DIRECTORS' REMUNERATION POLICY FOR FY2021 TO FY2023

INDUSTRIA DE DISEÑO TEXTIL, S.A.
(INDITEX, S.A.)

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FOREWORD

The policy on the remuneration of the members of the Board of Directors of Industria de Diseño Textil, S.A. ("**Inditex**", the "**Company**" or the "**Group** ") for FY2021, FY2022 and FY2023 (the "**Remuneration Policy**" or the "**Policy**") was approved at the Annual General Meeting held on 13 July 2021, having been put an advisory say-on-pay vote, as a separate agenda item, pursuant to the provisions of section 529*novodecies* of the revised text of the Companies Act, approved by *Real Decreto Legislativo* 1/2010 of 2 July (the "**Companies Act**" or "**LSC"** [*Spanish acronym*]).The Board of Directors and the Remuneration Committee had previously issued a substantiated proposal and an explanatory report on the Policy, respectively.

At a later stage, in the meeting held on 15 March 2022, the Board of Directors resolved, on the proposal of the Remuneration Committee, to submit to the 2022 Annual General Meeting the amendment to such Policy, to align its provisions with the Company's new organizational structure approved by the Board on 29 November 2021, on the proposal of the Nomination Committee. In such meeting, the Board resolved that the roles of Chair and Chief Executive Officer (CEO) should be separate and that the position of Chair should be non-executive.

The substantiated proposal and explanatory report in support of the amendment to the Remuneration Policy issued by the Remuneration Committee will be available on the Company's corporate website as of the date the Annual General Meeting is called. Such documents will remain available on the corporate website following the approval of the Policy, together with the date of approval, and the results of the vote for at least as long as the Remuneration Policy remains in effect.

The Remuneration Policy as amended, retains the principles and fundamental lines of the Policy approved at the Annual General Meeting held on 13 July 2021.

Remunerations and all the amounts referred to under this Remuneration Policy shall be understood as gross amounts. Any applicable taxes thereon shall be borne by each director.

1. PURPOSE AND PRINCIPLES

This Remuneration Policy, issued pursuant to the provisions of the Articles of Association, the Board of Directors' Regulations and the Remuneration Committee's Regulations, seeks to set out the grounds of the remuneration of directors, for the purposes of guiding the proceedings of the Board of Directors and the Remuneration Committee in this area.

This Remuneration Policy seeks to compensate directors in accordance with the required qualification, the responsibility undertaken and the dedication in their mandates, and it strives for this remuneration to be appropriate in accordance with market demands, and sufficient to attract and retain directors who meet the desired profile, but not so high as to compromise the independent judgement of non-executive directors.

The overarching principles underlying the Directors' Remuneration Policy as regards remuneration of executive directors for the performance of executive functions are set out below:

Executive directors	
Linkage to Group's strategy and Pay for Performance	A significant part of the remuneration is linked to the achievement of the objectives which make up the Group's strategy.
Alignment with stakeholders, sustainability and environmental commitment	The design of the Remuneration Policy is regularly reviewed to ensure that target achievement is aligned with sustainable value creation for shareholders. Progress in ESG (*Enviromental, Social and Governance*) goals and environmental commitment are relevant levers of Inditex's compensation scheme. In addition, the interests of employees as a whole and other stakeholders are considered upon determining remuneration of executive directors.
Long-term	The Remuneration Policy is aligned with the values and long-term targets of the Company.
Competitiveness	Remuneration must be such as to attract and retain the most talented and suitable professionals to achieve Inditex's strategic objectives, through the establishment of competitive compensation packages, under the premises that such compensation is neither excessive nor insufficient, to prevent assuming any inappropriate risks and considering peer companies benchmarking.
Strict procedures and informed decisions	The targets to which variable remuneration is tied must be established by the board of directors at the beginning of the year and assessed by the Remuneration Committee at the end thereof. This is assessed based upon the information and results provided by different Departments which are first reviewed by the Audit and Compliance Committee and/or the Sustainability Committee, as the case may be.

	Likewise, Inditex's management by objectives systems, and among them, the short-term and long-term variable remuneration systems, are reviewed on an annual basis.

The overarching principles underlying the Remuneration Policy for directors in their status as such are:

Directors in their status as such

Moderation	Remuneration is adequate to the description of the company and its business model, always on the basis that such remuneration is neither excessive nor insufficient, to prevent taking any inappropriate risks.
Appropriateness	The Remuneration Policy for directors standing as such is appropriate considering the size of the board and it sufficiently compensates them for their qualification, dedication and responsibility, ensuring their loyalty and attachment to the company, without compromising the independent judgement of its members.
Transparency	Information on remuneration is in line with the best practices in the area of corporate governance for the purposes of building trust among shareholders, investors and generally, the remaining stakeholders.
Commitment to investors and shareholders	The Remuneration Committee acts in a proactive manner to understand shareholders and investors' preferences and to explain remuneration policies and practices in a transparent manner.

