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**REPORT OF THE NOMINATION COMMITTEE OF INDUSTRIA DE DISEÑO TEXTIL, S.A. (INDITEX, S.A.) ON THE NEEDS OF THE BOARD OF DIRECTORS WITH REGARD TO THE PROPOSAL FOR RATIFICATION OF APPOINTMENTS THROUGH THE CO-OPTION SYSTEM AND FOR RE-ELECTION OF DIRECTORS**

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**I. FOREWORD**

This report is drawn up pursuant to Recommendation 14 of the Good Governance Code of Listed Companies, approved by the Spanish National Securities Market Commission (“CNMV”) in February 2015 and amended in part further to a resolution passed by CNMV’s board of directors on 25 June 2020 (“GGC”), and the Diversity of Board of Directors Membership and Director Selection Policy originally approved by the Board of Directors on 9 December 2015 and amended in part on 14 December 2020 (the “**Diversity of Board of Directors Membership and Director Selection Policy**”), with regards to the prior analysis of the company’s needs and of the competences required by the board of directors before issuing proposals or reports on the proposals for the election of directors, as the ratification of the co-option of Ms Marta Ortega Pérez and Mr Óscar García Maceiras to the board, as proprietary and executive director, respectively needs to be submitted to shareholders at the Annual General Meeting. Likewise, at present, 2 independent directors (Ms Pilar López Álvarez and Mr Rodrigo Echenique Gordillo serving on the board are approaching the end of their term of office; therefore, a proposal regarding their re-election must be raised to the board of directors.

**II. PURPOSE**

Recommendation 14 GGC sets forth that it should be ensured that “*appointment or re-election proposals are based on a prior analysis of the competences required by the board*” and that “*the results of the prior analysis of the competences required by the board should be written up in the nomination committee’s explanatory report, to be published when the general meeting is convened that will ratify the appointment and re-election of each director.*” In this regard, in accordance with section 3 of Technical Guide 1/2019, on nomination and remuneration committees, approved by CNMV on 20 February 2019 (the “**Technical Guide 1/19**”), analysing the competences, knowledge and experience as well as other occupations of the directors who are already members of the board, and preparing a Board skills matrix for the purposes of defining the profile and required skills of prospective candidates, are deemed good practices. Likewise, Technical Guide 1/2019 also recommends taking into account the need for a progressive board refreshment. In light of the foregoing, and based on the results of the board skills matrix drawn up by the Committee and approved by the Board of Directors in the meeting held on 12 May 2022 (attached hereto as **Appendix I**), the Nomination Committee has reviewed and considered the needs of the company and the competences required by the board before issuing reports and proposals regarding the ratification at the Annual General Meeting of the co-option of Ms Ortega and Mr García to the board as proprietary and executive director, respectively, and the re-election of Ms López and Mr Echenique as non-executive independent directors.

In furtherance of the internal regulations of the Group, the composition of the Board of Directors shall reflect the Company's commitment to diversity of knowledge, qualifications, experience, geographic origin, age and gender. In this regard, pursuant to section 5 of the Diversity of Board of Directors Membership and Director Selection Policy, efforts should be made to ensure a diverse board membership where directors with experience and knowledge of the Group, its business and the retail sector in general serve together with others with background, qualifications, knowledge and experience in other fields and industries.

Likewise, efforts should be made to ensure a balanced board membership as regards directorship types, with a large majority of non-executive directors and an appropriate ratio of proprietary to independent directors. In this regard, pursuant to section 7.2 of the Board of Directors' Regulations, the ratio of independent directors within the Board of Directors should be at least equal to the ratio of floating capital of the Company. Likewise, in accordance with Recommendation 17 GGC, a large proportion of independent directors sit on the board of directors.

The Nomination Committee has reviewed the size, membership, skills and effectiveness of the Board of Directors pursuant to the above referred matrix, and has determined that:

- At present, 11 directors sit on the board of directors. This number is within the limit provided in the Articles of Association and within the 5 to 15 range set out in Recommendation 13 GGC.
- The 11 board members are classified as follows: 1 executive directors, 4 proprietary and 6 independent. Thus:
  - o The large majority of board seats are filled by non-executive directors, in accordance with the provisions of Recommendation 15 GGC set for companies with large market capitalization, and a large proportion of independent directors sit on the board compared to the remaining directorship types.
  - o In accordance with Recommendation 16 GGC, the ratio of proprietary to non-executive directors is below the proportion between the capital they represent on the board and the remainder of capital.
- Female directors account for 45.45% of all board seats. This means that should the election of Ms Ortega to the board be ratified at the Annual General Meeting, and should Ms López be re-elected, the female representation target assumed and written in the Group's internal regulations in accordance with Recommendation 15 GGC, would have been reached i.e., at least 40% of all board seats by the end of 2022.
- The average tenure of independent directors on the board is 6.5 years.
- Members of the board of directors have, as a whole, accredited abilities, competences, experience and merits: (i) regarding the Company itself, the Group, and the retail sector; (ii) in economy and finances, accounting, audit and risk management matters, including

both financial and non-financial ones; (iii) in regulatory compliance and corporate governance matters; (iv) in the digital and new technologies sector; (v) in sustainability; (vi) in different geographical markets; and (vii) in management, leadership and business strategy.

