ANNUAL REPORT ON REMUNERATION OF DIRECTORS (ARR) 2023

23

INDITEX

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Registered office:

Avenida Diputación, Edificio Inditex, Arteixo (A Coruña)

About this Report

This Report (the “Report” or the “Annual Report on Remuneration of Directors”) provides information on remuneration of directors for the period running from 1 February 2023 through 31 January 2024 (financial year 2023) and offers detailed information about the Directors’ Remuneration Policy of INDUSTRIA DE DISEÑO TEXTIL, S.A. (INDITEX, S.A.), (“**Inditex**”or the “**Company**”) applicable in financial year 2024.

This Report has been drawn up by the Remuneration Committee (the “Remuneration Committee” or the “Committee”) pursuant to the provisions of section 541 of the Spanish Companies Act (“**LSC**” *(Spanish acronym*) or the “**Companies Act**”); Order EEC/461/2013 of 20 March, whereby the contents and structure of the annual corporate governance report, the annual report on remuneration, and of other information instruments of listed companies, savings banks and other entities which issue securities admitted to trading on official securities markets, are determined, as amended by Order ECC/2515/2013 of 26 December; Circular 3/2021 of 28 September issued by the National Securities Market Commission (“**CNMV**” (*Spanish acronym*)) amending Circular 4/2013 of 12 June, which provides the standard forms of the annual report on remuneration of directors of listed companies and of members of the board of directors or the control committees of savings banks and other entities that issue securities admitted to trading on official securities markets and section 30 of the Board of Directors’ Regulations and section 6 of Inditex’s Remuneration Committee’s Regulations.

This Report is filed in free format, in accordance with the provisions of CNMV’s Circular 4/2013 (consolidated text); however, its contents comply with the minimum requirements established in the regulations above and is accompanied by the standardised statistical appendix stipulated therein.

This Annual Report on Remuneration of Directors for financial year 2023 was approved by Inditex’s Board of Directors on 12 March 2024, on the proposal of the Remuneration Committee. As provided in section 541(4) LSC, this Report will be submitted to an advisory say-on-pay vote at the next Annual General Meeting as a separate agenda item.

A. Company remuneration policy for the current year

A.1.1. Current directors' remuneration policy for the current year

Inditex's Directors' Remuneration Policy for financial years 2024, 2025 and 2026 was approved at the Annual General Meeting held on 11 July 2023 (the "**2023 AGM**") with 98.37% of votes in favour.

The aforementioned Remuneration Policy became effective on 1 February 2024 and will apply for financial years 2024, 2025 and 2026.

A.1.1. a) Procedures and company bodies involved in determining, approving and applying the remuneration policy and its terms and conditions.

The procedures and company bodies involved in determining and approving the Remuneration Policy and its terms and conditions are described below:

1. Annual General Meeting. Pursuant to section 529*septdecies* and *novodecies* LSC and article 31 of the Articles of Association, the Annual General Meeting shall be responsible for:

- Approving the Directors' Remuneration Policy, at least every three years.
- Determining the maximum amount of the annual remuneration to be paid to all directors in their status as such.

In this line, the Board of Directors plans to submit for approval at the 2024 Annual General Meeting this Annual Report on Remuneration of Directors for the year ended 31 January 2024 (put to an advisory say-on-pay vote).

2. Board of Directors. Pursuant to sections 249 and 249*bis* LSC, the Board of Directors shall have the following powers, which are non-delegable:

- Decisions relating to remuneration of directors within the scope of the Articles of Association and of the Remuneration Policy approved by the General Shareholders' Meeting.
- The approval of the contracts entered into with the executive directors including, without limitation, the remuneration items they may be entitled to for the performance of executive functions, including the potential severance pay as a result of early termination, and the amounts to be paid by the Company as insurance premiums or contributions to savings systems.

3. Remuneration Committee.

Pursuant to the provisions of the Board of Directors' Regulations, the Remuneration Committee's Regulations and the Directors' Remuneration Policy, below is a summary of the duties the Committee is entrusted with regarding determination, enforcement, review and transparency of the Remuneration Policy:

<u>a) Determination of the Remuneration Policy:</u>

- To propose to the Board of Directors the Directors' Remuneration Policy as well as the regular review and update thereof.
- To propose to the Board of Directors the system and amount of the annual remuneration of directors, to be submitted to shareholders at the Annual General Meeting.
- To propose to the Board of Directors for approval, the individual remuneration of executive directors and the remaining basic terms and conditions of their contracts, including any potential severance pay or indemnity which may be payable in the event of termination of the contract by unilateral decision of the Company and the amounts to be paid by the Company as insurance premiums or contributions to savings schemes, pursuant to the provisions of the internal regulations of the Company and of the Directors' Remuneration Policy from time to time in force.

<u>b) Enforcement of the Remuneration Policy:</u>

- To approve at the beginning of each year the targets to which the annual variable remuneration of executive directors is tied and evaluate the achievement thereof at the end of the year. Further to such evaluation, the Remuneration Committee drafts a proposal on annual variable remuneration of executive directors that is submitted to the Board of Directors for approval.
- To approve the targets of each cycle of long-term variable remuneration for executive directors. The Remuneration Committee carries out an annual evaluation and an overall evaluation upon expiry of each cycle, of the level of achievement reached for each target, considering the information provided by the Company, and proposes to the Board of Directors for approval, the levels of incentive associated to achievement, based upon the performance scales set, and extraordinary factors, as the case may be, which may have occurred during the performance period of the plan in question.

The evaluation of targets and the level of achievement thereof to which long-term annual variable remuneration is tied, is based upon the results provided by different areas and departments of the company, pursuant to the terms of section A.1.10 below. Considering the foregoing, the Remuneration Committee drafts a proposal on annual variable remuneration of executive directors which is submitted to the Board of Directors for approval. In the proposal on variable remuneration, the Remuneration Committee also considers the quality of results in the long-term as well as any risk associated thereto.

- To propose to the Board of Directors the cancellation of payment or, where appropriate, the refund (clawback) of the variable items of the remuneration of executive directors based on results, when these items have been paid on the basis of information clearly shown later to be inaccurate, as well as, where appropriate, the filing claims or any other applicable measures.

c) Review of the Remuneration Policy:

- To regularly review the Directors' Remuneration Policy, including share-based remuneration systems and the application thereof, verifying that it is consistent with the specific circumstances of the Company, and aligned with its strategy, in the short, mid and long-term, and with market conditions, considering whether it contributes to building sustainable value, and to ensuring an appropriate risk control and management.

d) Transparency of the Remuneration Policy:

- To prepare and submit to the Board of Directors, for approval, the Annual Report on Remuneration of Directors, and to verify the information on the remuneration of directors provided in the corporate documents, the notes to the annual accounts and in the interim financial statements of the Company.

The Remuneration Committee meets at least three times a year and whenever it is deemed appropriate for its effectiveness, and at any rate, each time the Board of Directors or its Chair requests the issuing of a report or the adoption of proposals within its purview.

The Board of Directors or its Chair will request information from the Remuneration Committee. Likewise, the Committee shall consider the suggestions made by the Chair, Board members, officers and/or shareholders of the Company. Moreover, the Remuneration Committee shall hold a regular meeting every year to prepare the information on the remuneration of directors, which the Board of Directors has to approve and include as part of its annual public documentation.

The Remuneration Committee shall report to the Board of Directors on the matters discussed and the decisions made, accounting for its proceedings and work done at the meeting that the Board of Directors holds immediately after each meeting of the Remuneration Committee. Additionally, a copy of all the minutes taken at the Committee's meetings shall be made available to all directors.

In accordance with its schedule for financial year 2024, the Remuneration Committee is expected to hold, at least 4 meetings.

A.1.1. b) Consideration of comparable companies in order to establish the Company's Remuneration Policy

The Remuneration Committee deems essential to regularly review the Directors' Remuneration Policy, in line with best practices on corporate governance endorsed by institutional investors and the recommendations of the main proxy advisors.

In financial year 2022, in the context of implementing the current organisational structure, the Remuneration Committee considered a number of **analyses into the external competitiveness of total remuneration**, with the support of an independent external advisor specialising in director remuneration, to propose appropriate levels of remuneration for both the Chair of the Board of Directors, without executive functions and for the CEO for his functions as the only executive director.

As a result of the aforementioned analyses, a new remuneration package was shaped up for the CEO and the new position of the Chair without executive functions. Such conditions determined the amendments introduced in the previous Directors' Remuneration Policy for financial years 2021, 2022 and 2023, approved at the 2022 Annual General Meeting.

In particular, with regard to the remuneration of the (non-executive) Chair of the Board of Directors, market amounts and remuneration practices were analysed for the remuneration of board chairs without executive functions in the companies that make up the **main stock market indices** in **relevant European countries** (Ibex-35 in Spain, CAC40 in France, FTSE MIB in Italy, DAX40 in Germany, SMI 20 in Switzerland and FTSE 100 in the United Kingdom).

With regard to the CEO, several comparator groups were considered, selected on the basis of sector, size and geographic spread criteria, in line with the analyses carried out in previous years for the Company's chief executive. The **comparator groups** considered are the following:

- STOXX Europe 50, comprising the 50 companies with the largest market capitalisation in Europe. This index was designed by STOXX Ltd.

- Large Ibex-35 companies comparable in size to Inditex (Iberdrola, Santander, Telefónica and BBVA).

- Dow Jones Retail Titans 30 Index, made up of the 30 leading companies of the retail sector. These companies are selected by Dow Jones based upon ranking by market capitalisation, revenue and net profit.

In financial year 2023, during the design and elaboration of the new Remuneration Policy, these analyses were updated and in particular, the findings for the STOXX Europe 50 group and the large Ibex-35 companies have been revised to verify that remuneration decisions agreed in financial year 2022 were still aligned with the market. The continuation approach in the new Remuneration Policy with respect to the previous one, was mainly determined by the confirmation of this alignment.

A.1.1. c) Information on external advisors.

To better discharge its duties, the Remuneration Committee may request the Board of Directors to engage legal, accounting, financial or other experts at the expense of the Company.

In this regard, in the current financial year 2024 until this date, to prepare this Report, the Remuneration Committee, in the exercise of its powers, has been advised by WTW, an independent consultant with experience in the field of directors' and senior executives' remuneration,

A.1.1. d) Procedures set forth in the current directors' remuneration policy in order to apply temporary exceptions to the policy, conditions under which those exceptions can be used and components that may be subject to exceptions according to the policy.

The new Remuneration Policy does not allow for the possibility of applying temporary exceptions.

A.1.2. a) Remuneration mix. Criteria and targets taken into consideration in their determination and to ensure an appropriate balance between fixed and variable remuneration items.

Remuneration of **directors in their position as such** is fully comprised of **fixed remuneration items.**

The **executive director**' total remuneration is made up of a **fixed** element, a short-term or **annual variable** element **and** a **long-term** or multi-year variable element**, in cash and/or in shares**.

Pursuant to the new Remuneration Policy, under a scenario with maximum achievement of targets, the **weight** of **variable** or at-risk remuneration **with respect to total remuneration** (considered for these purposes as fixed remuneration, annual variable remuneration and long-term incentive annualised according to the share price at the beginning of each cycle) could represent **up to 75%** for the CEO, approximately.

The remuneration mix of the different remuneration scenarios based upon target achievement ensures that the fixed remuneration represents a significant part of total remuneration, for the purposes of preventing taking any unnecessary risks.

Variable remuneration items to reward the executive director, tied to the achievement of Group's targets, are **flexible** enough to allow their shaping, including the possibility to pay no variable remuneration component under certain circumstances; in such case, fixed remuneration would represent 100% of total remuneration. **Under no circumstances is variable remuneration guaranteed.**

A.1.2. b) Actions adopted to adapt the Remuneration Policy to the long-term targets, values and interests of the Company, and measures to guarantee that the long-term results of the company are taken into account in the Remuneration Policy

In the design of the remuneration scheme, fixed and variable components are efficiently balanced, as indicated above. Specifically, pursuant to the new Remuneration Policy, long-term or multi-year variable remuneration, on an annualised basis and for a maximum target achievement scenario, has a weight of 35% of total remuneration of the CEO (considering for these purposes the fixed, short-term variable and long-term variable remuneration annualised based on the share price at the beginning of each cycle).

Long-term variable remuneration plans are encompassed in a **multi-year framework** (of at least 3 years) to ensure that the evaluation process is based upon long-term results and that the underlying economic cycle of the Company and the achievement of strategic targets is considered therein.

Part of this long-term variable remuneration is **granted and delivered in shares**, based upon value creation, so that the interests of the executive director and officers are aligned with those of the shareholders. Specifically, in a scenario of maximum target achievement, close to 30% of the CEO's total variable remuneration would be delivered in shares (this value considers the share price at the start of each cycle; it does not take into account the potential change in share price during the performance period).

The CEO has undertaken to hold the net shares that he may receive as a result of any element of variable remuneration for a term of at least 3 years until he holds a number of shares equivalent to at least 2 years of his fixed remuneration. In any case, once this shareholding target has been reached, the CEO must comply with the retention obligations set out from time to time for shares delivered through incentive schemes. These courses of action result in a better alignment of the interests of the CEO with those of the shareholders.

In addition, in relation to the new 2023-2027 Long-Term Incentive Plan approved at the 2023 AGM, the Board of Directors agreed, upon proposal of the Remuneration Committee, to extend the **obligation to hold shares** for 2 years after their delivery**, even after the contractual relationship** with the Company **has ended**. However, the CEO may choose to transfer ownership of the shares once the relationship has ended, provided that he maintains in his shareholding during the time remaining for complying with the aforementioned temporary limitation, an amount equivalent to the value of the perceived incentive in shares at the time of delivery.

All these measures strengthen the alignment of interests between the CEO and shareholders.

Payment of **variable remuneration** at Inditex, both annual and multi-year, is tied to the achievement of **sustainability targets**. These targets are aligned with the Group's sustainable strategy, wherein all stakeholders are considered, and allows rewarding its implementation. Namely, in financial year 2024 the **weight** of sustainability objectives on the CEO's aggregate variable remuneration is approximately **20%**.

A.1.2. c) Actions adopted relating to the remuneration system to reduce exposure to excessive risks and avoid conflicts of interest and clauses reducing the deferred remuneration or obliging the director to return remuneration received.

