



**Report on the Proceedings of the Audit and  
Compliance Committee  
of Industria de Diseño Textil, S.A. (INDITEX, S.A.)  
FY2020**

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## 1. Preliminary

This Annual Report on the Proceedings of the Audit and Compliance Committee of INDUSTRIA DE DISEÑO TEXTIL, S.A. (INDITEX, S.A.) (“Inditex” or the “Company”) is drawn up by said committee pursuant to the provisions of Recommendation 6 of the Good Governance Code of listed companies, approved by resolution of the board of directors of the National Securities Market Commission of Spain (CNMV) on 18 February 2015 and amended in part on 25 June 2020 (“GGC”), section 9 of CNMV’s Technical Guide 3/2017 on audit committees at public-interest entities (“Technical Guide 3/2017”) and section 13(f) of the Audit and Compliance Committee’s Regulations. It describes the main proceedings of the Audit and Compliance Committee from 1 February 2020 through 31 January 2021, FY2020 end.

This report has been issued on an annual basis since FY2002.

## 2. The Audit and Compliance Committee: origin and evolution, regulations, powers and composition

### a. Origin and evolution

The formation of the Audit and Compliance Committee originates in the Board of Directors’ Regulations, approved by the Company’s Board of Directors in the meeting held on 20 July 2000, in order to abide by the guidelines set in the report drawn up by the Special Commission for the study of an Ethics Code for corporate governance (the “Olivencia Code”). Section 14 of said Regulations provided for the formation of the Audit and Control Committee (first known as Audit and Compliance Committee), with powers similar to those which were later acknowledged under the then applicable laws.

Since then, Inditex’s board of directors has been successively amending the company’s rules on corporate governance for the purposes of recognizing and developing the duties of the Committee, in line with the latest regulatory developments, recommendations and existing best practices in the field of corporate governance, and to align its duties and composition from time to time with the size and status of the Group and its governing bodies.

In this regard, mention should be made of the review and update of a significant number of internal regulations for the purposes of meeting the latest regulatory requirements introduced by Act 31/2014 of 3 December, amending the Spanish Companies Act for the improvement of corporate governance, as well as the latest recommendations in the field introduced following the publication of the GGC. Further so such review, the Audit and Compliance Committee’s Regulations were approved.

The committee (formerly, the “Audit and Control Committee”) changed its name to the current one in 2019. This change was reflected in its terms of reference.

The terms of reference of the Audit and Compliance Committee were significantly amended in 2020 to align them with the partial amendment to the GGC approved by CNMV’s board on 25 June 2020.

## **b. Regulation, mission and powers**

### Regulation

The regulation of the Audit and Compliance Committee is provided in article 28 of the Articles of Association, section 15 of the Board of Directors' Regulations and sections 5 to 13 of the Audit and Compliance Committee's Regulations.

The full text of the internal regulations above referred, as amended, is available on the corporate website ([www.inditex.com](http://www.inditex.com)), "Compliance" section, "Corporate Governance" sub-section.

### Mission and powers

The mission and powers of the Audit and Compliance Committee are set out in sections 5 to 13 of its own terms of reference.

In addition to such powers it is expressly assigned pursuant to statute and the Recommendations of the Good Governance Code, the Audit and Compliance Committee is entrusted with the following duties:

- Powers relating to corporate governance: (i) to review and evaluate the appropriateness of the corporate governance system and to propose to the Board of Directors the amendments and updates of the Company's corporate governance regulations; (ii) to oversee the degree of compliance by the Company with recommendations on good governance, in particular, those set out in GGC; (iii) to oversee compliance with the Internal Regulations of Conduct in the Securities Market ("IRC"), and, in general, with the corporate governance regulations of the Company; (iv) to regularly receive information on issues relating to management of treasury stock; and (v) to prepare and table to the Board of Directors for approval, the Annual Corporate Governance Report.
  
- Powers relating to Compliance: (i) to issue reports on the policies and procedures of the Company on topics within its remit; (ii) to oversee compliance with the applicable regulations and the effectiveness of the internal policies and procedures of the Company; (iii) to review the recommendations and best practices on Compliance and corporate governance, both domestic and/or international, and to encourage compliance with the most demanding standard; (iv) to oversee compliance with the Annual Compliance Plan and with the Model of Criminal Risk Prevention of the Group; (v) to ensure that the Compliance Function relies on the necessary resources for the appropriate discharge of its duties; and (vi) to receive information, at least every 6 months, on the degree of compliance with the Codes of Conduct and the proceedings of the Ethics Line, regarding the concerns received by the latter about any potential breach of the Codes of Conduct, non-compliance with the remaining internal regulations, as well as any potentially significant irregularity, including tax and accounting-related, or otherwise, affecting the Company.
  
- Powers relating to tax issues: (i) to receive from the head of tax issues of the Company prior to the statement of the annual accounts and the filing of the Corporate Tax return, information on tax criteria followed by the Company during the financial year, and on the degree of compliance with the Code on Good Tax Practices; and (ii) to apprise the Board of Directors of the tax policies applied and, in the case of transactions or matters which must

be referred to the Board of Directors for approval, of the tax consequences thereof, when they represent a relevant factor.

The Audit and Compliance Committee's Regulations were amended in 2020 to align its provisions with the partial review of GGC. The scope of such amendment covers certain powers currently assigned to the committee or which it has been entrusted with further to such update:

- Powers relating to the process of preparing the regulated financial and nonfinancial information: (i) it has been made clear that the powers of the Audit and Compliance Committee relating to the process of preparing financial and nonfinancial information cover both oversight and evaluation of such processes in accordance with Recommendation 42 GGC; and, (ii) the Audit and Compliance Committee and the Sustainability Committee have been jointly tasked with overseeing the process of preparing non-financial information, each of them within their respective purview.
- Powers relating to statutory audit: the committee shall ensure, that the financial statements that the board of directors presents to the General Meeting are stated in accordance with accounting standards.

In this regard, in accordance with Recommendation 8 GGC, the statutory auditor is no longer required to appear at the General Meeting of Shareholders to explain, should this happen, why the auditor's report on the annual accounts is issued with a qualified opinion or with reservations, the Chair of the Audit and Compliance Committee being responsible for reporting such circumstance, where applicable, to the General Meeting of Shareholders.

Furthermore, a new obligation has been added: that of making available to shareholders at the time of the publication of the notice of the Annual General Meeting, a report issued by the Audit and Compliance Committee in those cases where the statutory auditor includes a qualification in the auditor's report, explaining the committee's opinion about the scope and content of such qualification.