In this regard, current board members include directors with experience and knowledge of the Group, the retail sector in general and the fashion retail together with others with education, competences, background and experience in other fields and industries.

In addition to a broad and diverse international experience and competences in economy and finances, almost half of the board members have experience in the digital and IT environment.

The fact that more than half of the directors have experience in human resources, talent and remuneration shows the relevance assigned by the Group to talent, its attraction and its retention. Likewise, one third of board members have legal experience, and the same proportion has experience in sustainability, among other competences such as cybersecurity, enterprise risk management or corporate governance.

The election of directors over the last year, which was completed on 1 April 2022, has reinforced the experience in areas such as digital transformation, sustainability, Compliance, corporate governance, and the relationship with regulators, as well as leadership management and commercial strategy, in particular as regards product, design, innovation and brand image, which are the Company's strategic priorities.

- The company's corporate governance structure is appropriate to ensure independence through a number of counterweights that prevent potential risk associated with concentration of power, in particular after the definitive separation of the roles of the chair of the board of directors and the chief executive of the Company, with a new non-executive Chair, and a single CEO, who will perform all executive functions.

Pursuant to the board skills matrix, the Nomination Committee considers that with its current composition and structure the Board of Directors has achieved a high degree of balance and stability materialized in: (i) a balanced presence of the different directorship types, as independent, proprietary and executive directors sit on the Board, with a large majority of non-executive independent directors; (ii) a balanced presence of men and women on the board, as female representation has been gradually increasing over the years and the 40% target set by the board of directors to be reached by the end of 2022 has already been surpassed; and, (iii) an appropriate balance of skills and experience that befits the interests of the company and its Group.

In light of the foregoing, the Committee considers that there are no significant differences as regards the board's present and/or future needs from those shown in the report issued last 29 November 2021, on the occasion of the co-option of Ms Ortega and Mr García to the board of directors, which was the perfect ending of an orderly and planned succession of the Chair. To carry out its analysis, the committee took into account the composition of the board as at that

date, with an organisational structure marked by the co-existence of an Executive Chairman and a CEO, as well as the results of the annual evaluation of performance for the last two years.

In line with the findings of such report, the Committee would highly appreciate that the proposals on the re-election and appointment of directors should seek to keep or reinforce within the supreme governing body of the company: (i) the different profiles and experiences aligned with the Company's strategic focal points; (ii) a high diversity in terms of professional experience, competences, personal skills, sector-specific knowledge, gender, age, geographic origin, race, ethnicity and/or cultural background, among others; (iii) a balance of directorship types on the board, ensuring a majority of non-executive directors, most of them independent, and an appropriate representation of proprietary directors within the board; and (iv) a progressive board refreshment, together with the necessary presence on the board of members with a wide experience and knowledge about the Company, the Group, its business, and the retail sector in general.

In line with the commitment assumed by the company, the Nomination Committee considers that favouring gender diversity should remain a priority for director selection, to keep or even surpass the 40% target for female representation on governing bodies set for 2022, without disregarding however, that all elections must be made based upon suitability and merit yardsticks.

The Committee further considered that although the board can be flexible to increase or even reduce the number of its members, its current number is appropriate to facilitate dialogue and interaction among them. Likewise, its size is aligned with the Group's dimensions, complexity and business, and on par with that of comparable companies.

Last, with regard to the progressive board refreshment that needs to be observed in view of the addition of future members, candidates with experience in other industries should be sought, in particular, those with international experience and experience in the retail sector and the fashion industry, as it is inferred from the annual evaluation of performance for the last two years. Likewise, a combination of various nationalities is also appreciated; however, given the weight of the Spanish market in the Group's operations and total sales, with its parent company listed on all four Spanish Stock Exchanges, it is deemed appropriate to keep the representation of Spanish directors on the board.

The Nomination Committee considers that in general terms, for the Board of Directors to duly perform its oversight role, it should have, as a whole, accredited abilities, competences, experience and merits: (i) about the Company itself, the Group, and the retail sector; (ii) in economy and finances, accounting, audit and risk management matters, including both financial and non-financial ones; (iii) in sustainability, regulatory compliance and corporate governance matters; (iv) in the digital and new technologies sector; (v) in different geographical markets; and (vi) in management, leadership and business strategy, as well as (vii) the requirement for each board member to be highly qualified and trustworthy, both as a person and as a professional, and available for the necessary dedication to the position.

The mission of the Nomination Committee consists of ensuring an appropriate board membership to enhance its proceedings, while encouraging progress regarding observance of recommendations and best practices in the field of corporate governance.

### **III. FINDINGS**

The profiles of directors whose election needs to be ratified, or who are going to be re-elected in the upcoming Annual General Meeting, further to the relevant report or proposal of the Nomination Committee, and the relevant explanatory report of the Board of Directors, shall meet the needs of the company and fulfil the competences requirements of the board itself, as shown in this report pursuant to Recommendation 14 GGC and sections 3, 4 & 5 of Technical Guide 1/2019.

Done in Arteixo, A Coruña (Spain), on 6 June 2022.

