

REPORT OF THE AUDIT AND COMPLIANCE COMMITTEE OF INDUSTRIA DE DISEÑO TEXTIL, S.A. (INDITEX, S.A.) ON RELATED-PARTY TRANSACTIONS CARRIED OUT IN 2020

This report is issued by the Audit and Compliance Committee pursuant to Recommendation 6 of the Good Governance Code of Listed Companies (“GGC”) approved by the Spanish National Securities Market Commission (“CNMV”) in February 2015 and amended in part further to a resolution of CNMV’s board dated 25 June 2020, to address the related-party transactions carried out in 2020 by either Industria de Diseño Textil, S.A. (Inditex, S.A.) (“Inditex” or the “Company”) or the Inditex Group.

I. Regulatory system applicable to related-party transactions.

Pursuant to section 529^{ter} of the Spanish Companies Act (“LSC” [*Spanish acronym*]) and sections 5.3(b)(vii) and 40 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, including any shareholder who, irrespective of their stake in the share capital, is represented on the board of directors of the Company, or has proposed the appointment of any board member, and/or with their respective related parties, as referred to in section 40 of the Board of Directors’ Regulations.

In this regard, pursuant to the section 529^{ter} LSC and sections 5.3(b)(vii), 15.2(g) and 40.2 of the Board of Directors’ Regulations, as well as section 13(c) of the Audit and Compliance Committee’s Regulations, the Audit and Compliance Committee must 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, such committee shall examine the transaction from the standpoint of an equal treatment of shareholders.

No authorization of the board of directors will be required 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 authorization of the line of business and the terms of execution of the transaction will suffice.

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

II. Related-party transactions carried out in 2020

No related-party transactions requiring the prior authorization of the board of directors pursuant to the provisions of section 529^{ter} LSC, sections 5.3(b)(vii), 15.2(g) and 40.2 of the Board of Directors’ Regulations, and section 13(c) of the Audit and Compliance Committee’s Regulations, has been carried out in 2020.

III. Transparency regarding related-party transactions.

To draft this report, the current accounting and commercial regulations governing transparency obligations 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 5/2013 of 12 June that sets forth the standard form of the annual corporate governance report for listed public limited companies, saving banks and other entities that issue securities admitted to trading on official securities markets, as amended by CNMV's Circular 1/2020, and sections 260 and 540.4(d) LSC.

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 which need not be reported to express a true and fair view of the assets, liabilities, financial position and performance of the entity.

Finally, in accordance with best practices in the area of corporate governance and pursuant to Recommendation 6 GGC, this report will be posted on the corporate website early in advance of the date when the Annual General Meeting will be held.

Done in Arteixo (A Coruña), on 8 March, 2021.