- Powers relating to the Internal Audit Function: the obligations to report to the committee on the execution of the Audit Plan and the outcome of the recommendations issued by the Internal Audit Function have been reinforced.
- Powers relating to enterprise risk management: (i) it has been made clear that the committee shall be responsible not only for overseeing but also evaluating the effectiveness of the risks management systems of both financial and non-financial risks, including tax, operational, technological, legal, social, environmental, reputational risks and those related to corruption; and (ii) a new power has been assigned to the Audit and Compliance Committee relating to Enterprise Risk Management: that of ensuring, in general, that the internal control policies and systems established are effectively applied in practice, in accordance with recommendation 42 GGC.
- Other powers of the Audit and Compliance Committee: (i) it has been entrusted with the power to ensure that the Policy regarding Disclosure of Economic-Financial, Non-Financial and Corporate Information is effectively applied in practice, in coordination with the Sustainability Committee, where applicable, as regards issues which fall under their

respective purview pursuant to Recommendations 4 and 54 GGC: and (ii) it has been made clear with regard to the powers of the committee relating to overseeing and evaluating the interaction with the different stakeholders that since the Sustainability Committee is also entrusted with the same duties in the area that falls under its purview, both committees should act in coordination, where applicable, to effectively carry out such powers

To perform all such duties, the Committee is entitled to (i) receive on a regular basis reports from the Management or from the supervising areas, on the proceedings of risk management systems established, as well as on the results of the tests carried out by internal auditors relating to the same, and on any significant internal control weakness detected by external auditors; (ii) regularly assess the effectiveness of alert mechanisms in place within the Company; and (iii) meet with the heads of business units at least once a year, and whenever the committee deems it appropriate, for the purposes of reporting to the committee on trends of business and risks associated with the respective areas under their remit.

Last, the Committee must ensure that risks are kept and managed within the accepted levels of risk tolerance, assessing the most significant financial and non-financial risks at least on an annual basis, and promote a corporate culture wherein risk is a factor upon decision-making at all levels of the Company and its Group.

### **c. Composition**

Pursuant to the provisions of article 28 of the Articles of Association, section 14 of the Audit and Compliance Committee's Regulations and section 15 of the Board of Directors' Regulations, the Audit and Compliance Committee shall be made up of a minimum of 3 and a maximum of 7 non-executive directors appointed by the board of directors, a majority of whom must necessarily be independent directors.

Members of the Audit and Compliance Committee will be in office for a 4-year term, being eligible for re-election upon expiry of such term. The Chair of the Audit and Compliance Committee, who needs to be an independent director, is elected by the Board of Directors for a maximum 4-year term, upon expiry of which he/she shall be replaced. He/she may be re-elected after expiry of one year of the date of his/her removal.

At present, 7 non-executive directors sit on the Audit and Compliance Committee, 6 of whom are independent. Presence of independent directors on the committee represents 85.71% on total of directors.

The following proceedings relating to membership on the Audit and Compliance Committee were carried out in 2020:

- The Annual General Meeting approved on 14 July 2020, on the proposal of the Nomination Committee, the re-election of Bns. Denise Patricia Kingsmill and the ratification of the co-option of Ms Anne Lange to the board of directors, both of them, as non-executive independent directors.

Pursuant to section 23.2. of the Board of Directors' Regulations, the re-election and ratification of both directors above referred entailed the continuance of their membership on the Audit and Compliance Committee.

- The Board of Directors resolved on 14 July 2020, following a favorable report of the Nomination Committee, to appoint Ms Pilar López Álvarez as new Chair of the Audit and Compliance Committee for a 4-year term, replacing Mr José Luis Durán Schulz.

Consequently, the composition of the Audit and Compliance Committee as at 31 January 2021 is as follows:

Name	Position	Directorship type	Date of first appointment
Ms Pilar López Álvarez	Chair	Non-executive independent	17-07-2018 <sup>1</sup>
Bns. Denise Patricia Kingsmill	Ordinary member	Non-executive independent	19-07-2016
Ms Anne Lange	Ordinary member	Non-executive independent	10-12-2019
Mr José Luis Durán Schulz	Ordinary member	Non-executive independent	14-07-2015
Mr José Arnau Sierra	Ordinary member	Non-executive proprietary	17-07-2012
Mr Rodrigo Echenique Gordillo	Ordinary member	Non-executive independent	15-07-2014
Mr Emilio Saracho Rodríguez de Torres	Ordinary member	Non-executive independent	13-07-2010

Mr Antonio Abril Abadín, General Counsel and Secretary of the Board, acted as the Secretary-non-member of the Audit and Compliance Committee in 2020. The board of directors acknowledged in the meeting held on 9 March 2021 the resignation tendered by Mr Antonio Abril Abadín, who stepped down as General Counsel and Secretary of the board and its committees, and approved, following a favourable report of the Nomination Committee, the appointment of Mr Óscar García Maceiras as new General Counsel and Secretary of the board and its committees.

Upon determining committee membership the fact that all its members, and in particular, its Chair, should have knowledge and experience on accounting, audit, and risk management, both financial and non-financial, as well as industry-specific knowledge, is considered.

Likewise, pursuant to section 14 of the Audit and Compliance Committee's Regulations and section 15 of the Board of Directors' Regulations, at least one of the members appointed to sit

<sup>1</sup> Date of first appointment of Ms López as ordinary member of the Audit and Compliance Committee

on the Committee should have background, qualifications and experience in the field of information technologies.

Below is an overview of the experience, background and merits of members of the Audit and Compliance Committee:

- Ms López has extensive experience in management of companies in the financial sector, in particular new technologies and IT services companies in different geographical markets, where she has held positions relating to enterprise risk management, financial oversight and corporate strategy.
- Bns. Denise Patricia Kingsmill has legal training, namely in the field of labour law and competition, having advised also in relation to remuneration schemes. Additionally, she has broad experience managing and serving as an executive director of various boards of a number of international companies of different sectors, and also has background and experience in fashion and design. Her public work, in particular in the field of social action and equality, is noteworthy.
- Ms Lange, a graduate of *Institut d'Études Politiques* and of *École Nationale d'Administration* (ENA), is an entrepreneur with a long career and extensive and proven experience in business management and strategy of companies in the sector of technological innovation and digital transformation. She has broad experience holding C-level positions and serving on boards of international entities of different sectors. Her experience in the public sector is also noteworthy.
- Mr Durán has a profound knowledge of the retail sector, both in fast-moving consumer goods and in niche brands. He has spent his career mainly in the field of financial management and executive decision-making. Mr Durán has a large background in audit, construction and application of accounting regulations and risk management. In addition, he has been a member of other committees entrusted with corporate governance functions.
- Mr Echenique has legal training and is a State Lawyer, currently on leave. His career spans the management and executive leadership of companies mainly in the banking sector. He also has extensive experience as company director in a large number of companies of different sectors.
- Mr Saracho is a highly experienced expert in the financial sector, both at domestic and international level. He has a sound knowledge of topics relating to business management and administration in highly performant companies, statement and review of financial statements, risk management, and construction and application of accounting standards.
- Mr Arnau is a State Tax Inspector currently on leave, and his area of expertise includes tax and financial advice, both in the public and the private sector. Furthermore, he has had a long career at the Inditex Group, where he headed the Tax Department, having also held different positions in the companies of Grupo Pontegadea since 2001, which he chairs.

