
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 IN ITEM 9 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**”) in support of the approval of the revised text of the Regulations of the General Meeting of Shareholders, which is submitted to the Annual General Meeting under item 9 on the Agenda. The full text of the proposed amendments is included 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 the Regulations of the General Meeting of Shareholders and the proposed amendment thereof which is submitted to the Annual General Meeting. 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

The revised text of the Regulations of the General Meeting of Shareholders, whose approval is submitted to the Annual General Meeting, is subject to a number of amendments which can be structured as follows:

- (a) The first group of amendments addresses the need to adapt the text of the Regulations of the General Meeting of Shareholders to the proposed amendment to the Articles of Association which seeks to empower the Board of Directors, with the aim of encouraging remote participation of shareholders, so that it may, in view of the circumstances prevailing at any given time, allow shareholders to remotely attend the Annual General Meeting, in accordance with articles 182 and 521 of Royal Legislative Decree 1/2010 of 2 July, approving the revised text of the *[Spanish]* Companies Act (“**Companies Act**”).
- (b) Additionally, the opportunity brought by the necessary adaptation of the text referred to in the paragraphs above, was taken to introduce a reference to the approval of the Statement on Non-financial Information among the powers of the General Meeting of Shareholders in accordance with the legal reform of the Companies Act, the Spanish Code of Commerce and the Act on Statutory Audit introduced by Act 11/2018 of 28 December, on mandatory disclosure of non-financial information.

The revised text of the Regulations of the General Meeting of Shareholders subject to this Report complements the proposed adaptation of the Articles of Association, the approval of which is proposed to the Annual General Meeting of Shareholders of Inditex on item 8 on the agenda. For such purpose, the relevant report in support of such amendment has been issued by the Board of Directors.

II. RATIONALE OF THE MOTION

The proposed amendments are described below in detail. In order to comply with articles 197*bis* of the Companies Act and 19.5 of the Articles of Association, the amendments are structured in blocks, by articles or by group of articles separately, and will be submitted to the vote of the General Meeting of Shareholders in the same way.

- **Proposed amendment of Chapter II of the Regulations of the General Meeting of Shareholders (“*The General Meeting of Shareholders*”)**

The amendment of section 6 is proposed, in order to introduce among the powers of the General Meeting of Shareholders those derived from the legal reform introduced by Act 11/2018 of 28 December, amending the Companies Act, the Spanish Code of Commerce and the Act on Statutory Audit, on non-financial information and diversity, which reserves to the General Meeting of Shareholders the power to approve the Statement on Non-financial Information.

- **Proposed amendment of Chapter IV of the Regulations of the General Meeting of Shareholders (“*Holding of the General Meeting of Shareholders*”)**

The addition of a new article 11*bis* is proposed, as well as the amendment of sections 12(4), 19 and 20 in order to develop the statutory regulation regarding remote attendance at the General Meeting of Shareholders.

The proposed wording gives the Board of Directors the powers to, given the circumstances, on the occasion of the calling of the Meeting, allow remote attendance, as well as determine and develop in detail the specific requirements and terms for the exercise of the rights of attendance, representation and participation, of the shareholders remotely attending the Meeting.

III. MOTION PROPOSED TO THE GENERAL MEETING OF SHAREHOLDERS

The proposed resolution which is submitted to the General Meeting of Shareholders for approval is described below:

“To approve the following amendments to the Regulations of the General Meeting of Shareholders, in order to adapt it to the new wording of the Articles of Association subject to item 8 on the agenda, if approved, and to include the approval of the Statement on Non-financial Information among the powers of the General Meeting of Shareholders in accordance with the legal reform introduced by Act 11/2018 of 28 December, amending the Companies Act, the Spanish Code of Commerce and the Act on Statutory Audit, all of the foregoing, under the terms set forth in the explanatory report issued by the Board of Directors:

*a) The approval of the amendment of Section 6 (“Powers of the General Meeting of Shareholders”) in Chapter II (“*The General Meeting of Shareholders*”).*

