REPORT OF THE REMUNERATION COMMITTEE OF INDUSTRIA DE DISEÑO TEXTIL, S.A. (INDITEX S.A.) REGARDING THE PROPOSAL FOR THE APPROVAL OF THE DIRECTORS' REMUNERATION POLICY FOR FY2024, FY2025 AND FY2026, INCLUDED AS AGENDA ITEM 6 OF THE ANNUAL GENERAL MEETING CALLED TO BE HELD ON 11 JULY 2023 ON FIRST CALL AND ON 12 JULY 2023 ON SECOND CALL

I. PURPOSE

At the meeting scheduled to be held on 6 June 2023, the board of directors of Industria de Diseño Textil, S.A. ("**Inditex**" or the "**Company**") intends to submit to shareholders at the Annual General Meeting for approval the proposed draft Directors' Remuneration Policy for FY2024, FY2025 and FY2026 (the "**Remuneration Policy**") attached hereto as **Appendix I** pursuant to section 529*novodecies* of the revised text of the Companies Act ("**LSC**" [*Spanish acronym*] or the "**Companies Act**"), and article 31 of the Articles of Association (the "**Articles of Association**").

Pursuant to article 30.3(a) of the Articles of Association, section 17.2(a) of the Revised Text of the Board of Directors' Regulations and section 5(a) of the Remuneration Committee's Regulations, the Committee is responsible for proposing to the board of directors the Directors' Remuneration Policy, to be submitted to shareholders at the Annual General Meeting for approval.

This document is also issued in accordance with section 529*novodecies*(4) LSC, which sets forth that the directors' remuneration policy shall be reasoned and accompanied by an explanatory report of the Remuneration Committee.

Within the scope of its powers, the Remuneration Committee has been advised by Willis Towers Watson ("**WTW**"), an independent consultant in the field of compensation of directors and senior managers, regarding the definition and design of the Remuneration Policy.

The proposed draft Remuneration Policy and this report will be made available to shareholders on the Company's corporate website together with the notice of the Annual General Meeting.

The current directors' remuneration policy for FY2021, FY2022 and FY2023 was approved at the Annual General Meeting held on 13 July 2021 ("**2021 AGM**") and subsequently amended in part at the Annual General Meeting held on 12 July 2022 ("**2022 AGM**"). This policy will be in effect until 31 January 2024.

Should the proposed draft Remuneration Policy submitted to shareholders at the next Annual General Meeting for approval be approved, it will become effective on 1 February 2024. The Policy will be in effect for FY2024, FY2025 and FY2026.

II. DEVELOPMENTS

The proposed draft Remuneration Policy applies the same approach and principles as the current remuneration policy. In particular, both the structure and the design and amount of remuneration items for the CEO and for the remaining directors in their status as such, remain unchanged.

The Remuneration Committee has reflected in early 2023 on the current remuneration policy. As a result of such process, the committee has confirmed that the policy is aligned with the strategic priorities of the Company both in the short and the long term, focusing on long-term value creation and sustainability.

Likewise, upon preparing this proposed draft Remuneration Policy, market conditions, feedback received from the main shareholders of the Company in the regular consultation period carried out by Inditex and the recommendations from supervisory bodies, institutional investors and proxy advisors in the field of corporate governance, have been considered.

With regard to market conditions, the Remuneration Committee has been advised in 2022 by WTW in (i) the analysis of the remuneration of board chairs without executive functions in the companies that make up the main stock market indexes (remuneration benchmarking); (ii) the review of external pay competitiveness regarding the chief executive in different benchmarking groups. As a result of such review, the new remuneration package for the CEO was determined, improving alignment in terms of remuneration mix. Such terms gave rise to the amendments made to the current remuneration policy, approved at the AGM 2022.

The alignment of the current remuneration policy with regulatory requirements, recommendations, best practices and market expectations in the field of remuneration is evidenced by the fact that the approval of the amendment to the current policy was largely endorsed by shareholders at the 2022 AGM (98.6% of votes for), as were the annual reports on remuneration of directors for FY2019, FY2020 and FY2021 put to an advisory vote at the respective AGMs. All such reports considered, described in detail and applied the yardsticks set out in the policy.

Minor changes raised in the draft correspond to editorial and technical improvements to meet certain statutory requirements.