(i) Measures taken by the Company to reduce exposure to excessive risks

The measures taken by the Company to **reduce exposure to excessive risks** are:

- The executive director' total remuneration comprises different remuneration items, mainly consisting of: (i) a fixed remuneration, (ii) a short-term variable remuneration (annual), and (iii) a long-term (multi-year) variable remuneration. The **remuneration mix** in the different remuneration scenarios based upon achievement of targets, ensures that the fixed remuneration represents a significant part of aggregate compensation, for the purposes of preventing taking any unnecessary risks.
- **No guaranteed variable** remunerations exist. Variable remuneration items are flexible enough to allow their shaping, to the extent that it is possible that no amount is paid in terms of variable remuneration.

(ii) Measures taken in respect of those categories of staff whose professional activities may have a relevant impact on the Company's risk profile.

The measures taken in respect of those **categories of staff** whose professional activities may have a **relevant impact on the Company's risk profile** are:

- Total remuneration of senior managers is comprised of the same remuneration elements and similar characteristics to those of the executive director.
- The Remuneration Committee is responsible for considering and reviewing the Directors' and Senior Managers' Remuneration Policy and for enforcing it. Those professionals whose activity may have a relevant impact on the Company's risk profile are included in this group.

  In addition, the Committee is tasked with conducting regular reviews of the terms and conditions of the executive director' and senior management's contracts and ensuring that they are consistent with the remuneration policies in force.
- All **members** of the **Remuneration Committee also sit on** the **Audit and Compliance Committee**. The Audit and Compliance Committee is responsible for overseeing enterprise risk management systems in respect of financial and non-financial risks. The presence of the same directors on both committees and the reporting to the Board of Directors by the Chairs of the Remuneration and the Audit and Compliance Committees on the main matters discussed at the meetings, ensures that risks associated to remuneration are considered in the course of the debates of the Remuneration Committee and of the Audit and Compliance Committee and in the proposals they submit to the Board of Directors, regarding both the determination and the evaluation of annual and multi-year incentives.
- Likewise, the **Remuneration Committee and the Sustainability Committee share two members**, one of them being the Chair of the Sustainability Committee. The Sustainability Committee is responsible for overseeing and monitoring proposals in the field of sustainability, on social and environmental issues, on health and safety of the products that the Company places on the market, and the relations with the different stakeholders, and with following up on the sustainable strategy, evaluating the level of compliance thereof and, as the case may be, proposing recommendations to improve the Group's positioning in the field. Thus, the fact that the same directors sit on the above referred board committees allows ensuring (i) that alignment with the Group's priorities in the field of sustainability and with those of its stakeholders is considered upon establishing and enforcing the Remuneration Policy and (ii) a comprehensive and appropriate monitoring for the assessment and determination of the level of achievement of sustainability objectives.

(iii) Measures taken by the Company to avoid potential conflicts of interest

With regard to the **measures** set to detect, determine and resolve any potential **conflicts of interest**, conflict of interest scenarios are defined in section 34 of the Board of Directors' Regulations, which also provides the rules which govern such conflicts. Sections 33 and 35 to 37 thereof cover the obligation of non-competition, the use of corporate assets, the use of non-public information for private purposes and the taking advantage of business opportunities corresponding to the Company. Meanwhile, section 39 covers such specific issues that Directors must report to the Company.

Additionally, section 1 of the Board of Directors' Regulations provides that the rules of conduct for directors shall apply, insofar as they are compatible with their specific nature, to senior managers of the Company, namely, the following sections: 32 (duty of confidentiality); 34 (conflicts of interest), with regard to the duty to inform the Company; 35 (use of corporate assets); 36 (non-public information); 37 (business opportunities), and 38 (prohibition to make undue use of the office).

Moreover, with regard to significant shareholders, senior managers and their related parties, section 40 of the Board of Directors' Regulations provides the rules applicable to "transactions with directors and significant shareholders". One of the duties assigned to the Audit and Compliance Committee consists of assessing and reporting on certain related party transactions. In light of this report, it is incumbent on the Annual General Meeting, the Board of Directors or another body with delegated authority, as the case may be, to approve the transaction when appropriate.

Meanwhile, the Code of Conduct and the Conflicts of Interest Policy of the Group address how Inditex's employees must act when faced with a conflict of interest between their personal interests and those of the Company, as well as the situations which need to be reported, in particular, to the Ethics Committee.

(iv) Measures taken by the Company regarding the clauses on reduction or return of variable remuneration

With regard to the **clauses on reduction** of the deferred remuneration or that force directors to **return** remuneration received when such remuneration has been determined considering certain figures that have clearly been shown later to be inaccurate:

- The Remuneration Committee may propose to the Board of Directors the cancellation of payment or, where appropriate, the clawback of the variable items of the remuneration of the executive director based on results, when these items have been paid on the basis of information clearly shown later to be inaccurate. In such cases, the Committee may also propose the termination of the relationship with the relevant manager and the filing of the relevant claims, all the foregoing pursuant to the terms of section 6 of the Remuneration Committee's Regulations.

  In this regard, should (i) any event or circumstance occur that would result in the negative change or variation, in final terms, of the financial statements, results, economic data, performance data or otherwise, upon which the accrual and payment to the executive director of any amount in terms of variable remuneration would have been based, and, (ii) should such change or variation determine that, if they had become known at the date of accrual or payment, the executive director would not have received any amount, or, would have received a lesser amount than the one initially paid, the Remuneration Committee may propose to the Board of Directors that the Company claims the clawback of the full sum or of any excess paid (regardless of whether or not the executive director in question is still with the Company at the time of the claim).

- With regard to the in-flight long-term incentives (second cycle of the 2021-2025 Long-Term Incentive Plan and both cycles of the 2023-2027 Long-Term Incentive Plan), as well as any outstanding variable remuneration while the new Remuneration Policy is in effect, the Company may cancel before payment and/or claim refund of the incentive previously paid, in full or in part, in the event that any of the following unforeseen circumstances would occur during (i) the period immediately before consolidation, or (ii) the 2 years following settlement of the incentive for the executive director's performance in each cycle, as the case may be:

  - (i) losses in the Group (negative PBT) in the 2 years after the expiry of each cycle, attributable to management decisions made in the performance period of each cycle;

  - (ii) material restatement of the Group's financial statements, when so considered by the external auditors, except where this is appropriate pursuant to a change in accounting standards;

  - (iii) serious breach of the internal regulations on the part of the executive director, as proven by the Ethics Committee.

A.1.3. Amount and nature of fixed components that are due to be accrued during the year by directors in their capacity as such.

Pursuant to section *529septdecies* LSC, the directors' remuneration policy must determine the maximum amount of remuneration that may be paid each year by the Company to all directors in their status as such. Under the new Remuneration Policy, this maximum amount has been set at €3,380 thousand, in accordance with the current membership on the Board of Directors and its Committees.

Within the limit set by the Annual General Meeting, it is incumbent on the Board of Directors, upon proposal of the Remuneration Committee, to determine how and when such amounts are to be paid. At its meeting held on 12 March 2024 and on the proposal of the Remuneration Committee, the Board of Directors resolved to maintain the following amounts for financial year 2024 as set out in the new Remuneration Policy (approved at the 2023 AGM with 98.37% of votes in favour):

- Each director will receive an annual fixed remuneration in the amount of €100,000 for their directorship.
- The non-executive Chair of the Board of Directors will receive an additional annual fixed remuneration of €900,000.
- The Deputy Chair or Deputy Chairs of the Board of Directors will receive an additional annual fixed remuneration of €80,000.
- Directors who in turn sit on the Audit and Compliance Committee, the Nomination Committee the Remuneration Committee and/or the Sustainability Committee (including the Chair of each Committee) will receive an additional annual fixed remuneration of €50,000.
- The Chairs of the Audit and Compliance Committee, the Nomination Committee, the Remuneration Committee and the Sustainability Committee, will receive an additional annual fixed remuneration of €50,000.

Such amounts are fully independent and compatible with each other. They are fully paid in cash.

These items and amounts have remained unchanged since they were approved at the Annual General Meeting held on 19 July 2011 (with 99.59% of votes in favour), except for the fixed remuneration established for the Chair of the Board of Directors, as a new position without executive functions created in financial year 2022, following the full separation of the positions of Chair of the Board of Directors and CEO of the Company. This allocation also remains unchanged in 2024.

Except for the CEO's remuneration for the performance of executive functions, the amounts shown above represent the only remuneration paid to directors of the Company for membership on the Board of Directors of Inditex or any Group company. No attendance fees are paid to attend board and committees' meetings, nor is there any remuneration in the form of profit-sharing or bonuses, or remuneration systems or pension plans incorporating variable remuneration, or severance pays for the termination of their relationship with the Company or any other items determined for the performance of executive functions. The remuneration of the Chair of the Board of Directors will not include either any other remuneration and/or compensation item in addition to the above.

The foregoing is notwithstanding the refund to the directors of any reasonable travelling and accommodation fees incurred upon attending the meetings of the Board of Directors or of the Committees where they sit.

Inditex has also taken out a D&O liability policy for directors, officers and staff performing similar duties in the Company.

A.1.4. Amount and nature of fixed components that are due to be accrued during the year for the performance of senior management functions of executive directors.

Pursuant to the provisions of the new Remuneration Policy and as anticipated in the Annual Report on the Remuneration of Directors for financial year 2023, the CEO's fixed remuneration for financial year 2024 totals €2,500 thousand, remaining unchanged with respect to financial year 2023.

A.1.5. Amount and nature of any component of remuneration in kind that will accrue during the year.

No remunerations in kind exist other than the delivery of shares referred to in the following section regarding variable components of remuneration.

A.1.6. Amount and nature of variable components, differentiating between those established in the short and long terms. Financial and non-financial, including social, environmental and climate change parameters selected to determine variable remuneration for the current year, explaining the extent to which these parameters are related to performance, both of the director and of the company, and to its risk profile, and the methodology, necessary period and techniques envisaged to be able to determine the effective degree of compliance, at the end of the year, with the parameters used in the design of the variable remuneration, explaining the criteria and factors applied in regard to the time required and methods of verifying that the performance or any other conditions linked to the accrual and vesting of each component of variable remuneration have effectively been met.

Monetary terms of the different variable components according to the degree of fulfilment of the objectives and parameters established, and whether any maximum monetary amounts exist in absolute terms.

With regards to directors in their status as such, including the Chair of the Board of Directors, the fixed remuneration items referred to above are the only remuneration paid to them for membership on the Board of Directors of Inditex. There is no remuneration under a profit-sharing scheme, nor any remuneration systems or schemes covering a variable remuneration.

The variable components of the **CEO'**s remuneration for the performance of his executive functions, as stipulated in the new Remuneration Policy approved at the 2023 AGM, are as follows:

- Short-term or annual variable remuneration.
- Long-term or multi-year variable remuneration.

Below is a description of the main features of each of such components:

- Short-term or annual variable remuneration:

Annual variable remuneration is tied to the achievement of annual quantitative and qualitative targets, specific, pre-established and quantifiable, aligned with the interest of the Company and consistent with the medium to long-term strategy.

Financial and business targets linked to the Company management represent at least 60% of the aggregate incentive. Non-financial metrics represent at least 30% of the aggregate incentive.

A performance scale is associated, when reasonably possible, to targets. Such scale, set at the beginning of each financial year, includes a minimum threshold below which no incentive is paid, a level of achievement on target, which corresponds to the standard level of achievement of targets, and a maximum level of achievement, above which the incentive is not increased. Each metric is associated a specific performance scale, determined and calibrated in accordance with the variability of each of them and the target's level of requirement. In this regard, scales may have different slopes (i.e. relationship between level of achievement and level of payment). Additionally, the scale may include different payout levels between minimum and on target level, and between on target and maximum level of achievement regarding the same target.

The Board of Directors, upon the Remuneration Committee's proposal, is responsible for approving the targets at the beginning of each financial year and evaluating their achievement at year end. This evaluation is done based upon the data and the results provided by the Financial Division, the General Counsel's Office, the Corporate Development Department and the Sustainability Department, all of which are first reviewed by the Audit and Compliance Committee and the Sustainability Committee, as appropriate. The Board of Directors is responsible for the annual assessment of the CEO's performance, following a report from the Nomination Committee.

Further to such review, the Remuneration Committee draws up a proposal on annual variable remuneration which is submitted to the Board of Directors for approval. In this proposal, the Remuneration Committee also considers the quality of results in the long-term as well as any associated risk.

For the purposes of ensuring that the annual variable remuneration is effectively aligned with the Company performance and the CEO's individual performance, any positive or negative economic effects arising from any extraordinary events which might introduce distortions into the results of the evaluation, may be removed upon determining the level of achievement of the financial targets.

In accordance with the new Remuneration Policy, the **target amount** of the CEO's **annual variable remuneration**, i.e., the one which corresponds to a level of achievement of the objectives on target, shall be equivalent to **120% of the fixed remuneration** for the performance of executive functions. In case of **overachievement** of the pre-established targets, it could reach a maximum of **125% of the annual target variable remuneration** (150% of the fixed remuneration for the performance of senior management duties, i.e. €3,750 thousand).

The terms of the annual variable remuneration system for the CEO, including the structure, maximum levels of remuneration, targets established and the weight of each of them, are reviewed every year by the Remuneration Committee, considering the Company's strategy, business needs and status, and the recommendations and best practices in the market in the field of remuneration. Such terms are submitted to the Board of Directors for approval.

Specifically, the Board of Directors has resolved at its meeting held on 12 March 2024, on the proposal of the Remuneration Committee, that the annual variable remuneration for the CEO in financial year 2024 will be determined in accordance with the following criteria:

Weighting	Target	Measurement criteria
70%	Net sales (35%) and contribution margin (35%)	The same criteria established for senior managers according to the budget of the Company are applied.
15%	CEO's individual performance	Assessment by the Board of Directors, on the proposal of the Nomination Committee.
	Strategic development of the Company	Drive the initiatives related to advancing the four strategic priorities, such as improving the fashion proposition, enhancing the customer experience, increasing the focus on sustainability and preserving the talent and commitment of our people.
15%	Progress in the implementation of the strategy towards global sustainability, measured against the following indicators:	(i) Progress in adoption of recycled fibres. (ii) Progress in the supply chain transformation plan (water, energy, waste and chemical substances). (iii) Progress in the development of strategic collaborations aimed at the transformation of the industry. (iv) Progress on the improvement of the traceability across our supply chain. (v) Development of additionality mechanisms in the renewable energy infrastructure. (vi) Level of implementation of environmental projects related to the initiative to charge for paper bag and envelopes at stores; and (vii) Development of innovation projects related to fibres and production processes.
	Progress in corporate governance	Degree of compliance with the recommendations of the Good Governance Code of Listed Companies and alignment with international best practices.
	Progress in implementing diversity and compliance programmes	Approval of internal regulations and degree of international roll-out.