The CV of all the members of the Audit and Compliance Committee, with full information about their profile, experience and knowledge, is available on the corporate website ([www.inditex.com](http://www.inditex.com)).

Likewise, pursuant to the provisions of the Diversity of Board of Directors Membership and Directors' Selection Policy (formerly the "Directors' Selection Policy") and section 14 of its terms of reference, upon determining the membership of the Audit and Compliance Committee, the board of directors shall encourage a diverse membership in terms of professional experience,

competences, personal skills, sector-specific knowledge, international experience or geographic origin, age and gender, taking into account the restrictions resulting from its smaller size.

Gender diversity and directorship types on the Audit and Compliance Committee is shown in the graphs below:



### 3. Proceedings and Activities of the Audit and Compliance Committee: meetings held, business transacted, reports and attendees

#### a. Proceedings

The Committee shall meet, at least on a quarterly basis, for the purposes of reviewing the periodic financial information to be submitted to the stock exchange authorities as well as the information that the Board of Directors must approve and include as part of its annual public documentation. Likewise, it shall meet each time that its Chair calls it. The Chair shall call the Audit and Compliance Committee whenever the Board of Directors or its Chairman would request the issue of a report or the submission of motions and, at any rate, whenever it is appropriate for the successful performance of its functions.

Ordinary meetings shall be called by letter, fax, telegram or e-mail and the meeting notice shall be authorized by the signature of the Chair. A quorum for committee meetings shall be declared when at least half plus one of its members, present or represented are in attendance.

Pursuant to section 19.2 of its terms of reference, the Committee may also pass resolutions in writing, without holding a meeting, pursuant to statutory provisions. Committee meetings can be conducted via video conference or conference call systems, so that one or more directors may attend the meeting by this system.

The Chair may also arrange other communication channels, preparatory working meetings ahead of Committee meetings, or one-off meetings on specific topics besides the formal ones. The Chair and the Secretary of the Audit and Compliance Committee hold a preparatory meeting with the heads of the main areas directly related to the Committee on account of their duties, for the purposes of reviewing and preparing the items on the scheduled agenda.

Likewise, for the purposes of making the appropriate arrangements that ensure the achievement of the objectives effectively sought, the Committee shall prepare an annual working plan, which shall include, at least, the specific objectives for the financial year and an annual schedule of ordinary meetings. In order for the Committee to duly discharge its duties, external advisors may attend its meetings.

The deliberations and the resolutions passed by the Committee are recorded in the relevant minutes of the meeting taken by the Secretary.

The Committee may call executive directors, members of Management and any employee of the Company, who shall be bound to attend its meetings and provide it with assistance and access to the information available to them when the Committee so requests. The Committee may also request the presence at its meetings of the Company's statutory auditor.

**b. Activities: meetings held, business transacted and attendees**

The Audit and Compliance Committee held 4 meetings in 2020.

Directors' attendance rate, whether in person, or by proxy, at the meetings held in 2020 stands at 100%.

In view of the existing restrictions to mobility arising from the extraordinary situation created by the global COVID-19 pandemic, the Audit and Compliance Committee only held virtual meetings in 2020 via video conference or conference call system, ensuring that the identification of members in attendance can be established and that they can directly communicate with each other.

The average duration of each meeting has been of approximately 4 hours, and its members allocated enough time for consideration and review of agenda items.

The schedule of the meetings held and business transacted by the Audit and Compliance Committee between 1 February 2020 and 31 January 2021 is attached hereto as [Appendix I](#).

**4. Main lines of action**

The main action lines of the Audit and Compliance Committee in the year in furtherance of the responsibilities it has been entrusted with pursuant to article 28 of the Articles of Association and implemented in sections 5 to 13 of the Audit and Compliance Committee's Regulations, are addressed below:

**A. Powers relating to overseeing the process to draw up and release the periodic financial information, annual accounts, auditor's report and Statement on Non-Financial Information.**

- Financial reporting

The Audit and Compliance Committee reviews Inditex's economic and financial information before it is approved by the board of directors.

To do so, prior to the stating of the quarterly, half-yearly or annual financial statements, the Audit and Compliance Committee also meets with the Company's Management to review, among other things, the enforcement of the accounting principles and the estimates made upon stating the financial statements.

Additionally, the committee, which is entirely made up of non-executive directors, meets with the external auditor for the purposes of reviewing the Company's annual accounts and certain periodic financial information, ensuring compliance with statutory requirements and the appropriate use of generally accepted accounting principles upon stating the annual accounts.

The Audit and Compliance Committee reviewed on 16 March 2020 the annual accounts and the directors' report, both consolidated and individual, as well as the auditor's report for FY2019. The Committee verified that an unqualified auditor's report was issued.

In view of the extraordinary uncertain situation due to the global COVID-19 pandemic, the committee considered that it was not the right moment to take a decision on dividend distribution. Thus, the committee resolved to issue a favourable report and propose to the board of directors to allocate all net income for FY2019 to reserves with a view to submitting a final proposal on dividends at a later board meeting prior to the Annual General Meeting scheduled in July. Such final proposal was approved by the board of directors on 17 March 2020.

In its subsequent meeting held on 8 June 2020, the committee resolved to give a favourable report to the proposal on the distribution of dividend in the gross amount of €0.35 per share charged against unrestricted reserves and on the deferral of payment of the extraordinary dividend for FY2020 and FY2021 to FY2021 and FY2022, respectively.

Such motion was approved by the board of directors and submitted to shareholders at the Annual General Meeting, which approved it on 14 July 2020.

Consequently, the Group's dividend policy, which combines a 60% ordinary payout and the deferred payment of bonus dividends, was upheld.

Likewise, the Audit and Compliance Committee reviewed the quarterly results for 2020 and the relevant Results Releases and Press Releases in the meetings held on 8 June (1Q), 14 September (1H) and 14 December 2020 (3Q). Such results – and the respective Results Releases and Press Releases – were provided by the board of directors to the market and its supervisory bodies on a quarterly basis pursuant to the Periodic Public Information ("PPI") format.

- Statement on Non-financial Information

The committee gave a favourable report to the Statement on Non-financial Information (SNFI) of the Inditex Group for 2019 in the meeting held on 16 March 2020. In accordance with the provisions of Act 11/2018, the SNFI covers the description of the Group's business model and the main priorities of its strategy, such as: (i) the sustainability strategy of the Group, updated in the Annual General Meeting held on 16 July 2019, which defines Inditex's integrated and sustainable business model, including aspects relating to Human Rights and traceability within the supply chain, and environmental issues; as well as aspects relating to (ii) staff, diversity and other social issues; (iii) customer service; (iv) community investment; (v) anti-bribery and anti-corruption measures implemented; (vi) tax information, and (vii) the analysis and description of the policies relating to each such issues approved, and of the due diligence processes carried out to identify and assess the risks thereof.

