particular, its leadership in the development of the Sustainability strategy and perseverance in achieving the strategic objectives set by the Company, despite the context of the global pandemic, with particular emphasis on progress in the implementation of actions and initiatives to strengthen traceability and achieve greater control in the supply chain; (iv) the changes made under his management in the area of technology that have enabled full digitalisation of the Company; (v) the implementation of substantial improvements in critical areas such as information security, highlighting the excellent response in the protection of assets and the establishment of recovery plans in the event of hypothetical cyber-attacks on the Company; as well as (vi) his drive for innovation in all areas of the Group.

- **Progress** has continued in 2021 towards achievement of **sustainability targets** in accordance with the current Road Map. Thus:

  - On its path towards the **sustainable garment objectives** defined for financial year 2022, the Company has consolidated its progress in the most sustainable raw materials, such as organic cotton and linen, recycled polyester and sustainable cellulose fibres, which has made it possible to achieve a volume of garments with the *Join Life* label of 47%.

    On the other hand, **no single-use plastic bags** are given to store customers since financial year 2020, and, with the goal of limiting consumption of paper bags and envelopes, they are given at a charge since October 2021 in certain markets. The proceeds of such course of action go to environmental initiatives led by organizations Inditex collaborates. This measure will be progressively extended to all the markets where we operate.

    As part of the commitment towards **Zero Discharge**, in financial year 2021 Inditex has notably evolved the new *Green to Wear* standard, which acquires the name *Green to Wear 2.1* ("GtW 2.1"), incorporating the management of chemical substances and being a fundamental part the use of the own program *The List*, a key piece for a good selection of the chemical products used and that ensures the absence of dangerous substances in the emissions to the environment, as well as in the product.

The List by Inditex ensures compliance with the chemical restrictions of the Clear to Wear product health standard and Inditex's commitment to achieve *Zero Discharge of Unwanted Substances (also known as Zero Discharge or ZDHC Commitment, Zero Discharge of Hazardous Chemicals*, for its acronym in English). Verification of compliance with the GtW 2.1 standard is evaluated periodically, through environmental audits, which are carried out on suppliers and factories that belong to the Inditex supply chain and that carry out wet processes. These audits are carried out by independent external auditors. During financial year 2021, 1,713 audits have been carried out under this standard.

- In financial year 2021, the Company has continued to make progress in the **program to reduce waste** generated internally at Inditex facilities (*Zero Waste*). Thus, during the aforementioned financial year, the waste generated per m^2 in headquarters, logistics centers and own factories was reduced by 20.9% compared to financial year 2019, comparable year given that the 2020 data is strongly impacted by the effect of COVID-19 (7.2% increase compared to 2020). In 2021, 93.4% of the waste collected at our facilities was sent for reuse and recycling.

- Through the **Green to Pack** standard, the Company has continued improving the quality of the cardboard boxes that transport garments from suppliers, prioritising the use of recycled materials and extending their useful life. These boxes contain 75% recycled cardboard from the market and can be used up to five times before being sent for recycling.

- Inditex announced at the last Annual General Meeting its commitment to exclusively **use energy from renewable sources** in all its own operations and facilities by 2022. In 2021, progress has been made towards achieving this goal and the use of renewable energy already represents 91% of the total.

- **Progress in corporate governance**. With regard to progress in corporate governance in the 2021 financial year, a major **reform** has been undertaken in the Company's **governance structure**, described in section A.1. above, the effectiveness of which is gradual and which marks the conclusion of the generational handover process, driven by the Executive Chairman, Mr Isla, and by the founder, controlling shareholder and Director of the Company, Mr Ortega, to ensure that the succession of the Chair takes place in an orderly and planned manner. In particular, the Nomination Committee has considered that this structure contributes to the following: (i) strengthening diversity among directors and reducing their average tenure; (ii) strengthening female representation, exceeding the 40% target established for 2022; (iii) separating the position of Board Chair (which will no longer have executive functions) from that of the Company's CEO; (iv) maintaining the existence of a balanced composition between proprietary and independent directors, while meeting the requirements that non-executive directors represent a broad majority of the board and that the proportion of independent directors be at least equal to the company's free float; (v) upholding the values of Inditex and the continuity of the founding partner and main shareholder's vision, while at the same time ensuring the stability of the company due to the extensive experience of both the CEO and the new Chair; and (vi) providing expertise in areas such as digital transformation, ESG and relations with regulators, which are strategic priorities of the Company.