III. OVERARCHING PRINCIPLES OF THE REMUNERATION POLICY

The draft Remuneration Policy seeks to drive and support the success of the business model, setting levels of reward consistent with each situation. Thus, as a general principle, the Remuneration Policy seeks the achievement of the Group's strategic priorities in the long term, sustainable value creation for shareholders, sustainability of business results over time, and in essence, the alignment with the long-term interests of the Company and its stakeholders.

In this regard, the Remuneration Policy has been defined based upon the following yardsticks:

/ With regard to the remuneration of the executive director.

- Linkage to Group's strategy and "Pay for Performance": a significant portion of the remuneration is linked to the achievement of the objectives which reflect the Group's strategic priorities.

- 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 (Environmental, Social and Governance) goals and environmental commitment are relevant levers of Inditex's compensation scheme.

In addition, the interests of all employees and of other stakeholders are considered upon determining the CEO's remuneration.

- Long-term: the Remuneration Policy is aligned with the values and long-term objectives 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 market references of comparable companies.

- Strict procedures and informed decisions: the targets to which variable remuneration is tied must be detailed by the board of directors at the beginning of the year, pursuant to the terms of the Remuneration Policy, and evaluated by the Remuneration Committee at the end of the year. This evaluation is done based upon the information and results provided by different Departments of the Group, all of which shall be reviewed first by the Audit and Compliance Committee 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.

/ With regard to the remuneration of 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 board and committees' membership and it sufficiently compensates them for their qualification, dedication and responsibility, ensuring their loyalty and attachment to the company, without compromising their independent judgement.

  - 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.

IV. OUTLINES OF THE REMUNERATION POLICY

The Remuneration Policy meets all the requirements laid down in LSC. Thus:

/ Pursuant to section 529*octodecies* LSC, the draft Remuneration Policy provides the following structure regarding the CEO's remuneration for the performance of executive functions:

- the amount of the annual fixed remuneration;
- the different parameters to determine the variable components; and,
- the main terms and conditions of their contract. Namely, the term, severance pay in case of early termination or termination of the contractual relationship and covenants or agreements on exclusivity, non-competition after termination of the agreement and tenure or loyalty.

In this regard, the CEO's compensation package (already updated in the current Policy as amended, approved at the AGM 2022) ensures an appropriate balance between the fixed and variable remuneration items:

- Fixed remuneration: €2,500,000 which will remain unchanged while the Policy is in effect.

  This amount represents a sufficient part of the overall remuneration for the sake of achieving an appropriate balance between the fixed and variable remuneration items and are competitive compared to peer companies in the market.

- The annual variable remuneration is linked to the achievement of specific pre-established and quantifiable quantitative and qualitative targets, aligned with the mid to long-term strategy of the Company.

  Quantitative objectives may include metrics which ensure an appropriate balance between financial and operational aspects of corporate management 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 policies, progress in implementation of diversity and compliance programmes, personal performance, corporate reputation management, etc.,).

  A performance scale is associated, where reasonably possible, to financial and non-financial objectives. Such scale, fixed at the beginning of each financial year, includes a minimum threshold below which no incentive is paid, a level of achievement *on target*, which corresponds to the standard level of achievement of objectives, and a maximum level of achievement, above which the incentive is not increased.

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

  In addition, incentive may be paid in cash and/or include award of shares.

- Long-term variable remuneration seeks 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.

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 and metrics of shareholders value creation- which will weigh at least 60% on the aggregate incentive -

Likewise, some of such metrics may be relatively measured against a benchmark group of peer companies.

A maximum level for each cycle is provided for in the Policy.

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 fixed objectives are achieved. Awarded shares stemming from the plan shall be retained for at least one (1) year.

Performance measurement period will be at least three (3) years. To achieve this, the Company has current long-term incentive plans, divided into performance cycles.

Targets must be approved at the beginning of each cycle, in addition to the performance scale determined for each metric, to calculate the pay-out percentage for each level of target achievement. Each performance scale will include a minimum threshold below which no incentive is paid, and a level of overachievement, where maximum incentive is paid. The actual level of achievement reached is reported every year in the relevant Annual Report on Remuneration of Directors.

Variable remuneration items to compensate the executive director, 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.

- Long-term savings systems:

  The CEO is not a beneficiary of any long-term savings system.

Certain additional forms of remuneration are provided, such as insurance coverage and other remuneration items in cash or deferred, such as a severance pay in case of early termination.