The Remuneration Policy is based on solid governance processes that reinforce the above described principles, and which are reflected in the following practices:

Executive directors

WHAT WE DO	WHAT WE DON'T DO
• "Pay for Performance"-based remuneration. • Remuneration is aligned with the interests of shareholders and its stakeholder, to the extent that a part of the variable remuneration is tied to the achievement of sustainability objectives. • Features of the long-term variable remuneration: ◦ Performance measurement period: at	• No agreement with guaranteed wage increase exists. • No variable remuneration other than that linked to performance exists, and no variable remuneration is guaranteed. • Company shares are not hedged during the retention period.

least 3 years.

- Mainly share-based.
- Tied to metrics aligned with long-term strategic objectives for Inditex, including sustainability targets. Such objectives are aligned with the sustainable strategy of the Group that considers all stakeholders and allow boosting strategy implementation.
- Share retention for at least one year.

- Malus & clawback provisions are set which apply to any variable remuneration.
- Commitment to retaining while in office a number of shares equivalent to at least 2 years of fixed remuneration.
- Severance pay in case of termination, including compensation for non-competition, equivalent to the fixed remuneration for 2 years.
- Regularly conduct consultations with institutional shareholders.
- Regularly carry out benchmarking processes.
- Regularly rely on independent external advisors.

Non-executive directors

WHAT WE DO	WHAT WE DON'T DO
• Pay is linked to actual dedication, responsibilities taken and performance of their duties as directors.	• Their compensation package is not linked to the Pay for Performance principle or their personal performance. • No delivery of shares as a form of remuneration. • No severance pay upon termination. • They are not beneficiaries of any social welfare schemes or any other welfare benefits.

2. DEVELOPMENTS

The Remuneration Policy, as amended, (details of such amendments are explained below), **maintains the fundamental lines** followed in the current remuneration policy, approved at the Annual General Meeting on 13 July 2021 with 98.42% of the votes in favour, and in the former policy, approved at the Annual General Meeting held on 17 July 2018 with 99.38% of votes in favour.

The following rules and principles **are maintained:**

- **Increase** of the target **annual variable remuneration** of executive directors: from 100% to 120% of their fixed remuneration and increase of the maximum amount from 120% to 125% of target amount.
    - Higher weight is given to variable remuneration, to reinforce the "Pay for Performance" equation.
    - Alignment of Inditex's Remuneration Policy with market practice and recommendations on corporate governance. Market remuneration information for chief executives in companies included in the Stoxx Europe 50 and Dow Jones Titans Retail 30 indexes and in large companies in Ibex-35 index has been considered in the decision-making. The resulting total target remuneration, once the proposed increase is applied, maintains its positioning vs. the market and alignment is enhanced in terms of remuneration mix.
- Possibility of **increasing** the **weight** of **non-financial targets** to which annual and long-term variable remuneration is tied.

  Remuneration system is updated to ensure its alignment with **Inditex's environmental and sustainability commitment**.
- **CEO's commitment to share retention** in a number of **shares** with a value equivalent to fixed remuneration for 2 years. The CEO is committed to retaining for at least 3 years net shares up to the above referred limit, which he may receive from any variable remuneration scheme.

  This measure is taken to abide by current recommendations on corporate governance.
- Certain sections of the Policy are reinforced to meet the requirements set out in Act 5/2021-

The Policy encompasses the following new **developments**:

- **Adjustment** of the **maximum value** of remunerations that the Company may pay on an annual basis to **directors as a whole** in their status as such.

    Taking into account that the **position of (non-executive) Chair of the Board of Directors** will become a paid position, the annual fixed remuneration being set at **€900 thousand a year**, as it was deemed appropriate to align the position with the new duties and responsibilities assumed in the new corporate organizational structure, where the positions of Chair and CEO are separate, the **cap** to the **maximum amount** of remunerations to be paid annually to directors as a whole in their status as such has increased to **€3,380 thousand**, versus previous €2,480 thousand limit.
- Determine the **total remuneration package** for the CEO for the performance of his duties as chief executive, taking into account the new corporate organisational structure where the CEO

is the only director who performs executive functions and the positions of Chair and CEO are separate.

- In particular, the CEO is entitled to the following remuneration elements: annual fixed remuneration, annual variable remuneration and multi-year variable remuneration, as well as remunerations in kind, in line with the general policy applicable to all the officers of the Company. The CEO does not participate in any long-term savings scheme.

  This remuneration package is mainly based on two principles: competitiveness and "Pay for Performance." The remuneration package for the CEO must be competitive, neither excessive nor insufficient, to prevent taking unnecessary risks and considering peer benchmarking. At the same time, the Company must ensure that significant part of the remuneration packaged is tied to variable items which link remuneration with the achievement of financial and non financial results on a year and on multi-years horizon. Thus:

  - Fixed remuneration has been reviewed to reflect the duties and responsibilities of the position within the new organizational structure. It will amount to €2,500 thousand a year.