The short-term variable remuneration for 2024 based on the achievement of the above referred targets will be paid in 2025 in cash.

- **Multi-year or long-term variable remuneration**

a) 2023-2027 LONG-TERM INCENTIVE PLAN

The **2023-2027 Long-term Incentive Plan** for members of the management team, including the executive director and other Inditex Group employees, was approved at the 2023 AGM (with 98.94% of votes in favour) .

The Plan consists of the combination of a **multi-year bonus in cash and the promise to deliver shares**, which, once a specific period of time has elapsed and the achievement of the specific targets has been verified, will be paid to the beneficiaries of the Plan, either in full or in the relevant applicable percentage, as the case may be.

The total duration of the Plan is **4 years** and it is structured in **2** independent time **cycles**:

- The first cycle of the Plan runs from 1 February 2023 to 31 January 2026.
- The second cycle runs from 1 February 2024 to 31 January 2027.

The Board of Directors, on the proposal of the Remuneration Committee, is responsible for approving the targets at the beginning of each cycle as well as the performance scale for each of the metrics which enables the calculation of the payout coefficient for each level of target achievement. The performance scale includes a minimum threshold below which no incentive is paid and a maximum level of achievement, for which a maximum incentive is paid.

The Committee will annually monitor the objectives and will, once the performance period of each cycle has ended, assess the achievement level for each of the objectives and in the cycle as a whole. This assessment is made based on the data and results provided by the Financial Division, the General Counsel's Office and the Sustainability Department, reviewed by the external and internal auditors, and previously analysed by the Audit and Compliance Committee and the Sustainability Committee, as applicable.

Further to such review, the Remuneration Committee draws up a proposal which is submitted to the Board of Directors for approval in relation to the incentive levels associated to performance according to the established performance scales.

Both for setting the targets and for the evaluation of achievement levels, the Remuneration Committee also considers the quality of results in the long-term as well as any associated risk.

Any positive or negative economic effects arising from any extraordinary events which might introduce distortions into the results of the evaluation, may be removed upon determining the level of achievement of the quantitative targets.

Under such Plan, the executive director will receive, if appropriate, an incentive which will materialize as follows: **60% in shares** and **40% in cash**. Regarding 60% of the incentive which would, if appropriate, be settled in shares, the number of shares to be granted at the commencement of each cycle will be determined based upon the average weighted share price on the 30 trading days immediately prior to the commencement date of each cycle. Upon expiry of each cycle, the Remuneration Committee will assess the level of achievement of objectives and propose the number of shares to be delivered.

The CEO has **undertaken to hold for at least a 3-year term the net shares** that he may receive as a result of any element of variable remuneration, until he holds a number of shares equivalent to at least 2 years of his fixed remuneration. In any case, once this shareholding target has been reached, the CEO must comply with the holding obligations under this Plan, which involve holding a number of shares equivalent to the incentive received in shares, net of applicable taxes, for two years after their delivery. This obligation will remain even when relationship has ended, as addressed in section A.1.1 above.

Likewise, the Company may **cancel** before payment **and/or claim refund** of the long-term incentive previously paid, in full or in part, (clawback) should certain unforeseen circumstances occur during the 2 years following the delivery of the incentive for the proceedings of each cycle. Such specific circumstances have been addressed in section A.1 above.

The incentive amounts and features for the two cycles of the 2023-2027 Plan are detailed below:

– The maximum amount of the incentive assigned to the CEO would amount to:

Maximum incentive	=	Cash	+	Shares
133% of annual fixed remuneration		€1,331 thousand		75,045
133% of annual fixed remuneration		€1,331 thousand		51,502

- At the end of each cycle, the Remuneration Committee will assess the level of target achievement and propose the amount of cash and the number of shares to be delivered. The achievement of objectives will be measured against identifiable and quantifiable parameters, called metrics.

The incentive for the first cycle (2023-2026) will vary depending upon the following **metrics**, with the following weight:

Weighting	Target	Measurement criteria
25%	Profit before Taxes ("PBT")	PBT figure for FY2025 (ending on 31 January 2026), expressed in euros, compared to the amount set by the Board of Directors as a target at the commencement of the first cycle.
25%	Store and Online Sales ("TTTT" (*Spanish acronym*))	Amount in euros of total store and online sales in FY2025 at constant currency at the end of FY2025 (31 January 2026) according to the Company's information, measured against the amount set by the Board of Directors as a target at the commencement of the first cycle.
12.5%	Absolute Total Shareholder Return ("TSR")	Performance of an investment in Inditex shares over the period of the first cycle, determined by the ratio (expressed as a percentage) between the final value of a hypothetical investment in Inditex shares (reinvesting the dividends from time to time) and the initial value of that same hypothetical investment. The initial value is defined as the average weighted share price on the 30 trading days immediately prior to 1 February 2023 (exclusive)(€26.6), and the final value is defined as the average weighted share price on the 30 trading days immediately prior to 31 January 2026 (inclusive). To this end, for calculating such final value, the dividends or other similar amounts received by shareholders on said investment during the respective period of time will be considered, as if the gross amount thereof (before taxes) would have been reinvested in more shares of the same class on the first date on which the dividend or any similar amount is payable to shareholders and at the closing share price on that date. The absolute TSR achieved during the 2023-2026 period will be measured against the target set by the Board of Directors at the commencement of the first cycle, as maximum achievement.
12.5%	Relative Total Shareholder Return ("TSR")	Performance of an investment in Inditex shares compared to the performance of an investment in a Peer Group (as defined below) during the first cycle, determined by the difference (by subtraction) between Inditex's annualised TSR and the annualised TSR of this Peer Group. For the purposes of Inditex's TSR and the TSR of every company in the Peer Group, the initial value shall mean the weighted average share price on the 30 trading days immediately prior to 1 February 2023 (exclusive). For the purposes of Inditex's TSR and the TSR of every company in the Peer Group, final value shall mean the weighted average share price on the 30 trading days immediately prior to 31 January 2026 (inclusive). To this end, for calculating such final value, the dividends or other similar amounts received by shareholders on said investment during the respective period of time will be considered, as if the gross amount thereof (before taxes) would have been reinvested in more shares of the same class on the first date on which the dividend or any similar amount is payable to shareholders and at the closing share price on that date.
25%	Sustainability index (comprising 4 indicators)	(i) "Consumption of textile raw materials with a lower impact (referred to as 'preferred'): measured as the percentage of preferred textile raw materials (organic, in conversion, regenerative, recycled, certified as European linen, Green viscose in the Hot Button Report by Canopy and EU BAT compliant or "Next Generation") in FY2025 Winter campaign on the total purchase of the main fibres (cotton, polyester, linen, viscose, modal and Lyocell) in said campaign. (ii) "Water consumption": measured as the percentage reduction in water consumption (litre/kg) in the supply chain between the cycle start date (1 February 2023) and the cycle end date (31 January 2026). (iii) "Decarbonisation": measured in terms of percentage reduction of the volume of Scope 3 Greenhouse Gas emissions, in the category "purchased goods and services" between the start date of the cycle (1 February 2023) and the end date of the cycle (31 January 2026). (iv) "Social": total number of workers who are part of the programmes of the priority impact areas of social dialogue, living wages, health, respect and resilience of the Workers at the Centre Strategy in the period between 1 February 2023 and 31 January 2026 (cumulative data for the three FY2023, 2024 and 2025).

- For the purpose of calculating the payout coefficient attained for each level of target achievement, a **performance scale** will be determined for each metric, set at the commencement of the cycle, which will include a minimum threshold below which no incentive will be paid, corresponding to a payout ratio of 30% of the maximum incentive granted, and a maximum level, corresponding to a payout ratio of 100% of the Maximum Incentive Granted. For intermediate levels, the results shall be determined by linear interpolation.
    - PBT, TTTT, absolute TSR and Sustainability index, the following will be measured:

Level of achievement	Level of Incentive (% of Maximum Incentive)
Below minimum	0%
Minimum	30%
Maximum	100%

    - Regarding the evolution of relative TSR:
        - The Peer Group is made up of 14 companies in the Retail industry with a potential impact in its listing due to similar external factors as Inditex, as indicated below: Nike, Fast Retailing, Lululemon Athletica, Adidas, H&M, Associated British Foods, VF Corporation, Burberry, Next, Puma, Zalando, JD Sports Fashion, Ralph Lauren Corporation and Hugo Boss (the "Peer Group").
        - The following will be calculated at the end of the first cycle:

  -Inditex's TSR and the TSR of each company in the Peer Group for the 2023-2026 period.

  -The arithmetic mean of the TSR of each company, resulting in the average TSR for the Peer Group.

  -Inditex's annualised TSR and the annualised TSR of the Peer Group.

  Next, the difference (by subtraction) between Inditex's annualised TSR and the annualised TSR of the Peer Group will be calculated. This difference will be compared against the target set by the Board of Directors at the beginning of the first cycle and a payout ratio, ranging from 0% to 100% of the maximum incentive granted, will be applied in accordance with the specified scale.

In order to be eligible to receive the relevant incentive, as a general rule, beneficiaries must remain in the Company until expiry of the accrual period.

The incentive for the second cycle (2024-2027) will vary depending upon the following **metrics**, with the following weights:

Weight	Target	Measurement criteria
25%	Profit before Taxes ("PBT")	PBT figure for FY2026 (ending 31 January 2027), expressed in euros, compared to the amount set by the Board of Directors as a target at the commencement of the second cycle.
25%	Store and Online Sales ("TTTT" (Spanish acronym))	Amount in euros of total store and online sales in FY2026 at constant currency at the end of FY2026 (ending 31 January 2027) according to the Company's information, measured against the amount set by the Board of Directors as a target at the commencement of the second cycle.
12.5%	Absolute Total Shareholder Return ("TSR")	Performance of an investment in Inditex shares over the period of the second cycle, determined by the ratio (expressed as a percentage) between the final value of a hypothetical investment in Inditex shares (reinvesting the dividends from time to time) and the initial value of that same hypothetical investment. The initial value is defined as the average weighted share price on the 30 trading days immediately prior to 1 February 2024 (exclusive) (€38.76) and the final value is defined as the average weighted share price on the 30 trading days immediately prior to 31 January 2027 (inclusive). To this end, for calculating such final value, the dividends or other similar amounts received by shareholders on said investment during the respective period of time will be considered, as if the gross amount thereof (before taxes) would have been reinvested in more shares of the same class on the first date on which the dividend or any similar amount is payable to shareholders and at the closing share price on that date. The TSR achieved will be measured against the target set by the Board of Directors at the commencement of the second cycle.

Weight	Target	Measurement criteria
12.5%	Relative Total Shareholder Return (“TSR”)	The relative TSR is defined as the performance of an investment in Inditex shares compared to the performance of an investment in a Peer Group (as defined below) during the second cycle, determined by the difference (by subtraction) between Inditex's annualised TSR and the annualised TSR of this Peer Group. In order to calculate the performance of the investment in shares of Inditex and of each company in the Peer Group, we determine the quotient (expressed as a percentage ratio) between the final value of a hypothetical investment in shares (reinvesting the dividends from time to time) and the initial value of that same hypothetical investment. The initial value is the average weighted share price of each company on the 30 trading days immediately prior to 1 February 2024 (exclusive) (the “Initial Value”). The final value is the average weighted share price of each company on the 30 trading days immediately prior to 31 January 2027 (inclusive) (the “Final Value”). To this end, for calculating such Final Value, the dividends or other similar amounts received by shareholders on said investment during the respective period of time will be considered, as if the gross amount thereof (before taxes) would have been reinvested in more shares of the same class on the first date on which the dividend or any similar amount is payable to shareholders and at the closing share price on that date.
25%	Sustainability index (comprising 4 indicators)	(i) “Consumption of textile raw materials with a lower impact (referred to as preferred)”: measured as the percentage of preferred textile materials in the FY2026 Winter campaign on the total purchase of the raw materials in that campaign. (ii)“Biodiversity Improvement”: measured as the increase in the number of hectares that are protected, restored, regenerated or under other forms of biodiversity improvement management, between the start date of the second cycle (1 February 2024) and the end date (31 January 2027). (iii)“Decarbonisation”: measured as the percentage reduction in the volume of Greenhouse Gas emissions (scope 3), in the category “purchased goods and services”, between the start date of the second cycle (1 February 2024) and the date of its completion (31 January 2027). (iv)“Implementation of the Environmental Improvement Programme for Supply Chain Transformation”: measured as the percentage of facilities in which the plan has been implemented over the total facilities targeted by the plan (cumulative data for the three FY2024, 2025 and 2026).

- For the purpose of calculating the payout ratio attained for each level of achievement of targets, a performance scale will be determined for each metric, set at the commencement of the cycle, which will include a minimum threshold below which no incentive will be paid, corresponding to a payout ratio of 30% of the maximum incentive granted, and a maximum level, corresponding to a payout ratio of 100% of the Maximum Incentive Granted. For intermediate levels, the results shall be determined by linear interpolation.
    - PBT, TTTT, absolute TSR and Sustainability index, the following will be measured:

Level of achievement	Level of Incentive (% of Maximum Incentive)
Below minimum	0%
Minimum	30%
Maximum	100%

    - Regarding the evolution of relative TSR:
        - The Peer Group is made up of 14 companies in the Retail industry with a potential impact in its listing due to similar external factors as Inditex, as indicated below: Nike, Fast Retailing, Lululemon Athletica, Adidas, H&M, Associated British Foods, VF Corporation, Burberry, Next, Puma, Zalando, JD Sports Fashion, Ralph Lauren Corporation and Hugo Boss (the “Peer Group”).
        - The following will be calculated at the end of the second cycle:

            - Inditex's TSR and the TSR of each company in the Peer Group for the 2024-2027 period.

