

## ANNUAL REPORT OF THE AUDIT AND COMPLIANCE COMMITTEE ON THE INDEPENDENCE OF EXTERNAL AUDITORS OF THE COMPANY AND THE RENDERING OF ADDITIONAL NON-AUDIT SERVICES

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This report on the independence of auditors of Industria de Diseño Textil, S.A. (“**Inditex**” or the “**Company**”) is drafted prior to the issue of the auditor’s report, pursuant to the provisions of section 529<sup>quaterdecies</sup> of the Spanish Companies Act, section 15.2.(f) of the Board of Directors’ Regulations and sections 5.3(f) and 7(b)(vii) of the Audit and Compliance Committee’s Regulations. This report also addresses the rendering by the auditor of additional non-audit services, considered both individually and as a whole, and regarding the independence system or the regulations on auditing.

Prior to issuing this report, the Audit and Compliance Committee has received from Deloitte, S.L. (hereinafter, “**Deloitte**”) a written confirmation of its independence vis-à-vis Inditex and any parties related to Inditex, either directly or indirectly, as well as a breakdown of the additional non-audit services of any kind rendered to the Inditex Group by Deloitte or by any person, either natural or legal, related to the audit firm, pursuant to the provisions of the applicable regulations on auditing in force. Such written confirmation is attached hereto as an Annex.

Deloitte was appointed as statutory auditor of the Inditex Group in FY2012, for an initial 3-year term. Upon expiry of such initial term, Deloitte was subsequently re-elected as statutory auditor of the Inditex Group for successive one-year periods. Therefore, FY2019 marks its 8<sup>th</sup> year as the statutory auditor of the Inditex Group.

Mr Germán de la Fuente Escamilla, Deloitte’s partner, signed the audit of the financial statements of the Company and of the Inditex Group for financial years 2015, 2016, 2017 and 2018. Likewise, he will sign the auditor’s report on the annual accounts for FY2019, this being his 5<sup>th</sup> and last year as lead auditor-in-charge.

Consequently, in accordance with applicable statutory audit regulations, Mr Cléber Beretta Custodio will replace Mr Germán de la Fuente Escamilla as lead auditor-in-charge of statutory audit of the annual accounts for FY2020.

Throughout 2019 Deloitte and the remaining firms of its international network and its associated firms, have rendered Inditex and its related companies, additional non-audit services, which are broken down in the Annex attached hereto. For the purposes of ensuring the auditors’ independence, before engaging the above referred services from Deloitte, it has been established that they are not incompatible with their audit task and that under no circumstance do they jeopardize their independence, pursuant to the restrictions set forth in the regulations governing statutory audits. Additionally, a written confirmation from Deloitte was received, stating that no circumstances had been identified which may represent, either individually or as a whole, a significant threat to their independence for such purposes.

The engagement of non-audit services has taken place pursuant to Inditex’s internal regulations; namely, to the “*Procedure to Contract an Auditor for the Provision of Additional Non-audit Services*” (the “**Procedure**”), approved by the Audit and Compliance Committee on 18 July 2016. Pursuant to the provisions of sections 4.1 and

5 thereof, the contracts executed with Deloitte or with the natural or legal persons related thereto since the entry into force of such Procedure, regarding the provision of non-audit services, must be authorised by the Audit and Compliance Committee.

The table below shows the fees charged by Deloitte and the remaining firms of its international network and its associated firms, broken down per type of service rendered:

Items	Fees (€k)
Audit Services	7,556
Other Verification services	626
<b>Total Audit and Related services</b>	<b>8,182</b>
Tax services	-
Other Services	57
<b>Total Professional Services</b>	<b>8,239</b>

Fees for statutory audit services, amounting to €7,556k were fixed prior to commencement of the service, and they have not been influenced or determined by other services rendered by the auditor.

