



**Annual Report on the Proceedings of the
Sustainability Committee
of Industria de Diseño Textil, S.A. (INDITEX, S.A.)
FY2021**

TABLE OF CONTENTS

1. Foreword.....	3
2. Sustainability Committee: regulations, composition and proceedings.....	3
a. Origin and evolution.....	3
b. Regulations, mission and powers.....	3
c. Composition.....	4
i. Structure.....	4
ii. Diversity.....	5
3. Proceedings of the Sustainability Committee: meetings held, business transacted, reports and attendees.....	6
a. Proceedings.....	6
b. Activities: meetings held, business transacted, reports and attendees.....	7
4. Main action lines.....	7
5. Main relations of the Sustainability Committee.....	9
A. With the General Meeting of Shareholders.....	9
B. With the Board of Directors.....	9
C. With board committees.....	9
D. With the Chair, the CEO and Senior Managers.....	9
E. With the Sustainability Department.....	9
F. With the Social Advisory Board.....	10
6. Evaluation of the proceedings and performance of the Sustainability Committee.....	10
7. Observance of guides.....	10
8. Date of issue.....	10

1. Foreword

This annual report on the proceedings of the Sustainability Committee of Industria de Diseño Textil, S.A. (INDITEX, S.A.) (“Inditex” or the “Company”) has been drawn up by such committee pursuant to section 20.2 of its terms of reference. It describes in detail the main proceedings carried out by the Sustainability Committee in FY2021 from 1 February 2021 through 31 January 2022.

2. Sustainability Committee: regulations, composition and proceedings

a. Origin and evolution

In line with the Group’s corporate strategy and its commitment to sustainability, the board of directors resolved in the meeting held on 11 June 2019 to set up the Sustainability Committee. The formation of the Sustainability Committee was completed in 2019 with the appointment of its members, further to a resolution passed by the board of directors on 10 December 2019.

b. Regulations, mission and powers

Regulations

The regulation of the Sustainability Committee is provided in article 30*bis* of the Articles of Association, section 17*bis* of the Board of Directors’ Regulations and more specifically, in its terms of reference.

The full text of the internal regulations above referred, is available on the corporate website (www.inditex.com) in the “Compliance” section, “Corporate Governance” tab.

Mission and powers

Pursuant to article 30.3 of the Articles of Association, section 17*bis* of the Board of Directors’ Regulations and sections 5 to 8 of the Sustainability Committee’s Regulations, the Sustainability Committee shall have the following powers:

- To deliver a more intensive and committed management of sustainability and social or environmental issues.
- Powers relating to sustainability: (i) to oversee that environmental and social practices of the Company are aligned with the strategy and the policy set; (ii) to oversee monitoring of the entire supply chain and compliance by its members with Inditex’s Code of Conduct for Manufacturers and Suppliers; (iii) to establish that the products that the Company sells comply with the product health and safety standards; (iv) to establish compliance with the most exacting environmental standards, encouraging biodiversity conservation and the sustainable management of natural resources in respect of use of raw materials, production processes, product and store; and (v) to establish compliance with Inditex’s Policy on Human Rights across the entire value chain.
- Powers relating to the relations with the different stakeholders: (i) To oversee and evaluate – in coordination with the Audit and Compliance Committee, with regard to issues that fall under its purview – the strategy on communication and relations with shareholders – including small and medium shareholders – investors, proxy advisors and other stakeholders, and the

enforcement of the Policy on Disclosure of Economic-Financial, non-Financial and Corporate information; and (ii) to oversee –in coordination with the Audit and Compliance Committee– the process for preparing and releasing the regulated and non-regulated non-financial information, as well as the integrity and clarity thereof, with regard to the issues that fall under its purview.

- Other powers entrusted to the Sustainability Committee: (i) to report on the appointment and removal of the members of the Social Advisory Board of the Company, before the report issued by the Nomination Committee, assessing the suitability, competences, knowledge, experience and other occupations of the prospective candidates; (ii) to assess the draft bills and the amendments of national as well as foreign or international regulations on sustainable development, corporate social responsibility and related issues, and their potential impact on the Group’s activity; and (iii) to issue reports on the internal regulations of the Company on matters that fall within its purview.

c. Composition

i. Structure

Pursuant to the provisions of section 17*bis* of the Board of Directors’ Regulations and section 9.1 of the Sustainability Committee’s Regulations, the Sustainability 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 shall be independent directors.