            - The arithmetic mean of the TSR of each company, resulting in the average TSR for the Peer Group.

            - Inditex's annualised TSR and the annualised TSR of the Peer Group.

Next, the difference (by subtraction) between Inditex's annualised TSR and the annualised TSR of the Peer Group will be calculated. This difference will be compared against the target set by the Board of Directors at the beginning of the second cycle and a payout ratio, ranging from 0% to 100% of the maximum incentive granted, will be applied in accordance with the specified scale.

In order to be eligible to receive the relevant incentive, as a general rule, beneficiaries must remain in the Company unti the expiry of the accrual period.

b) 2021-2025 LONG-TERM INCENTIVE PLAN

The first cycle (2021-2014) of the **2021-2025 Long-term Incentive Plan** approved at the Annual General Meeting held on 13 July 2021 expired on 31 January 2024. The features and amounts of the associated incentive are detailed in section B of this Report, that includes information on the enforcement of the Remuneration Policy in financial year 2023 (the **'2021-2025 Plan'**).

During 2024, the second cycle (2022-2025) of the 2021-2025 Long-term Incentive Plan is still in force. The incentive amounts and features are detailed below.

- The maximum amount of the incentive granted to the CEO amounts to:

Maximum Incentive	=	Cash	+	Shares
133 % of annual fixed remuneration		€1,331 thousand		71,472

- At the end of the cycle, the Remuneration Committee will assess the level of achievement of the targets and propose the amount in cash and the number of shares to be delivered. The achievement of objectives will be measured through identifiable and quantifiable parameters, called metrics.

The incentive for this second cycle (2022-2025) will vary depending upon the following **metrics**, with the following weights:

Weight	Target	Measurement criteria
25%	Profit before Taxes ("PBT")	PBT figure for FY2024, expressed in euros, compared to the amount set by the Board of Directors as a target at the commencement of the second cycle.
25%	Store and Online Sales ("TTTT" (*Spanish acronym*))	Amount in euros of total store and online sales in FY2024 at constant currency, according to the Company's information, measured against the amount set by the Board of Directors as a target at the commencement of the second cycle.
12.5%	Absolute Total Shareholder Return ("TSR")	Performance of an investment in Inditex shares over the period of the second cycle, determined by the ratio (expressed as a percentage) between the final value of a hypothetical investment in Inditex shares (reinvesting the dividends from time to time) and the initial value of that same hypothetical investment. The initial value is defined as the average weighted share price on the 30 trading days immediately prior to 1 February 2022 (exclusive) (€27.93), and the final value is defined as the average weighted share price on the 30 trading days immediately prior to 31 January 2025 (inclusive). To this end, for calculating such final value, the dividends or other similar amounts received by shareholders on said investment during the respective period of time will be considered, as if the gross amount thereof (before taxes) would have been reinvested in more shares of the same class on the first date on which the dividend or any similar amount is payable to shareholders and at the closing share price on that date. The TSR achieved will be measured against the target set by the Board of Directors at the commencement of the second cycle.

Weight	Target	Measurement criteria
12.5%	Relative Total Shareholder Return ("TSR")	The relative TSR is defined as the performance of an investment in Inditex shares compared to the performance of an investment in a Peer Group (as defined below) during the period corresponding to the second cycle, determined by the difference (by subtraction) between Inditex's annualised TSR and the annualised TSR of this Peer Group. In order to calculate the performance of the investment in shares of Inditex and of each company in the Peer Group, we determine the quotient (expressed as a percentage ratio) between the final value of a hypothetical investment in shares (reinvesting the dividends from time to time) and the initial value of that same hypothetical investment. The initial value is the average weighted share price of each company on the 30 trading days immediately prior to 1 February 2022 (exclusive) (the "Initial Value"). The final value is the average weighted share price of each company on the 30 trading days immediately prior to 31 January 2025 (inclusive) (the "Final Value"). To this end, for calculating such Final Value, the dividends or other similar amounts received by shareholders on said investment during the respective period of time will be considered, as if the gross amount thereof (before taxes) would have been reinvested in more shares of the same class on the first date on which the dividend or any similar amount is payable to shareholders and at the closing share price on that date.
25%	Sustainability index (comprising 4 indicators)	(i) Fibre consumption: measured as the reduction in percentage points of the weight of conventional fibres in total fibre consumption (in t), for the four fibres subject to a public commitment (cotton, polyester, man-made cellulosic fibres and linen). (ii) Water consumption: measured as the percentage reduction of water consumption (litre/kg) in the supply chain. (iii) Decarbonisation: measured as the percentage reduction in the volume of Scope 3 Greenhouse Gas emissions in the category "purchased goods and services". (Iv) Social: measured as the percentage of suppliers of Inditex products that are classified with social ranking A and B.

- For the purpose of calculating the payout coefficient attained for each level of achievement of targets, a **performance scale** will be determined for each metric, set at the commencement of the cycle, which will include a minimum threshold below which no incentive will be paid, corresponding to a payout ratio of 30% of the maximum incentive granted, and a maximum level, corresponding to a payout ratio of 100% of the maximum incentive granted. For intermediate levels, the results shall be determined by linear interpolation.

- For PBT, TTTT, absolute TSR and sustainability index, the performance scale is the following:

Level of achievement	Level of Incentive (% of Maximum Incentive)
Below minimum	0%
Minimum	30%
Maximum	100%

Regarding the evolution of relative TSR:

- The Peer Group consists of 14 competitors in the textile industry whose share price can be potentially impacted by external factors similar to Inditex's, as shown below: Nike, Fast Retailing, Lululemon Athletica, Adidas, H&M, Associated British Foods, VF Corporation, Burberry, Next, Puma, Zalando, JD Sports Fashion, Ralph Lauren Corporation and Hugo Boss.

- The following will be calculated at the end of the second cycle:

  - Inditex's TSR and the TSR of each company in the Peer Group for the 2022-2025 period.

  - The arithmetic mean of the TSR of each company, resulting in the average TSR for the Peer Group.

  - Inditex's annualised TSR and the annualised TSR of the Peer Group.

  Next, the difference (by subtraction) between Inditex's annualised TSR and the annualised TSR of the Peer Group will be calculated. This difference will be compared against the target set by the Board of Directors at the beginning of the second cycle and a payout ratio, ranging from 0% to 100% of the maximum incentive granted, will be applied in accordance with the specified scale.

In order to be eligible to receive the relevant incentive, as a general rule, beneficiaries must remain in the Company until expiry of the accrual period.

A.1.7. Main characteristics of long-term savings systems.

Pursuant to the new Remuneration Policy, the CEO is not a beneficiary of any long-term saving system, including retirement and/or any other survivor benefit, partly or wholly funded by the Company. In any event, provision is made for the possibility that the Board of Directors may implement such a system for executive directors during its term.

A.1.8. Any type of payment or indemnification for early termination or dismissal, or deriving from the termination of the contractual relationship, in the terms provided, between the company and the director, whether at the company's or the director's initiative, as well as any type of agreement reached, such as exclusivity, post-contractual non-competition, minimum contract term or loyalty, that entitles the director to any kind of remuneration.

No severance pay has been agreed in case of termination of duties as director, except for that provided in subparagraphs (iii) and (iv) of the following section regarding the CEO for the performance of executive functions.

A.1.9. State the conditions that contracts should respect for those exercising senior management duties as executive directors.

Pursuant to the provisions of sections 249 and *529 octodecies* LSC and section 30.3 of the Board of Directors' Regulations, the relevant terms of the contracts entered into with the CEO are detailed below:

(i) Term

The CEO's contract has an indefinite term.

(ii) Notice period

Both in case of termination of the contract on account of certain grounds attributable to Inditex, and on account of voluntary resignation of the executive director, notice shall be given at least 3 months in advance. Such notice may be replaced with an amount equivalent to the fixed remuneration of the non-observed term of notice.

(iii) Termination clause

The CEO shall be entitled to severance pay in a gross amount equivalent to the remuneration of **two (2) years** calculated based upon the sum of his **annual fixed and variable remuneration**, established for the current year, where the relevant contract is terminated by unilateral decision of the Company, as well as in case of resignation tendered by the CEO under certain premises (including the succession in the company or a change in control in the Company that affects more than 50% of the share capital or of the voting rights, provided that a significant refreshment of the governing bodies of the Company or a change in the contents or purpose of the main business activity of the Company takes place at the same time, if such request for termination is made within six months of the occurrence of such succession or change. For such purpose, no succession or change in control shall be deemed to have taken place in the event of direct or indirect family succession in the ownership of the Company).

(iv) Agreement on exclusivity and post-contractual non-compete obligation

For as long as his contractual relationship with Inditex remains in force, the CEO shall perform his senior management functions exclusively for the Company and the Inditex Group, and he shall refrain from working either directly or indirectly for any third parties, or for his own account, even where the activities he may carry out would not compete with those of the Inditex Group. This provision does not apply to the office of non-executive director on the board of other companies which do not compete with Inditex, subject to the restrictions set out in the Board of Directors' Regulations.

Under the terms and conditions of his contract, compensation for the post-contractual non-compete obligation is included in the severance pay.

With regard to the post-employment non-compete agreement and as regards all members of the Board of Directors, irrespective of their directorship type, section 24.3 of the Board of Directors' Regulations provides that "a director who ends their term of office or for any other reason should cease to serve as a director may not serve as a director in any other company whose corporate objects are similar to that of the company for a 2-year period".

(v) Clawback provision

Pursuant to the provisions of section A.1 above, should (i) any event or circumstance occur that would result in the negative change or variation, in final terms, of the financial statements, results, economic data, performance data or otherwise, upon which the accrual and payment to the executive director of any amount in terms of variable remuneration would have been based, and, (ii) should such change or variation determine that, if they had become known at the date of accrual or payment, the executive director would have received a lesser amount than the one initially paid, the Company shall be entitled to claim from him clawback of any excess paid.

Additionally, as explained in section A.1 above, the Company may cancel and/or claim the clawback of the long-term incentive previously paid to the executive director, in full or in part, in the event of occurrence of certain unforeseen circumstances during the 2 years following the delivery of the incentive.

A.1.10. The nature and estimated amount of any other supplementary remuneration accrued by directors in the current year in consideration for services rendered other than those inherent in their position.

Directors will not receive in the current year any remuneration other than that accrued for the services rendered in their position.

A.1.11. Other items of remuneration such us any deriving from the company's granting the director advances loans or guarantees or any other remuneration.

The granting of advance payments, loans or guarantees to directors is not covered in the new Remuneration Policy.

As at the date of this Report, no advanced payment, loans or guarantees have been granted to any director.

A.1.12. The nature and estimated amount of any other planned supplementary remuneration to be accrued by directors in the current year that is not included in the foregoing sections, whether paid by the company or by another group company.

No supplementary remuneration other than the one explained above is provided in the new Remuneration Policy.

As at the date of this Report, no supplementary remuneration has been accrued to directors in consideration for services rendered other than those inherent in their position, nor any additional remuneration item other than those addressed in the sections above.

A.2. Significant changes in the Remuneration Policy applicable in the current year.

No changes to Inditex's new Remuneration Policy are expected in 2024. The Policy expires on 31 January 2027.

The Board of Directors plans to submit for approval at the 2024 Annual General Meeting the Annual Report on Remuneration of Directors for the year ended 31 January 2024 (to be submitted to an advisory say-on-pay vote).

A.3. Direct link to the document containing the company's current remuneration policy, which must be available on company's website.

A link to the new the Remuneration Policy applicable for financial year 2024 is provided below:

https://www.inditex.com/itxcomweb/api/media/9bd73862-1bb5-4338-affb-2d397dc74485/Politica+Remuneraciones+2024+2025+y+2026.pdf?t=1696953293225

A.4. Consideration on the voting by the General Shareholders' Meeting on the annual report on remuneration for the previous year.

The 2023 AGM approved the following:

- The Directors' Remuneration Policy for financial years 2024, 2025 and 2026 with 98.37% of votes in favour.
- The Annual Report on the Remuneration of Directors for financial year 2022 with 97.64% of votes in favour.
- The 2023-2027 Long-Term Incentive Plan, for members of the Management Team, including the executive director and other Inditex Group employees, with 98.94% of votes in favour.

Since the first directors' remuneration policy was approved, the Annual Reports on the Remuneration of Directors have been broadly supported by shareholders in the advisory say-on-pay vote and, in addition, by institutional investors and proxy advisors.

B. Overall summary of how remuneration policy has been applied during the year ended

The Directors' Remuneration Policy for financial years 2021, 2022 and 2023 of Inditex was approved at the Annual General Meeting held on 13 July 2021 ("2021 AGM") with 98.42% of votes in favour.

Subsequently, the Annual General Meeting held on 12 July 2022 ("2022 AGM") approved the partial amendment to such Policy with 98.6% of votes in favour. The purpose of the amendment brought forward by the Board of Directors, following a substantiated proposal of the Remuneration Committee, was to adapt the contents of the Policy to the new corporate governance structure – approved in 2021, which took full effect in financial year 2022-, with the full separation of the position of Chair of the Board of Directors and CEO, with a new Chair without executive functions, and a single executive director.

Therefore, although the term of the Directors' Remuneration Policy for the financial years 2021, 2022 and 2023 ended on 31 January 2024, the remuneration policy applicable for the financial year 2023 is the result of the amendments to the Remuneration Policy approved at the 2022 AGM.

The following sections detail the application of the Remuneration Policy applicable to financial year 2023.

B.1.1. Process followed to apply the remuneration policy and determine the individual remuneration contained in Statistical Appendix. Role of the Remuneration Committee, decisions made by the Board of Directors and role played by external advisors.

B.1.1. a) Remuneration Committee's membership

As provided in Article 30 of the Articles of Association, section 17 of the Board of Directors' Regulations, and section 7 of the Remuneration Committee's Regulations, the Remuneration Committee shall be made up of a number of at least 3 and at most 7 non-executive directors, a majority of whom must be independent directors.

Members of the Remuneration Committee are appointed by the Board of Directors following a report from the Nomination Committee. The Chair of the Remuneration Committee is also appointed by the Board of Directors, out of the independent members of such Committee.