  In addition, in financial year 2021, Inditex has carried out a **review and amendment of its internal regulatio**ns (i.e. the Articles of Association, the Board of Directors' Regulations and the terms of reference of board committees, as well as the Internal Regulations of Conduct in the Securities Market (IRC) and the Diversity of Board of Directors Membership and Director Selection Policy) in order to adapt them to the reforms introduced in the regulations by Act 5 of 12 April 2021 amending the redrafted text of the Spanish Companies Act, approved by Royal Legislative Decree 1 of 2 July 2020, and other financial regulations, with regard to the promotion of long-term shareholder engagement at listed companies. The new features or adaptations notably include the following: (i) the authorisation to hold virtual-only general meeting, and the adaptation of the system provided for the attendance of shareholders and/or their proxies, the casting of votes, the formation of the presiding board, etc., to this option; (ii) the alignment of the authority assigned to the different governing bodies of the Company in relation to related party transactions, with the new legal system introduced by Act 5/2021 and, in line with the foregoing, the Procedure for Internal Reporting and Control on related party transactions has been approved, the approval of which has been delegated by Inditex's Board of Directors to its Compliance Supervisory Board, thereby complying with the provisions of section 529*duovicies*(4) LSC. In addition, the Annual General Meeting approved the Directors' Remuneration Policy for financial years 2021, 2022 and 2023, in accordance with the provisions of section 529*novodecies* LSC.

Bearing in mind the foregoing, the Audit and Compliance Committee has conducted an analysis of the suitability of the Corporate Governance system and has positively assessed such system. It has considered that the Company has achieved full compliance with the regulatory requirements in the applicable law and virtually full compliance with the recommendations of the Good Corporate Governance Code of Listed Companies, approved by CNMV in February 2015, and amended in June 2020, as can also be seen in section G. "Degree of compliance with Corporate Governance recommendations" in the Annual Corporate Governance Report for financial year 2021.

- Progress on **diversity and compliance**: Progress in the roll-out of the diversity and compliance programmes.

  In the process of **implementing the Compliance Model** developed during financial year 2021, the Matrix of Criminal Risks and Controls has been updated, by analysing the possible risks inherent in the processes of the different activities carried out, taking into account the new legislation developments, the approval and / or modification of internal regulations and changes in the organisational structure and in certain processes of the Company. In this respect, as set out in the Audit Plan approved by the Audit and Compliance Committee for financial year 2021, the Internal Audit Function has engaged PwC to issue a reasonable assurance report on Inditex' Model of Criminal Risk Prevention, with a limited scope of assurance, at 31 January 2022, and following the criteria of paragraphs 2 and 5 of section 31*bis* of the Spanish Criminal Code, of the UNE 19600 standard, and of the guidelines issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO), which has been issued without qualification.

  At international level: (i) the Model of Criminal Risk Prevention has been implemented in Mexico, to meet the requirement for legal entities in this market to have a control system to avoid criminal liability, in accordance with the Federal Criminal Code, Mexico City Criminal Code, National Code of Criminal Procedures and the General Act of Administrative Responsibilities; (ii) the anti-corruption models implemented in France and ITX Re (Ireland) have been monitored; and (iii) the implementation of the Model of Criminal Risk Prevention in Brazil has been initiated.

  Moreover, specific anti-corruption training sessions were held for employees of the Group's headquarters and brands in Spain, as well as for employees of subsidiaries in the following markets: Austria, Belgium, Luxembourg, Canada, China, France, Germany, Mexico, the Nordics and Turkey, as well as specific training sessions for shop staff in Austria, Bulgaria, Slovakia, France, Greece, the Adriatic countries, the Czech Republic, Turkey and Ukraine. In addition, online compliance and anti-corruption training was provided to suppliers in Bangladesh. In addition, progress was made during financial year 2021 in the definitive implementation of third-party due diligence, by regularising all the Group's existing suppliers and broadening knowledge and control over the members of the production supply chain.

