

REPORT OF THE AUDIT AND COMPLIANCE COMMITTEE OF INDUSTRIA DE DISEÑO TEXTIL, S.A. (INDITEX, S.A.) ON RELATED-PARTY TRANSACTIONS CARRIED OUT IN 2019.

This report is issued by the Audit and Compliance Committee pursuant to Recommendation 6 of the Good Governance Code of Listed Companies approved in 2015 by CNMV (“**CBG**” [*Spanish acronym*]) to address the related-party transactions carried out by either Industria de Diseño Textil, S.A. (Inditex, S.A.) (“**Inditex**” or the “**Company**”) or the Inditex Group in 2019.

I. Regulatory system applicable to related-party transactions.

Pursuant to section 529^{ter} of the Spanish Companies Act (“**LSC**” [*Spanish acronym*]) 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 intends to carry out with directors or with shareholders who own a significant shareholding, 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 13(b) of the Audit and Compliance 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 Compliance Committee shall examine the transaction from the standpoint of an equal treatment to all shareholders.

The authorisation of the Board of Directors will not be necessary 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 does not exceed 1% of the Company’s annual revenue.

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

In case of a related-party transaction with a director in any amount in excess of ten percent (10%) of the corporate assets, the above referred authorisation has to be granted by the Annual General Meeting.

II. Related-party transactions carried out in 2019

In light of the foregoing, below is a description of the only related-party transaction which has required the prior authorisation of the Board of Directors, following a report of the Audit and Compliance 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 Compliance Committee’s Regulations.

The Board of Directors has authorised in 2019, following a favourable report of the Audit and Compliance Committee, the transaction consisting of the grant of use by Inditex to the company styled PONTEGADEA INMOBILIARIA, S.L., a related-party of 3 directors of the Company and its significant shareholder of a hangar built on a plot within the airport zone of Santiago de Compostela,

The Board of Directors reviewed, following a report of the Audit and Compliance Committee, the specific terms and conditions of such related-party transaction, as well as the report issued by an independent expert justifying that the transaction had been carried out on an arm's length basis, thus observing the principle of equal treatment of all shareholders.

Likewise, the required authorisation from the Board of Directors to carry out the transaction 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 it was being discussed and put to vote.

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; CNMV's Circular 3/2018, of 28 June, 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; CNMV's Circular 2/2018, and sections 260 and 540.4(d) LSC.

In this regard, the economic detail of the transaction, consisting of grant of use of a hangar, described in section II above, is provided separately 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 2019.

The Audit and Compliance Committee has also 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 which 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, the Audit and Compliance Committee has established that all related-party transaction carried out by the Inditex Grupo in 2019 were conducted and reported 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 website early in advance of the date when the Annual General Meeting will be held, pursuant to the above referred Recommendation 6 CBG.

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