
REPORT OF THE BOARD OF DIRECTORS OF INDUSTRIA DE DISEÑO TEXTIL, S.A. (INDITEX, S.A.) REGARDING THE PROPOSALS ON THE RATIFICATION AND RE-ELECTION OF DIRECTORS INCLUDED AS AGENDA ITEM 5 OF THE ANNUAL GENERAL MEETING CALLED TO BE HELD ON 12 AND 13 JULY 2022 ON FIRST AND SECOND CALL, RESPECTIVELY

I. FOREWORD

This report is drawn up by the Board of Directors of Industria de Diseño Textil, S.A. (“**Inditex**” or the “**Company**”) pursuant to the provisions of section 529*decies*(5) of the Revised Text of the [Spanish] Companies Act (“**LSC**”), sections 21.3 and 23.1 of the Revised Text of the Board of Directors’ Regulations and of the Diversity of Board of Directors Membership and Director Selection Policy, approved by the Board of Directors on 9 December 2015 and amended in part on 14 December 2020. The report covers the proposals on the ratification, appointment and re-election of directors that the board submits to shareholders at the Annual General Meeting as agenda item 5.

II. PURPOSE

This report seeks first to support the fact that the proposals on the ratification of the appointment to the board through the co-option system of Ms Marta Ortega Pérez and Mr Óscar García Maceiras, as well as the proposals on the re-election to the board of Ms Pilar López Álvarez and Mr Rodrigo Echenique Gordillo, are based on a prior analysis of board needs, written up in an explanatory report approved by the Nomination Committee on 6 June 2022, pursuant to Recommendation 16 of the Good Governance Code of Listed Companies, approved by 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 section 3 of the Diversity of Board of Directors Membership and Director Selection Policy. The board has also established that such report has been issued on the basis of the results of the board skills matrix approved by the board of directors on 12 May 2022, and that it covers the findings of the prior analysis of the Committee regarding the proposals on the co-option of Ms Ortega and Mr García dated 29 November 2021.

This report considers the competence, experience and merits of the directors whose ratification, appointment and re-election to the board, as the case may be, is proposed to the Annual General Meeting. Additionally, the fact that the professional profile of each director is deemed suitable for the Company’s description, its business and its international dimension, has also been taken into account.

Based on the foregoing, each proposal and report of the Nomination Committee describing the candidates’ competences, experience and merits (and including their CV) have been assessed, and they have been fully endorsed by the board. Such proposals and reports will be made available to shareholders, together with this explanatory report, on the corporate website at the time the notice calling the Annual General Meeting is posted.

In this regard, the board of directors has considered that the proposals on the ratification, appointment and re-election of directors contribute to maintaining or reinforcing:

- (i) The high qualification and professional and personal integrity of board members.
- (ii) A balanced membership with regard to the different directorship types: further to the proposes raised, the board of directors would be composed of independent, proprietary and executive directors, ensuring that the majority of its members are non-executive. In this regard:
 - With the re-election of the 2 independent directors, the existence of a large proportion of independent directors on the board compared to the remaining directorship types is ensured.
 - The appointment of the proprietary director: (i) ensures the alignment of the decisions of the board of directors with the interests of shareholders, considering that although the company's share capital structure is diverse, a high percentage thereof is held by significant shareholders; and, (ii) acts as a counterweight in the event of potential risks of concentration of power in the executive director.
 - On the other hand, the definitive separation of the roles of board chair and chief executive of the company, with a new non-executive Chair and a single executive director who will have every delegated authority, reduces any potential risk of power concentration.

The separation of the chair and the CEO, and the existence of a Management Committee, approved further to a resolution passed by the Board of Directors on 29 November 2021 for the purposes of supporting the new CEO, composed of members from different business areas, contributes to reducing a potential risk of power concentration in the hands of a single executive director, and to the appropriate oversight of the corporate strategy.

- (iii) A balanced presence of men and women.