Lastly, as regards progress in the area of diversity, in 2021, communication of the Group's Diversity and Inclusion Policy (amended in 2020 to reflect this commitment to diversity at senior management level and at all levels of the Company) which is available in different languages, has been strengthened among employees in all markets where the Group operates, and progress has been made in identifying "Diversity Champions" in each subsidiary to act as advocates for the Policy and to help create an inclusive culture in all workplaces. Moreover, specific diversity and inclusion training has been provided, both in e-learning and face-to-face or virtual format, with the aim of raising awareness among the teams on the importance of values such as equality and respect and preventing any type of discrimination. We have also encouraged our subsidiaries to continue to make progress with gender equality certification processes (GEEIS) or to sign the "Diversity Charters" in Europe. These and other tools help to bolster the diversity and inclusion strategy, which promotes not only gender equality but also inclusion of people with disabilities and socio-ethnic inclusion, among other areas.

For the Executive Chairman and based on the above results, the Board of Directors, on the proposal of the Remuneration Committee, has considered the following:

- A maximum level of achievement of the economic-financial targets given the outstanding performance in the financial year 2021, which has continued to be shaped by the COVID-19 pandemic.

- A maximum level of achievement as regards the targets linked to personal performance, progress in the implementation of the strategy towards global sustainability at Inditex, progress in corporate governance and progress in the implementation of the diversity and compliance (Compliance) programmes.

Therefore, on the proposal of the Remuneration Committee, the Board of Directors decided on an overall payment level of the annual variable remuneration for financial year 2021 for the Executive Chairman equivalent to 125% of target, i.e. €4,875 thousand (150% of the annual fixed remuneration).

For the outgoing CEO and based on the above results, the Board of Director, on the proposal of the Remuneration Committee, has considered the following:

- A maximum level of achievement of the economic-financial targets given the outstanding performance in financial year 2021.

- A maximum level of achievement as regards the targets linked to personal performance, progress in the implementation of the strategy towards global sustainability at Inditex, progress in corporate governance and progress in the implementation of the diversity and compliance (Compliance) programmes.

Therefore, on the proposal of the Remuneration Committee, the Board of Directors decided on an overall payment level of the annual variable remuneration for financial year 2021 for Mr Carlos Crespo González for the period in which he performed CEO duties, i.e., from 1 February through 30 November 2021 (date of economic effect of his resignation) equivalent to 125% of target, equivalent to €1,868 thousand (150% of his fixed remuneration in the period).

On the other hand, on the proposal of the Remuneration Committee, the Board of Directors assessed and decided on the annual variable remuneration for financial year 2021 for Mr.Óscar García Maceiras, the new CEO as of 1 December 2021, date of economic effect of his appointment. As part of this process, the Board of Directors considered, on the one hand, the achievement of targets as General Counsel and Secretary of the Board between 31 March (date on which he joined the Company) and 30 November 2021 and, on the other hand, his contribution to the preparation, implementation and streamlining of the handover of duties in the new corporate governance structure from 29 November (date on which all resolutions on such amendments were passed) to 31 January 2022.

It bears mentioning the excellent assessment of the results of the evaluation of Mr García's performance in relation to the time he served as Secretary of the Board. The Directors were unanimous in highlighting the ease with which Mr García Maceiras had adapted to the Company's philosophy and culture, as well as his role as a driving force for improvement in all areas within his remit and, in particular, in corporate governance practices, with particular emphasis on his thoroughness, efficiency and professionalism.

Based on the foregoing, on the proposal of the Remuneration Committee, the Board of Directors decided on an overall payment level of annual variable remuneration for the CEO equivalent to 125% of target, amounting to €382 thousand (150% of his fixed remuneration as CEO). This amount corresponds to the period from 1 December 2021 to 31 January 2022, during which Mr Óscar García Maceiras held the position of CEO.

- Multi-year or Long-term variable remuneration

The first cycle (2019-2022) of the 2019-2023 Long-Term Incentive Plan, approved at the Annual General Meeting held on 16 July 2019, ended on 31 January 2022.

A breakdown of the incentive amounts for the executive directors and the specifics of this first 2019-2022 cycle are described in section A.1.6.

As previously stated in the Annual Report on the Remuneration of Directors released in 2021, FY2020 was materially and negatively impacted by the onset of the COVID-19 health crisis, which caused extraordinary changes in the macroeconomic environment and disruptions in the business that could not have been anticipated when this first cycle 2019-2022 of the Plan commenced on 1 February 2019. This resulted in certain terms of the Plan having to be revised in order to ensure that the Plan can deliver the purpose for which it was originally designed, as a key tool for the promotion, motivation, engagement and retention of talent.

