
REPORT ISSUED BY THE NOMINATION COMMITTEE OF INDUSTRIA DE DISEÑO TEXTIL, S.A. (INDITEX, S.A.) REGARDING THE NEEDS OF THE BOARD OF DIRECTORS IN RESPECT OF THE APPOINTMENT OR RE-ELECTION OF DIRECTORS

I. FOREWORD

This report is issued pursuant to recommendation 14 of the Good Governance Code of Listed Companies, approved by CNMV (hereinafter, “**CBG**” [*Spanish acronym*]) and section 3 of Inditex’s Director Selection Policy approved by the Board of Directors on 9 December 2015, with regard to (i) the reelection of Mr Rodrigo Echenique Gordillo as member of the Board of Directors of Industria de Diseño Textil, S.A. (Inditex, S.A.) (hereinafter, “**Inditex**” or the “**Company**”), as non-executive independent director; and (ii) the appointment of Pilar López Álvarez as non-executive independent director.

II. PURPOSE

Recommendation 14 CBG sets forth that “*The results of the prior analysis of board needs should be written up in the nomination committee’s explanatory report, to be published when the general meeting is convened that will ratify the appointment and re-election of each director.*” Accordingly, the Nomination Committee has reviewed and considered the needs of the Board of Directors with regard to the motions on the appointment or re-election of directors tabled to the Annual General Meeting. To such end, the findings of the annual evaluation of the performance of the Board of Directors carried out in December 2017, have also been considered.

The Nomination Committee considers that, in order for the Board of Directors to duly perform its supervision duties, its members shall, as a whole must rely on recognized skills, expertise and merits regarding: (i) regarding the Company, the Group and the retail sector; (ii) of economy, finances, accounting, audit and risk management matters; (iii) of regulatory compliance and corporate governance matters; (iv) of the digital and IT sector, aimed at achieving one of the strategic goals marked as a priority by the Company, that is to become a digital business, (v) of different geographical markets; and (iv) in management, leadership and business strategy.

The composition of the Board of Directors shall reflect the Company’s commitment to diversity of knowledge, skills, experiences and genders. In this regard, pursuant to section 5 of the Director Selection Policy, the Nomination Committee ensures that the process to select new candidates effectively pursues the goal of meeting the representation target for the least represented gender on the Board of Directors provided in the Director Selection Policy and in recommendation 14 CBG.

The Nomination Committee has also reviewed the needs of the Company and the current composition of the Board of Directors to ensure an appropriate balance between the different types of directors. For such purposes, out of the nine members currently sitting on the Board of Directors, one is executive and the remaining eight are non-executive. Of such eight directors, four are independent, following the reclassification of one member of the Board as affiliate, who was previously classified as independent. This ratio of independent directors is below 50% as recommended in the CBG for companies with large market capitalization. Although this criterion is relaxed under the CBG for large cap companies with shareholders controlling over 30% of capital, the Company has traditionally relied on a Board with a majority of independent directors. Therefore, it is desirable that the motions regarding the appointment of new directors target the

need to increase the presence of independent directors on the Board of Directors so that they represent at least 50% of the Board, in line with recommendations 15 and 17 CBG.

III. FINDINGS

Therefore, the profile of directors to be re-elected or appointed in the upcoming Annual General Meeting, on the proposal of the Nomination Committee and following the relevant explanatory report of the Board of Directors, shall meet the needs of the Board itself, as shown in this report pursuant to recommendation 14 CGB.

Done in Arteixo, A Coruña (Spain), on 11th June 2018