*b) The approval of section 11*bis* (“Remote Attendance”) in Part I (“Attendance and proxies”), and the amendment of section 12 (“Proxy Representation at the General Meeting of Shareholders”) in Part I (“Attendance and proxies”), section 19 (“Quorum”) in Part II (“*The General Meeting of Shareholders*”) and section 20 (“Request by shareholders*

to take the floor. Identification”) in Part III (“Use of the floor by Shareholders”), all of them in Chapter IV (“Holding of the General Meeting of Shareholders”).

c) Consequently, the approval of the revised text of the Regulations of the General Meeting of Shareholders 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 WORDING OF THE REGULATIONS OF THE GENERAL MEETING OF SHAREHOLDERS AND THE PROPOSED REVISED TEXT

Current wording	Proposed Wording
<p>CHAPTER II THE GENERAL MEETING OF SHAREHOLDERS</p>	<p>CHAPTER II THE GENERAL MEETING OF SHAREHOLDERS</p>
<p>Section 6. Powers of the General Meeting of Shareholders</p> <p>In accordance with the provisions of the Articles of Association, the General Meeting of Shareholders is authorized to pass all kinds of resolutions concerning the Company, the following powers being namely reserved thereto, without prejudice to any other powers vested by the applicable regulations:</p> <p>(a) To resolve on the individual annual accounts of the Company and, where appropriate, on the consolidated accounts of the Company and its Group, as well as on the distribution of the income or loss.</p> <p>(b) To appoint, re-elect and remove directors, and to ratify or revoke any provisional appointment of said directors</p>	<p>Section 6. Powers of the General Meeting of Shareholders</p> <p>[Unchanged]</p> <p>(a) [Unchanged]</p> <p>(b) <u>To approve the Statement on Non-Financial Information.</u></p> <p>(c) [Unchanged]</p>

made by the Board of Directors itself, and to review their management.

(c) To approve the adoption of remuneration systems consisting of the granting either of shares or stock options, as well as any other remuneration system linked to the value of the shares, for the benefit of directors.

(d) [Unchanged]

(d) To approve the Directors' remuneration policy pursuant to statutory terms.

(e) [Unchanged]

(e) To conduct, as a separate item of the agenda, an advisory say-on-pay vote on the Annual Report on the Remuneration of Directors.

(f) [Unchanged]

(f) To authorize the release of the directors from the duty of preventing conflicts of interest and of the prohibitions arising from the duty of loyalty, when the authorization to release them is attributed by statute to the General Meeting of Shareholders, as well as from the obligation not to compete with the Company.

(g) [Unchanged]

(g) To authorize the Board of Directors to increase the Company's share capital, or to proceed to the issue of bonds convertible into Company's shares.

(h) [Unchanged]

(h) To resolve the issue of bonds convertible into Company's shares or which allow bondholders to participate in the company's earnings, the increase or the reduction of the share capital, the exclusion or restriction of the pre-emptive right, the transformation, merger, split-off or winding-up of the Company, the global assignment of assets and liabilities, the approval of the final balance sheet of liquidation, the transfer of the registered office abroad, as well as any other amendment

(i) [Unchanged]

<p>whatsoever of the Articles of Association.</p>	
<p>(i) To authorize Company's shares buyback; to approve such transactions which entail a structural amendment in the Company, and namely: (i) the transformation of listed companies into holding companies, through "subsidiarisation" or the assignment to dependent entities of core activities theretofore carried out by the Company, even though the Company retains full control of such entities; (ii) the acquisition, disposal or contribution to another company of essential assets; and, (iii) such transactions which entail an effective amendment of the corporate objects and those having an effect equivalent to the liquidation of the Company.</p>	<p>(j) [Unchanged]</p>
<p>(j) To appoint, re-elect and remove the financial auditors.</p>	<p>(k) [Unchanged]</p>
<p>(k) To appoint and remove, where appropriate, the Company's liquidators.</p>	<p>(l) [Unchanged]</p>
<p>(l) To approve these Regulations and any subsequent amendment thereof.</p>	<p>(m) [Unchanged]</p>
<p>(m) To resolve on the matters submitted to it by a resolution of the Board of Directors.</p>	<p>(n) [Unchanged]</p>
<p>(n) To resolve on the matters submitted to it by a resolution of the Board of Directors.</p>	<p>(o) [Unchanged]</p>
<p>(o) To give directions to the Board of Director or to submit to its prior authorization the passing by the Board of Directors of decisions or resolutions on certain management matters; and</p>	<p>(p) [Unchanged]</p>
<p>(p) To grant to the Board of Directors such powers it may deem fit to deal with unforeseen issues.</p>	<p>(q) [Unchanged]</p>