In line with the foregoing and, with the aim of avoiding the loss of value of the Plan, the Board of Directors resolved, at its meeting held on 14 December 2020, following a favourable report from the Remuneration Committee, to adjust the levels of achievement of the metrics "Same-store sales" (MMTT) and "PBT", in order to achieve, in line with the principles and objectives of the Plan itself, that its purpose is fulfilled so that the input and effort made by the Plan's beneficiaries during the crisis are rewarded appropriately.

In order to determine the level of achievement reached and the resulting level of payment, at its meeting held on 15 March 2022 and on the proposal of the Remuneration Committee, the Board of Directors has taken into account the following results:

- Growth in Same-store Sales in the period from 1 February 2019 to 31 January 2022 was 5.28% on an annualised basis.

- Inditex Group's PBT in 2021 amounts to €4,199 million, versus the PBT in the previous year which stood at €1,401 million. This represents a 200% growth, reaching despite the strong impact of the pandemic on financial years 2020 and 2021, levels close to that of financial year FY2018.

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

- Regarding the sustainability index:

  (i) The percentage of factories within Inditex's supply chain where wet processing (such as washing, dyeing and printing) is carried out, that use The List, by Inditex standard as a reference to select the chemical products used in their processes, was above 55% on 31 January 2022 according to the audits conducted.

  (ii) The percentage of waste reduction internally generated at Inditex headquarters, and at all own factories and logistics centres, that is appropriately recycled, evaluated and managed to be recovered, preventing discharge to landfill, was above 92% for urban assimilable waste and 88% for hazardous waste on 31 January 2022.

  (iii) The ratio of direct greenhouse gas emission reductions in own operations to the Group's total sales volume has been reduced by more than 8% from 1 February 2019 to 31 January 2022.

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

The Remuneration Committee has evaluated jointly the 4 indicators above referred based upon the results achieved, disclosed by the Company's Sustainability Department, in accordance with the relevant performance scales defined for each of them. In such assessment, excess in one or more indicators have been offset against payout ratio of the other indicators, as the maximum level of achievement has been surpassed in all of them. The maximum joint limit of 125% of Maximum Incentive has been considered.

The overall level of target achievement and the level of payment of the incentive by automatic application of the terms and conditions set for this first cycle 2019-2022 is 70% of the incentive allocated in the scenario of overachievement. Since the Board of Directors resolved, at its meeting held on 14 December 2020 and following a favourable report from the Remuneration Committee, to adjust the achievement levels of the MMTT and PBT metrics due to the impact of the COVID-19 pandemic, the Committee has assessed these results with a full view of the achievements in the first cycle period to ensure that the level of pay is consistent with them. Based on this analysis, the Remuneration Committee proposed to maintain the overall target achievement level and the incentive payout level at 70% of the incentive allocated in the scenario of overachievement. Therefore, on the proposal of the Remuneration Committee, the Board of Directors decided on the following incentive amounts:

- Executive Chairman:
    - A cash incentive of €1,760 thousand.
    - A share incentive equivalent to 112,953 shares.
- CEO (Mr Carlos Crespo González):
    - A cash incentive of €1,165 thousand. Of this total amount, €1,099 thousand correspond to the amount accrued in the period during which Mr Carlos Crespo González held the position of CEO, until 30[127] November 2021.
    - A share incentive equivalent to 70,499 shares. As specified in section C.1.a) ii) of the Annual Report on the Remuneration of Directors published in 2021, the number of shares allotted to the CEO amounted to 106,752. The number of shares earned amounts to 74,726, of which 70,499 correspond to those accrued in the period in which Mr Carlos Crespo González held the position of CEO. The total number of "expired and unexercised" shares is 32,026, of which 30,214 correspond to the period in 2021 during which Mr Carlos Crespo González held the position of CEO.
- Chief Executive (Mr Óscar García Maceiras):
    - A cash incentive of €214 thousand. Out of this amount, €36 thousand corresponds to the amount accrued in the period starting on 1 December 2021, the date of economic effect of the appointment of Mr Óscar García Maceiras as CEO until 31 January 2022 .
    - A share incentive equivalent to 9,137 shares. Out of these, 1,552 correspond to those accrued in the period starting on 1 December 2021, the date of economic effect of the appointment of Mr Óscar García Maceiras as CEO until 31 January 2022.

