
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 MOTIONS ON RE-ELECTION, AND RATIFICATION AND APPOINTMENT OF DIRECTORS

I. FOREWORD

This report is issued pursuant to Recommendation 14 of the Good Governance Code of Listed Companies, approved by CNMV (“**GGC**”) and section 3 of the Director Selection Policy of Industria de Diseño Textil, S.A.) (“**Inditex**” or the “**Company**”) approved by the Board of Directors on 9 December 2015, regarding the prior analysis of the needs of the Board of Directors, as at present: (i) 2 board members, (one proprietary and one independent) respectively 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, and (ii) an independent director was co-opted to the Board of Directors and the ratification of her appointment must also be submitted to the Annual General Meeting.

II. PURPOSE

Recommendation 14 GGC 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 board refreshment. In light of the foregoing, the Nomination Committee has reviewed and considered the needs of Inditex’s Board of Directors with regard to the re-election of Pontegadea Inversiones, S.L. (and of Ms Flora Pérez Marcote as its legal representative) and of Bns. Denise Patricia Kingsmill as well as to the ratification of the co-option of Ms Anne Lange to the Board.

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 GGC.

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

- The current number of directors (11), further to the enlargement of the board resolved by the Annual General Meeting held on 16 July 2019 is within the limit provided in the Articles of Association and within the 5 to 15 range set out in Recommendation 13 GGC.
- Out of the 11 current directors sitting on the board, 2 are executive, 3 are proprietary and 6 independent.

A large majority of board members are non-executive directors, in accordance with the provisions of Recommendation 15 GGC.

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 GGC.

- 36.36% of total board members are women, thus easily meeting the 30% target set in the Director Selection Policy and in Recommendation 14 GGC.
- The average tenure of independent directors on the board is 4 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 sustainability; (vi) in different geographical markets; and (vii) 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 considers that with its current composition and structure the Board of Directors has achieved an appropriate balance and stability materialized in: (i) a balanced membership of the different types of directors, as independent, proprietary and executive directors sit on the Board, with a large majority of independent directors; (ii) a balance of men and women on the board, as female presence on the board is above the 30% representation target provided in the Director Selection Policy; and (iii) appropriate diversity of background, experience and origin within the board considering the interests of the company and its Group.

The Committee further considers that the current size of the Board is aligned with the Group's dimensions, complexity and business, and on par with that of comparable companies.

Consequently, the Nomination Committee would highly appreciate it if the current number of board members (11) is kept and if the motions on the re-election and appointment of directors seek to keep or reinforce within the supreme governing body of the company: (i) technological profiles with expertise in the field of sustainability in line with the strategic focal points marked as a priority by the company; (ii) the presence of women on the board, still the least represented gender; (iii) a balanced membership of all types of directors, ensuring a majority presence of independent directors; and (iv) progressive board refreshment.

At any rate, the Nomination Committee considers that in order for the Board of Directors to duly perform its duty of supervision, its members shall, as a whole, have 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 different geographical markets; and (v) in management, leadership and business strategy, as well as (vi) the requirement for each board member to be highly qualified and trustworthy, both as a person and as a professional, and available for the necessary dedication to the position.

The Nomination Committee is responsible for ensuring the appropriate performance and composition of the Board of Directors while encouraging progress regarding observance of recommendations and best practices in the field of corporate governance. In this regard the Committee echoes CNMV's latest proposal dated January 2020 to update the Good Governance

Code in the field of corporate governance, for the purposes of setting a new female representation target at 40%, marking it as one of its priorities in the years to come, once it has been approved.

III. FINDINGS

Therefore, the profile of directors to be re-elected or ratified 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 GGC and sections 3, 4 & 5 of Technical Guide 1/2019.

Done in Arteixo, A Coruña (Spain), on 8 June 2020