Further to the re-election of Ms López and the ratification of the appointment of Ms Ortega, 5 women will sit on the board of directors, and the percentage of female representation will stand at 45.45%.

- (iv) Reinforcing the experience in such areas as digital transformation, sustainability, Compliance and corporate governance, and the relationship with regulators, economic and financial issues, audit, control and risk management issues, 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.

With this membership, an appropriate balance is deemed to have been reached between skills and experience, that befits the interests of the company and the group, combining members with wide experience and knowledge of the Group, its business, the retail sector in general and the fashion retail, with other profiles with education, competences, background and experience in other fields and sectors. This contributes to the appropriate performance of the oversight duty entrusted to the board of directors.

- (v) The progressive refreshment of the board, with the presence of new members, combined with directors having a wide experience and knowledge of the company, the group and its business.

The appointment of Mr García and Ms Ortega completes the generational handover, and at the same time, the values of the company are upheld, ensuring the stability of the founder's project, given their extensive record.

With the appointment of these 2 directors, a younger, more diverse and plural team is formed, with the capacity to tackle increasingly complex issues that need to be approached from a more modern perspective, in line with the expectations and demands of customers and other stakeholders.

The continuance of Mr Echenique and Ms López on the board of directors is deemed to be highly convenient to ensure the right stability and balance of the governance structure, as they have both contributed to the smooth running of such governing body and its committees. Thus, their sound knowledge of the company, its group and its business models, and of the dynamics and proceedings of its committees, governance regulations and management and oversight function at the highest level, even at extremely difficult times, is considered an invaluable asset.

Consequently, such appointments contribute to significantly reduce the average age of directors and the average tenure of board members.

In essence, as the Nomination Committee found in its report with the prior analysis of board needs, a high degree of balance and stability would be reached.

Should the proposals on the ratification, appointment and re-election of directors be approved at the Annual General Meeting, the structure and size of the board of directors will be as follows:

- 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:

In accordance with Recommendation 15 GGC, a large majority of non-executive directors would sit on the board, where a large proportion of independent directors is ensured compared to the remaining directorship types, higher than the ratio of floating capital of the Company.

Likewise, the ratio of proprietary to non-executive directors would be below the proportion between the capital they represent on the board and the remainder of capital, pursuant to Recommendation 16 GGC.

- 45.45% of all board seats would be filled by female directors, above the 40% representation target by the end of 2022 set in the Diversity of Board of Directors Membership and Director Selection Policy pursuant to Recommendation 15 GGC.
- The average tenure of independent directors on the board would be 6.5 years.
- Members of the board of directors would 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; (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

III. FINDINGS

Further to the analysis of the above referred proposals and reports, the Board of Directors finds:

- That Ms Marta Ortega Pérez, Mr Óscar Garcia Maceiras, Ms Pilar López Álvarez and Mr Rodrigo Echenique Gordillo have, both individually and as a whole, appropriate competences, experience and merits to fill the positions on the board.
- That the directors whose re-election is proposed, have served on the board of directors to its full satisfaction.

In this regard, their high rate of attendance at the meetings of the board of directors and its committees is noted, standing at 100%. Likewise, their commitment, diligence and professionalism in the discharge of their respective duties and their input to the appropriate performance of the Board is highly valued.

- The board has verified that the candidates qualify as proprietary, executive and independent, where appropriate, as proposed by the Nomination Committee, considering the definition included in section 529*duodecies* LSC.

Pursuant to the applicable regulations above referred, the board of directors issues this explanatory report establishing the competence, experience and merits of Ms Marta Ortega Pérez, Mr Óscar García Maceiras, Ms Pilar López Álvarez and Mr Rodrigo Echenique Gordillo, for the purposes of proposing to the Annual General Meeting their ratification, appointment and re-election to the board of directors, where appropriate.

In Arteixo (A Coruña), on 7 June 2022.