B4. Report on the result of the consultative vote at the General Shareholders' Meeting on remuneration in the previous year,

[127] Date of economic effect of the resignation.

indicating the number of votes in favour, votes against, abstentions and blank ballots:

The Annual Report on the Remuneration of Directors for 2021 was submitted to the advisory say-on-pay vote at the Annual General Meeting on 14 July 2021, as agenda item number 10, with the following outcome:

	Number	% of total
Votes cast	2,757,953,535	99.72%

	Number	% cast
Votes against	89,945,312	3.26%
Votes in favour	2,668,008,223	96.74%
Abstentions	7,675,890	0.28%
Blank votes	300	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 2021, the amounts fixed in the Directors' Remuneration Policy, approved at the Annual General Meeting on 13 July 2021, have been considered. Such amounts have been in effect since they were approved further to a resolution passed at the Annual General Meeting on 19 July 2011. The different items and amounts have been detailed in section A.1.7. above.

Pursuant to the foregoing, and based on the current composition of the Board of Directors and its Committees, in 2021 the total amount accrued by the directors in their status as such for the performance of supervisory and collegiate decision-making duties amounted to €2,480 thousand, of which €100 thousand correspond to the Executive Chairman for FY2021, €83 thousand correspond to Mr Carlos Crespo González, as CEO for the period from 1 February to 30 November 2021 and €17 thousand correspond to Mr Óscar García Maceiras as CEO from 1 December 2021.

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.

- Executive Chairman:
  - The fixed remuneration of the Executive Chairman for the performance of executive functions was resolved by the Board of Directors on 9 March 2021, on the proposal of the Remuneration Committee.
  - In financial year 2021 the fixed remuneration of the Executive Chairman for the performance of executive functions amounted to €3,250 thousand, which represents a significant portion of his total remuneration.
  - This sum has **remained unchanged** since financial year 2013.
- CEO:
  - The fixed remuneration of the CEO for the performance of executive functions was resolved by the Board of Directors on 09 March 2021, on the proposal of the Remuneration Committee.
  - Mr Carlos Crespo González's fixed remuneration for the performance of his executive functions as CEO from 1 February to 30 November 2021, the date on which his resignation took effect, amounted to €1,179 thousand, which represents a significant proportion of his total remuneration. The amount, on an annualised basis (€1,500 thousand), remains unchanged since his appointment as CEO.
  - Mr Óscar García Maceiras' fixed remuneration for the performance of his executive functions as new CEO, effective from 1 December 2021 to 31 January 2022, amounted to €277 thousand.

B.7. Nature and main characteristics of the variable components of the remuneration systems accrued and vested 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 2021.

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

In financial year 2021 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 this Report is issued, no such remuneration has been accrued.

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

The contracts entered into with the Executive Chairman and the CEO have not been amended in financial year 2021.

At its meeting held on 13 December 2021, the Remuneration Committee decided to submit to the Board of Directors a proposal to novate the Executive Chairman's contract, as described in section A above, in order to strengthen the post-contractual non-compete clause. Such proposal was accepted and implemented in March 2022 and will be submitted to shareholders at the Annual General Meeting in 2022.

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 ones herein addressed is provided in the Remuneration Policy.

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

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

The granting of advance payments, loans or guarantees to directors is not covered in the 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 made by the listed Company to a third company in which the director provides services when these payments seek to remunerate the director's services to the Company.

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

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

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

C. STATISTICAL APPENDIX III TO THE ANNUAL REPORT ON THE REMUNERATION OF DIRECTORS OF LISTED PUBLIC COMPANIES (CNMV's CIRCULAR 2/2018, OF 12 JUNE), CORRESPONDING TO INDUSTRIA DE DISEÑO TEXTIL, S.A.