    The amount of fixed remuneration will remain unchanged while the Policy is in effect.

  - The specific amount of the annual variable remuneration (expressed as a percentage of annual fixed remuneration) and the amount of the long-term incentive have remained the same as those set for the CEO in the Remuneration Policy approved at the Annual General Meeting held in 2021.

  Based on the foregoing, if the sum of the reviewed fixed remuneration, maximum annual variable remuneration and maximum long-term variable remuneration for a cycle is considered (in accordance with the vesting of the cycle which began in 2021), the total remuneration of the CEO has been reduced by close to 30% compared to that of the former chief executive.

- The terms of the CEO's contract have also been updated.

  With regard to severance pay for termination, gross severance pay under certain circumstances is set in an amount equal to the remuneration for 2 years, calculated on the basis of the sum of the CEO's fixed remuneration and annual variable remuneration for the current year.

  The compensation of post-contractual non competition obligation is deemed to be included in the severance pay for termination.

In the decision-making process regarding the proposals above described, the feedback received from Inditex's main shareholders in the regular consultation process that the Company carries out, as well as their votes and views on the Annual Reports on Remuneration of Directors have been considered.

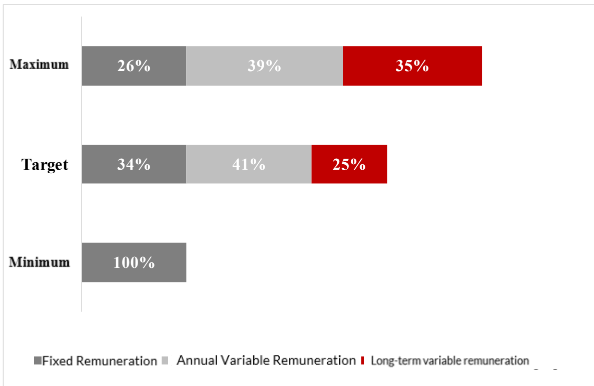
3. REMUNERATION POLICY FOR EXECUTIVE DIRECTORS

3.1. Remuneration mix

Executive directors' 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.

The potential level of remuneration on an annualized basis for the CEO – only director who performs executive functions – in financial year 2022, from the date of approval of the Remuneration Policy, as amended, is shown below, taking into account the different scenarios of achievement of targets, under this Remuneration Policy. Potential performance of the CEO and the assumptions on which is it based are shown below:

Fixed remuneration[1]	All scenarios	• €2,500 thousand
Annual variable remuneration	Minimum	No incentive would be paid
	Target	• 120% of fixed remuneration
	Maximum	125% of target amount
Long-Term variable remuneration (by cycle)[2]	Minimum	No incentive would be paid
	Target	• €1,800 thousand
	Maximum	• 185% of target



1. Remuneration in kind and long-term savings systems excluded, as the total amount is not significant with regard to aggregate remuneration. Executive directors can be paid relevant remuneration for board and committees' membership and dedication to board and committees' meetings.
2. Potential share price variation excluded.

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

Variable remuneration items to compensate executive directors, tied to Group's targets achievement, are flexible enough to allow their shaping, including the possibility of not paying any variable remuneration item under certain circumstances; in such case, fixed remuneration would represent 100% of total remuneration. Under no circumstances is variable remuneration guaranteed.

In a scenario of maximum achievement of targets, the weight of variable or at risk remuneration would be around 74% of total remuneration (understanding as such fixed remuneration, annual variable remuneration and long-term incentive on an annualized basis).

3.2. Remuneration items

Without prejudice to the remuneration that executive directors are entitled to in their status as directors pursuant to the provisions of section 4 below, the remuneration they may receive for the performance of executive functions comprises a number of items which make up the following remuneration package:

3.2.1. Fixed remuneration

Purpose

To attract and retain executive directors who befit the profile required to achieve strategic goals and reward the performance of senior management functions consistently with the responsibility, leadership and personal contribution within the organization.

Amount

CEO: €2,500 thousand to be paid in 14 instalments.

This fixed remuneration must represent a sufficient part of the total remuneration for the sake of achieving an appropriate balance between the fixed and variable items of the remuneration.

Operation

The board of directors may, on the proposal and following a substantiated report of the Remuneration Committee, resolve to review fixed remuneration while this Remuneration Policy is in effect. Agreed amendments shall be duly supported based upon the following criteria, without limitation:

- Group's results.
- The evolution of the contribution of both the position and the individual.
- Internal equity: consistent evolution of the remuneration of both the management team and all the employees of the Group.
- The benchmarks for comparable companies.

No changes to the fixed remuneration of executive directors are expected while the policy is in effect.

3.2.2. Remuneration in kind

Purpose

To complete the compensation package and offer a competitive total remuneration, in line with market practices.

Operation

Executive directors may receive remuneration in kind, in line with the general policy which applies to senior management of the Company, including without limitation, life insurance, medical and dental coverage, or the like, as well as the use of a corporate car.