As at 31 January 2024 and as at the date of this Report, the Remuneration Committee was made up of the following members, **most** of them **independent directors** (all, except Mr José Arnau Sierra, proprietary director):

Mr Rodrigo Echenique Gordillo (Chair, Independent Director)	Bns. Denise Patricia Kingsmill (Member, Independent Director)
Mr José Arnau Sierra (Member, Proprietary Director)	Mr José Luis Durán Schulz (Member, Independent Director)

As at 31 January 2024, Mr Javier Monteoliva Díaz is the Secretary non-member of the Committee, having been appointed by the Board of Directors following a favourable report from the Nomination Committee, on 29 November 2021.

The Remuneration Committee meets whenever it is deemed appropriate for it to be effective, and in any case, whenever the Board of Directors or its Chair requests the issuing of a report or the adoption of proposals within its purview. Moreover, the Remuneration Committee shall hold a regular meeting every year to prepare the information on the remuneration of directors, which the Board of Directors has to approve and include as part of its annual public documentation.

During the meeting that the Board of Directors holds immediately after each meeting of the Remuneration Committee, the Chair of the latter apprises Board members of the business transacted in the course of such meeting.

B.1.1. b) Process followed to enforce the Remuneration Policy and determine individual remunerations.

The duties of the Remuneration Committee are covered in Article 30 of the Articles of Association, section 17 of the Board of Directors' Regulations and sections 5 and 6 of the Remuneration Committee's Regulations.

The Remuneration Committee met four (4) times in 2023, with the attendance of all its members (either in person or by proxy). This represents a a 94% attendance rate.

In financial year 2024 to the date of release of this Report, the Committee has met once.

At the aforementioned meetings, the Remuneration Committee has discussed, inter alia, the following matters and has resolved, where appropriate, to submit them to the Board of Directors for approval:

- At the meeting held on 13 March 2023:
  - In relation to the remuneration of the CEO, the Committee agreed to submit to the Board of Directors the following proposals:
    - The evaluation of the level of achievement of the targets tied to the variable remuneration of the CEO for financial year 2022 (approved in 2021), and the corresponding payout level in the aforementioned financial year.

- ◦ The proposal of the items and criteria to determine the remuneration of the CEO for the performance of his duties and responsibilities as chief executive for financial year 2023.

  The Board of Directors approved at its meeting of 14 March 2023, the achievement of these objectives and the corresponding level of payout, as well as the total remuneration accrued in 2022 for the CEO, and the proposed remuneration of Mr García Maceiras for financial year 2023.

- In relation to the 2019-2023 Long-term Incentive Plan, the Committee assessed the level of achievement of the objectives of the second cycle (2020-2023) of the Plan linked to the long-term variable remuneration of the CEO and members of the Management Team for financial year 2022 and the corresponding level of payout.

  Furthermore, and on the basis of a projected presentation, the Committee discussed the outcome of the external auditors' report of agreed procedures, in accordance with International Standard on Related Services (ISRS) 4400 (Revised), in relation to the calculation of the "Total Shareholder Return (TSR)" and the degree of achievement of the target assigned to the Sustainability Index for this second cycle (2020-2023) of the 2019-2023 Plan.

  The Board of Directors approved, at its meeting of 14 March 2023, the level of achievement of the targets and the corresponding payout level proposed by the Remuneration Committee.

- In relation to the Annual report on Remuneration of Directors for financial year 2022, the Committee reported favourably on the draft report, assessing the appropriateness of the total remuneration accrued by the Board of Directors to the concepts and amounts contemplated in the then current version of the Directors' Remuneration Policy for financial years 2021, 2022 and 2023.

  This report was approved by the Board of Directors at its meeting of 14 March 2023 and, in addition, by the Annual General Meeting in an advisory say-on-pay vote.

- At the meeting held on 5 June 2023, the Committee reported favourably on the proposed new Directors' Remuneration Policy for financial years 2024, 2025 and 2026, issuing the relevant explanatory report, which was ratified by the Board of Directors at its meeting held on 6 June 2023.

  This Policy was finally approved at the Annual General Meeting on 11 July 2023, having been put to an advisory say-on-pay.

- At the meeting held on 11 December 2023:

  - In relation to the 2021-2025 Long-Term Incentive Plan, the Committee assessed the preliminary levels of achievement and payout for certain metrics linked to the two ongoing cycles of the 2021-2025 Plan.

  - In relation to the new 2023-2027 Long-Term Incentive Plan, the Committee proposed (i) the targets for each of the metrics for the first cycle (2023-2026) of the 2023-2027 Plan and the calibration of their corresponding performance scales (and other related aspects) and (ii) the proposal for the draft Regulations of the Plan, and reported favourably on the different levels of beneficiaries of the aforementioned first cycle of the Plan, as well as the criteria for their individual designation.

    The Board of Directors approved the above-mentioned proposals and the text of the Regulation of the Plan at its meeting on 12 December 2023.

- At the meeting held on 11 March 2024:

  - It has evaluated the level of achievement of the targets tied to the annual variable remuneration and the first cycle (2021-2024) of the CEO's 2021-2025 Long-Term Incentive Plan, corresponding to financial year 2023. The Board of Directors assessed and approved the level of achievement of these targets at its meeting of 12 March 2024.

  - It has submitted to the Board of Directors the proposal on the CEO's remuneration for the performance of executive functions in 2024, with regard to the amount and the remaining terms thereof. Such proposal was approved by the Board of Directors on 12 March 2024.

  - It has submitted the draft of the Annual Report on Remuneration of Directors for financial year 2023 to the Board of Directors for evaluation and approval. The Board of Directors approved such Report on 12 March 2024 and resolved to submit it to an advisory say-on-pay vote at the 2024 Annual General Meeting.

The information on the remaining proceedings of the Remuneration Committee in 2023 will be included in the Annual Corporate Governance Report and in the Annual Activities Report of the Remuneration Committee, which will be published in June.

B.1.1. c) Identity and role of external advisors.

To better perform its functions, the Remuneration Committee may request the Board of Directors to engage legal, accounting, financial or other experts at the expense of the Company.

In this regard, the Remuneration Committee has been advised in financial year 2023 by WTW, an independent consultant specialising in the field of compensation of directors and senior managers, (i) in the preparation of the Annual Report on the Remuneration of Directors for financial year 2022, (ii) the design of the 2023-2027 Long-Term Incentive Plan, (iii) the preparation of remuneration benchmarking on the remuneration of non-executive chairs of the board of directors and executive directors with full executive functions, and, (iv) the drafting of the new Directors' Remuneration Policy for financial years 2024, 2025 and 2026.

B.1.2. Explain any deviation from the procedure established for the application of the remuneration policy that has occurred during the year.

There were no deviations from the established procedure in the application of the Remuneration Policy in financial year 2023.

B.1.3. Temporary exceptions to the remuneration policy and exceptional circumstances that have led to the application of these exceptions, the specific components of the remuneration policy affected and the reasons why the company deems that these exceptions have been necessary to serve the long-term interests and sustainability of the company as a whole or to ensure its viability. Quantification of the impact the application of these exceptions has had on the remuneration of each director in the financial year.

No temporary exceptions to the Remuneration Policy have been applied in financial year 2023.

B.2. Actions taken to align the remuneration system with the long-term targets, values and interests of the Company, and measures to guarantee that the long-term results of the Company have been taken into consideration in the remuneration accrued. Actions taken regarding the remuneration system to reduce exposure to excessive risks and measures to avoid conflicts of interest.

B.2.1. Actions taken to align the remuneration system with the long-term targets, values and interests of the Company, and measures to guarantee that the long-term results of the Company have been taken into consideration in the remuneration accrued.

The measures taken in 2023 to ensure that **long-term results** of the Company **are considered** in the **application** of the Remuneration Policy are described below:

- The CEO' total remuneration comprises different remuneration elements, mainly consisting of: (i) a fixed remuneration, (ii) a short-term variable remuneration (annual), and (iii) a long-term variable remuneration (multi-year).

- In financial year 2023, this long-term element had a weighting of 38.9% of the accrued total remuneration (fixed + short-term variable + long-term variable).

- Long-term variable remuneration plans are part of a multi-year framework to ensure that the evaluation is based upon long-term results and that the underlying economic cycle of the Company is considered therein.

- Part of this remuneration is granted and delivered in shares, based upon shareholder value creation, so that the interests of the executive director and officers are aligned with shareholders' interests.

- The CEO has undertaken to hold for a term of at least 3 years the net shares that he may receive as a result of any element of variable remuneration, until he holds a number of shares equivalent to at least 2 years of his fixed remuneration. In any case, once this shareholding target has been reached, the CEO must comply with the holding obligations under the long-term incentive plans, which involve holding a number of shares equivalent to the incentive received in shares, net of applicable taxes, for two years after their delivery. This obligation will persist, in respect of the shares the CEO receives from the 2023-2027 Long-Term Incentive Plan, even after the termination of the relationship with the Company, as detailed in section A.1.1 above.

  These measures result in a better alignment of the interests of the CEO with those of the shareholders.

  The Remuneration Policy in effect in 2023 set an **appropriate balance between fixed and variable** items of the remuneration as described below:

- The design of the remuneration scheme shows an efficient balance between fixed and variable items, as described in section A.1. above.

- Variable remuneration items were flexible enough to allow their shaping, to the extent that it was possible that no amount was paid on in terms of variable remuneration, whether annual or multi-year; in such case, fixed remuneration would have represented 100% of total compensation.

- Variable remuneration is not guaranteed.

B.2.2. Actions taken regarding the remuneration system to reduce exposure to excessive risks and measures to avoid conflicts of interest.

The **measures** taken in 2023 with regard to **those members of staff** whose professional activity may have a **material impact on the risks profile** of the Company were:

- The Remuneration Committee was the internal body responsible for considering and reviewing the application of the principles, criteria and other terms of the Remuneration Policy in relation to directors, but also with respect to the application of the remuneration policy for the Groups's senior managers. Those professionals whose activity may have a material impact on the risks' profile of the Company are included among them.
- All members of the Remuneration Committee also sit on the Audit and Compliance Committee. Therefore, the Chair of the Remuneration Committee is a member of the Audit and Compliance Committee. This ensures that risks associated to remuneration are considered in the course of the debates of the Remuneration Committee and of the Audit and Compliance Committee and in proposals submitted by both Committees to the Board of Directors, on both the determination and the process to assess annual and multi-year incentives.
- Likewise, two ordinary members of the Remuneration Committee also sit on the Sustainability Committee. In particular, the Chair of the Sustainability Committee is a member of the Remuneration Committee. The Sustainability Committee is responsible for overseeing and monitoring proposals in the field of sustainability, on social and environmental issues, on health and safety of the products that the Company places on the market, and the relations with the different stakeholders in the field of sustainability. Thus, the fact that the same directors sit on different committees allows ensuring that alignment with the Group's priorities in the field of sustainability for all its stakeholders is considered upon establishing and enforcing the terms of the Remuneration Policy.

With regard to **clawback** provisions in order to be entitled to claim the refund of variable items of the remuneration that are based on results, when such items have been paid on the basis of information clearly shown later to be inaccurate:

- A clawback clause is included in the contract executed with the executive director in respect of variable items of his remuneration in such cases. Additionally, the Company may cancel and/or claim the refund of the long-term incentive previously paid in full or in part, upon occurrence of certain unforeseen circumstances, as described in section A.1 above.
- The Remuneration Committee may propose to the Board of Directors the cancellation of payment or, where appropriate, the refund of the variable items of the remuneration of directors based on results, when they have been paid on the basis of information clearly shown to be inaccurate, as well as the termination of the relationship with the relevant manager and the filing of the relevant claims, pursuant to the terms of section 6 of the Remuneration Committee's Regulations.

The measures taken to detect, determine and resolve potential **conflicts of interest** have been addressed in section A.1.2.c) above.

B.3. How the remuneration accrued in the financial year complies with the provisions of the applicable remuneration policy and how it contributes to the long-term and sustainable performance of the company. Relationship between the remuneration accrued by the directors and the results or other performance measures of the company in the short and long term.

The new Remuneration Policy described in section A above is consistent with the terms of the Directors' Remuneration Policy for financial years 2021, 2022 and 2023, applied in financial year 2023, as both the remuneration structure and the design and amounts of the remuneration items corresponding to the CEO, as well as those corresponding to the rest of the directors in their capacity as such provided for in the new policy, have remained unchanged in the new policy. Therefore, everything described in section A.1. above is applicable to this section.

The amounts set out in said section A.1 above are the only remuneration paid in 2023 to directors in their status as such for membership on the Board of Directors of Inditex, or of any Group companies, except for the remuneration of the executive director for the performance of senior management functions. Directors have not received any other remuneration under a profit-sharing scheme or bonus, nor any remuneration systems or schemes covering a variable remuneration or based on results or other indicators of performance of the Company.

As regards the CEO, certain items of their remuneration for the performance of senior management functions are tied to results and other indicators of performance of the Company. In particular, in 2023:

- **Short-term or annual variable remuneration:**

As explained below, the Board of Directors resolved, on the proposal of the Remuneration Committee, that the annual variable remuneration for the CEO, Mr Óscar García Maceiras in financial year 2023 should be determined in accordance with the following criteria:

Weighting	Target	Measurement criteria
70%	Net sales (35%) and contribution margin (35%)	The same criteria established for senior managers according to the budget of the Company are applied.
15%	CEO's individual performance	Assessment by the Board of Directors, on the proposal of the Nomination Committee.
	Strategic development of the Company	Boost of store and online integration, through the development and implementation of new processes and tools allowing to provide a differentiated customer experience, along with the ongoing development of new initiatives that strengthen our values of sustainability and responsibility pursuant to the Group's objectives.
15%	Progress in the implementation of the strategy towards global sustainability, measured against the following indicators[1]:	(i) Increase in the use of lower impact fibres, measured through the use of raw materials from preferred sources: cotton, linen, polyester and cellulosic fibres. (ii) Degree of progress in the plan for the environmental improvement of the supply chain, focused on reducing water and energy consumption. (iii) Degree of compliance with our commitment that by 2023, all waste generated at our corporate headquarters, logistics centres, factories and own stores will be properly collected and managed. (iv) Degree of compliance with our 2023 target that all package materials will be collected for subsequent reuse in our supply chain. (v) Development of additionality mechanisms in renewable energy infrastructure. (vi) Degree of implementation of environmental projects related to the initiative to charge for paper bags and envelopes at the stores. (vii) Progress in the elimination of single-use plastics from customer sales; (viii) Innovation project related to textile recyclability.
	Progress in corporate governance	Degree of compliance with the recommendations of the Good Governance Code of Listed Companies and alignment with international best practices.
	Progress in implementing diversity and compliance programmes	Approval of internal regulations and degree of international roll-out.