Likewise, a "malus" and "clawback" clause is included in the contract entered into with the CEO regarding cancellation of payment or refund of the variable items of their remuneration (i) in the event of occurrence of certain circumstances or (ii) when such items have been paid on the basis of information later shown clearly to be inaccurate.

The CEO has pledged to maintain in their personal wealth, while they remain in office, a number of shares in a value equivalent to at least two (2) years of fixed remuneration. He has also undertaken to retain for at least three (3) years, net shares that they may receive, if appropriate, from any variable remuneration scheme, for as long as they do not own the number of shares above referred.

/ Likewise, pursuant to section 529*septdecies* LSC, the Remuneration Policy includes the maximum amount of the annual remuneration to be paid to directors in their status as such, which will be the same as the one outlined in the current Remuneration Policy.

The remuneration of directors in their status as such consists of an annual fixed remuneration for each of them, based on their membership on the board and its committees and the offices held therein. The maximum amount of the annual fixed remuneration will be resolved at the Annual General Meeting for each financial year, or for the number of years that shareholders may determine at the AGM. Such amount is expressly provided in the Remuneration Policy, this being the only remuneration paid to directors for their membership on the board of directors and its committees.

It should be mentioned that in line with best practices, the Remuneration Policy provides the necessary yardsticks to be considered to determine the maximum annual amount for directors as whole, irrespective of the directorship type.

Such remuneration system, set out in the Remuneration Policy, is also consistent with article 31 of the Articles.

On the other hand, the Policy addresses the D&O insurance policy taken out by the Company.

Considering the foregoing, it can be concluded that to prepare the proposed draft Remuneration Policy, the Remuneration Committee has taken into account both the standards and requirements laid down in the Companies Act and the recommendations on remuneration set out in the Good Governance Code of Listed Companies approved by the Spanish National Securities Market Commission ("CNMV") as well as the voting guidelines of institutional investors and their proxy advisors.

V. FINDINGS

The Remuneration Committee considers that the proposed draft Remuneration Policy is aligned and consistent with regulatory provisions, recommendations and best practices on good governance existing in the market in the field of remuneration.

The remuneration for Inditex's directors envisaged in the proposed draft Remuneration Policy (i) is reasonably proportional to the importance of the Company, its financial standing and market standards of comparable companies, (ii) establishes the ways to prevent unnecessary risk taking, thus allowing an appropriate and effective risk management, and (ii) is aligned with the Company's long-term strategic objectives and the interests of its shareholders and remaining stakeholders.

Ultimately, the Company strives to reach the highest levels of compliance on corporate governance in the field of remuneration, and to align with the interests of its stakeholders.

Considering the foregoing, pursuant to section 529*novodecies*(4) LSC, the Remuneration Committee issues this reasoned explanatory report on the proposed draft Remuneration Policy, to be submitted to shareholders at the Annual General Meeting

In Arteixo (A Coruña), on 5 June 2023.

REPORT OF THE BOARD OF DIRECTORS OF INDUSTRIA DE DISEÑO TEXTIL, S.A. (INDITEX, S.A.) REGARDING THE SUBSTANTIATED PROPOSAL ON THE DIRECTORS' REMUNERATION POLICY FOR FY2024, FY2025 AND FY2026, INCLUDED AS AGENDA ITEM 6 OF THE ANNUAL GENERAL MEETING CALLED TO BE HELD ON 11 JULY 2023 ON FIRST CALL AND ON 12 JULY 2023 ON SECOND CALL.

The Board of Directors of Industria de Diseño Textil, S.A. ("Inditex" or the "Company") has drawn up this report in furtherance of section 529*novodecies*(2) of the revised text of the [Spanish] Companies Act ("Companies Act" or "LSC" [*Spanish acronym*]), approved by *Real Decreto Legislativo* 1/2010, of 2 July, relating to the new directors' remuneration policy.

The current directors' remuneration policy for FY2021, FY2022 and FY2023 was approved at the Annual General Meeting held on 13 July 2021 and amended in part at the Annual General Meeting held on 12 July 2022. The policy will be in effect until 31 January 2024.

Pursuant to applicable regulations "*proposals for new directors' remuneration policies shall be submitted to shareholders at the Annual General Meeting before the last year of effect of the former policy expires*", the Remuneration Committee has drawn up a proposal for a new draft directors' remuneration policy for FY2024, FY2025 and FY2026 (the "Remuneration Policy"), accompanied by the relevant explanatory report.