3.2.3. Annual variable remuneration

Purpose

To boost and reward the achievement of certain annual targets, financial, non-financial and/or individual, consistent with the Group's strategy and aligned with shareholders' interests.

Amount

- Target: in case of achievement on target of the fixed objectives; it can reach up to 120% of the annual fixed remuneration.
- Maximum: in case of maximum overachievement of the fixed objectives; it can reach up to 125% of the target amount

The level of achievement reached is disclosed every year in the Annual Report on Remuneration of Directors.

Metrics

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

These targets may include metrics which ensure an appropriate balance between financial and operational aspects of corporate management (e.g. sales, contribution margin, EBITDA or return metrics) weighting at least 60% of the aggregate incentive. They may also include non-financial metrics representing at least 30% of the aggregate incentive (e.g., strategic development of the company, progress in corporate social sustainability and environmental sustainability policies, progress in implementation of diversity and compliance programmes, personal performance, etc.,).

Operation

The Board of Directors shall, on the proposal of the Remuneration Committee, approve the targets at the beginning of each financial year and evaluate the achievement thereof at year end. This evaluation is done based upon the data and the results provided by the Financial Division, the General Counsel's Office –Compliance Office and the Sustainability Department, all of which are first reviewed by the Audit and Compliance Committee and the Sustainability Committee, as the case may be.

Further to such review, the Remuneration Committee draws up a motion on annual variable remuneration which is submitted to the Board of Directors for approval. To draft such motion, the Remuneration Committee also takes into account the quality of results in the long-term, as well as any associated risk.

For the purposes of ensuring that the annual variable remuneration is effectively aligned with the performance of executive directors, 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 financial objectives.

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

The actual level of achievement reached is reported every year in the relevant Annual Report on Remuneration of Directors.

Annual variable remuneration may be paid in cash and/or include award of shares, net of applicable taxes, or share-based financial instruments.

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

3.2.4. Long-term variable remuneration

Purpose

To drive the achievement of the Group's strategic priorities in the long-term, sustainability of business results over time and sustainable value creation for shareholders. In addition, to offer a competitive remuneration package that contributes to retain key profiles within the organization.

Amount

Maximum for each cycle: up to 225% of annual fixed remuneration. Reached in the event of overachievement of pre-established targets.

Metrics

Long-term variable remuneration is tied to the achievement of a combination of quantitative and qualitative targets, specific, pre-established and quantifiable, in line with the interest of the Company and consistent with its medium to long-term strategy.

These targets may include metrics which ensure an appropriate balance between financial and operational aspects of corporate management (e.g. sales, EBITDA, profit before taxes ("PBT") and metrics of shareholders value creation (e.g. total shareholder return ("TSR"). Such metrics will weight at least 60% on the aggregate incentive. They may also include non-financial metrics (e.g., environmental sustainability or good corporate governance).

Some of such metrics may be relatively measured against a benchmark group of peer companies.

Operation

The relevant incentive may be paid in cash and/or include the award of shares, share options or remuneration rights linked to the value of shares, provided that the targets established are achieved. Shares stemming from the plan are delivered net of applicable taxes, and they shall be retained for at least one year.

Performance measurement period will be at least 3 years.

The board of directors shall, on the proposal of the Remuneration Committee, approve the targets at the beginning of each cycle, in addition to the performance scale determined for each metric, to calculate the payout percentage for each level of target achievement. The performance scale will include a minimum threshold below which no incentive is paid, and a level of overachievement, where maximum incentive is paid.

The Committee will follow-up on the targets on an annual basis. Upon expiry of each cycle, it will evaluate the level of achievement thereof, based upon the information and results provided by the Financial Division, the General Counsel's Office –Compliance Office, the Corporate Development Department and the Sustainability Department, all of which are first reviewed by the Audit and Compliance Committee and the Sustainability Committee, as the case may be.

Further to such review, the Remuneration Committee draws up a motion on variable remuneration which is submitted to the Board of Directors for approval. To draft such motion on variable remuneration, the Remuneration Committee also takes into account 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 objectives.

The level of achievement reached is reported on an annual basis in the Annual Report on Remuneration of Directors.

3.2.5. Terms of former policies that remain in effect

The CEO is a beneficiary of the second cycle (2020-2023) of the 219-2023 Long-Term Incentive Plan approved by the Board of Directors, on the proposal of the Remuneration Committee, and at the Annual General Meeting held on 16 July 2019, pursuant to section 219 LSC and article 31 of the Articles of Association.

The main terms of such second cycle are reported in the Annual Reports on Remuneration of Directors for financial years 2020 and 2021, published by CNMV and also available on Inditex's corporate website.

3.3. Control on variable remuneration (malus & clawback)

Clawback provisions are included in the agreements entered into with the CEO, to claim the refund of variable items of the remuneration when such items have been paid on the basis of information clearly later shown to be inaccurate.