The SNFI was prepared in accordance with the provisions of the prevailing commercial regulations, following the criteria laid down in Global Reporting Initiative (GRI) standards, in particular in GRI 101: Foundation 2016, selected pursuant to the table of required contents provided in Act 11/2019.

It was subject to an independent review by an external facilitator and the Audit and Compliance Committee verified that it was unqualified. The SNFI was an integral part of the Annual Report for 2019.

- Report on the Internal Control System over Financial Reporting (ICFR)

The committee oversaw the effectiveness of the Internal Control System over Financial Reporting (ICFR). This is accounted for in section F of the 2019 Annual Corporate Governance Report approved on 17 March 2020. The information on the Company's ICFR included in section F of the 2019 Annual Corporate Governance Report has been verified by the statutory auditor, who issued an unqualified report.

The committee acknowledged in the meeting held on 11 December 2020 the Report on the Internal Control System over Financial Reporting of the Inditex Group.

Such Report covers, inter alia, the key elements upon which the system is built up, its organizational model and structure, the 2020 scoping matrix, the most relevant issues identified during the oversight process and the scope of the matrix defined for 2021.

- Report on the Internal Control System over Non-Financial Reporting (ICNFR)

The committee acknowledged in the meeting held on 11 December 2020 the Report on the Internal Control System over Non-Financial Reporting of the Inditex Group (ICNFR).

The ICNFR arises from the need to conform to the new regulatory environment that affects the Group and to improve the internal control system over non-financial information reported in the SNFI and assure the reliability of the information reported. In the design of the Group's ICNFR, the same methodology as the one used for ICFR and described in section F of the ACGR has been followed, leveraging existing resources, being also based on the 3 lines of defence model.

The Report on ICNFR covers, inter alia, the scope and targets of the system, its structure and the key elements upon which it is built up, as well as the scoping matrix for 2020 and the progress on the first pilot test on ICNFR monitoring.

## **B. Powers relating to statutory audit**

### - Overseeing the effectiveness of the statutory audit and fulfilment of the audit engagement

The audit conducted in 2019 was reviewed by the Audit and Compliance Committee in the meeting held on 16 March 2020, which was attended by the external auditor via conference call upon special invitation of the committee.

The external auditor audited the consolidated financial statements of the Group as at 31 January 2020 as well as the individual financial statements of certain Group companies, also as at 31 January 2020. They issued an unqualified report.

External auditors have also reviewed the consolidated financial statements for 1Q2020 and 3Q2020, which was accounted for in the meetings held on 8 June and 14 December, respectively. They also attended by remote means the meeting held by the Audit and Compliance Committee on 14 September 2020 to account for the limited review of interim condensed consolidated financial statements of Industria de Diseño Textil, S.A. and Subsidiaries for the six-month period ended 31 July 2020.

External auditors were also in attendance by remote means in the virtual meeting held on 14 December 2020 upon special invitation of the Committee, to address the 2021 audit plan.

External auditors attended all the meetings held by the Audit and Compliance Committee to address the relevant agenda items.

### - Verifying the independence of the statutory auditor

Pursuant to the provisions of the Procedure to Contract an Auditor for the Provision of Non-audit Services approved by the Committee on 18 July 2016, the Audit and Compliance Committee evaluated and approved in all the meetings held in 2020 where the issue was addressed, the engagement by the Company and Group companies of non-audit services from external auditors.

On 16 March 2020, the committee approved the report on the independence of the external auditor, which also addressed the issue of the provision of non-audit services.

Pursuant to Recommendation 6 GGC, such report was made available to the shareholders on the corporate website at the time the Annual General Meeting was called.

### - Appointment and/or re-election of auditors

#### o Re-election of auditors

In the meeting held on 16 March 2020, having established that independence requirements are met, and having assessed the degree of fulfilment of the audit engagement, the audit findings, and the terms agreed with auditors to perform non-audit services other than those covered in the audit engagement, the Audit and Compliance Committee gave a favourable report to the re-election of statutory auditors, to be approved by the board of directors and subsequently submitted to the Annual General Meeting.

o Overseeing the process to select and appoint external auditors

An audit tender process was carried out in 2020 to select the new statutory auditor. The audit tender process seeks to comply with regulatory requirements regarding mandatory rotation periods of the audit firm. Taking into account that all audit firms invited to tender provided at the time non-audit services, in order to ease the independence process of the incoming statutory auditor, it was necessary to anticipate the tender process during the year prior to the start of audit activities (cooling off period).

The tender has been carried out by means of a formal, orderly and regulated procedure to ensure that the competition is unbiased, fair, efficient, transparent and non-discriminatory.

The Audit and Compliance Committee, which is responsible for the process to select the statutory auditor, has been regularly apprised throughout 2020 of the progress of such process:

- The timeline of the audit tender and its main guidelines were approved in the meeting held on 8 June 2020.
- The Request for Proposal (RFP) was approved in the meeting held on 14 September 2020, drawn up in accordance with the provisions of applicable regulations on statutory audit and with Recommendation 60 of Technical Guide 3/2017, according to which audit committees should specify a selection procedure which should state the criteria and parameters to be assessed as among a sufficient number of auditors and audit firms invited to take part.

Last, in the meeting held on 11 December 2020, the committee resolved to raise to the board of directors the motion on the appointment of Ernst&Young, S.L. as the new statutory auditor of the company and its Group for FY2022, FY2023 and FY2024. Such proposed resolution will be submitted to the shareholders at the first Annual General Meeting held in the first year of the new auditor's term of office.

**C. Powers relating to the Internal Audit function**

The CAO attended and played an active role in all the meetings held by the Audit and Compliance Committee in 2020,

A number of issues that fall under the purview of the committee were addressed in such meetings and it oversaw the work plan of the Internal Audit Department (progress report of the projects and review of the follow-up on the most critical recommendations, both of operational, financial, compliance and systems audits currently in progress), and approved its budget and its activities report. In particular:

- In the meeting held on 16 March 2020: (i) it acknowledged the Annual Activities Report of Internal Audit for 2019; (ii) it approved the Internal Audit Plan and the budget for 2020, in accordance with Recommendation 42 GGC; and (iii) it gave a favourable report to the external audit fees for 2019, the external audit budget for 2020 and the fees for non-audit services provided to the company and its Group.
- In the meeting held on 8 June 2020: (i) it acknowledged the work done by Internal

Audit in 1Q2020 and (ii) it resolved to update the Internal Audit Plan and budget for 2020 as a result of the extraordinary environment created by the COVID-19 pandemic.

- In the meeting held on 14 September: (i) it acknowledged the work done by Internal Audit in 2Q2020; and (ii) it resolved to update again the Internal Audit Plan for 2020 in line with the new environment resulting from the evolution of the global COVID-19 pandemic.
- Last, in the meeting held on 11 December, it acknowledged the work done by Internal Audit in 3Q2020.