**CHAPTER IV
HOLDING OF THE GENERAL MEETING
OF SHAREHOLDERS**

Part I

Attendance and Proxies

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Part I

Attendance and Proxies

Section 11bis. Remote attendance

1. Shareholders eligible to attend the General Meeting pursuant to the provisions of Section 11, or their designated proxy holder pursuant to the provisions of Section 12, may do so remotely via any means that allow them to be connected in real time with the venue or venues where the Meeting is being held, provided that the state of the art allows it and the Board of Directors so resolves at the time of the notice. In any case, the Board of Directors will indicate in the notice the best means to guarantee the required security conditions, the identification of the shareholders, the proper exercise of their rights and the proper carrying out of the meeting.
2. Remote attendance by shareholders or their proxy holders will be considered for all purposes to be the same as attendance in person at the General Meeting. Therefore, the same rules on voting and passing of resolutions contained in the Articles of Association and in these Regulations regarding shareholders or proxy holders who attend in person will apply, and they will be considered present for the calculation of the corresponding quorums.
3. Remote attendance at the General Meeting will be subject to the following rules, which can be developed upon and supplemented by the Board of Directors:
 - (i) The notice will detail the procedure for shareholders or their proxy holders wishing to attend the General Meeting of Shareholders to proceed with their prior registration, as well as the cut-off time prior to the expected start of the meeting

	<p><u>by which the connection must have been established on the day of the meeting. Remote access to the General Meeting of Shareholders will not be permitted after the aforementioned cut-off time.</u></p> <p>(ii) <u>Any shareholder or proxy holder wishing to remotely attend the General Meeting must identify himself or herself by means of a digital certificate or similar type of identification that reliably guarantees his or her identity, under the terms established by the Board of Directors.</u></p> <p>(iii) <u>The Board of Directors will determine and announce in the notice calling the meeting the time frames, forms and means for exercising shareholder rights to enable the proper carrying out of the meeting.</u></p> <p>(iv) <u>Where, due to technical circumstances not attributable to the Company, or due to security reasons arising from unexpected circumstances, remote attendance at the meeting cannot take place, or if during the meeting there is a temporary or definitive interruption of the meeting, this circumstance cannot be invoked as an illegal deprivation of the rights of the shareholder or as a ground for contesting the resolutions passed by the General Meeting of Shareholders.</u></p>
<p><u>Section 12.Proxy Representation at the General Meeting of Shareholders</u></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. 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 administer all the estate that the represented person has on national territory.</p>	<p><u>Section 12.Proxy Representation at the General Meeting of Shareholders</u></p> <p>1. [Unchanged]</p>

No shareholder may be represented at a General Meeting by more than one proxy holder, except in such cases involving entities qualifying as shareholders by virtue of the book entry system, but which act on behalf of different persons; such entities may grant proxy to each of the indirect holders or to any third party appointed by these latter. In such cases, the number of proxies granted cannot be restricted.

