
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 (“**CBG**” [*Spanish acronym*]) and section 3 of Inditex’s Director Selection Policy approved by the Board of Directors on 9 December 2015, regarding the analysis of the needs of the Board of Directors prior to issuing the relevant motions and reports on the appointment or the re-election of directors, as Mr Pablo Isla Álvarez de Tejera, Mr Amancio Ortega Gaona, Mr Emilio Saracho Rodríguez de Torres and Mr José Luis Durán Schulz are approaching the end of their term as members of the Board of Directors of Industria de Diseño Textil, S.A. (Inditex, S.A.) (“**Inditex**” or the “**Company**”).

II. PURPOSE

At present, four members of the Board of Directors are approaching the end of their term of office; therefore, a motion regarding their re-election must be raised to the Board of Directors, to be subsequently submitted to the Annual General Meeting.

Recommendation 14 CBG sets forth that it should be ensured that “*appointment or re-election proposals are based on a prior analysis of the board’s needs*” and 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.*” In this regard, in accordance with sections 3, 4 & 5 of Technical Guide 1/2019, on nomination and remuneration committees, approved by CNMV on 20 February 2019 (the “**Technical Guide 1/19**”), analyzing the skills, knowledge and experience as well as other occupations of the directors who are already members of the board, and preparing a Board competency matrix for the purposes of defining the profile and required skills of prospective candidates, are deemed good practices. Likewise, Technical Guide 1/2019 also recommends taking into account the need for a progressive renewal of the Board. In light of the foregoing, the Nomination Committee has reviewed and considered the needs of Inditex’s Board of Directors with regard to the process on re-election of directors.

The composition of the Board of Directors shall reflect the Company’s commitment to diversity of knowledge, skills, experiences and gender. In this regard, pursuant to section 5 of the Director Selection Policy, the Nomination Committee shall ensure 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 above-referred Director Selection Policy and in Recommendation 14 CBG.

The Nomination Committee has reviewed the size, composition, skills and effectiveness of the Board of Directors and has determined that:

Current number of directors (nine) is within the limit provided in the Articles of Association and within the five to fifteen range set out in Recommendation 13 CBG.

Non-executive directors constitute the large majority of board members, in accordance with the provisions of Recommendation 15 CBG.

Out of the nine current directors, one is executive, three are proprietary and five independent. The number of independent directors is above half of all board members, as required for companies with large market capitalization. In addition, the percentage of proprietary directors

does not exceed the ratio between the share capital they represent and the remaining capital. All of which is in accordance with Recommendations 15 and 17 CBG.

33.33% of total board members are women, in accordance with the 30% target set in the Director Selection Policy and in Recommendation 14 del CBG.

The average tenure of independent directors on the board is 3.5 years.

Members of the Board of Directors have, as a whole, accredited abilities, skills, experience and merits: (i) regarding the Company itself, the Group, and the retail sector; (ii) in economy and finances, accounting, audit and risk management matters; (iii) in compliance and corporate governance matters; (iv) in the digital and new technologies sector; (v) in different geographical markets; and (vi) in management, leadership and business strategy.

The company's corporate governance structure is appropriate to ensure independence through a number of counterweights that prevent potential risk associated with concentration of power.

The Nomination Committee is responsible for ensuring the appropriate operation and composition of the Board of Directors, while at the same time, making progress towards observing the recommendations and existing best practices on corporate governance.

Considering the current composition and structure of the Board of Directors, as well as the strategic time of digital transformation of the business and the Group's strong commitment to sustainability, the Executive Chairman has deemed it appropriate to proceed to the election of a new executive director.

Following the proposal made by the Executive Chairman to the Nomination Committee to raise the appointment of a new executive director to the Board of Directors, the balance of directors, described above needs to be kept, by increasing the number of board members.

Consequently, the number of board members should be increased by two – one executive and one independent – for the purposes of keeping a majority of independent directors, thus ensuring compliance by the Company with the applicable regulations and with best practices in the field of corporate governance.

In the context of increasing the size of the board, motions on the appointment of new directors should aim at ensuring (i) that the composition of the Board targets the strategic objectives set as a priority; and (ii) the diversity of background, experience and skills, and in particular, of gender.

Consequently, the Nomination Committee would highly value efforts to continue reinforcing within the supreme governing body and its committees: (i) experience and knowledge in the digital and new technologies sector, as well as in sustainability; and (ii) the presence of female directors, still the least represented gender on the board. The majority presence of independent directors must be ensured at all times.

III. FINDINGS

Therefore, the profile of directors to be re-elected or appointed in the upcoming Annual General Meeting, further to the relevant motions or reports issued by the Nomination Committee, and to the relevant explanatory report issued by the Board of Directors, shall meet the needs of the Board itself, as shown in this report pursuant to Recommendation 14 CGB and sections 3, 4 & 5 of the Technical Guide 1/2019.

Done in Arteixo, A Coruña (Spain), on 23 May 2019