Fees paid to Deloitte for non-audit services and other related services amount to €57k, which represents 0.7% of aggregate fees. Pursuant to the provisions of section 5 of the Procedure for the selection of the statutory auditor, approved by the Board of Directors on 10 September 2019, following a favourable report of the Committee, fees for non-audit services are not above 70% of the average fees paid to the statutory auditor during the last 3 financial years for audit services rendered to the Company and the remaining entities of the Group.

Additionally, aggregate fees paid to Deloitte and its international network of firms for the provision of statutory audit services and other types of services in 2019 do not represent a significant percentage in the aggregate annual revenue of the statutory auditors and its network, considering the average fees of the last 3 years.

Having reviewed the written confirmation issued by the auditor about its independence and the appropriateness of the additional non-audit services rendered, and having not found any evidence which may cast doubt on the independence of Deloitte, the Audit and Compliance Committee has unanimously resolved to issue a favourable opinion regarding the independence of Deloitte as statutory auditor of the Inditex Group and its individual companies.

Done in Arteixo (A Coruña), on 16 March 2020

## Written confirmation of independence

16 March 2020

Industria de Diseño Textil, S.A.

Edificio Inditex, Avenida de la Diputación s/n

15142 Arteixo (A Coruña)

To the Audit and Compliance Committee of Industria de Diseño Textil, S.A.

Dear Sirs,

With regard to the audit of the consolidated and individual financial statements of Industria de Diseño Textil, S.A. Group and Subsidiaries (hereinafter, the “Inditex Group”) for financial year ended 31 January 2020, we hereby confirm that, to the best of our knowledge and belief:

- The team in charge of the audit engagement and Deloitte S.L. have complied, to the applicable extent, with the applicable independence requirements, pursuant to the provisions of Act 22/2015 of 20 July on Statutory Audit and Regulation (EU) no. 537/2014 of 16 April
- Below are the fees charged to the Inditex Group, both for audit services and for non- audit services for financial year ended 31 January 2020, rendered by Deloitte and its network of firms to the different Companies which make up the Inditex Group, broken down per items (see Annex I):

Items	Fees (€k)
Audit Services	7,556
Other Verification services	626
<b>Total Audit and Related services</b>	<b>8,182</b>
Other Services	57
<b>Total Professional Services</b>	<b>8,239</b>

A breakdown of services included in the “other Verification Services” and “Other Services” headings is provided in Annex I.

- We rely on internal procedures that we have designed and implemented, aimed at identifying and assessing such threats which may arise from circumstances related to audited entities, including those which can give rise to incompatibility causes and, if appropriate, to the application of the necessary safeguard measures. Please refer to the Transparency Report of Deloitte, available at [www.deloitte.es](http://www.deloitte.es). With regard to the audit and for the period

covered by the financial statements until the date this letter is issued, no circumstance has been identified which, either separately or as a whole, may entail any significant threat for our independence and which therefore would require the application of safeguard measures or which may give rise to incompatibility causes.

This letter is addressed to the Audit and Compliance Committee of the Inditex Group for its exclusive information and use, for the above mentioned purposes and therefore, it shall not be used by anyone else nor for any purposes other than the one mentioned above.

Yours faithfully,

DELOITTE, S.L.

Germán de la Fuente Escamilla

## ANNEX I – BREAKDOWN OF SERVICES

With regard to item 2 of the written confirmation on the independence of auditors, the information on additional services of any kind rendered, together with the relevant fees:

### Other verification services

No. of engagements	Description	Fees (€k)
14	Reports on agreed procedures regarding the review of the annual statement on packaging	44
136	Other reports on agreed procedures not related to Ecoembes, covenants or subsidies.	582
<b>Total</b>		<b>626</b>

### Other services

No. of engagements	Description	Fees (€k)
1	Services related to crisis management risks	30
1	Services related to internal control procedures or risk management procedures associated with financial reporting or control on financial reporting, excluding design and implementation	11
19	Services related to translation of stated and audited annual accounts	13
1	Training services	3
<b>Total</b>		<b>57</b>