ISSUER IDENTIFICATION

Ending date of reference period: 31/01/2022

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 DIRECTORS' ANNUAL REMUNERATION REPORT OF LISTED PUBLIC COMPANIES

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

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

	Number	% of total
Votes cast	2,757,953,535	99.72%

	Number	% cast
Votes against	89,945,312	3.26%
Votes in favour	2,668,008,223	96.74%
Abstentions	7,675,890	0.28%
Blank ballots	300	0%

C. ITEMISED INDIVIDUAL REMUNERATION ACCRUED BY EACH DIRECTOR

Name	Type	Accrual period 2021
Mr PABLO ISLA ÁLVAREZ DE TEJERA	Executive	From 01/02/2021 to 31/01/2022
Mr CARLOS CRESPO GONZÁLEZ	Executive	From 01/02/2021 to 29/11/2021[128]
Mr ÓSCAR GARCÍA MACEIRAS	Executive	From 29/11/2021[129] to 31/01/2022
Mr AMANCIO ORTEGA GAONA	Proprietary	From 01/02/2021 to 31/01/2022
Mr JOSÉ ARNAU SIERRA	Proprietary	From 01/02/2021 to 31/01/2022
PONTEGADEA INVERSIONES, S.L. (REPRESENTED BY MS. FLORA PÉREZ MARCOTE)	Proprietary	From 01/02/2021 to 31/01/2022
BNS. DENISE PATRICIA KINGSMILL	Independent	From 01/02/2021 to 31/01/2022
Mr JOSÉ LUIS DURÁN SCHULZ	Independent	From 01/02/2021 to 31/01/2022
Mr RODRIGO ECHENIQUE GORDILLO	Independent	From 01/02/2021 to 31/01/2022
Ms PILAR LÓPEZ ÁLVAREZ	Independent	From 01/02/2021 to 31/01/2022
Mr EMILIO SARACHO RODRÍGUEZ DE TORRES	Independent	From 01/02/2021 to 31/01/2022
Mr ANNE LANGE	Independent	From 01/02/2021 to 31/01/2022

[128] 30 November 2021 is the date of economic effect of his resignation as Chief Executive Officer
[129] 1 December 2021 is the date of economic effect of his appointment as new Chief Executive Officer

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

a) Remuneration from the reporting company:

i) Remuneration accruing 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	Indemnification	Other items	Total year 2021	Total year 2020
Mr PABLO ISLA ÁLVAREZ DE TEJERA	100	-	-	3,250	4,875	1.760-	-	-	9,985	5,885
Mr CARLOS CRESPO GONZÁLEZ[130]	83	-	-	1,179	1.868	1.099-	-	-	4,229	2,770
Mr ÓSCAR GARCÍA MACEIRAS[131]	17		-	277	382	36			712	-
Mr AMANCIO ORTEGA GAONA	100	-	-	-	-	-	-	-	100	100
Mr JOSÉ ARNAU SIERRA	100	-	200	-	-	-	-	80	380	380
PONTEGADEA INVERSIONES, S.L. (REPRESENTED BY MS. FLORA PÉREZ MARCOTE)	100	-	-	-	-	-	-	-	100	100
BNS. DENISE PATRICIA KINGSMILL	100	-	150	-	-	-	-	50	300	300
Mr JOSÉ LUIS DURÁN SCHULZ	100	-	150	-	-	-	-		250	273
Mr RODRIGO ECHENIQUE GORDILLO	100	-	150	-	-	-	-	50	300	300
Ms PILAR LÓPEZ ÁLVAREZ	100	-	150	-	-	-	-	50	300	277
Mr EMILIO SARACHO RODRÍGUEZ DE TORRES	100	-	150	-	-	-	-	50	300	300
Ms ANNE LANGE	100	-	150	-	-	-	-	-	250	250

[130] The remuneration for FY2021 corresponds to the portion accrued in the period from 1 February to 30 November 2021, the date of economic effect of his resignation as Chief Executive Officer

[131] The remuneration for FY2021 corresponds to the portion accrued in the period from 1 December 2021, the date of economic effect of his appointment as Chief Executive Officer, until 31 January 2022.