In this regard, should (i) any event or circumstance occur that would result in the negative change or variation, in final terms, of the financial statements, results, economic data, performance data or otherwise, upon which the accrual and payment to the executive directors of any amount in terms of variable remuneration would have been based, and (ii) should such change or variation determine that, if they had become known at the date of accrual or payment, the executive directors would have received a lesser amount than the one initially paid, the board of directors may, on the proposal of the Remuneration Committee, claim from executive directors (whether or not still linked to the Company at the time of the claim) clawback, in full or in part, of any excess paid, and they will be bound to refund it.

Likewise, with regard to the 2019-2023 Long-term Incentive Plan, as well as any outstanding variable remuneration while the Remuneration Policy is in effect, the Company may cancel before payment and/or claim refund of the incentive 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 on account of proceedings carried out during each cycle, as the case may be:

- 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;
- Material restatement of the Group's financial statements, when so considered by the external auditors and when this is to the detriment of the Company, except where this is appropriate pursuant to a change in accounting standards;
- (iii) serious breach of the internal regulations on the part of executive directors, as accredited by the Committee of Ethics.

3.4. Shares retention

Executive directors must maintain in their personal wealth, while they remain in office, a number of shares in a value equivalent to at least 2 years of fixed remuneration.

Executive directors must retain, at least for 3 years, net shares that they may receive, if appropriate, from any variable remuneration scheme, for as long as they do not become the holder of a number of shares in a value equivalent to at least 2 years of fixed remuneration.

3.5. Contractual terms

The contracts entered into with executive directors must govern the performance of the duties and responsibilities inherent in the office, be of a commercial nature, and include such clauses that in practice are usually included in this kind of contracts. The contract shall be approved by the Board of Directors of the Company, on the proposal of the Remuneration Committee, by a majority of two thirds of the votes on the board of directors, and with the abstention of the affected executive director.

The current contract entered into with the CEO which governs the performance of his duties and responsibilities was approved by the Board of Directors of the Company, on the proposal of the Remuneration Committee, as stated above.

The main terms of the contracts entered into with the CEO are summarized below:

Element	Description
Term	The contact executed with the CEO is for an indefinite period.
Notice period	Both in case of termination of the contract on account of certain grounds attributable to Inditex, or on account of voluntary resignation of the executive director notice shall be given at least three months in advance. Such notice may be replaced with an amount equivalent to the fixed remuneration of the non-observed term of notice.
Severance or Golden parachute clause	The CEO shall be entitled to receive gross severance pay in an amount equal to the remuneration for 2 years, calculated on the basis of the sum of his fixed remuneration and annual variable remuneration for the current year, where the contract is terminated by unilateral decision of the Company, and/or in case of resignation tendered by the CEO under certain premises (among which is 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 renewal 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 takes place within six months of the occurrence of such succession or change. For such purposes, no succession or change in control shall be deemed to have taken place in the event of direct or indirect family succession in the ownership of the Company).
Agreements on exclusivity and non-competition after termination of a contract	For as long as he is contractually engaged with Inditex, the CEO shall perform senior management duties 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 though the activities he may carry out would not compete with the business activities of the 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. With regard to the terms and conditions of his contract, compensation for the non-compete obligation is deemed to be included in severance pay for termination. With regard to the post-contractual non-compete agreement and as regards all members of the Board of Directors, irrespective of the directorship type, section 24.3 of the Board of Directors' Regulations provides that "*the director who ends his/her mandate or for any other cause should cease to hold his/her office may not render service in another entity whose corporate objects are similar to that of the company for a period of two years*".

4. REMUNERATION POLICY FOR DIRECTORS IN THEIR STATUS AS SUCH

Pursuant to the Company's Articles of Association, directors' remuneration shall consist of an annual fixed remuneration for each director, the amount of which shall be determined by the Annual General Meeting for each financial year, or which will be valid for the number of years that the General Meeting would establish.

This system means that the General Meeting of Shareholders is recognized as the supreme and sovereign body of expression of the will of the Company, namely in the area of remuneration, and ensures the maximum transparency of such remuneration. This entails that, while the Remuneration Policy is in effect, any change to the remuneration of directors standing as such shall be approved at the Annual General Meeting

Below is a breakdown of the items which make up the annual fixed remuneration that directors can receive in their status as such, as well as the relevant amounts under the current Directors' Remuneration Policy. Pursuant to section 217 LSC and article 31 of the Articles of Association, such items and amounts will be submitted to the 2022 Annual General Meeting, for approval.

Item	Annual amount
Remuneration for board membership	€100,000
Additional remuneration of the Chair of the board	€900,000
Additional remuneration of the Deputy Chairman of the board	€80,000
Additional remuneration for membership on board committees	€50,000
Additional remuneration for chairing board committees	€50,000

All such amounts are independent and fully compatible.