[1] Neither the sustainability objectives themselves nor their calculation methodology have changed with respect to what was published in the previous year's report. It is a mere terminological adaptation to the evolution of sustainability initiatives.

In order to assess the criteria above for the purpose of determining the CEO's annual variable remuneration for financial year 2023, the Remuneration Committee has taken into account the target achievement levels and the performance scales associated with each target, with their corresponding slopes (i.e., the relation between the level of achievement and the payout level):

- Inditex Group's net sales were €35.947 billion in financial year 2023, beyond the maximum achievement scenario which implies a 125% payout level for this target.
- Contribution margin reached €6.640 billion in financial year 2023, beyond the maximum achievement scenario, which implies a 125% payout level for this target.

The results achieved in financial year 2023 show an excellent operational performance of the Company in a global context of high financial volatility, uncertainty and cost inflation, which has led to the need for very efficient management in all the Group's cost centres, in particular, those related to sales costs and operating expenses.

These efficiencies have allowed for a leverage of operating expenses in terms of their evolution with respect to sales and an inventory position throughout financial year 2023 normalised and adapted to the

Company's business model following the strong supply chain tensions recorded in the previous financial year 2022.

The deepening of the Group's commercial space transformation continues through numerous actions in terms of openings, closures, absorptions and reforms, aimed at creating a privileged space for the exhibition of the commercial offer in an omnichannel and eco-efficiency framework.

The soundness of the Group's financial position, €11.406 billion at year-end, is a guarantee of the financial solvency, consequence of a very positive evolution of the cash generated by operating activities. This net cash position constitutes the best guarantee of the Group's solvency and financial liquidity, the coverage of the investment needs that the Company's future operational development may require, and an attractive and predictable remuneration policy for our shareholders.

These results have translated into the positive performance of the stock. The market capitalisation of Inditex at the close of financial year 2023 reached €123.762 billion.

- For the remaining targets, with a 30% weight, the Remuneration Committee has assessed a level of achievement and a payout level of 125% for these targets. In this respect, the Remuneration Committee has considered the following:

  – The findings of the **evaluation of the CEO's performance,** carried out by the Board of Directors at the meeting held on 12 December 2023, following a report from the Nomination Committee, having achieved a high score. In this evaluation, his main role as an advocate of good corporate governance practices was once again highlighted, mainly as regards his endeavours towards information transparency. In addition, the high-quality collaboration between the CEO and the Chair of the Board, marked by a fluent relationship, good communication and a solid professional rapport with well-defined responsibilities, has been highlighted.

    All of which has contributed to a substantial improvement in the working dynamics of the meetings of the Board and its committees.

  – In terms of progress related to the **Company's strategic development**, throughout 2023, the Group has defined four priorities: improving the fashion proposition, enhancing the customer experience, increasing the focus on sustainability, and preserving the talent and commitment of our people. With this objective, initiatives have been developed in all these key areas, such as the constant updating of our commercial offer, the new store design for Zara, shown in locations such as Dubai Mall, Rotterdam Coolsingel or Miami Dadeland, the installation of physical equipment to implement new security technology and eliminate hard alarms, the new weekly livestream experience through Douyin in China, the new online size recommender, the expansion of Zara Pre-owned to 16 European markets or the training programme in sustainability The Sustainable Fashion School.

  – Progress has continued in 2023 towards achievement of **sustainability targets** in accordance with the current Road Map. Thus:

    - Growth in the use of lower impact fibres, measured against the use of raw materials from preferred sources: cotton, linen, polyester and cellulosic fibres: in recent years we have worked on boosting the use of fibres from preferred sources. As a result of the efforts made in this regard, in Winter 2023 the consumption of cotton, linen, polyester and cellulosic fibres from preferred sources represented 79% of the total consumption in such fibres, an 8.5 point increase compared to the previous year.

    - Degree of progress in the plan for the environmental improvement of the supply chain, focused on reducing water and energy consumption: in 2023 progress has been made in improving compliance with *Green to Wear (GTW)*, our environmental standard attaining 86% of factories with ranking A and B.

      Promotion of the optimisation of water consumption by our factories has also continued thanks to the *Care for Water (CFW)* programme.

      The environmental improvement plans project started in 2022 has also been advanced by increasing the number of adherent facilities. The aim is for the Group's main facilities to create action plans for different environmental impacts, such as water, energy, and chemical management.

    - Degree of compliance with our commitment that by 2023, all waste generated in our corporate headquarters, logistics centres, factories and own stores has been properly collected and managed: in 2023, 100% of the waste generated in our facilities has been collected, classified and managed by an authorized waste manager, to allow its reuse or recycling and prevent its deposit in a landfill.

    - Degree of compliance with our 2023 target for all packaging materials to be collected for subsequent reuse in our supply chain: In 2023, 100% of cardboard and paper collected at all sites, especially boxes, was intended for reuse and/or recycling.

    - Development of additionality mechanisms in renewable energy infrastructure: at year-end, we have two virtual power purchase agreements (VPPA) for periods of 10 and 12 years, with a total installed capacity of 136 MW. The associated projects are at development stage, in some cases pending administrative authorization, and are expected to be in operation in 2025.

These agreements allow us to consume renewable energy regardless of where our operations are based, while adding clean energy to the grid.

- Degree of implementation of environmental projects related to the initiative to charge for paper bags and envelopes in stores: in 2021 Inditex began to promote the use of reusable bags in its stores to reduce the consumption of raw materials, water and energy associated with the paper bags and envelopes that it hands to its customers with their purchases. To encourage customers to bring their own bags, Inditex also began to charge for the bags and envelopes handed, having extended this measure in 2023 to most of the markets where it operates.

  Thanks to the proceeds from this initiative, from which Inditex does not obtain any economic benefit, projects have been supported in 21 countries focused on protecting and restoring nature, saving natural resources, and promoting regenerative practices.

- Degree of progress in the elimination of single-use plastics to customers: in 2023 alternative solutions were found to all single-use plastic elements reaching the customer. It is estimated that, as a result of the application of alternative solutions, 95% of the weight of single-use plastic elements was eliminated.

- Innovation projects related to textile recyclability: in 2023, work has continued on the Sustainability Innovation Hub (SIH) and in the field of collaboration with startups, this platform grew considerably from 200 to more than 350 startups working to incorporate new materials, improve production processes and achieve progress in aspects of traceability, packaging, and use and end of life.

  The SIH has also focused on catalysing pilot projects and demonstrations in 2023. As a result, more than 35 innovations have been piloted and collections have been launched with various startups, such as NILIT and CIRC, with Zara Woman, Circular Systems, with Zara Home, and Ambercycle, with Zara Athleticz, as a first milestone in the path of our continued collaboration. LOOPAMID® x ZARA has also been launched in 2023, a capsule in which the brand has collaborated with various companies, including chemical company BASF. For this launch, ZARA Studio has developed a monomaterial jacket made entirely of LOOPAMID®, a polyamide that is fully created from textile waste. In addition, the forward purchase agreement has been signed with the American start-up Ambercycle, for the purchase of its recycled polyester chips composed of 100% textile waste, for a value of more than 70 million euros.

– Progress in **corporate governance.**

  In terms of the composition and structure of the corporate bodies and their organization and proceedings, financial year 2023 was the year in which the strong commitment to the continuous and permanent reinforcement of good governance practices has become evident, in line with the progress made in recent years.

  - Among other aspects, the following deserve special mention, as far as commitment to a diverse board membership is concerned: (i) the elimination of the existing age limit for the exercise of the position of Director of Inditex, thus avoiding any type of bias that could be discriminatory and promoting talent, and (ii) the constant effort of Inditex to achieve the highest levels of female representation on the supreme governing body. In 2022, with five (5) women on the Board, the target set in 2020 of 40% of female directors over the total number of its members was exceeded, and **in 2023 parity between men and women (50/50) has been reached on the Board of Directors of Inditex**.

With this, Inditex is also above the targets set for the least represented gender provided for in Directive (EU) 2022/2381 of the European Parliament and of the Council of 23 November 2022 on a better gender balance among directors of listed companies and related measures, to be achieved by June 2026, of 40% in relation to non-executive directors or 33% of all directors, regardless of whether they are executive or non-executive directors. Furthermore, the percentage of women on the Board of Directors of Inditex is above the average of the companies in the Ibex 35 index

In addition, in 2023 Inditex has given a strong boost to the consolidation of a robust governance structure in cybersecurity, with the creation of the new Cybersecurity Advisory Committee, whose main function, as a permanent internal body, of an advisory and consultative nature, and without executive functions, is to provide strategic and independent advice to the corresponding governing bodies and to the Company's Management on cybersecurity, its regulations, best practices and emerging risks that could affect the Company.

Proof of the robustness of its corporate governance system, is that in 2023, Inditex has carried out, with the help of an independent external advisor, an evaluation of such system taking as a reference the indicators that make up the Good Corporate Governance Index of AENOR, Version 2.0 (IBGC), which determines the degree of compliance in good governance based on 7 variables (i.e., composition of the Board of Directors, functioning and competencies of the Board of Directors, Board of Directors' Committees, Board of Directors' remuneration, General Shareholders' Meeting, transparency and other aspects of good governance and compliance) and 34 indicators, including 165 assessment criteria.

As a final result, in this IBGC evaluation process, an assessment has been obtained that is associated with an estimated Good Corporate Governance Level or AENOR certificate of G++ (highest possible rating).

- With regard to progress in terms of **Compliance**, several projects and initiatives were implemented in financial year 2023, among which the following are worth highlighting:

  - Code of Conduct: during financial year 2023, the process of reviewing and updating the previously named Code of Conduct and Responsible Practices (initiated in 2022) has been completed, in order to align its contents, structure and approach to the new realities and regulatory challenges, as well as to the commitments assumed by the Company in various areas. This process culminated on 6 February 2024, with the approval of the new version of the Code of Conduct by the Board of Directors, following a report from the relevant board committees. In accordance with best practices, the review process has been carried out with the collaboration of a representative number of the Company's areas and markets, external advisors from multiple jurisdictions, and the Inditex Social Advisory Board, as the main liaison with our Stakeholders.

  - Ethics Line: in financial year 2023, the Policy on the Internal Reporting Channels of the Group has been approved and the Ethics Line Procedure has been amended. Both regulations incorporate the best international practices in the field of human rights and adapt the Inditex Group's Ethics Line to the requirements applicable in the markets in which the Group operates, in particular, to those derived from the transpositions into the different national laws of Directive (EU) 2019/1937 on Whistleblower Protection, which include, among others, the protection of personal data and the rights of the users of the whistleblower mechanisms. In line with best practices in this area, in financial year 2023, a tool was contracted and put into operation that allows the reception and management of concerns sent to the Ethics Line. This tool is available 24 hours a day, 7 days a week.

  - Global Compliance Model and integration of Models: during the financial year, the General Counsel's Office - Compliance has initiated or developed several projects for the evolution of several core elements of the Global Compliance Model (such as the review of the Code of Conduct and the Ethical Line). In financial year 2023, (i) the integration of the Criminal Risk Prevention Model and the existing local Compliance models into the Global Compliance Model continued, with the aim of integrating the existing risk and control matrices into a corporate Matrix, taking into account the statutory requirements, international best practices and local regulations; (ii) the updating of the Organization, Management and Control Model ("Model 231") of the Group's company in Italy was completed, in accordance with Legislative Decree no. 231 of 8 June 2001; (iii) a review of the corporate taxonomy of compliance risks and an identification of the main processes exposed to compliance risks has been carried out; and (iv) a process of evolution of the compliance risk assessment methodology has been started.

  - Compliance training: during financial year 2023, we continued with the implementation of the Compliance Training Plan, which includes training, awareness and sensitization actions aimed at covering the priority Compliance risks to which the Group is potentially exposed. The Training Plan, aimed at Group employees and third parties (e.g. suppliers), covers the following subjects: Code of Conduct, Code of Conduct for Manufacturers and Suppliers, Ethics Line, Anti-corruption and integrity (Integrity Policies and Conflict of Interest Policy), Prevention of criminal risks, Due diligence and Prevention of market abuse and protection of inside and/or confidential information. In this context, during 2023, the General Counsel's Office-Compliance has provided specific training (in person or online) aimed at groups that are, either on account of the position they hold and the responsibility they assume, or of the type of activity they perform, exposed to a higher risk of committing non-compliance in Compliance matters. In addition, a training talk (Compliance Talk) was held in which the General Counsel's Office-Compliance was assisted by the heads of various areas of the Company, with the aim of raising awareness of internal regulations and the corporate ethical culture, the proper management of conflicts of interest and the use of the Ethics Line, as well as the protection of the Company's information, through specific examples of situations that may arise in the day-to-day work of employees. During financial year 2023, a total of 23,154 employees have been trained (in person or online) in Compliance, an increase of 9% compared to financial year 2022.In addition, 783 product suppliers, representing 54% of the Group's product purchasing volume, received e-learning training on Compliance.

  - Internal Regulations: during financial year 2023, internal regulations have been reviewed to bring them into line with statutory requirements, best practices or the Group's operations. In total, 3 policies, 4 procedures, 5 terms of reference, 1 charter and other internal corporate regulations of lower rank or local scope have been approved and/or amended. Among them, the Board of Directors has approved the Policy on Internal Reporting Channels of the Inditex Group and the Regulations of the Cybersecurity Advisory Committee and has amended the Global Anti-Harassment Policy (to extend the scope of the previous Global Policy for the prevention of sexual harassment and harassment based on sex or gender identity at work, approved in 2022, to the prevention of any type of harassment), the Community Investment Policy, the Ethics Line Procedure, the Board of Directors Regulations, the Audit and Compliance Committee Regulations and the Regulations of the Ethics Committee.