Based on the foregoing, the board of directors has assessed the explanatory report on said proposal, issued by the Remuneration Committee on 5 June 2023, setting out the overarching principles and main outlines of the Remuneration Policy.

Should it be approved, the draft Remuneration Policy will become effective on 1 February 2024 and will be in effect in FY2024, FY2025 and FY2026.

As described in the above referred report, having reflected on the current policy and reviewed the remuneration benchmarks carried out to determine whether the remuneration structure and amounts of remuneration items included in the Policy as amended in 2022 were competitive, the Remuneration Committee has found that such policy is aligned with the strategic priorities of the Company both in the short and the long term, with market conditions, shareholders and other stakeholders' interests and with the recommendations from supervisory bodies, institutional investors and proxy advisors in the field of corporate governance.

Consequently, the proposal of the draft Remuneration Policy maintains the fundamental lines followed in the current remuneration policy. In particular, both the remuneration structure and the design and amount of remuneration items regarding the remuneration of the CEO and of directors in their status as such have remained unchanged.

Likewise, in its report, the Remuneration Committee has considered that the remuneration of Inditex directors pursuant to the proposal of the draft Remuneration Policy (i) is reasonably proportional considering the Company's weight, its financial standing and market standards for comparable companies; (ii) establishes the channels to prevent unnecessary risk assumption, allowing an appropriate and effective risk management; and, (iii) is aligned with the long-term strategic priorities of the Company and the interests of shareholders and other remaining stakeholders.

Considering the foregoing, the board of directors fully endorses the considerations of the Remuneration Committee relating to the proposed draft Remuneration Policy written up in the report dated 5 June 2023. Likewise, in furtherance of section 529*novodecies*(2) LSC, the board issues this report which serves as substantiated proposal on the Policy, which will be submitted to shareholders at the AGM.

The Remuneration Policy as amended, this substantiated proposal and the ad-hoc report issued by the Remuneration Committee will be made available to shareholders on the Company's corporate website from the date the notice of the Annual General Meeting is published.

In Arteixo (A Coruña), on 6 June 2023.

INDITEX

Directors' remuneration

Policy

for FY2024, FY2025 and FY2026

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Foreword

The board of directors of Industria de Diseño Textil, S.A. ("**Inditex**" or the "**Company**") resolved at its meeting held on 6 June 2023, on the proposal of the Remuneration Committee, to submit this policy on the remuneration of the members of the board of directors for FY2024, FY2025 and FY2026 (the "**Remuneration Policy**" or the "**Policy**") to an advisory (say-on-pay) vote at the 2023 Annual General Meeting, 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 Remuneration Policy applies the same approach and principles as the current remuneration policy for FY2021, FY2022 and FY2023, approved at the Annual General Meeting held on 13 July 2021 ("**2021 AGM**") and subsequently amended at the Annual General Meeting held on 12 July 2022 ("**2022 AGM**"). In particular, both the remuneration structure and the design and amounts of the remuneration items are unchanged.

Upon designing the Policy, the Remuneration Committee has reflected on the current remuneration policy and found that it is aligned with the strategic priorities of the Company both in the short and the long term, focusing on long-term value creation and sustainability.

Likewise, market conditions, the feedback received from the main shareholders of the Company in the periodic consultation process carried out by Inditex, the results of the advisory vote on the current directors' remuneration policy approved at the 2021 AGM (98.42% of votes for) and subsequently amended at the 2022 AGM (98.6% of votes for) were considered, as well as the pertaining annual reports on remuneration of directors and the recommendations from supervisory bodies, institutional investors and proxy advisors in the field of corporate governance (further information in section 5.2 below).

The proposed draft Remuneration Policy, the substantiated proposal put forward by the board of directors and the explanatory report in support thereof issued by the Remuneration Committee have been made available on the Company's corporate website together with the notice of the Annual General Meeting. Such documentation will remain available on the corporate website following the approval of the policy, together with the date of approval, and the voting results for at least as long as the Remuneration Policy remains in effect.

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 that best meet the company's requirements, 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 portion of the remuneration is linked to the achievement of the results which reflect the Group's strategic priorities.
Alignment with stakeholders, sustainability and environmental commitment	The Remuneration Policy is regularly reviewed to ensure that achievement or results is aligned with sustainable value creation for shareholders. Progress in ESG (Environmental, Social and Governance) goals and environmental commitment are relevant levers of Inditex's compensation scheme. In addition, the interests of all employees and other stakeholders are considered upon determining remuneration of executive directors.
Long-term	The Remuneration Policy is aligned with the values and long-term objectives of the Company.