#### **D. Powers relating to Compliance**

- Supervision of the Model of Criminal Risk Prevention: review of the reports issued by the Committee of Ethics

The Committee reviewed and approved the Annual Report of the Committee of Ethics for 2019 in the meeting held on 16 March 2020, and the Half-yearly Report of the Committee of Ethics for 2020 first half, in the meeting held on 14 September 2020. Likewise in the meeting held on 16 March 2020 it acknowledged the Report on the Model of Criminal Risk Prevention for 2019 and in the meeting held on 14 September 2020 the half-yearly Report on the Model of Criminal Risk Prevention.

The committee also acknowledged the main proceedings carried out by the Committee of Ethics as regards the Ethics Line in the meetings held on 16 March, 8 June, 14 September and 11 December 2020.

Such reports review the enforcement of the Code of Conduct and Responsible Practices and the Code of Conduct for Manufacturers and Suppliers, with a description of the cases seen by the Committee of Ethics, the proceedings carried out and the resolutions issued; the outcome of the supervision of the Model of Criminal Risk and proceedings to implement the *Corporate Compliance* System at domestic and international level (circulation and communication of the Corporate Compliance System, proceedings regarding the acceptance of the Code of Conduct and Responsible Practices and training on *Corporate Compliance*).

- Supervision of the Compliance function

In the meeting held on 16 March 2020, the committee approved the strategic action lines of the Compliance Function and its budget for 2020.

Likewise, in the meetings held on 16 March and 14 September 2020, it acknowledged the 2019 Annual Compliance Report and the half-yearly Compliance Report for 2020 first half, respectively.

The committee further acknowledged the main proceedings of the Compliance Function in the meetings held on 16 March, 8 June, 14 September and 11 December 2020.

- Corporate policies

In order to align the company's internal regulations with certain regulatory developments, international standards and best practices on corporate governance and corporate Compliance, in particular, with the revised GGC approved by CNMV's board on 25 June 2020 and to implement certain aspects of the internal regulations, in 2020 the Audit and Compliance Committee gave a favourable report to the approval or amendment of the following corporate policies:

- In the meeting held on 16 March 2020, the approval of the Financial Risk Management Policy, approved by the board of directors on 17 March 2020.
- In the meeting held on 11 December 2020:
  - approval of the Policy on Disclosure of Economic-Financial, Non-financial and Corporate Information.
  - The partial review of: (a) the Diversity of Board of Directors Membership and Director Selection Policy; (b) the Diversity and Inclusion Policy; (c) the Enterprise Risk Management Policy; (d) the Financial Investment Policy; and, (d) the Sustainability Policy (formerly, the Environmental Sustainability Policy and the Corporate Social Responsibility Policy).

All such policies were approved by the board of directors on 14 December 2020

#### **E. Proceedings in the field of oversight and evaluation of the Enterprise Risk Management Function**

The Audit and Compliance Committee is responsible for verifying the level of risk tolerance and its limits, at least by means of an annual review, and receiving periodic reports on the degree of compliance with the Enterprise Risk Management Policy, to be tabled to the Board. Its main proceedings in the field in 2020:

- Risk Map

In the meeting held on 11 December 2020 the Head of the ERM Department apprised the committee of the main risks affecting business development and the control measures established to manage and monitor such risks. The committee gave a favourable report to the update of the 2020 Risks Map.

In such meeting, the committee acknowledged the collaboration with the University of Cambridge - Centre for Risk Studies towards the evolution and implementation of the Group's own risk management framework. Such project consists of identifying and quantifying risks, in terms of their economic impact, based upon different scenarios, using the methodology developed by the University of Cambridge for such purposes.

- Evaluation of other risks

Pursuant to sections 5.3(i) of the Audit and Compliance Committee's Regulations, and the provisions of the Enterprise Risk Management Policy, the evaluation of any question regarding "financial and non-financial risks (*including operational, technological, legal, social,*

*environmental, political and reputational risks or those related to corruption)*” is part of the Committee’s duty to oversee the effectiveness of risk control systems.

Likewise, pursuant to section 9(h) of the above referred set of rules, the Audit and Compliance Committee may “*meet with the heads of business units at least once a year, and whenever the Committee deems it appropriate, for the purposes of reporting to the Committee on trends of business and risks associated with the respective areas under their remit.*”

In view of the extraordinary situation resulting from the global COVID-19 pandemic, in 2020 dialogue, coordination and interaction between directors, senior managers and the heads of all business units has been reinforced to ensure an appropriate monitoring and information flow, in particular with regard to the Group’s critical areas or areas exposed to higher risks.

Considering the foregoing, the Committee has encouraged attendance of company’s officers and supervisors at its meetings, to keep abreast of the operation of the risk management systems established and the findings reached.

In particular, with regard to:

- Report on Tax Policies

Pursuant to the Company’s Tax Policy, the committee acknowledged in the meeting held on 16 March 2020 the tax policies followed in 2019.

- Coronavirus – COVID-19 Contingency Plan

The Audit and Compliance Committee acknowledged the Coronavirus – COVID-19 Contingency Plan in the meeting held on 16 March 2020. Such Plan covered preventive, organizational and measures relating to healthcare coordination for the purposes of ensuring the health and well-being of employees, customers, and of every direct or indirect service provider or supplier of goods, to prevent the risk of COVID-19 infection and transmission.

- Information Security

In the meetings held on 16 March 2020, the committee acknowledged (i) the main events of interest noted by the Information Security Committee in the second half of 2019; (ii) the most relevant projects and initiatives of the period; and, (iii) the 2020 Plan.

Likewise, in the meeting held on 14 September 2020, the committee (i) acknowledged the main events of interest noted by the Information Security Committee in the first half of 2020 and the most relevant initiatives put in place in the period; and, (ii) approved the budget for 2020

- Report of the Data Protection Officer – DPO

In the meeting held on 14 September 2020, the committee acknowledged the report of the Group’s DPO, which identified: (i) the most relevant initiatives carried out between the second half of 2019 and the first half of 2020; (ii) the action taken to manage the global health crisis caused by COVID-19 with regard to data privacy; and,

(iii) the strategy and main action lines for the period running between the second half of 2020 and the first half of 2021.

- Report on IP litigation

In the meeting held on 16 March 2020, the committee acknowledged the report submitted by the head of the IP Department covering, without limitation, the progress of the cases relating to the management of Inditex Group's IP assets and the status of the main litigation cases in the field of Industrial Property.

- The corporate strategy

As a general rule, the board of directors delegates the management of the day-to-day business and the conduct of its strategy to the management team, focusing on carrying out its general oversight duty and exercising its non-delegable powers, pursuant to statute, the Articles of Association and its own set of rules.

Within the scope of its powers relating to enterprise risk management, both financial and non-financial, the Audit and Compliance Committee will be regularly updated by the Management and the heads of business units who will attend its meetings for the purposes of reporting to the committee on trends of business and risks associated with the respective areas under their remit

In this regard, in view of the exceptional situation resulting from the global COVID-19 pandemic, the committee resolved in the meeting held on 8 June 2020 to acknowledge the update of the Business Plan for the purposes of aligning it with the new environment resulting from the new environment.