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

Name	Name of Plan	Financial instruments at start of FY2021		Financial instruments granted in FY2021		Financial instruments vested during the year				Instruments matured but not exercised	Financial instruments at end of FY2021	
		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 PABLO ISLA ÁLVAREZ DE TEJERA	First cycle (2019-2022) of the 2019-2023 Long-term Incentive Plan	161,361	161,361			112,953	112,953	21.76	2,458	48,408		
Mr PABLO ISLA ÁLVAREZ DE TEJERA	Second cycle (2020-2023) of the 2019-2023 Long-term Incentive Plan	120.172	120,172								120,172	120,172
Mr PABLO ISLA ÁLVAREZ DE TEJERA	First cycle (2021-2024) of the 2021-2025Long-term Incentive Plan			116,568	116,568						116,568	116,568
Mr CARLOS CRESPO GONZÁLEZ	First cycle (2019-2022) of the 2019-2023 Long-term Incentive Plan	106,752	106,752			70,499	70,499	21.76	1,534	32,026		

Mr CARLOS CRESPO GONZÁLEZ	Second cycle (2020-2023) of the 2019-2023 Long-term Incentive Plan	79,503	79,503								79,503	79,503
Mr CARLOS CRESPO GONZÁLEZ	First cycle (2021-2024) of the 2021-2025[132] Long-term Incentive Plan			21,273	21,273						21,273	21,273
Mr ÓSCAR GARCÍA MACEIRAS	First cycle (2019-2022) of the 2019-2023 Long-term Incentive Plan[133]	2,217	2,217			1,552	1,552	21.76	34	665		
Mr ÓSCAR GARCÍA MACEIRAS	Second cycle (2020-2023) of the 2019-2023 Long-term Incentive Plan	61,854	61,854								61,854	61,854
Mr ÓSCAR GARCÍA MACEIRAS	First cycle (2021-2024) of the 2021-2025 Long-term Incentive Plan			68,562	68,562						68,562	68,562

[132] Total number of shares granted to him in his capacity as Chief Executive Office on a pro-rata basis for the period running from 1 February 2021 through 30 November 2021.

[133] Total number of shares granted to him in his capacity as Chief Executive Office on a pro-rata basis for the period running from 1 December 2021, date of economic effect of his appointment as CEO through 31 January 2022.

iii) Long-term savings systems

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

Name	Contribution over the year from the company (€ thousand)				Amount of accrued funds (€ thousand)			
	Savings systems with vested economic rights		Savings systems with non-vested economic rights		Financial year 2021		Financial year 2020	
	Financial year 2021	Financial year 2020	Financial year 2021	Financial year 2020	Systems with vested economic rights	Systems with non-vested economic rights	Systems with vested economic rights	Systems with non-vested economic rights
Mr PABLO ISLA ÁLVAREZ DE TEJERA	0	0	-	-	9,422	-	9,025	-

iv) Details of other items

Name	Concept	Amount of remuneration
No data		

b) Remuneration of directors for seats on the boards of other subsidiary companies:

i) Remuneration in cash (€ thousand)

Name	Fixed remuneration	Attendance fees	Remuneration for membership of Board committees	Salary	Short-term variable remuneration	Long-term variable remuneration	Indemnification	Other items	Total FY 2021	Total FY 2020
No data										

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

Name	Name of Plan	Financial instruments at start of FY2021		Financial instruments granted in FY2021		Financial instruments vested during the year				Instruments matured but not exercised	Financial instruments at end of FY2021	
		No. instruments	No. equivalent shares	No. instruments	No. equivalent shares	No. instruments	No. equivalent/vested shares	Price of vested shares	EBITDA from vested shares or financial instruments (€ thousand)	No. instruments	No. instruments	No. equivalent shares
No data												

iii) Long-term savings systems

Name	Remuneration from vesting of rights to savings systems
No data	

Name	Contribution over the year from the company (thousands of euros)				Amount of accrued funds (thousands of euros)			
	Savings systems with vested economic rights		Savings systems with non-vested economic rights		Financial year 2021		Financial year 2020	
	Financial year 2021	Financial year 2020	Financial year 2021	Financial year 2020	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 (thousands of euros):

This summary must include the amounts corresponding to all the remuneration items included in this report that have accrued to each director in thousands of euros.