Executive directors	
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 market references of comparable companies.
Strict procedures and informed decisions	The targets to which variable remuneration is tied must be detailed by the board of directors at the beginning of the year and evaluated by the Remuneration Committee at the end of the year. This evaluation is done based upon the information and results provided by different Departments of the Group and reviewed first by the Audit and Compliance Committee 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 in their status as such is appropriate considering board and committees' membership 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 stakeholders, to the extent that a part of the variable remuneration is tied to sustainability targets. / Setting a long-term variable remuneration: o Performance measurement period: at least three (3) years. o Mainly share-based. o Tied to metrics aligned with the Company's long-term strategic objectives, including sustainability targets. Such objectives are aligned with the sustainable strategy of the Group that considers all stakeholders and allow boosting strategy implementation. o Retention of shares awarded for at least one (1) year. / Setting malus & clawback provisions applicable to any variable remuneration. / Commitment to maintaining while in office a number of	/ There are no contracts with guaranteed wage increase. / 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.

WHAT WE DO	WHAT WE DON'T DO
shares equivalent to at least two (2) years of fixed remuneration. / Setting severance pay in case of termination, including compensation for non-competition, equivalent to the annual remuneration for 2 years (fixed + variable). / Carry out periodic consultations with shareholders and institutional investors. / 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. / Regularly carry out benchmarking processes.	/ Their compensation package is not linked to the Pay for Performance principle or to their personal performance. / No delivery of shares as a form of remuneration. / No severance pay upon termination in the Company. / They are not beneficiaries of any social welfare schemes or any other welfare benefits.

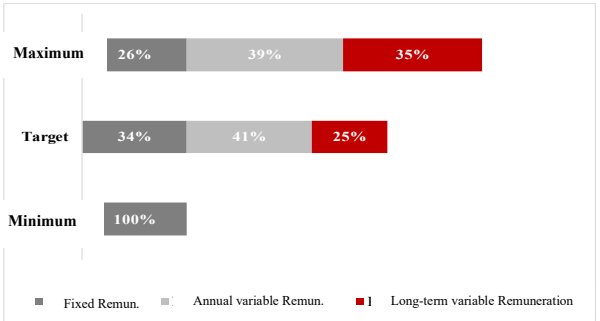
2. Remuneration Policy for Executive Directors

2.1. Remuneration mix

The overall remuneration of the CEO, only executive director as at the date of this Policy, 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 range of the CEO's potential annualised remuneration is shown below, taking into account the different target achievement scenarios under this Remuneration Policy. Potential performance by the CEO and the assumptions on which it is based are shown below:

Fixed remuneration (FR)[1]	All scenarios	• €2,500,000
Annual variable remuneration	Minimum	• No incentive would be paid



	Target	• 120% FR
	Maximum	• 125% of target amount
Long-term variable remuneration (by cycle)[2]	Minimum	• No incentive would be paid
	Target	• €1,800,000
	Maximum	• 185% of target amount

1. Remuneration in kind schemes have not been included as their total amount is not significant with regard to overall remuneration. Executive directors can be paid the relevant remuneration for their membership and dedication to the board.
2. The maximum level set for each cycle of the 2023-2027 Long-Term Incentive Plan has been included, excluding any potential share price variation. In addition, the existence of any future plan may result in upwards and downwards variations of such percentages.

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

Variable remuneration items to compensate the executive director, 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 overall remuneration. Under no circumstances is variable remuneration guaranteed.

In a scenario of maximum target achievement, the weight of variable or at-risk remuneration relative to overall remuneration (understood for such purposes as fixed remuneration, annual variable remuneration and annualised long-term incentive) would be 74%.

The Remuneration Committee has considered the level of overall remuneration to be paid to the CEO in the different target achievement scenarios and has deemed such remuneration to be appropriate in the current environment of performance and responsibility demanded from the executive director and considering the strategic targets set by the Group in the short and long term. Consequently, such remuneration is aligned with shareholders' interests.