## **F. Powers relating to Corporate Governance**

The most relevant proceedings of the committee in 2020 regarding observance of statutory and good governance requirements have been:

- Annual Corporate Governance Report (ACGR)

The Audit and Compliance Committee approved on 16 March 2020 the 2019 Annual Corporate Governance Report (ACGR), filed for the first time in free format, in accordance with CNMV's Circular 5/2013, accompanied by the relevant Statistical Appendix laid down in such Circular. The committee submitted the ACGR to the board of directors which approved it on 17 March 2020, and subsequently sent it to the CNMV as other relevant information. The ACGR is available on CNMV website.

- Review of the reports of the Compliance Supervisory Board and the Office of the Chief Compliance Officer

The Audit and Compliance Committee reviewed in the meetings held on 16 March and 14 September 2020 the half-yearly reports prepared by the Office of the Chief Compliance Officer and the Compliance Supervisory Board on (i) the enforcement of the Internal Regulations of Conduct, and (ii) the measures taken to promote knowledge and ensure compliance with the provisions of the IRC.

- Amendment to internal regulations

In the meeting held on 8 June 2020, the committee gave a favourable report to:

- The motion to amend in part the Articles of Association and the General Meeting of Shareholders' Regulations. Such partial amendment to both sets of rules mainly seeks to allow remote attendance and participation of shareholders and proxy holders at the General Meeting of Shareholders, empowering the board of directors so that, taking into account the circumstances existing from time to time, it would allow shareholders to remotely attend the General Meeting, in a manner that guarantees the identity of the shareholders or their proxy holders, pursuant to sections 182 and 521 LSC.

The Annual General Meeting held on 14 July 2020 approved the amendment to both sets of internal regulations.

- The motion to amend in part the Audit and Compliance Committee's Regulations that seeks to add as part of the powers of such committee, the possibility in certain cases, whenever the Committee so determines, of exercising duties inherent in audit committees with regard to such Group companies which are deemed to be Public-Interest Entities, in accordance with the requirements of applicable laws and regulations on statutory audit. The board of directors approved such amendment in the meeting held on 9 June 2020.
- In the meeting held on 14 September 2020, the committee gave a favourable report to the partial amendment to the Internal Regulations of Conduct in the Securities Markets. The board of directors approved such amendments in the meeting held on 15 September 2020.
- Last, in the meeting held on 11 December 2020, the committee gave a favourable report to the motion to amend in part the Board of Directors' Regulations and the Audit and Compliance Committee's Regulations, to align their wording to the new language of the revised GGC approved by CNMV's board on 25 June 2020, as well as to the changes to the standard form of the annual corporate governance report and the standard form of the annual report on remuneration of directors of public listed companies, introduced by CNMV's Circular 1/2020 of 6 October, to align them with the new language of GGC.

- Evaluation of the appropriateness of the corporate governance system

In the meeting held on 11 December 2020 the Audit and Compliance Committee appreciated that the Company's corporate governance system is appropriate, as it considers that it meets its purpose of promoting corporate interest taking into account the lawful interests of the different stakeholders.

- Related-party transactions

In the meeting held on 16 March 2020, the Audit and Compliance Committee issued and approved the report on related-party transactions carried out by the Inditex Group throughout 2019.

Pursuant to Recommendation 6 GGC, such report was made available to the shareholders on the corporate website at the time the notice calling the Annual General Meeting was posted.

- Report on treasury stock

The Committee acknowledged in the meeting held on 16 March 2020 the report on treasury shares, issued by the Capital Markets Director pursuant to applicable regulations.

- Report on its proceedings

The Audit and Compliance Committee issued the annual report on its proceedings on 8 June 2020. It was published in the 2019 Annual Report and is available on [www.inditex.com](http://www.inditex.com).

#### G. Other proceedings

- Assumption by Inditex's Audit and Compliance Committee of functions of audit committee at Zara España, S.A.

In the meeting held on 8 June 2020, the committee gave a favourable report to the assumption by the Audit and Compliance Committee of duties inherent in the audit committee of Zara España, S.A., in accordance with the provisions of section 3.(d) of Third Additional Provision of Act 22/2015 of 20 July on Statutory Audit.

In that same meeting, the Audit and Compliance Committee, exercising the duties inherent in the audit committee thus assumed in respect of Zara España, S.A., authorized the provision by the external auditor of non-audit services to Zara España, S.A.

- Miscellaneous

In the meeting held on 8 March 2021, the Company's management reported on the notice received from CNMV on 9 December 2020.

In that same meeting, statutory auditors reported on the review and disclosure suggestions relating to the above referred notice and confirmed that they had been considered upon stating the financial statements.

In furtherance of such notice, the Audit and Compliance Committee has taken the relevant action, undertaking to implement the recommendations identified in its future proceedings.

## 5. Main relations of the Audit and Compliance Committee

### A. With the General Meeting of Shareholders.

The Chair of the Audit and Control Committee attends the Annual General Meeting in order to address those questions shareholders may raise with regard to matters within its purview.

In this regard, the board of directors resolved in the meeting held on 14 December 2020, following a favourable report of the Audit and Compliance Committee, the partial amendment to the terms of reference of this later for the purposes of expressly including the obligation falling on the Chair of such committee to clearly explain at the General Meeting, the committee's opinion regarding the contents and scope of any qualification and/or reservations in its opinion in the auditor's report.

In addition, this Report is made available to shareholders at the time the Annual General Meeting is called.

### B. With the Board of Directors.

At the beginning of each meeting of the Board of Directors, the Chair of the Audit and Compliance Committee apprises all directors of the main business transacted and the resolutions passed in the last meeting of the Committee.

### C. With Board Committees.

Directors sitting on the Audit and Compliance Committee also sit on several other board committees.

Additionally, as explained in section 2.b) above, the internal regulations of the Group have been updated in 2020 for the purposes, *inter alia*, of strengthening the relations and the powers of both the Audit and Compliance and the Sustainability Committees, mainly as regards the preparation process of the financial and non-financial information, as well as the relations with the different stakeholders.

### D. With the Executive Chairman, the CEO and Senior managers

For the purposes of allowing the Audit and Compliance Committee to be directly apprised of the business evolution, the Committee encourages the presence at its meetings of the Executive Chairman, the CEO and of the officers and supervisors of the business areas of the Company to explain their view on certain issues directly linked with the Committee's remit and which are recurrent.

Additionally, the Committee may call any employee or officer of the Company and even arrange for their attendance without any other officer being present.

However, efforts will be made to ensure that presence at Committee meetings of anyone other than its members is limited to such cases where it is necessary, and for the transaction of specific items on the agenda for which they were called to attend.

