

ZARA ESPAÑA, S.A., a wholly-owned subsidiary of Industria de Diseño Textil, S.A. (Inditex), has recently become a Public-Interest Entity (PIE), having exceeded for 2 straight years (FY2018 and FY2019) the thresholds regarding turnover and average staff set in applicable laws. Therefore, pursuant to the provisions of Third Additional Provision of Act 22/2015 of 20 July, on Statutory Audit, since ZARA ESPAÑA, S.A. is a PIE, it must have an audit committee with the composition and duties laid down in section 529*quaterdecies* of the Revised Text of the (Spanish) Companies Act.

Notwithstanding the foregoing, considering that ZARA ESPAÑA, S.A. is a wholly-owned subsidiary of Inditex, and that its management is not vested in a board of directors, the exceptional scenarios provided in section 3(d) of the Third Additional Provision above referred apply to ZARA ESPAÑA, S.A. Therefore, in the meeting held on 9 June 2020, the Board of Directors of Inditex resolved, following a favorable report of the Audit and Compliance Committee, to approve the assumption by Inditex's Audit and Compliance Committee of the duties inherent in the audit committee of ZARA ESPAÑA, S.A.

Such decision was made after considering certain issues, including the fact that such assumption of duties by Inditex's Audit and Compliance Committee will ensure that they are performed by a highly qualified body whose members have been appointed on the basis, without limitation, of having the required background and expertise to discharge the duties they are called upon to perform, in particular on accounting, audit, internal control and/or risk management issues, both financial and non-financial:

Furthermore, such assumption contributes to enhance independence regarding the supervision duty, as it is entrusted to an external body mostly made up of independent directors, outside ZARA ESPAÑA, S.A., and independent from its own governing body and the rest of the management.

Likewise, considering that the management and supervision model of the Group is centralized, the assumption by Inditex's Audit and Compliance Committee of duties inherent in the audit committee of ZARA ESPAÑA, S.A., which it was already doing to some extent, will permit leveraging the synergies of action at group level, i.e.: (i) avoiding dual organisational structures with the subsequent increase in cost and tasks; (ii) ensuring the application of uniform and streamlined criteria; and (iii) allowing to quickly detect and manage any relevant risk affecting ZARA ESPAÑA, S.A.

Considering all the foregoing, the Board of Directors' Regulations and the terms of reference of the Audit and Compliance Committee have been amended for the purposes of entrusting this latter with a new power, that of assuming duties inherent in an audit committee with regard to any and all Group companies which, in accordance with current regulations on statutory audit, become public-interest entities.

The revised text of both sets of rules is available on Inditex's corporate website (www.inditex.com).