2.2. Remuneration items

Without prejudice to the remuneration that the CEO is entitled to in their status as director pursuant to the provisions of section 3 below, the remuneration they may receive for the performance of executive functions comprises a number of items which make up the following remuneration package:

2.2.1. Fixed remuneration

Purpose

To attract and retain the executive director who befits 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

€2,500,000 to be paid in 14 instalments.

This fixed remuneration must represent a sufficient part of the overall remuneration for the sake of

achieving an appropriate balance between the fixed and variable items of the remuneration.

Proceedings

The CEO's fixed remuneration is not expected to change while this Policy is in effect.

Notwithstanding the foregoing, the board of directors may, on the proposal and following a substantiated report from the Remuneration Committee, resolve to review the fixed remuneration while this Remuneration Policy is in effect. Any amendment that may be agreed shall be duly supported on the basis of one or more of the following criteria, without limitation:

- Group's results.
- The evolution of the contribution of both the position and the individual.
- Consistent evolution of the remuneration of both the management team and all the employees of the Group.
- Benchmarks for comparable companies.

2.2.2. Remuneration in kind

Purpose

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

Proceedings

The CEO may receive remuneration in kind in line with the general policy which applies to the Company's officers. Remuneration in kind can consist, without limitation, in life insurance including risk and/or savings benefits, medical coverage or the like, as well as the use of a company car.

2.2.3. Annual variable remuneration

Purpose

To boost their performance and reward the achievement of certain Group's annual objectives, both financial, and non-financial as well as individual objectives specific to the position, consistent with the strategy and aligned with shareholders' interests.

Amount

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

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

Metrics

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

These objectives 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 policies, progress in implementation of diversity and compliance programmes, personal performance, corporate reputation management, etc.,).

Proceedings

The board of directors shall, on the proposal of the Remuneration Committee, approve the specific targets at the beginning of each financial year, pursuant to the provisions hereunder, and evaluate the achievement thereof at the end of the year. 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, and reviewed first by the Audit and Compliance Committee or the Sustainability Committee, as the case may be. It is incumbent on the board of directors to evaluate the annual performance of the CEO, following a report from the Nomination Committee.

Further to such review, the Remuneration Committee draws up a proposal for annual variable remuneration which is submitted to the board of directors for approval. To draft such proposal, 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 the Company as well as that of the CEO, any positive or negative economic effects arising from any extraordinary events which might introduce distortions into the results of the evaluation, may be removed upon determining the level of achievement of the financial objectives.

A performance scale will be associated, where reasonably possible, to financial and non-financial objectives. Such scale, fixed at the beginning of each financial year, includes a minimum threshold below which no incentive is paid, a level of achievement on target, which corresponds to the standard level of achievement of objectives, and a maximum level of achievement, above which the incentive is not increased. Each metric is associated a specific performance, 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 the award of shares, net of applicable taxes, or share-based financial instruments.

The terms of the annual variable remuneration system for the CEO, 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, as well as the recommendations and best practices in the market in the field of remuneration. Such terms are submitted to the board of directors for approval.

2.2.4. 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 a certain level of achievement of pre-established targets.

Metrics

Long-term variable remuneration is tied to the achievement of a combination of quantitative and qualitative, specific, pre-established and quantifiable targets, aligned 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, PBT) and metrics of shareholders value creation (e.g., TSR). Such metrics will weigh at least 60% on the aggregate incentive. They may also include non-financial metrics (e.g., environmental, sustainability, diversity or good corporate governance indicators).

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

Proceedings

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 objectives set are achieved. Awarded shares stemming from the plan, net of applicable taxes, if appropriate, shall be retained for at least one (1) year.

Performance measurement period will be at least three (3) years.

It is incumbent on the board of directors to approve, on the proposal of the Remuneration Committee, the targets at the beginning of each cycle, in addition to the performance scale determined for each metric, to calculate the payout percentage reached 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 and will, at the end of each cycle, evaluate the level of achievement thereof, based upon the information and results provided by the Financial Department, the General Counsel's Office, the Corporate Development Department and the Sustainability Department, reviewed by the external and internal auditors, all of which is reviewed first by the Audit and Compliance Committee or the Sustainability Committee, as the case may be.

Further to such review, the Remuneration Committee draws up a proposal for variable remuneration which is submitted to the board of directors for approval. To draft such proposal for 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 targets achievement.

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

2.2.5. Terms of previous policies that remain in effect

The CEO is a beneficiary of the 2021-2025 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 13 July 2021, pursuant to the provisions of section 219 LSC and article 31 of the Articles of Association.