E. With the General Counsel's Office.

The General Counsel and Secretary of the Board, in his capacity of Chief Compliance Officer regularly apprises the Audit and Compliance Committee of the degree of compliance with the Internal Regulations of Conduct regarding Transactions in Securities and in general, of the degree of enforcement of the rules of the company on corporate governance.

Additionally, the General Counsel and Secretary of the Board, in his capacity of Chair of the Committee of Ethics regularly advises the Audit and Compliance Committee on the enforcement of the Code of Conduct and Responsible Practices and the Code of Conduct for Manufacturers and Suppliers; the outcome of the supervision of the Model on Criminal Risks Prevention of the Inditex Group and the proceedings to implement the Compliance Model.

F. With the Internal Audit Department.

The Internal Audit Department, ensures, under the supervision of the Audit and Compliance Committee, the good operation of the information and internal control systems. Internal Audit is a corporate function that reports to the Executive Chairman but has functional reporting line to the Chair of the Audit and Compliance Committee.

The Chief Audit Officer (CAO), being ultimately responsible for the Internal Audit function, regularly apprises the Audit and Compliance Committee of the annual Internal Audit work plan, including potential changes and deviations, incidents and limitations on the scope occurred upon implementing such Plan, as well as of the assignments carried out in the different audit areas.

Meanwhile, the Audit and Compliance Committee oversees the Internal Audit Department, approving its budget, the Internal Audit Plan, the annual activities report and the resources of the Department to carry out its tasks as well as the contents of its proceedings.

G. With the external auditor.

The relations of the Board of Directors of the Company with the external auditors are channeled through the Audit and Compliance Committee.

Without prejudice to the annual meeting between external auditors and the Board of Directors, the former attends such meetings of the Committee in which the Periodic Financial Information which the Board of Directors needs to approve and disclose on a half-yearly basis is subject to review.

The Audit and Compliance Committee, mostly composed of independent directors, tables to the Board of Directors, to be subsequently submitted to the Annual General Meeting, the motions on the appointment, re-election and replacement of the statutory auditor, being responsible for the selection process, and on the terms of their engagement, the scope of their professional mandate and, where appropriate, their termination or renewal. In this regard, in accordance with the provisions of Technical Guide 3/2017, the Audit and Compliance Committee approved in the meeting held on 9 September 2019, the Procedure for the Selection of the Statutory Auditor, for the purposes of ensuring an unbiased, fair, transparent and efficient and non-discriminating selection process.

Likewise, the Committee oversees the enforcement of the audit engagement, evaluates the audit findings and supervises the terms and enforcement of such contracts entered into with the auditors for the performance of non-audit assignments, all of which pursuant to the provisions of section 15 of the Board of Directors' Regulations and sections 7 and 30 of the Audit and Compliance Committee's Regulations

H. With external advisors.

In order to receive assistance in the performance of their duties, non-executive directors may request that legal, accounting, financial or other experts be engaged at the Company's expenses. The assignment entrusted to such external advisors must necessarily address specific issues of certain weight and complexity that the above referred directors might face in the discharge of their duties

## **6. Evaluation of the proceedings and performance of the Audit and Compliance Committee**

Pursuant to the provisions of section 529*nonies* LSC and Recommendation 36 GGC, the evaluation of the annual performance and effectiveness of the Audit and Compliance Committee and its members was carried out in 2020. The findings of such evaluation have been very positive in respect of all areas evaluated (size, structure, functions, effectiveness, proceedings, planning and organization).

The performance of the Audit and Compliance Committee has been very highly rated, underscoring its effective oversight of corporate risks during the global health crisis. Likewise, further to such evaluation: (i) proceedings aimed at promoting the Compliance culture have continued; and, (ii) certain areas for improvement have been identified, relating in particular with strengthening the bonds among board committees, and the enhanced knowledge of non-financial risks.

## **7. Opinion of the Audit and Compliance Committee about statutory auditor's independence**

In the meeting held on 16 March 2020, the Audit and Compliance Committee, having reviewed the written confirmation issued by the auditor about its independence and the appropriateness of the non-audit services rendered (and relevant fees paid), without finding any evidence which may cast doubt on the independence of Deloitte, unanimously resolved to issue a favourable opinion regarding the independence of Deloitte as statutory auditor of the Inditex Group and its individual companies.

Pursuant to the provisions of Recommendation 6 CBG, this report is available to the shareholders on the corporate website ([www.inditex.com](http://www.inditex.com)) since the date the notice calling the Annual General Meeting was published.

## **8. Observance of Guides**

The Audit and Compliance Committee, performs its duties duly observing Recommendations of the GGC, the overarching principles and guidelines set forth in Technical Guide 3/2017 and the standards and existing best practices in the field of corporate governance.

The provisions of CNMV's Technical Guide 3/2017 have been considered upon preparing this Report on the Proceedings and Activities of the Audit and Compliance Committee.

Based upon the information herein reported, the composition and structure of the Audit and Compliance Committee, its organization and proceedings as well as the duties and powers it is entrusted with, are found to meet statutory requirements, the internal regulations of the company and the recommendations of GGC, and are aligned with existing best practices in the field of corporate governance.

#### **9. Date of issue and approval**

This report has been issued by the Audit and Compliance Committee on 7 June 2021.

DATE OF MEETING	MAIN BUSINESS TRANSACTED	INDITEX'S ATTENDEES <sup>2</sup>
11/03/2020	<ul style="list-style-type: none"> <li>- Review of the financial statements of the company. Review of the annual financial report to be disclosed by the Board of Directors to the market.</li> <li>- Statement on non-financial information (SNFI) (Act 11/2018, of 28 December on mandatory disclosure of non-financial information).</li> <li>- Meeting with the external auditors of the company:               <ul style="list-style-type: none"> <li>a. Auditor's report on the consolidated and individual annual accounts of Inditex.</li> <li>b. Verification report on the SNFI.</li> <li>c. Additional report (sec. 36 Act 22/2015, of 20 July on Statutory Audit) for the Audit and Compliance Committee</li> </ul> </li> <li>- Report on the independence of auditors.</li> <li>- Motion regarding the appointment/ re-election of statutory auditor.</li> <li>- Coronavirus – COVID 19 Contingency Plan.</li> </ul>	<ul style="list-style-type: none"> <li>- Executive Chairman and CEO<sup>3</sup></li> <li>- CFO.</li> <li>- CAO.</li> <li>- General Counsel and Secretary of the Board.</li> <li>- External auditors.</li> </ul>

<sup>2</sup> Occasional attendees especially invited by the Committee for the consideration of agenda items were never present at the meeting whenever the business corresponding to the items on the agenda were subject to deliberation and put to vote.