Except for the remuneration of the executive directors for the performance of their executive functions, the amounts shown above represent the only remuneration paid to directors of the Company for their membership on the Board of Directors of Inditex or of any Group company. No per diem allowances are paid for attendance at board or committees' meetings, and no remuneration exists on the grounds of profit-sharing schemes or bonus, nor remuneration systems or pension plans which include variable remuneration, nor any severance pay for termination of their relationship with the Company, or any other grounds for the performance of executive functions. The foregoing shall be understood without prejudice to the refund to the directors of any reasonable traveling and accommodation fees incurred upon attending board meetings or the meetings of such committees where they sit.

On the other hand, Inditex has taken out a D&O liability insurance policy for the directors, officers and staff members with similar duties at the Company.

Based on the current composition of the board, the amount of annual remuneration to be paid by the Company to the directors as a whole in their status as such, stands at €3,380 thousand.

Within the limit set by the Annual General Meeting, the Board of Directors shall be responsible for determining, on the proposal of the Remuneration Committee, the method and time of payment of such amounts.

The maximum amount referred to in this section shall apply for as long as this Remuneration Policy is in effect, unless the Annual General Meeting resolves to amend it in the future.

5. REMUNERATION POLICY FOR NEW DIRECTORS

The remuneration system for executive directors described above shall apply to any new director that may be appointed to perform executive functions while this Policy is in effect. For such purposes, the Remuneration Committee and the Board of Directors will specifically take into consideration the duties assigned, the responsibilities undertaken, their professional experience, market remuneration for such position and any other thing they may deem appropriate to consider in order to determine the applicable items and amounts of the remuneration system, as the case may be, for the new executive director, which will be duly stated in the relevant contract to be entered into by the Company with such new executive director.

As an exception, in order to assist in the recruitment of an external candidate, the Remuneration Committee could propose to the board of directors, for it to make a decision in this regard, that a special bonus be determined, in order to compensate the prospective candidate for the loss of incentives not received from their former company due to their resignation and acceptance of Inditex offer. The Committee will try, if appropriate, to show the type, time and value of the incentives the candidate has waived.

For internal promotions, the Committee may cancel and/or compensate any pre-existing incentives and other obligations that could be in force at the time of appointment.

In the event that new non-executive members join the Board of Directors while this Policy is in effect, the remuneration system described in section 4 above shall apply to them. Where a non-executive director is appointed and assigned a different function and responsibilities, their remuneration will be measured and fixed based upon comparable profiles in companies of similar size and complexity.

6. DECISION-MAKING PROCESS RELATING TO DEFINITION, REVIEW AND ENFORCEMENT OF THE REMUNERATION POLICY

6.1. Decision-making governing bodies with a say on the Policy

Below is a description of the procedures and governing bodies involved in determining and approving the Remuneration Policy and its terms and conditions.

1. General Meeting of Shareholders

Pursuant to sections 2017, 219, 529*septdecies* and 529*novodecies* LSC, the General Meeting of Shareholders shall be responsible for:

- Approving the Directors' Remuneration Policy at least every three years.
- Determining the maximum amount of the annual remuneration to be paid to all directors in their status as such.
- Approving as a separate item, incentive plans entailing the award of shares or share-based financial instruments, or any remuneration system linked to share value.

2. Board of Directors

Pursuant to the provisions of 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 Meeting of Shareholders.
- The approval of the contracts entered into with 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

It plays the main role regarding the determination, enforcement and review of the Remuneration Policy.

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:

a) <u>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 value of the annual remuneration of directors, to be submitted to the Annual General Meeting.
- To propose to the Board of Directors for approval, the individual remuneration of executive directors and the remaining basic terms and conditions of their contracts, including any potential severance pay or indemnity which may be payable in the event of termination of the contract by unilateral decision of the Company and the amounts to be paid by the Company as insurance

premiums or contributions to savings schemes, pursuant to the provisions of the internal regulations of the Company and of the directors' remuneration policy from time to time in force.

b) Enforcement of the Remuneration Policy:

- To propose to the Board of Directors at the beginning of each year the targets to which the annual variable remuneration is tied and evaluate the achievement thereof at the end of the year. Further to such evaluation, the Remuneration Committee drafts a motion on annual variable remuneration that is submitted to the Board of Directors for approval.

- To propose to the Board of Directors the targets of each performance cycle of long-term variable remuneration, within the limits set in the relevant resolutions passed by the Annual General Meeting. 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 measurement period of the objectives of the plan in question.

- The evaluation of targets and the level of achievement thereof to which long-term annual variable remuneration is linked, is based upon the information and results provided by the Financial Division, the General Counsel's Office –Compliance Office, the Corporate Development Department and the Sustainability Department, all of which are first reviewed by the Audit and Compliance Committee and the Sustainability Committee, as the case may be. Considering the foregoing, the Remuneration Committee drafts a motion on annual variable remuneration which is submitted to the Board of Directors for approval. In the proposal on variable remuneration, the Remuneration Committee also considers the quality of results in the long- term as well as any risk associated thereto.