In particular, the CEO is a beneficiary of both cycles of the above referred Plan, currently in effect. The first cycle runs from 1 February 2021 through 31 January 2024 and the second one extends from 1 February 2022 through 31 January 2025.

The main terms of such Plan can be found in the Annual Reports on Remuneration of Directors for FY2021 and FY2022, respectively, posted on CNMV's website and also available on Inditex's corporate website.

2.3. Control on variable remuneration (malus & clawback)

Clawback provisions are included in the contract 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 shown later 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 CEO 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 no amount or a lesser amount than the one initially paid, the board of directors may, on the proposal of the Remuneration Committee, claim from them (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 2023-2027 Long-term Incentive Plan, as well as any outstanding variable remuneration while the Remuneration Policy is in effect, the Company may cancel payment 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:

- Group losses (negative EBIT) in the 2 years following the end 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;
- Serious breach of the internal regulations by the executive director, as accredited by the Ethics Committee and/or the Market Transparency Committee.

2.4. Share retention

The CEO shall maintain in their personal wealth while they remain in office a number of shares in a value equivalent to at least two (2) years of fixed remuneration.

The CEO shall retain, at least for three (3) years, net shares that they may receive, if appropriate, from any variable remuneration scheme, for as long as they do not own a number of shares in a value equivalent to at least two (2) years of fixed remuneration.

2.5. Contractual terms

The contracts executed 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 executed with the CEO which governs the performance of their duties and responsibilities was approved by the Company's board of directors, on the proposal of the Remuneration Committee, as stated above.

Below is an overview of the main terms of the contract entered into with the CEO:

Item	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 (3) 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 severance pay in a gross amount equal to the remuneration for 2 years, calculated based upon his fixed and annual variable remuneration determined 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 they are contractually engaged with Inditex, the CEO shall perform senior management duties exclusively for the Company and the Inditex Group, and they shall refrain from working either directly or indirectly for any third parties, or for their own account, even though the activities they 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. Pursuant to the terms and conditions of their contract, the relevant compensation for non-

Item	Description
	competition shall be deemed to be included in the severance pay for termination above referred. With regard to the post-employment non-competition agreement and as regards all members of the board of directors, regardless of their directorship type, section 24.3 of the Board of Directors' Regulations provides that "*the director who ends their mandate or for any other cause should cease to hold their office may not render service in another entity whose corporate objects are similar to that of the company for a period of two years*".

3. 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 at 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 recognised 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 in their status as such shall be resolved at the Annual General Meeting.

Below is a breakdown of the items which make up the annual fixed remuneration that directors can be paid in their status as such, as well as the relevant amounts under the current Directors' Remuneration Policy.

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

All the above referred amounts are independent and fully compatible.

Except for the remuneration of the CEO 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 (as the case may be). No per diem allowances are paid for attendance to 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 insurance policy.

The maximum amount of annual remuneration to be paid by the Company to all the directors in their status as such, stands at €3,380,000.

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, how and when such amounts should be paid.

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.

4. Remuneration Policy for new directors

The CEO's remuneration system 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 a non-executive 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 3 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.

5. Decision-making process relating to the definition, review and enforcement of the Remuneration Policy

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

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

1. Annual General Meeting

   Pursuant to sections 217, 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 (3) 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 any incentive plan entailing the award of shares or share-based financial instruments, or any remuneration system linked to share value.

2. Board of Directors

Pursuant to sections 249, 249*bis*, 529*septdecies* and 529*octodecies* LSC, the Board of Directors has 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 contract 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, as the case may be, by the Company as insurance premiums or contributions to savings systems.

/ Fixing the individual remuneration of each director in their status as such and determining the individual remuneration of executive directors.

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) Determination of the Remuneration Policy:

/ To propose to the board of directors the Directors' Remuneration Policy as well as its regular review and update.

/ To propose to the board of directors the system and value of the directors' annual remunerations, 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 removal, 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 specific targets to which the annual variable remuneration is tied, pursuant to the terms hereunder, and evaluate the achievement thereof at the end of the year. Further to such evaluation, the Remuneration Committee drafts a proposal for 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 Department, 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 or the Sustainability Committee, as the case may be. Based on the foregoing, the Remuneration Committee drafts a proposal for 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

The Audit and Compliance Committee reviews the results of the company provided by the Financial Division, the General Counsel's 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 overseeing and proposing to the board of directors the sustainability strategy and objectives, following-up on its implementation, and assessing the level of achievement of the sustainability objectives from time-to-time set, aligned with the Group's strategy, 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.