	Remuneration accrued in the company					Remuneration accrued in group companies				
Name	Total cash remuneration	EBITDA of vested shares or financial instruments	Remuneration by way of savings systems	Other items of remuneration	Total FY2021 company	Total cash remuneration	Gross profit of vested shares or financial instruments	Remuneration by way of savings systems	Other items of remuneration	Total FY2021 group
Mr PABLO ISLA ÁLVAREZ DE TEJERA	9,985	2,458			12,443					12,443
Mr CARLOS CRESPO GONZÁLEZ[134]	4,229	1,534			5,763					5,763
Mr ÓSCAR GARCÍA MACEIRAS[135]	712	34			746					746
Mr AMANCIO ORTEGA GAONA	100				100					100
Mr JOSÉ ARNAU SIERRA	380				380					380
PONTEGADEA INVERSIONES, S.L. (REPRESENTED BY MS. FLORA PÉREZ MARCOTE)	100				100					100
BNS. DENISE PATRICIA KINGSMILL	300				300					300
Mr JOSÉ LUIS DURÁN SCHULZ	250				250					250
Mr RODRIGO ECHENIQUE GORDILLO	300				300					300
Ms PILAR LÓPEZ ÁLVAREZ	300				300					300
Mr EMILIO SARACHO RODRÍGUEZ DE TORRES	300				300					300
Ms ANNE LANGE	250				250					250
TOTAL	17,206	4,026			**21,232**					**21,232**

[134] The remuneration for FY 2021 corresponds to the share accrued from 1 February to 30 November 2021, the date on which the Board of Directors accepted his resignation as Chief Executive Officer.
[135] The remuneration for FY 2021 corresponds to the share accrued since his appointment as Chief Executive Officer, i.e. from 1 December to 31 January 2022.

C.2. Indicate the evolution of the last 5 years of the amount and the percentage variation of the remuneration accrued by each of the directors of the listed company who have held this position during the year, the consolidated results of the company and the average remuneration on an equivalent basis with regard to full-time employees of the company and its subsidiaries that are not directors of the listed company.

	Total amounts accrued and annual variation								
	Financial year 2021	Percentage variation 2021/2020	Financial year 2020	Percentage variation 2020/2019	Financial year 2019	Percentage variation 2019/2018	Financial year 2018	Percentage variation 2018/2017	Financial year 2017
Executive Directors									
Mr PABLO ISLA ÁLVAREZ DE TEJERA	12,443	111%	5,885	-5%	6,209	-35%	9,489	- 11%	10,690
Mr ÓSCAR GARCÍA MACEIRAS	746	-	-	-	-	-	-	-	-
Mr CARLOS CRESPO GONZÁLEZ	5,763	108%	2,770	115%	1,290	-	-	-	-
Non-executive Directors									
Mr AMANCIO ORTEGA GAONA	100	0%	100	0%	100	0%	100	0%	100
Mr JOSÉ ARNAU SIERRA	380	0%	380	15%	330	0%	330	0%	330
PONTEGADEA INVERSIONES, S.L. (REPRESENTED BY MS. FLORA PÉREZ MARCOTE)	100	0%	100	0%	100	0%	100	0%	100
BNS. DENISE PATRICIA KINGSMILL	300	0%	300	20%	250	0%	250	0%	250
Mr JOSÉ LUIS DURÁN SCHULZ	250	-8%	273	-9%	300	0%	300	0%	300
Mr RODRIGO ECHENIQUE GORDILLO	300	0%	300	0%	300	0%	300	0%	300
Ms PILAR LÓPEZ ÁLVAREZ	300	8%	277	11%	250	87%	134	-	
Mr EMILIO SARACHO RODRÍGUEZ DE TORRES	300	0%	300	0%	300	0%	300	0%	300
Ms ANNE LANGE	250	0%	250	762%	29	-	-	-	-
Consolidated results of the company (€ million)	4,199	200%	1,401	-70%	4,681	6%	4,428	2%	4,351
Average employee remuneration (€ thousand)	23	27%	18	-15%	22	6%	20%	3%	20%

This annual remuneration report has been approved by the Board of Directors of the Company in the meeting held on 15 March 2022.

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 15 March 2022, to issue the consolidated annual accounts and the management report for the financial year ended 31 January 2022. 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).

Mr Pablo Isla Álvarez de Tejera

Executive Chairman

Mr Amancio Ortega Gaona

Ordinary Member

Mr José Arnau Sierra

Deputy Chairman

Mr Oscar García Maceiras

CEO

Pontegadea Inversiones, S.L

Ordinary Member

Ms Flora Pérez Marcote

Bns Denise Patricia Kingsmill

Ordinary Member

Ms Pilar López Álvarez

Ordinary Member

Ms Anne Lange

Ordinary Member

Mr José Luis Durán Schulz

Ordinary Member

Mr Rodrigo Echenique Gordillo

Ordinary Member

Mr Emilio Saracho Rodríguez de Torres

Ordinary Member