<sup>3</sup> The CEO and the CFO attended the meeting to review the financial statements and further address business operations

	<ul style="list-style-type: none"> <li>- IP Litigation.</li> <li>- Information Security: 2020 Annual Plan and budget.</li> <li>- Related-party transactions</li> <li>- Internal audit:             <ul style="list-style-type: none"> <li>a. 2019 Internal Audit annual activities Report. Follow-up on recommendations.</li> <li>b. 2020 Internal Audit Plan and budget.</li> <li>c. External audit: 2019 fees and 2020 budget</li> </ul> </li> <li>- Compliance:             <ul style="list-style-type: none"> <li>a. 2019 Annual Compliance Report of the Inditex Group:</li> <li>b. Annual reports of the Committee of Ethics:                 <ul style="list-style-type: none"> <li>i. Ethics Line</li> <li>ii. Model of Criminal Risk Prevention</li> </ul> </li> <li>c. New internal regulations: Financial Risk Management Policy</li> <li>d. Half-yearly report (August 2019 - January 2020) of the Compliance Supervisory Board.</li> <li>e. Strategic action lines and 2020 budget.</li> </ul> </li> </ul>	
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	<ul style="list-style-type: none"> <li>- 2019 Annual Corporate Governance Report.</li> <li>- Report on treasury stock.</li> <li>- Report on tax policies followed in the financial year (Code of Good Tax Practices).</li> <li>- Report on related-party transactions.</li> <li>- Provision by external auditor of non-audit services.</li> </ul>	
8/06/2020	<ul style="list-style-type: none"> <li>- Review of the periodic financial information that the Board of Directors must disclose to the market and its supervisory boards.</li> <li>- Business Plan update</li> <li>- Declaration of dividend in the gross amount of €0.35 per share charged to unrestricted reserves.</li> <li>- External audit: review of Inditex's consolidated 1Q2020 financial statements.             <ul style="list-style-type: none"> <li>a. Internal audit: work done in 1Q2020.</li> <li>b. Update of the 2020 Internal Audit Plan and budget</li> <li>c. External audit coordination: audit tender preparation.</li> </ul> </li> <li>- Assumption by Inditex's Audit and Compliance Committee of duties inherent in audit committees in Zara España, S.A..</li> <li>- Internal regulations:</li> </ul>	<ul style="list-style-type: none"> <li>- Executive Chairman and CEO</li> <li>- CFO.</li> <li>- CAO.</li> <li>- Corporate Development Director</li> <li>- External auditors</li> <li>- General Counsel and Secretary of the Board.</li> </ul>

	<ul style="list-style-type: none"> <li>i. Motion raised to the General Meeting on the amendment to the Articles of Association and the Regulations of the General Meeting of Shareholders.</li> <li>ii. Amendment to the Audit and Compliance Committee's Regulations.</li> <li>- <i>Compliance</i>: work done in 1Q2020</li> <li>- Statement of the Annual Report (Integrated Report).</li> <li>- Annual Report on the Proceedings of the Audit and Control Committee.</li> <li>- Provision by external auditors of additional non-audit services.</li> </ul>	
14/09/2020	<ul style="list-style-type: none"> <li>- Review of the periodic financial information that the Board of Directors must provide to the market and its supervisory bodies.</li> <li>- Meeting with external auditors: Limited review report: 1H2020 results.</li> <li>- International corporate structure.</li> <li>- Internal Audit:             <ul style="list-style-type: none"> <li>a. Internal Audit Activities Report for 1H2020. Work done and follow-up on recommendations.</li> <li>b. Update of the audit plan 2H2020.</li> </ul> </li> </ul>	<ul style="list-style-type: none"> <li>- Executive Chairman and CEO.</li> <li>- CFO.</li> <li>- CAO.</li> <li>- DPO</li> <li>- CISO</li> <li>- External auditors</li> <li>- General Counsel and Secretary of the Board</li> </ul>

	<ul style="list-style-type: none"> <li>- Update on the progress and next steps of the Procedure for the Selection of the Statutory Auditor and approval of the RFP.</li> <li>- Compliance:             <ul style="list-style-type: none"> <li>a. Half-yearly Compliance Report of the Inditex Group for FY2020.</li> <li>b. Half-yearly reports of the Committee of Ethics (February - July 2020):                 <ul style="list-style-type: none"> <li>i. Ethics Line</li> <li>ii. Model of Criminal Risk Prevention</li> </ul> </li> <li>c. Amendment to the Internal Regulations of Conduct in the Securities Markets (IRC).</li> <li>d. Half-yearly Report (February - July2020) of the Compliance Supervisory Board.</li> </ul> </li> <li>- Report of the DPO</li> <li>- Information Security: 2020 budget</li> <li>- Provision by the external auditor of non-audit services.</li> </ul>	
11-14/12/2020 <sup>4</sup>	<ul style="list-style-type: none"> <li>- Risks Map: 2020 update.</li> <li>- Report on the Internal Control System over Financial Reporting (ICFR)</li> </ul>	<ul style="list-style-type: none"> <li>- Executive Chairman and CEO</li> <li>- CFO.</li> <li>- CAO.</li> </ul>

<sup>4</sup> Meeting conducted over two business days

	<ul style="list-style-type: none"> <li>- Report on the Internal Control System over Non-Financial Reporting (ICNFR)</li> <li>- Internal audit:             <ul style="list-style-type: none"> <li>a. 3Q2020 assignments.</li> <li>b. Audit tender: Proposal on the selection of statutory auditor</li> </ul> </li> <li>- Compliance:             <ul style="list-style-type: none"> <li>a. work done in 3Q2020</li> <li>b. New internal regulations: Policy on Disclosure of Economic-Financial, Non-Financial and Corporate Information.</li> <li>c. Updated internal regulations:                 <ul style="list-style-type: none"> <li>- Board of Directors' Regulations.</li> <li>- Audit and Compliance Committee's Regulations.</li> <li>- Diversity of Board of Directors Membership and Director Selection Policy.</li> <li>- Diversity &amp; Inclusion Policy</li> <li>- Enterprise Risk Management Policy.</li> <li>- Financial Investment Policy.</li> </ul> </li> </ul> </li> </ul>	<ul style="list-style-type: none"> <li>-Head of ERM</li> <li>-Head of the Projects department and a member of its team</li> <li>-External auditors</li> <li>- General Counsel and Secretary of the Board</li> </ul>
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	<ul style="list-style-type: none"> <li>- Sustainability Policy. (former Environmental Sustainability Policy and Corporate Social Responsibility Policy)</li> <li>- Evaluation of the appropriateness of the corporate governance system.</li> <li>- Report on the evaluation of the Committee and the performance of its members.</li> <li>- Schedule of dates and agenda of business to be transacted by the Board of Directors in financial year 2021.</li> <li>- Schedule of dates and agenda of business to be transacted by the Audit and Compliance Committee in financial year 2021.</li> <li>- Provision by the external auditor of non-audit services.</li> <li>- Review of the periodic financial information that the Board of Directors must provide to the market and its supervisory bodies</li> <li>- External audit:             <ul style="list-style-type: none"> <li>a. 2021 audit Plan</li> <li>b. Review of 3Q2020 consolidated financial statements.</li> </ul> </li> </ul>	
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