
EXPLANATORY REPORT THAT THE BOARD OF DIRECTORS OF INDUSTRIA DE DISEÑO TEXTIL, S.A. (INDITEX, S.A.) SUBMITS TO THE ANNUAL GENERAL MEETING, REGARDING THE MOTION INCLUDED AS ITEM 8 ON THE AGENDA OF THE ANNUAL GENERAL MEETING CALLED TO BE HELD ON 14 AND 15 JULY 2020, ON FIRST AND SECOND CALL, RESPECTIVELY

This report is drafted by the Board of Directors of Industria de Diseño Textil, S.A. (“**Inditex**” or the “**Company**”) pursuant to the provisions of section 286 of the revised text of the [Spanish] Companies Act (“**Companies Act**” or “**LSC**” (*Spanish acronym*)), approved by *Real Decreto Legislativo* 1/2010 of 2 July, in support of the proposed amendment of the Articles of Association which is submitted to the Annual General Meeting as agenda item 8. The full text of the proposed amendments is included in herein.

For the ease of reference of the shareholders regarding the changes which led to this motion, the following is offered: (i) an explanation of the mechanics of the amendments, (ii) an explanation of the rationale thereof, (iii) the proposed resolution which is submitted to the Annual General Meeting for approval, and finally, (iv) a comparison between the current wording of the Articles of Association and the proposed amendment thereof which is submitted to the Annual General Meeting for information purposes. Both texts are shown in two columns: the one to the left with the current wording and the one to the right with either the new wording proposed, with the changes in blue and underlined, or the term “unchanged” as a reference to such paragraphs of the clauses whose wording remains unchanged.

I. MECHANICS OF THE MOTION

A number of amendments are included in the revised text of the Articles of Association, whose approval is submitted to the deliberation of the Annual General Meeting, aimed at allowing the remote participation of the shareholders at the General Meeting of Shareholders, empowering the Board of Directors, taking into account the circumstances existing from time to time, to allow shareholders to remotely attend the General Meeting, pursuant to Articles 182 and 521 of the Companies Act.

The amendment of the Articles of Association which is the subject matter of this report is complemented by the amendment of the Regulations of the General Meeting of Shareholders, proposed as agenda item 9, accompanied by its corresponding explanatory report, which has been made available to the shareholders in accordance with the provisions of Article 518.d) of the Companies Act.

In accordance with both amendments, the Board of Directors may approve, before holding any General Meeting of Shareholders, the possibility of allowing remote attendance. In the event that it does so, the Board of Directors must announce it in the notice calling the General Meeting, determining and developing in detail the specific requirements and deadlines for the exercise of the rights of attendance, representation and participation of the shareholders attending the Meeting in this way.

II. RATIONALE OF THE MOTION

The proposed amendments are described below. For the purposes of complying with the provisions of sections 197*bis* LSC and 19.5 of the Articles of Association, and as the proposed amendments are necessarily linked to one another, the amendments are grouped in a single group and will be put to vote at the Annual General Meeting in such way.

The proposal to include a new fifth section in Article 16 ("Eligibility to attend the General Meetings of Shareholders. Right to vote") and the amendment of section four of article 17 ("Representation at the General Meeting of Shareholders") are intended to empower the Board of Directors, taking into account the circumstances existing from time to time, to allow shareholders to remotely attend the General Meeting, and to give priority to remote attendance at the General Meeting over any proxy granted, as is already the case with attendance in person or absentee voting.

III. MOTION PROPOSED TO THE GENERAL MEETING OF SHAREHOLDERS

The proposed resolution to be submitted to the General Meeting of Shareholders for approval is the following:

“To approve the following amendments to the Articles of Association in order to expressly provide for the possibility to remotely attend the General Meeting of Shareholders, pursuant to the terms set forth in the explanatory report issued by the Board of Directors for the purposes of section 286 of the Companies Act:

a) To approve the amendment of article 16 (“Eligibility to attend the General Meetings of Shareholders. Right to vote”) and article 17 (“Representation at the General Meeting of Shareholders”) in Part I (“General Meeting of Shareholders”) Chapter III (“Governing Bodies of the Company”).

b) Consequently, to approve the revised text of the Articles of Association resulting from said amendments, which has been made available to the shareholders on the Company’s website (www.inditex.com) as of the date of publication of the notice calling the Annual General Meeting, together with the remaining documentation of the Annual General Meeting”.

IV. COMPARISON BETWEEN THE CURRENT TEXT OF THE ARTICLES OF ASSOCIATION AND THE PROPOSED REVISED TEXT WHICH IS SUBMITTED TO THE ANNUAL GENERAL MEETING

Current wording	Proposed text
<p style="text-align: center;"><u>CHAPTER III</u> <u>GOVERNING BODIES OF THE COMPANY</u></p> <p>[...]</p> <p style="text-align: center;">PART I GENERAL MEETING OF SHAREHOLDERS</p>	<p style="text-align: center;"><u>CHAPTER III</u> <u>GOVERNING BODIES OF THE COMPANY</u></p> <p>[...]</p> <p style="text-align: center;">PART I GENERAL MEETING OF SHAREHOLDERS</p>