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| 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 section 25 of these Regulations regarding the casting of votes by such means shall apply, provided that it is not incompatible with the nature of proxy. | 2. [Unchanged] |
| 3. Proxies shall be included in the list of attendees. The Chair of the General Meeting of Shareholders may ask the proxy holder to provide the documentation that proves the nature of its representation. The Company shall keep a record of those documents containing the proxies granted. | 3. [Unchanged] |
| 4. Proxies can always be revoked. The attendance of the proxy grantor at the General Meeting of Shareholders, either in person or having effected the vote by distance communication systems, shall have the effect of a revocation, regardless of the date on which the proxy was granted. | 4. Proxies can always be revoked. The attendance of the proxy grantor at the General Meeting of Shareholders, either in person <u>or remotely</u> , or having cast absentee vote, shall have the effect of a revocation, regardless of the date on which the proxy was granted. |
| 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. | 5. [Unchanged] |

In both cases, and in the absence, having previously been informed of the conflict of interest 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.

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 view best suits the interests of the proxy grantor, considering the interest of the Company.
7. If no instructions regarding the vote on proposals of the agenda were given, it shall be understood that the proxy grantor shall vote for the proposals in question. If no instructions regarding the vote on proposals not included on the agenda were given, 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.
8. 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

6. [Unchanged]

7. [Unchanged]

8. [Unchanged]

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.

CHAPTER II THE GENERAL MEETING OF SHAREHOLDERS

Section 19. Quorum

1. On the day and place set for the General Meeting of Shareholders to be held, either on first or second call, and at least one hour before the time set for the beginning of the session (unless otherwise specified on the notice) shareholders and their proxy holders may present to the staff in charge of the registration of shareholders their respective attendance and, where appropriate, proxy granting cards. Attendance cards and proxy granting cards of shareholders presented to the staff in charge of the registration of shareholders after the estimated time for the opening of the General Meeting of Shareholders shall not be accepted.

The registration of the shareholders present and represented to the meeting shall be carried out through optical reading systems or any other technical means considered appropriate. Once the process of registering the attendance in person and proxy cards physically handled has been completed, and a quorum has been deemed to be present, the Panel of the General Meeting of Shareholders shall be established and a list of attendees shall be drawn up. This shall be contained in an electronic format, the sealed cover of which shall show the appropriate identification procedure signed by the Secretary of the General Meeting of Shareholders with the approval of the Chair.

CHAPTER II THE GENERAL MEETING OF SHAREHOLDERS

Section 19. Quorum

1. On the day and place set for the General Meeting of Shareholders to be held, either on first or second call, and at least one hour before the time set for the beginning of the session (unless otherwise specified on the notice) shareholders and their proxy holders [attending in person](#) may present to the staff in charge of the registration of shareholders their respective attendance and, where appropriate, proxy granting cards. Attendance cards and proxy granting cards of shareholders presented to the staff in charge of the registration of shareholders after the estimated time for the opening of the General Meeting of Shareholders shall not be accepted.

The registration of the shareholders present and represented [attending](#) the meeting in person shall be carried out through optical reading systems or any other technical means considered appropriate. Once the process of registering the attendance in person and proxy cards physically handled has been completed, [the remote access' cut-off deadline has expired, as the case may be,](#) and a quorum has been deemed to be present, the Panel of the General Meeting of Shareholders shall be established and a list of attendees shall be drawn up. This shall be contained in an electronic format, the sealed cover of which shall show the appropriate identification procedure signed by the Secretary of the General Meeting of Shareholders with the approval of the Chair.

2. Shareholders and their proxy holders arriving late to the place where the General Meeting of Shareholders is being held, once the admission of the attendance cards and proxy cards has been closed may attend the meeting as invitees (in the same room where it is being held or, if the Panel considers it appropriate in order to avoid confusions during the General Meeting, in an adjacent room from where they can follow it) but they shall not be included in the list of attendees, nor shall those shareholders who granted them proxy.

3. The General Meeting of Shareholders shall begin, at the place, day and time set, either on first or second call, once the Panel is established and the list of attendees prepared.

Subsequently, the Chair or the Secretary shall read the global information resulting from the list of attendees, stating the number of shareholders present and represented who attend the meeting, the number of shares corresponding to each group and the percentage of the share capital they represent, stating the share capital of those shareholders with voting rights. Shareholders who have exercised their right to remote voting shall be included in the list of attendees as shareholders present.