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

- To regularly review the terms and conditions of the agreements entered into with executive directors, ensuring that they are consistent with current remuneration policies.

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.

4. Audit and Compliance Committee

As described above, the Audit and Compliance Committee reviews the results of the company provided by the Financial Division, the General Counsel's Office –Compliance Office, the Corporate Development Department and the Sustainability Department, which are at the basis of the evaluation of the level of achievement of financial and non-financial targets to which both annual and long-term variable remuneration are tied.

5. Sustainability Committee

This board committee is tasked with proposing to the board of directors the sustainability strategy and objectives, following-up on its implementation, and assessing the level of achievement of the objectives set in the Strategic Plan, based upon the information regularly provided by the Sustainability Department.

6. Nomination Committee

This board committee plays a major role in the evaluation of the performance of executive directors, to which annual variable remuneration is linked.

6.2. Considerations in the decision-making process over the Policy

Views of shareholders and stakeholders

Upon preparing the Remuneration Policy, the board of directors takes into account the external environment where the Company operates as well as the guidelines provided by the organizations representing institutional shareholders. In particular, the board of directors considers the feedback of institutional investors and proxy advisors, received in the course of the periodic consultations that Inditex conducts, as well as recommendations, best practices and remuneration trends, both domestic and international.

Remuneration terms of all employees and of the management team

Remuneration structures for management, including executive directors, are clearly aligned with those for the rest of employees, as the same remuneration principles and the same mechanics for wage review and incentive design are followed, which are largely consistent within the organization.

In general, compared to the rest of employees, a much larger portion of the total remuneration of executive directors is tied to the company's results, which means that their remuneration will increase or decrease in accordance with business results. This measure seeks to align the interests of executive directors with those of shareholders.

The board of directors and the Remuneration Committee are apprised, where appropriate, of the description and the amount of the remuneration structure for all employees. The Committee raises motions to the board of directors proposing decisions on specific resolutions covering the remuneration of executive directors and senior managers against the broader scope of the remuneration of Group employees.

Further information on this issue in section 7 below.

Market conditions

Remuneration of directors is measured against comparable profiles in peer companies. Remuneration of non-executive directors is benchmarked against that of the other companies which make up the Ibex-35 index. Remuneration of executive directors is benchmarked against that of different groups of companies, selected on the basis of objective yardsticks, including without limitation, business, size, geographical scope of operations. As a result of which, companies included in such indexes as Dow Jones Titans Retail 30, Stoxx Europe 50 and Ibex-35, are considered.

Independent external advice

To better perform its duties, the Remuneration Committee may request that legal, accounting, financial or other experts be engaged at the company's expense. The commissioned task must of necessity deal with specific problems of a certain importance and complexity which may arise in the performance of their duties.

6.3. Measures to prevent conflicts of interest

With regard to the measures in place to detect, determine and resolve potential conflicts of interest, section 34 of the Board of Directors' Regulations provides the definition of conflicts of interests and sets forth the rules governing them. Sections 33 and 35 to 37 of the Board of Directors' Regulations cover the obligation of non-competition, the use of corporate assets, the use of non-public corporate information for private use and taking advantage of business opportunities of the Company. Meanwhile, section 39 sets out the specific issues that directors must report to the Company.

Moreover, according to section 1 of the Board of Directors' Regulations, the rules of conduct for directors established therein shall apply, insofar as these rules are compatible with their specific nature, to the senior managers of the Company. Specifically, the following sections shall apply to them: sections 32 (duty of confidentiality of directors); 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 influence of the office).

Likewise, with regard to directors and significant shareholders, section 40 of the Board of Directors' Regulations provides the rules for "transactions with directors and significant shareholders". The Audit and Compliance Committee is entrusted with the duty of issuing a report on related parties transactions. In light of such report, the board of directors shall approve the transaction, as the case may be.

On the other hand, section 4.8 of the Code of Conduct and Responsible Practices of the Inditex Group sets out the guidelines for action that employees should adhere to when faced with a conflict of interest between their personal interests and those of the Company, as well as the situations that must be reported to the Committee of Ethics.

7. RELATIONSHIP OF THE DIRECTORS' REMUNERATION POLICY WITH THE ARRANGEMENTS FOR THE COMPANY'S WORKFORCE

Guidelines on employee compensation seek to befit at all times each of the markets and work environments where the Group operates, always in keeping with Inditex's culture and values and considering the own identity of each of the commercial formats.

For such reason, efforts are made to ensure that the remuneration standard befits the local reality of each market, fixing remunerations in line with reference practices in each such markets in local currency. This means that different wage references exist based upon the different markets.

Under Inditex's remuneration policy, non-discrimination on grounds of gender, age, culture, religion and race, or any other grounds, is guaranteed. In this regard, Inditex's employees are compensated in accordance with their professional worth, experience, dedication and responsibility assumed. Remuneration is comprised of fixed and variable items.

