

REPORT OF THE AUDIT AND CONTROL COMMITTEE OF INDUSTRIA DE DISEÑO TEXTIL, S.A. (INDITEX, S.A.) ON THE RELATED-PARTY TRANSACTIONS CARRIED OUT IN 2018.

This report is issued by the Audit and Control Committee pursuant to Recommendation 6 of the Good Governance Code of Listed Companies approved in 2015 by CNMV (hereinafter, “**CBG**” [*Spanish acronym*]) to address the related-party transactions carried out by Industria de Diseño Textil, S.A. (Inditex, S.A.) (hereinafter, “**Inditex**” or the “**Company**”) in 2018.

I. Regulatory system applicable to related-party transactions.

Pursuant to section 529^{ter} of the Spanish Companies Act (LSC) and section 5.3(b)(vii) of Inditex’s Board of Directors’ Regulations, the Board of Directors has the non-delegable power to approve the transactions that the Company or any company in its Group will carry out with directors or shareholders who hold a significant interest, or who have proposed the appointment of any director of the Company, or with their respective related parties, as referred to in section 40 of the Board of Directors’ Regulations.

Pursuant to sections 5.3(b)(vii) and 15.2(g) of the Board of Directors’ Regulations, and section 15(c) of the Audit and Control Committee’s Regulations, it is incumbent on such Committee to report to the Board of Directors on related-party transactions from an arm’s length perspective. Likewise, in the event of transactions with significant shareholders, the Audit and Control Committee shall examine the transaction from the standpoint of an equal treatment to all shareholders.

The authorization of the Board of Directors shall not be required for such related-party transactions that meet at the same time the following terms:

- i) they are conducted under contracts with standard terms and conditions which apply *en masse* to many customers;
- ii) they are conducted at prices or rates generally established by the suppliers of the good or service in question; and
- iii) their amount is not in excess of 1% of the Company’s annual revenue.

In the case of transactions within the ordinary course of trade of the Company and being of a habitual or recurrent nature, a general authorization of the line of transactions and the terms of execution thereof will suffice.

Such authorization has to be granted by the Annual General Meeting where it refers to a related-party transaction with a director, the amount of which is in excess of ten percent (10%) of the corporate assets.

II. Related-party transactions carried out in 2018

In light of the foregoing, the related-party transactions which have required the prior authorization of the Board of Directors, following report of the Audit and Control Committee, pursuant to sections 5.3(b) (vii), 15.2(g) and 40.2 of the Board of Directors’ Regulations, and section 15(c) of the Audit and Control Committee’s Regulations, are described below.

The Board of Directors has authorized in 2018, following a favourable report of the Audit and Control Committee, the transaction consisting of the purchase of a plot of land at Polígono

Industrial de Sabón (Arteixo), between Inditex (as seller) and PONTEGADEA ESPAÑA, S.L.U., related to three directors of the Company and to its significant shareholder (the buyer).

Ancillary thereto, and once the transfer of the title to such plot has been completed, the Board of Directors also authorized, following favourable report of the Audit and Control Committee, the execution of full demolition works of certain buildings erected on such plot.

At any rate, the Board of Directors reviewed, following report of the Audit and Control Committee, the specific terms and conditions of such transactions, laid down in the relevant letters of intent executed by the related parties, as well as the relevant reports issued by independent experts supporting that such transactions were carried out on an arm's length basis, thus observing the principle of equal treatment to all shareholders.

Likewise, the required authorization of such transactions by the Board of Directors has been granted, pursuant to section 34.2(c) of the Board of Directors' Regulations, with the abstention of the affected directors, who left the boardroom while such transactions were being discussed and put to vote, pursuant to the relevant agenda of the board meetings.

III. Transparency regarding related-party transactions.

To draft this report, the current accounting and commercial regulations governing transparency regarding related-party transactions have been considered. Namely, Order EHA/3050/2004 of 15 September, on the information on related-party transactions that must be provided by issuers of securities admitted to trading on official secondary markets; Circular 3/2018, of 28 June of CNMV, on periodic reporting by issuers of securities admitted to trading on regulated markets, regarding half-yearly financial reports, interim management statements and, where applicable, quarterly financial reports; Circular 2/2018 of CNMV, and sections 260 and 540.4(d) LSC.

In this regard, individualized economic information on the purchase of the Plot described in section II above, is provided in the Notes to the Annual Accounts and in the Annual Corporate Governance Report, which are part of the consolidated annual accounts of the Group for 2018.

The Audit and Control Committee has established that full information on related-party transactions has been included in the Notes to the Annual Accounts and in the Annual Corporate Governance Report, in accordance with the criteria and the level of disclosure provided in the applicable regulations, above referred, with the exception at any rate of:

- Transactions between the Company and companies of the Group which have been eliminated in the process of preparing the consolidated financial information and that they form part of the ordinary operations of the companies or entities with regard to their purpose and conditions.
- Transactions which, belonging to the Company's ordinary course of business, are performed at arm's length and are immaterial, which are deemed to be those whose information is not necessary to express a true and fair view of the assets, liabilities, financial position and performance of the entity.

I. Findings

Consequently, all the related-party transaction carried out by the Inditex Grupo in 2018 were conducted pursuant to the applicable regulations in the field, both external and internal.

Finally, in accordance with best practices in the area of corporate governance, this report will be posted on the corporate web early in advance of the date of the Annual General Meeting, pursuant to the above referred Recommendation 6 CBG.

Done in Arteixo (A Coruña), on 12 March, 2019.

Throughout FY2017, the Board of Directors has authorised, following a favourable report of the Audit and Control Committee, a single related-party transaction, regarding the execution of a framework agreement covering the essential terms and conditions which shall govern, for the term of the agreement, the legal relationships which shall arise between the parties

thereto, regarding the performance and development, by one company of the Inditex Group, of refurbishment, partial restoration and maintenance works of certain real properties directly or indirectly owned by a director and significant shareholder of Inditex, a legal representative of a director of the Company, and other persons and/or companies related to the former two.

The economic details of this related-party transaction are included in the Annual Report and in the Annual Corporate Governance for FY2017.

At any rate, the Board of Directors has reviewed the specific terms and conditions of such related-party transaction, following report of the Audit and Control Committee. Such terms and conditions were included in the letter of intent executed by the parties, and in the report issued by an independent expert to support the fact that this transaction was carried out within market conditions, fully respecting the principle of equal treatment of shareholders.

Likewise, the authorization of the transaction by the Board of Directors, was granted, pursuant to the provisions of section 34.2 (c) of the Board of Directors' Regulations, with the abstention of the affected directors,

Done in Arteixo (A Coruña), on 11th March 2019.