Once the Chair or the Secretary have disclosed these data, the Chair shall declare the General Meeting of Shareholders to have the necessary quorum, on first or on second call, as appropriate.

4. Once the quorum of the General Meeting of Shareholders has been declared, the Chair shall give the floor to the Notary, so that he would ask the attendees for any cautions or protest regarding the disclosed data of attendance and valid quorum of the General Meeting of

2. Shareholders and their proxy holders arriving late to the venue where the General Meeting of Shareholders is being held, once the admission of the attendance cards and proxy cards has been closed, [or who remotely access the meeting after the remote access cut-off time](#), may attend the meeting as invitees (in the same room where it is being held or, if the Panel considers it appropriate in order to avoid confusions during the General Meeting, in an adjacent room from where they can follow it), but they shall not be included in the list of attendees, nor shall those shareholders who granted them proxy.

3. [Unchanged]

4. [Unchanged]

<p>Shareholders, stating that those who would wish to raise said cautions or protests should do so directly to the Notary in order to be put on record in the minutes of the General Meeting of Shareholders.</p> <p>5. Absences occurring after the quorum of the General Meeting of Shareholders has been declared, shall not affect the validity of the Meeting (neither its deferrals, if any). Notwithstanding this, those shareholders or proxy holders wishing their absence to be taken into account for the pertinent purposes, must expressly record said absence with the Notary.</p>	<p>5. Absences occurring after the quorum of the General Meeting of Shareholders has been declared, shall not affect the validity of the Meeting (neither its deferrals, if any). Notwithstanding this, those shareholders or proxy holders wishing their absence to be taken into account for the relevant purposes, must expressly record said absence with the Notary or use the implemented means to this end if they are remotely attending the meeting.</p>
<p style="text-align: center;">Part III</p> <p style="text-align: center;">Use of the floor by Shareholders</p>	<p style="text-align: center;">Part III</p> <p style="text-align: center;">Use of the floor by Shareholders</p>
<p>Section 20. Requests by shareholders to take the floor. Identification.</p> <p>Once the quorum of the General Meeting of Shareholders has been declared, the Chair shall invite those shareholders who, in the exercise of their right, wish to put forward proposals, make statements or exercise their right to information, to identify themselves before the Notary or, where appropriate, before the staff assisting him, stating their name and surname, the number of shares held or, where appropriate, the number of shares they represent. If they want their speech to be included verbatim in the minutes of the General Meeting of Shareholders, they shall hand it in writing to the Notary, at that time, in order to allow the Notary to proceed to its verification when the shareholder is taking the floor and subsequent addition to the master copy of the minutes.</p>	<p>Section 20. Requests by shareholders to take the floor. Identification.</p> <p>[Unchanged]</p> <p>The Board of Directors may resolve in the notice that the addresses and proposed resolutions that those who are remotely attending intend to make be sent to the Company prior to the</p>

<p>Prior to the voting of the items on the agenda, and after the Chairperson or where appropriate, any member of the Board of Directors have put forward their reports to the attendees, the list of shareholders wishing to take the floor shall be provided to the Panel and the Chair shall open the floor to the shareholders.</p>	<p><u>declaration of the quorum of the General Meeting of Shareholders. In this case, the shareholders wishing their address to be recorded in the Minutes of the Meeting must expressly indicate this in the text of the Meeting.</u></p> <p><u>Unless any of the circumstances of refusal provided for in the Law, the Articles of Association or these Regulations apply, replies to those shareholders who remotely attend the General Meeting of Shareholders and who exercise their right to information during the meeting shall be made in writing within seven days after the General Meeting of Shareholders, without prejudice to the possibility of doing so during the meeting.</u></p> <p>[Unchanged]</p>
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Considering the foregoing, the Board of Directors has resolved, unanimously by those present, to approve this explanatory report that is submitted to the General Meeting of Shareholders regarding item nine on the agenda of the Annual General Meeting called to be held on 14 and 15 July 2020, on first and second call, respectively.

Done in Arteixo (A Coruña), on 9 June 2020.