<p>Article 16.- Eligibility to attend the General Meetings of Shareholders. Right to vote</p> <p>1. Shareholders who have their shares registered in their name in the book entry register at least five (5) days prior to the date set for the General Meeting of Shareholders to be held, and who keep them until the Meeting is held and are up to date in the payment of calls on unpaid capital are eligible to attend the General Meeting, regardless of the number of shares they hold.</p> <p>2. Each share gives right to one vote.</p> <p>3. The members of the Board of Directors must attend the General Meetings of Shareholders.</p> <p>4. The Chair of the General Meeting may authorise any person that he/she may deem fit to attend the General Meeting as well as the live or recorded broadcast thereof.</p>	<p>Article 16.- Eligibility to attend the General Meetings of Shareholders. Right to vote</p> <p>1. [Unchanged]</p> <p>2. [Unchanged].</p> <p>3. [Unchanged].</p> <p>4. [Unchanged].</p> <p>5. <u>When the Board of Directors has agreed to the possibility and it is announced in the notice calling it, remote attendance to the General Meeting of Shareholders, in a manner that duly guarantees the identity of the shareholders or their proxy holders, may be allowed. The Board of Directors will announce in the notice the procedures implemented for the shareholders to exercise their rights through this means.</u></p>
<p>Article 17 Representation at the General Meeting of Shareholders</p> <p>1. Any shareholder who has the right to attend may be represented at the General Meeting of Shareholders by a proxy holder, whether or not a shareholder. Proxies shall be granted in writing and especially for each General Meeting of Shareholders.</p>	<p>Article 17 Representation at the General Meeting of Shareholders</p> <p>1. [Unchanged].</p>

<p>Said requirement shall not apply when the proxy holder is the spouse, ascendant or descendant of the represented person, nor when the proxy holder has a general power of attorney conferred by public document with powers to administrate all the assets that the represented person may have on national territory.</p>	
<p>2. Proxies may be granted by postal or electronic mail, or by any other means of distance communication, provided that the identity of the participating individual and the security of distance communications is ensured, and in such case, the provisions of Article 20 regarding the casting of votes by such means shall apply, to the extent that it is not incompatible with the nature of proxy.</p>	<p>2. [Unchanged].</p>
<p>3. Proxies shall be included in the list of members in attendance. The Chair of the General Meeting of Shareholders may ask the proxy holder to provide the documents in support of his/her proxy. The Company shall keep a record of those documents containing the referred proxies.</p>	<p>3. [Unchanged].</p>
<p>4. Proxies can always be revoked. The attendance of the proxy grantor at the General Meeting of Shareholders, either in person or by telematic attendance, or having cast vote remotely, shall have the effect of a revocation, regardless of the date on which the proxy was granted.</p>	<p>4. Proxies can always be revoked. The attendance of the proxy grantor at the General Meeting of Shareholders, either in person, remotely, or having cast absentee vote, shall have the effect of a revocation, regardless of the date on which the proxy was granted.</p>
<p>5. Prior to granting proxy, the proxy holder shall provide to the shareholder with detailed information about the existence of any conflict of interest situation. Should a conflict of interest situation occur after proxy has been granted, and the represented shareholder has not been warned thereof, the proxy holder shall forthwith inform the latter of such conflict. In both cases, and in the absence, having previously been informed of the conflict of interest</p>	<p>5. [Unchanged].</p>

<p>situation, of any new and accurate voting instructions regarding each item of the agenda on which the proxy holder shall cast a vote on behalf of the shareholder, the proxy holder shall abstain from voting, without prejudice to the provisions of the following paragraph.</p>	
<p>6. Unless otherwise expressly stated by the shareholder, should the proxy holder be involved in a conflict of interest situation without having accurate voting instructions, or, even if he has them, he/she would deem it best not to represent the proxy grantor with regard to the items to which the conflict of interest refers, it shall be assumed that the proxy grantor has appointed as proxy holders, regarding such items, jointly and severally, and in succession, should any of them be involved in a conflict of interest situation, first, the Chair of the General Meeting of Shareholders, next the Secretary of the General Meeting of Shareholders and last, the Capital Markets Director of the Company. The proxy holder so appointed shall cast his/her vote in the manner that in his/her view best suits the interests of the proxy grantor, considering the interest of the Company.</p>	<p>6. [Unchanged].</p>
<p>7. Where any members of the governing body of the Company, or any other person acting on behalf or in the interest of any of them should have resorted to any public solicitation of proxies, the director who has obtained such proxy shall not exercise the right to vote corresponding to the represented shares regarding those items of the agenda in respect of which such director is involved in any conflict of interest situation, unless he/she would have received from the proxy grantor accurate voting instructions for each of such items.</p>	<p>7. [Unchanged].</p>
<p>8. If no voting instructions were given regarding motions included on the</p>	<p>8. [Unchanged].</p>

<p>agenda it shall be understood that the proxy grantor shall vote for the motions in question. If no voting instructions were given regarding motions not included on the agenda, it shall be understood that the proxy grantor shall vote in the manner that in his/her view best suits the interests of the proxy grantor, considering the interest of the Company.</p>	
<p>9. Where the document containing the proxy is submitted to the Company without expressly stating the name or company name of the proxy holder, it shall be assumed that the proxy grantor has appointed as proxy holders, jointly and severally, and in succession, should any of them be involved in turn in a conflict of interest situation, first, the Chair of the General Meeting of Shareholders, next the Secretary of the General Meeting of Shareholders and last, the Capital Markets Director of the Company.</p>	<p>9. [Unchanged].</p>

Considering the foregoing, pursuant to the provisions of section 286 of the Companies Act, the Board of Directors has resolved, unanimously by those present, to approve this explanatory report which is submitted to the Annual General Meeting called to be held on 14 and 15 July 2020, on first and second call, respectively, regarding the motion included as item 8 on the agenda.

Arteixo (A Coruña), on 9 June 2019.