- As regards progress in the area of **Diversity and Inclusion**, during this year 2023, progress has continued to be made in the area of Diversity and Inclusion in different fields. In May 2023, on the occasion of the World Day for Cultural Diversity for Dialogue and Development, Inditex presented worldwide the "Diversity and Inclusion Manifesto" that puts the spotlight on the Group's corporate purpose "We design opportunities for all people". This Manifesto aims to promote the values that represent the Company's commitment to diversity, equality and inclusion. In addition, internal knowledge of the Group's Diversity and Inclusion Policy has been reinforced through e-learning training within the Group's own Diversity and Inclusion Channel, on the "Tra!n" training platform. In 2023, more than 124,000 people have accessed this channel, with more than 46,000 training hours completed in this area. The role of "Diversity Champions" has also been strengthened. They are present in all the Group's markets and formats, and they act as internal ambassadors of the Diversity Policy and strategy and contribute to implementing initiatives locally and adapted to the needs of each market. On the other hand, integrating people with disabilities has been one of the priorities this year through the "INcluye" program. For the first time, the threshold of 2,000 people with disabilities working in the Company globally has been exceeded, which represents more than 1.3% of the workforce and is close to the target of 2% of people with disabilities worldwide to be reached by the end of 2024.In this context, in October 2023, the "Impact Week", the week dedicated to disability inclusion, was held for the fourth straight year, with the participation of the vast majority of subsidiaries, headquarters and logistics centres. In addition to working for disability inclusion, the commitment to LGBTI+ inclusion has been reinforced through the "I Am Proud" initiative, and to gender equality through programs such as "Women IN Tech" and the GEEIS (Gender Equality & Diversity European and International Standard) certification. Finally, the "SALTA" project, for socio-ethnic inclusion, has completed 15 years as a driver of employment for people in vulnerable situations. In 2023, SALTA was launched in Canada and Croatia, joining France, Spain, Italy, Portugal, Poland, Brazil, the United States, the United Kingdom, Germany, Mexico, Greece, South Korea, Turkey, Romania, India and Kazakhstan, for a total of 18 markets. In these 15 years, 1,700 people have been assisted in accessing the labour market in the stores, logistics centres and offices of the Inditex Group. In short, financial year 2023 has been a year that has allowed us to continue reinforcing the values of respect, equity and non-discrimination in the Company.

Therefore, on the proposal of the Remuneration Committee, the Board of Directors resolved an overall payout level of the annual variable remuneration for financial year 2023 for the CEO equivalent to 125% of target, i.e. €3,750 thousand (150% of his annual fixed remuneration).

- **Multi-year or Long-term variable remuneration:**

On 31 January 2024 the first cycle (2021-2024) of the 2021-2025 Long-Term Incentive Plan, approved at the Annual General Meeting on 13 July 2021, came to an end.

The features and amounts for the first cycle (2021-2024) are set out below:

- This cycle began on 1 February 2021 and ended on 31 January 2024.
- The amount of the incentive for the first cycle (2021-2024) assigned to the CEO was as follows:

Maximum Incentive	=	Cash	+	Shares
118% of fixed remuneration		€1,183 thousand		68,562 shares

In the specific case of the first cycle (2021-2024), the amount indicated includes the total incentive allocated for the full cycle taking into account the different positions held by the CEO, i.e., the amount allocated for the performance of his duties as General Counsel and Secretary of the Board during financial year 2021 and the amount allocated as CEO, in accordance with the Remuneration Policy approved at the 2021 AGM, in force at the time of such allocation. The incentive, expressed as a percentage of the fixed annual remuneration, is calculated on a fixed annual remuneration of €2,500 thousand (this amount corresponds to the fixed annual remuneration established for the CEO, in accordance with the Remuneration Policy).

- The metrics to which this cycle is tied, and their weightings, are the following:

Weighting	Target	Measurement criteria
25%	Profit before Taxes ("PBT")	PBT figure for FY2023, expressed in euros, compared to the amount set by the Board of Directors as a target at the commencement of the first cycle.
25%	Store and Online Sales ("TTTT" (*Spanish acronym*))	Amount in euros of total sales in store and online in FY2023 at constant currency, according to the Company's information, measured against the amount set by the Board of Directors as a target at the commencement of the first cycle.
12.5%	Absolute Total Shareholder Return ("TSR")	Performance of an investment in Inditex shares over the period of the first cycle, determined by the ratio (expressed as a percentage) between the final value of a hypothetical investment in Inditex shares (reinvesting the dividends from time to time) and the initial value of that same hypothetical investment. The initial value is defined as the average weighted share price on the 30 trading days immediately prior to 1 February 2021 (exclusive)[1] and the final value is defined as the average weighted share price on the 30 trading days immediately prior to 31 January 2024 (inclusive). To this end, for calculating such final value, the dividends or other similar amounts received by shareholders on said investment during the respective period of time will be considered, as if the gross amount thereof (before taxes) would have been reinvested in more shares of the same class on the first date on which the dividend or any similar amount is payable to shareholders and at the closing share price on that date. The TSR achieved will be measured against the target set by the Board of Directors at the commencement of the first cycle.
12.5%	Relative Total Shareholder Return ("TSR")	Comparison of the evolution of an investment in Inditex's shares with the evolution of an investment in shares of any of the companies included in the Peer Group of companies (as defined below), determined by the ratio (expressed as a percentage) between the final value of a hypothetical investment in shares (reinvesting the dividends from time to time) and the initial value of that same hypothetical investment. The initial value of Inditex and the companies in the Peer Group is defined as the weighted average share price on the 30 trading days immediately prior to 1 February 2021 (exclusive), and the final value is defined as the weighted average share price on the 30 trading days immediately prior to 31 January 2024 (inclusive). To this end, for calculating such final value, the dividends or other similar amounts received by shareholders on said investment during the respective period of time will be considered, as if the gross amount thereof (before taxes) would have been reinvested in more shares of the same class on the first date on which the dividend or any similar amount is payable to shareholders and at the closing share price on that date.
25%	Sustainability index (comprising 4 indicators)	(i) Use of fibres with a lower impact: measured as the percentage of raw materials from preferred sources. (ii) Waste management: measured as the percentage of Inditex facilities (headquarters, factories, logistics centres and stores) where a waste management system is in place allowing for the waste generated to be dully collected and managed. (iii) Decarbonisation: measured as the reduction in the volume of Greenhouse Gas emissions in the company's own operations (Scope 1 and 2). (iv) Social: measured as the percentage of Inditex suppliers of goods rated A or B in social audits.

1. Having found that the resolution passed at the Annual General Meeting regarding the approval of the aforementioned 2021-2025 Plan erroneously refers to a reference price of €25.81 per share for the first cycle of the Plan, when the average weighted price of the Company's shares on the 30 trading days immediately prior to 1 February 2021 (exclusive) was €25.88 per share, the Board of Directors of Inditex resolved, on the proposal of the Remuneration Committee, to set the amount of the average share price at such amount, pursuant to the authority granted to the Board by the Annual General Meeting to rectify the resolution passed at the AGM.

2. Neither the sustainability objectives themselves nor their calculation methodology have changed with respect to what was published in the previous financial year's report. It is a mere terminological adaptation to the evolution of sustainability initiatives.

- For the purpose of calculating the payout ratio attained for each level of achievement of targets, a **performance scale** was determined for each metric at the commencement of the cycle, which includes a minimum threshold below which no incentive is paid, corresponding to a payout ratio of 30% of the maximum incentive granted, and a maximum level, corresponding to a payout ratio of 100% of the Maximum Incentive Granted. For intermediate levels, the results shall be determined by linear interpolation.

  - PBT, TTTT, absolute TSR, the following will be measured:

Level of achievement	Level of Incentive
	(% of Maximum Incentive)
Below minimum	0%
Minimum	30%
Maximum	100%

  - Regarding the evolution of relative TSR, the Peer Group is made up of the companies included in the Dow Jones Retail Titans 30 index as of 1 February 2021 ('the Peer Group'").

    At the end of the cycle, Inditex's TSR and the TSR of each company included in the Peer Group will be calculated. Afterwards, Inditex's TSR will be compared with the TSR of the companies within the Peer Group to identify between which positions Inditex is ranked. Subsequently, the portion of the incentive to be delivered shall be calculated, interpolating between the payout ratios of such positions, according to the difference between TSR values in accordance with the following scale:

Level of achievement	Place in ranking	Level of Incentive (% of maximum Incentive)
Below minimum	< 15th (median)	0%
Minimum	= 15th (median)	30%
Maximum	≥ 5th	100%

- Regarding the Sustainability index: the Remuneration Committee jointly evaluates the 4 indicators above referred based upon the results achieved, disclosed by the Company's Sustainability Department, in accordance with the following performance scales defined for each of them:

  – Indicator no. 1: Use of fibres with a lesser impact, measured as the percentage on the total purchase of the main fibres:

Use of fibres with lower impact	Level of Incentive (% of maximum incentive)
< 56%	0%
56%	30%
61%	60%
> 68.2%	100%

  – Indicator no. 2: waste management, measured as the percentage of Inditex facilities (headquarters, factories, logistics centres and stores) where a waste management system for an appropriate waste recycle, recovery and processing is in place, to be made as a resource for repurposing through reuse or recycling:

Percentage of facilities with waste management system in place as of 31/01/2023	Level of Incentive (% of maximum incentive)
< 93.8%	0%
94%	30%
99%	60%
> 98%	100%

  – Indicator no. 3: Decarbonisation, measured as the reduction in the volume of Greenhouse Gas emissions in the company's own operations (Scope 1 and 2):

Ratio of GHG emissions at the end and start date of the 2021-2024 cycle	Level of Incentive (% of maximum incentive)
< 64%	0%
64%	30%
73%	60%
> 85%	100%

  – Indicator no. 4: concentration of production in suppliers rated A or B in social audits:

Percentage concentration of production in suppliers ranked A and/or B in their social audits (average of the 3 years of the 2021-2024 cycle)	Level of Incentive (% of maximum incentive)
< 88%	0%
88%	30%
91%	60%
> 95%	100%

The incentive will be delivered within the calendar month following the publication of the 2023 annual accounts.

In order to determine the level of achievement reached and the resulting level of payment, at its meeting held on 12 March 2024 and on the proposal of the Remuneration Committee, the Board of Directors has taken into account the following results:

- Total Sales in financial year 2023 in constant currency amounted to €47.881 billion. This result is significantly above the maximum achievement scenario set at the beginning of the cycle. Therefore, the payment level corresponding to the achievement level of this metric is 100%
- The Group's PBT in financial year 2023 was €6.870 billion. This result is significantly above the maximum achievement scenario set at the beginning of the cycle. Therefore, the payment level corresponding to the achievement level of this metric is 100%.
- Inditex TSR in the 2021-2024 period was 66.14%. As a result, the achievement level of this metric and its corresponding level of payment is 100%.
- Inditex TSR is ranked 5th among the Peer Group companies. Therefore, the payment level corresponding to the achievement level of this metric is 100%.
- Regarding the sustainability index:

(i) The percentage of use of raw materials from preferred sources in 2023 amounted to 78.9%. This result is above the maximum achievement scenario established at the beginning of the cycle.

(ii) The percentage of reduction of waste internally generated at Inditex facilities (headquarters, factories, logistics centres and stores) that have a waste management system to recycle, recover and adequately treat such waste for its recovery, preventing it from ending up in a landfill has reached 99.9% as at 31 January 2024. This result is above the maximum achievement scenario set at the beginning of the cycle.

(iii) The ratio of direct Greenhouse Gas emissions reductions in own operations (Scope 1 and 2) has been reduced by more than 89.6% from 1 February 2021 to 31 January 2024. This result is above the maximum achievement scenario set at the beginning of the cycle.

(iv) The percentage of Inditex's product suppliers with a social ranking of A or B has exceeded 96.9% in the average of the three years of the cycle. This result is above the maximum achievement scenario set at the beginning of the cycle.

Consequently, overall, the result of the sustainability index is above the maximum achievement scenario set at the beginning of the cycle. Therefore, the payment level corresponding to the level of achievement of this metric is 100%.

The Remuneration Committee has assessed the results with a full view of the achievements in the first cycle period to ensure that the level of pay is consistent with them, carrying out an appropriate balance between the Company's performance and the protection of shareholders' interests.

Based on this analysis, the Remuneration Committee proposed to recognise an overall payment of 100% of the incentive granted in the maximum achievement scenario, which is the result of applying the mechanics of the Plan and is considered to be consistent with the achievements attained.

On the proposal of the Remuneration Committee, the Board of Directors resolved the following incentive amounts:

For the CEO:

- A cash incentive of €1,183 thousand.
- A share incentive equivalent to 68,562 shares.

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

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

In addition, it should be considered that the Long-Term Incentive Plan that is settled, referring to financial years 2021, 2022 and 2023, considers the condition as General Counsel in the first year and as CEO in the last two years, while the Incentive Plan settled in the previous financial year 2022 included his capacity as General Counsel in the first two financial years of the cycle and as CEO only in the last year.

B.4. Report on the result of the advisory say-on-pay vote at the Annual General Meeting on remuneration in the previous year, indicating the number of votes in favour, votes against, abstentions and blank ballots:

The Annual Report on the Remuneration of Directors for 2022 was submitted to an advisory say-on-pay vote at the Annual General Meeting on 11 July 2023, as agenda item number 9, with the following outcome:

	Number	% of total
Votes cast	2,772,381,568	88.95 %

	Number	% cast
Votes against	65,213,216	2.36 %
Votes in favour	2,699,017,846	97.64 %
Abstentions	8,150,356	0.29 %
Blank votes	150	0 %

B.5. Determination of the fixed components accrued and vested during the year by the directors in their capacity as such, and their change with respect to the previous year.

To determine the remuneration accrued by the directors in their status as such in 2023, the amounts fixed in the Directors' Remuneration Policy for financial years 2021, 2022 and 2023 have been considered. These amounts have been applied since the resolution passed at the Annual General Meeting held on 19 July 2011, except for the position of non-executive Chair of the Board of Directors, which was created in financial year 2022. The different items and amounts have been detailed in section A.1.7. above.

Pursuant to the foregoing, and based on the current membership on the board of directors and its committees, in 2023 the total amount accrued by the directors in their status as such for the performance of supervisory and collegiate decision-making duties amounted to €3,241 thousand, of which €100,000 correspond to the CEO, Mr Óscar García Maceiras, who held the position of director throughout financial year 2023.