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

Views of shareholders and stakeholders

To draw up 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 the CEO, are clearly aligned with those for the rest of employees, as the same remuneration principles and the same mechanics for pay review and incentive design are followed, which are largely consistent within the organization.

In general, compared to the rest of employees, a much larger proportion of the CEO's overall remuneration 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 the CEO and those of shareholders.

The board of directors and the Remuneration Committee are apprised, where appropriate, of the amount and structure of the remuneration for all employees. The Committee proposes decisions to the board of directors 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 is available in section 6 below.

Market conditions

Remuneration of directors is measured against comparable profiles in peer companies. Remuneration of non-executive directors is benchmarked against that of other companies included in Ibex-35 index. The CEO's remuneration 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, companies included in such indexes as Dow Jones Titans Retail 30, Stoxx Europe 50 and Ibex-35, are considered.

Independent external advice

To be effective, 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.

5.3. Measures to prevent conflicts of interest

The necessary measures to prevent or manage conflicts of interest have been included in the procedure to approve the Remuneration Policy.

In this regard, the proposed draft Policy has been prepared by the Remuneration Committee comprised of a majority of independent directors and adopted by the board of directors without any change whatsoever. Therefore, upon preparing the draft Policy, no conflict of interest has occurred as regards the CEO's compensation.

On the other hand, according to the Companies Act, it is incumbent on the board of directors to propose the Directors' Remuneration Policy while the Annual General Meeting is in turn tasked with approving it. As both duties

are split between both governing bodies, the possibility of conflicts of interest affecting directors at the time when the Policy is approved is prevented.

Additionally, it is expressly recorded in the documentation for the AGM that with regard to, inter alia, the agenda item relating to the approval of the Remuneration Policy, proxies granted to directors without accurate voting instructions, or even if voting instructions have been given, where the proxy holder would deem it best not to vote on such items regarding which a conflict of interest exists, it shall be understood that the proxy grantor has granted proxy as regards such items, in succession should any of them be, in turn, involved in the conflict of interest, first, to the Chair of the Annual General Meeting, second to the Secretary of the Annual General Meeting, and last, to the Capital Markets Director, who shall vote as they may deem it best in the interest of the proxy grantor, in the scope of the corporate interest.

6. 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 labour environments where the Group operates, always in keeping with Inditex's culture and values and considering the identity of each of the commercial brands.

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, creed, race, or any others, is guaranteed. Inditex's employees are compensated in accordance with their professional worth, experience, dedication and responsibility assumed.

Remuneration of Inditex employees 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 the CEO.

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 who contributes the most to the implementation of the Group's strategy. In general, compared to the rest of employees a much larger proportion of the overall remuneration of the executive director is tied to the company's performance, which means that their remuneration will increase or decrease in accordance with business results. This measure seeks to align the interests of the CEO 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 the CEO. 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 and the Remuneration Committee are apprised, where appropriate, of the amount and structure of the remuneration 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.

7. Alignment with the Company's strategy, interests and sustainability in the long-term

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 the CEO 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 the CEO is fully flexible, to the extent that the possibility of not being paid any amount in terms of variable remuneration exists 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 66%of overall 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 the CEO 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 2.2.4 and 2.2.5 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, analysing 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 the CEO's variable remuneration.
- / All the members of the Remuneration Committee also serve 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 proposals 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 should any of the circumstances described in section 2.3. above occur.
- / 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 the CEO's engagement with the long-term interests of the Company and the alignment with shareholders' interests, the CEO has undertaken to retain shares in the manner described in section 2.4 above.

8. Effect

On the proposal of the Remuneration Committee, the board of directors will submit this new Directors' Remuneration Policy to the shareholders at the Annual General Meeting to be held in 2023 for approval. Once approved, the Policy will become effective on 1 February 2024 and the current Policy originally approved at the Annual General Meeting on 13 July 2021 will cease to be in effect.

The Remuneration Policy shall be effective until 1 February 2027, without prejudice to any adaptation or update that the board of directors may introduce pursuant to the provisions thereof, and any amendment thereto from time to time approved at Inditex's Annual General Meeting.

INDITEX