In particular, fixed remuneration is established in accordance with experience, personal contribution to the position; it is consistent with the responsibility within the organization and the market, in line with the yardsticks that apply to executive directors.

In turn, variable remuneration is one of the key elements of Inditex's compensation policy. It applies to employees from all business areas within the Group. Variable remuneration is based on predefined, quantifiable and measurable indicators which are tied to the Company's results. Appropriate differentiation levels are established to ensure that remuneration is addressed to such talent with the higher contribution to the implementation of the Group's strategy. In general, compared to the rest of employees a much larger part of the total remuneration of executive directors is tied to the company's results, which means that their remuneration will increase or decrease in accordance with business results. This measure seeks to align the interests of executive directors with those of shareholders.

In keeping with transparency, results orientation and simplicity values, the Group's sustainability goals are aligned with those of the office staff in terms of remuneration. Thus, achievement of sustainability goals forms part of the variable remuneration of office staff, including executive directors. This practice further builds commitment to people in this field, and the fact that variable remuneration is entirely tied to business results.

The board of directors is apprised, where appropriate, of the description and the amount of the remuneration structure for all employees, The board of directors further considers, on the proposal of the Remuneration Committee, the annual budgets for wage increase for employees and the remuneration of the management team.

8. ALIGNMENT WITH THE COMPANY'S STRATEGY, INTERESTS AND LONG-TERM SUSTAINABILITY

The description of the Remuneration Policy, ensuring its consistency with the company's long-term strategy, interests and sustainability, is addressed below.

The design of the remuneration policy is consistent with the strategy of the Company and oriented towards achievement of long-term results:

- Overall remuneration of executive directors is mainly comprised of the following remuneration items: (i) fixed remuneration; (ii) annual variable remuneration, and (iii) long-term variable remuneration.

  Variable remuneration system for executive directors is fully flexible, to the extent that the possibility of not being paid any amount in terms of variable remuneration exist where minimum achievement thresholds are not reached

  In a scenario of achievement of objectives on target, the weight of annual and long-term variable remuneration is approximately 70% of total remuneration.

- Long-term variable remuneration plans are designed as multi-year plans, to ensure that the evaluation process is based on long-term results and that the underlying economic cycle of the Company is considered. This remuneration is awarded and paid mainly in shares and is subject to value creation, thus ensuring that the interests of executive directors are aligned with those of the shareholders.

- Metrics established, both in terms of annual variable remuneration and of long-term variable remuneration are tied to the achievement of a combination of financial and non-financial targets. Such targets must be specific, pre-established and quantifiable, and in line with the Group's Strategic Plan. Examples of metrics are found in sections 3.2.4 y 3.2.5 above. Likewise, metrics established for each year are available in the Annual Report on Remuneration of Directors.

In addition, the measures explained below are in place to reduce excessive risk exposure and shore up alignment with long-term objectives, values and interests of the Company:

- The Remuneration Committee is responsible for reviewing, analyzing and overseeing the enforcement of the Remuneration Policy. Senior managers also fall within the scope of action of such Committee. Senior managers include professionals whose activities may have a significant impact on the Company's risk profile.

- As stated above, the Audit and Compliance, Sustainability and Nomination Committees take part in the decision-making process as regards variable remuneration of executive directors.

- All the members of the Remuneration Committee also sit on the Audit and Compliance Committee, this latter being responsible for overseeing and evaluating the risks that affect the Group, including non-financial ones. The presence of the same directors on both committees ensures that risks associated with remuneration are considered in the course of the debates of the Remuneration Committee and of the Audit and Compliance Committee and in the motions they submit to the Board of Directors, regarding both the determination and the evaluation of annual and long-term incentives.

- No guaranteed variable remuneration exists.

- Control on variable remuneration is considered in the remuneration policy, with the inclusion of malus and clawback provisions which apply to the circumstances described in section 3.3. above.

- The Remuneration Policy and its enforcement is subject to regular review by the Remuneration Committee for the purposes of ensuring (i) that it is consistent with the Company's circumstances; (ii) its alignment with the short, mid and long-term strategy of the Group and with market conditions; and, (iii) an appropriate enterprise risk management.

- To reinforce executive directors' commitment with the long-term interests of the Company and alignment with shareholders' interests, the former have assumed a share retention commitment which is described in section 3.4 above.

9. EFFECT

On the proposal of the Remuneration Committee, the Board of Directors will submit the Directors' Remuneration Policy for FY2021, FY2022 and FY2023, as amended, to the shareholders at the Annual General Meeting to be held in 2022 for approval. Further to such approval, the Policy will be enforced until FY2023, as approved at the 2021 Annual General Meeting.

The Remuneration Policy, as amended, shall be in effect as detailed hereunder without prejudice to any adaptation or amendment thereto, if any, introduced by the Board of Directors pursuant to the provisions thereof, and any amendment thereto that may be from time to time approved at Inditex's Annual General Meeting.

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