B.6. Determination of the salaries accrued and vested by each of the executive directors over the past financial year for the performance of management duties, and their change with respect to the previous year.

The fixed remuneration accrued by the CEO for senior management duties in financial year 2023 totalled €2,500 thousand, as established in the Directors' Remuneration Policy for financial years 2021, 2022 and 2023, after its partial amendment at the 2022 AGM.

The payments were made in 14 instalments and entirely in cash.

The total amount accrued by the CEO in financial year 2022 as fixed remuneration amounted to €2,041 thousand. The difference between financial year 2022 and 2023 is due to the fact that in calculating the fixed remuneration of the CEO for financial year 2022, two different periods were taken into account, i.e,. from 1 February 2022 until 11 July 2022 and from 12 July 2022, the date of approval of the partial amendment to the Remuneration Policy, until 31 January 2023, to which two different amounts were applicable.

The purpose of the partial amendment of the Directors' Remuneration Policy for financial years 2021, 2022 and 2023 was, among other reasons, to determine the new remuneration package of the CEO for the performance of his duties as the lead and only executive in the new governance structure, increasing from €1,500 thousand, in its original text, to €2,500 thousand.

B.7. Nature and main characteristics of the variable items of the remuneration systems accrued in the year ended.

A detailed breakdown of annual variable remuneration and long-term incentive plans is provided in sections A.1. and B.3. of this Report.

B.8. Reduction or return (clawback) of certain variable components, and, where appropriate, amounts reduced or clawed back, grounds for reduction or clawback and years to which they refer.

No such proceedings have taken place in 2023.

B.9. Main characteristics of the long-term savings systems.

In financial year 2023 Inditex has made no contributions to the defined contribution pension schemes.

B.10. Severance pay or any other type of payment deriving from early cessation, accrued and/or received by directors during the year ended.

As at the date of this Report , no such remuneration has been accrued by any director.

B.11. Significant changes in the contracts entered into with executive directors.

In financial year 2023 the CEO's contract has not been subject to any changes.

B.12. Any supplementary remuneration accrued by directors in consideration of the provision of services other than those inherent in their position.

No supplementary remuneration other than the one explained above is provided in the Remuneration Policy.

As at the date of this Report, no supplementary remuneration has been accrued by the directors in consideration for the provision of services other than those inherent in the position..

B.13. Any remuneration deriving from advance payments, loans or guarantees granted.

The granting of advance payments, loans or guarantees to directors is not covered in the Remuneration Policy.

As at the date of this Report, no advance payment, loans or guarantees have been granted to any director.

B.14. Remuneration in kind accrued by the directors over the year.

No remunerations in kind exist.

B.15. Remuneration accrued by directors by virtue of payments settled by the listed company to a third company at which the director renders services when these payments seek to remunerate the director's services to the company.

As at the date of this Report, no such remuneration has been accrued by any director.

B.16. Any other items of remuneration other than those mentioned in the previous sections.

As at the date of this Report, no additional items of remuneration other than the ones mentioned in the previous sections are provided in the remuneration system for directors.

C. Statistical Appendix III to the annual report on the remuneration of directors of listed public companies (CNMV's Circular 2/2018, of 12 June), corresponding to Industria de Diseño Textil, S.A.

ISSUER IDENTIFICATION

Ending date of reference period: 31/01/2024

CIF: A-15075062

Company name: Industria de Diseño Textil, S.A.

Registered office: Avenida de la Diputación, Edificio Inditex, Arteixo (A Coruña)

Statistical appendix to the annual report on remuneration of directors of listed public companies

B. OVERALL SUMMARY OF HOW REMUNERATION POLICY HAS BEEN APPLIED DURING THE YEAR ENDED

B.4. Report on the result of the advisory say-on-pay vote at the Annual General Meeting on the annual remuneration report for the previous year, stating the number of votes against that may have been cast:

	Number	% of total
Votes cast	2,772,381,568	88.95 %

	Number	% cast
Votes against	65,213,216	2.36 %
Votes in favour	2,699,017,846	97.64 %
Abstentions	8,150,356	0.29 %
Blank ballots	150	0 %

C. ITEMIZED INDIVIDUAL REMUNERATION PAYABLE TO EACH DIRECTOR

Name	Type	Accrual period 2023
Ms Marta Ortega Pérez	Proprietary	From 01/02/2023 to 31/01/2024
Mr Óscar García Maceiras	Executive	From 01/02/2023 to 31/01/2024
Mr Amancio Ortega Gaona	Proprietary	From 01/02/2023 to 31/01/2024
Mr José Arnau Sierra	Proprietary	From 01/02/2023 to 31/01/2024
Pontegade Inversiones, S.L. (represented by Ms Flora Pérez Marcote)	Proprietary	From 01/02/2023 to 31/01/2024
Bns. Denise Patricia Kingsmill	Independent	From 01/02/2023 to 31/01/2024
Mr José Luis Durán Schulz	Independent	From 01/02/2023 to 31/01/2024
Mr Rodrigo Echenique Gordillo	Independent	From 01/02/2023 to 31/01/2024
Ms Pilar López Álvarez	Independent	From 01/02/2023 to 31/01/2024
Mr Emilio Saracho Rodríguez de Torres	Affiliate	From 01/02/2023 to 11/07/2023
Ms Anne Lange	Independent	From 01/02/2023 to 31/01/2024

C.1. Complete the following tables regarding the individual remuneration of each director (including the remuneration paid for performing executive functions) payable in the financial year.

a) Remuneration from the reporting company:

i) Remuneration in cash (in thousands of euros)

Name	Fixed remuneration	Attendance fees	Remuneration for membership of board committees	Salary	Short-term variable remuneration	Long-term variable remuneration	Compensation	Other items	Total year 2023	Total year 2022
Ms MARTA ORTEGA PÉREZ	100	-	-	-	-	-	-	900	1,000	834
Mr ÓSCAR GARCÍA MACEIRAS	100		-	2,500	3,750	1,183			7,533	6,926
Mr AMANCIO ORTEGA GAONA	100	-	-	-	-	-	-	-	100	100
Mr JOSÉ ARNAU SIERRA	100	-	200	-	-	-	-	80	380	380
PONTEGADEA INVERSIONES, S.L. (REPRESENTED BY MS. FLORA PÉREZ MARCOTE)	100	-	-	-	-	-	-	-	100	100
BNS. DENISE PATRICIA KINGSMILL	100	-	150	-	-	-	-	50	300	300
Mr JOSÉ LUIS DURÁN SCHULZ	100	-	150	-	-	-	-	50	300	278
Mr RODRIGO ECHENIQUE GORDILLO	100	-	150	-	-	-	-	50	300	300
Ms PILAR LÓPEZ ÁLVAREZ	100	-	150	-	-	-	-	50	300	300
Ms ANNE LANGE	100	-	150	-	-	-	-	-	250	250
Mr EMILIO SARACHO RODRÍGUEZ DE TORRES	45	-	66	-	-	-	-	-	111	272

ii) Table of changes in share-based remuneration schemes and gross profit from vested shares or financial instruments

Name	Name of Plan	Financial instruments at start of FY2023		Financial instruments granted in FY2023		Financial instruments vested during the year				Instruments matured but not exercised	Financial instruments at end of FY2023	
		No. instruments	No. equivalent shares	No. instruments	No. equivalent shares	No. instruments	No. equivalent/ vested shares	Price of vested shares	Gross Profit from vested shares or financial instruments (thousands of euros)	No. instruments	No. instruments	No. equivalent shares
Mr ÓSCAR GARCÍA MACEIRAS	First cycle (2021-2024) of the 2021-2025 Long-term Incentive Plan	68,562	68,562			68,562	68,562	40.67	2,788	0		
Mr ÓSCAR GARCÍA MACEIRAS	Second cycle (2022-2025) of the 2021-2025 Long-term Incentive Plan	71,472	71,472								71,472	71,472
Mr ÓSCAR GARCÍA MACEIRAS	First cycle (2023-2026) of the 2023-2027 Long-term Incentive Plan			75,045	75,045						75,045	75,045

iii) Long-term savings systems

Name	Remuneration from vesting of rights to savings system (€ thousand)

Name	Contribution over the year from the company (€ thousand)				Amount of accrued funds (€ thousand)			
	Savings systems with vested economic rights		Savings systems with non-vested economic rights		Financial year 2023		Financial year 2022	
	Financial year 2023	Financial year 2022	Financial year 2023	Financial year 2022	Systems with vested economic rights	Systems with non-vested economic rights	Systems with vested economic rights	Systems with non-vested economic rights

iv) Details of other items

Name	Concept	Amount of remuneration
No data		

b) Remuneration paid to the company's directors for serving on the boards of other group companies:

i) Remuneration in cash (in thousands of euros)

Name	Fixed remuneration	Attendance fees	Remuneration for membership of Board committees	Salary	Short-term variable remuneration	Long-term variable remuneration	Compensation	Other items	Total FY 2023	Total FY 2022
No data										

ii) Table of changes in share-based remuneration schemes and gross profit from vested shares or financial instruments

	Name of Plan	Financial instruments at start of FY2023		Financial instruments granted in FY2023		Financial instruments vested during the year				Instruments matured but not exercised	Financial instruments at end of FY2023	
Name		No. instruments	No. equivalent shares	No. instruments	No. equivalent shares	No. instruments	No. equivalent/ vested shares	Price of vested shares	Gross profit from vested shares or financial instruments (€ thousand)	No. instruments	No. instruments	No. equivalent shares
No data												

iii) Long-term savings systems

Name	Remuneration from vesting of rights to savings systems
No data	

Name	Contribution over the year from the company (thousands of euros)				Amount of accrued funds (thousands of euros)			
	Savings systems with vested economic rights		Savings systems with non-vested economic rights		Financial year 2023		Financial year 2022	
	Financial year 2023	Financial year 2022	Financial year 2022	Financial year 2021	Systems with vested economic rights	Systems with non-vested economic rights	Systems with vested economic rights	Systems with non-vested economic rights
No data								

iv) Details of other items

Name	Concept	Amount of remuneration
No data		

c) Summary of remuneration (in thousands of euros):

This summary should include the amounts corresponding to all the remuneration items included in this report that have accrued to each director (in thousands of euros) .

	Remuneration accrued in the company					Remuneration accrued in group companies				
Name	Total cash remuneration	Gross profit from vested shares or financial instruments	Remuneration by way of savings systems	Other items of remuneration	Total FY2023 company	Total cash remuneration	Gross profit from vested shares or financial instruments	Remuneration by way of savings systems	Other items of remuneration	Total FY2023 group
Ms MARTA ORTEGA PÉREZ	1,000				1,000					0
Mr ÓSCAR GARCÍA MACEIRAS	7,533	2,788			10,321					0
Mr AMANCIO ORTEGA GAONA	100				100					0
Mr JOSÉ ARNAU SIERRA	380				380					0
PONTEGADEA INVERSIONES, S.L. (REPRESENTED BY MS. FLORA PÉREZ MARCOTE)	100				100					0
BNS. DENISE PATRICIA KINGSMILL	300				300					0
Mr JOSÉ LUIS DURÁN SCHULZ	300				300					0
Mr RODRIGO ECHENIQUE GORDILLO	300				300					0
Ms PILAR LÓPEZ ÁLVAREZ	300				300					0
Ms ANNE LANGE	250				250					0
Mr EMILIO SARACHO RODRÍGUEZ DE TORRES	111				111					0
										0
TOTAL	**10,674**	**2,788**			**13,462**					

C.2. State the development over the last 5 years of the amount and the percentage change in the remuneration earned by each of the listed company's directors who have been directors during the year, the consolidated results of the company and the average remuneration on a full-time equivalent basis of the employees of the company and its subsidiaries who are not directors of the listed company.

	Total amounts accrued and annual variation								
	Financial year 2023	Percentage variation 2023/2022	Financial year 2022	Percentage variation 2022/2021	Financial year 2021	Percentage variation 2021/2020	Financial year 2020	Percentage variation 2020/2019	Financial year 2019
Executive Directors (€ thousand)									
Mr ÓSCAR GARCÍA MACEIRAS	10,321	23 %	8,374	1023 %	746	-	-	-	-
Non-executive Directors									
Ms MARTA ORTEGA PÉREZ	1,000	20 %	834	-	-	-	-	-	-
Mr AMANCIO ORTEGA GAONA	100	0 %	100	0 %	100	0 %	100	0 %	100
Mr JOSÉ ARNAU SIERRA	380	0 %	380	0 %	380	0 %	380	15 %	330
PONTEGADEA INVERSIONES, S.L. (REPRESENTED BY MS. FLORA PÉREZ MARCOTE)	100	0 %	100	0 %	100	0 %	100	0 %	100
BNS. DENISE PATRICIA KINGSMILL	300	0 %	300	0 %	300	0 %	300	20 %	250
Mr JOSÉ LUIS DURÁN SCHULZ	300	8 %	278	11 %	250	(8)%	273	(9)%	300
Mr RODRIGO ECHENIQUE GORDILLO	300	0 %	300	0 %	300	0 %	300	0 %	300
Ms PILAR LÓPEZ ÁLVAREZ	300	0 %	300	0 %	300	8 %	277	11 %	250
Ms ANNE LANGE	250	0 %	250	0 %	250	0 %	250	762 %	29
Mr EMILIO SARACHO RODRÍGUEZ DE TORRES	111	(59)%	272	(9)%	300	0 %	300	0 %	300
Consolidated results of the company (€ million)	6,870	28 %	5,358	28 %	4,199	200 %	1,401	(70)%	4,681
Average employee remuneration (€ thousand)[1]	**36**	**12 %**	**33**	**9 %**	**30**	**29 %**	**23**	**(15)%**	**27**

[1] Average remunerations have been calculated in accordance with CNMV's criteria. To do so, the average based on a full-time equivalent has been considered. Consequently, the average remunerations for previous years reported in previous years reports have been re-expressed to adjust to such criteria.

This annual remuneration report has been approved by the Board of Directors of the Company at the meeting held on 12 March 2024.

State whether any director has voted against or abstained from approving this Report.

Yes ☐ No ☒

Name or company name of the member of the board of directors who has not voted for the approval of this report	Reasons (against, abstention, non-attendance)	Explain the reasons