Members of the Sustainability Committee shall be in office for a 4-year term, being eligible for re-election upon expiry of such term. The committee shall be chaired by an independent director.

With regard to the composition of the Sustainability Committee the re-election of Mr José Arnau Sierra to the board of directors as non-executive proprietary director, was approved at the Annual General Meeting on 13 July 2021.

As provided in section 23.2 of the Board of Directors’ Regulations, his re-election entailed his continuing sitting on the Sustainability Committee.

Consequently, the composition of the Sustainability Committee as at 31 January 2022 is as follows:

Name	Position	Directorship type	Date of first appointment
Bns. Denise Patricia Kingsmill	Ordinary member	Non-executive independent	10-12-2019
Ms Anne Lange	Ordinary member	Non-executive independent	10-12-2019
Ms Pilar López Álvarez	Ordinary member	Non-executive independent	10-12-2019
Mr José Arnau Sierra	Ordinary member	Non-executive proprietary	10-12-2019

Mr José Luis Durán Schulz	Ordinary member	Non-executive independent	10-12-2019
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As for the Secretary of the Committee, 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.

At a later stage, the board of directors resolved in the meeting held on 29 November 2021, to appoint Mr Javier Monteoliva Díaz as General Counsel and Secretary of the board and its committees, replacing Mr García, whose resignation to the position was also acknowledged in such meeting.

ii. Diversity

In accordance with its own terms of reference, the Sustainability Committee shall be composed of a majority of independent directors. Its members, in particular its Chair, shall be appointed considering the appropriate knowledge, qualifications and experience based upon the duties they must discharge, namely in the field of sustainability, social action initiatives, sustainable management of resources and design of communication policies with stakeholders.

In terms of gender diversity and directorship type, the composition of the Sustainability Committee as at 31 January 2022 is:



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

- Bns. Denise Patricia Kingsmill has legal training, namely in the field of labour law and competition, having advised also in relation to remuneration and compensation schemes. Additionally, she has chaired and served on a number of remuneration committees in different global companies. 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 is noteworthy, in particular in the field of social action and equality. She is currently a member of the Advisory Board for the Global Sustainability Forum and UK representative on the NATO Parliamentary Assembly.

- 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.
- 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.
- 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.
- 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 Pontegadea Group, of which he has been the chief executive since 2001.

The CV of all the members of the Sustainability Committee, with full information about their profile, experience and knowledge, is available on the corporate website (www.inditex.com).

3. Proceedings of the Sustainability Committee: meetings held, business transacted, reports and attendees

a. Proceedings

The Committee shall meet at least 3 times a year, and each time that its Chair calls it. The Chair of the Sustainability Committee shall call it whenever the Board of Directors or its Chairman would request the issue of a report or the submission of motions within the scope of its powers, 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 signed by the Chair or the Secretary. A quorum for committee meetings shall be declared when at least half plus one of its members, present or represented are in attendance. The committee may also pass resolutions in writing, without holding a meeting, pursuant to statutory provisions.

Likewise, the Chair may arrange working meetings to prepare committee meetings on specific topics apart from the formal meetings of the committee.

Committee meetings may be held via videoconference or conference call, or any other equivalent

system allowing to recognize and identify attendees, for them to communicate, speak and cast vote, all of it in real time.

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. The committee may rely on external advisors to duly perform the duties it has been entrusted with.

The Committee may call executive and/or non-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 deliberations and the resolutions passed by the Committee are recorded in the relevant minutes of the meeting taken by the Secretary thereof.

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

The Sustainability Committee held 4 meetings in 2021.

Directors' attendance rate, whether in person, or by proxy, at the meetings held in 2021 stands at 100%.

The average duration of each meeting has been of approximately 2 hours, and its members allocated enough time for consideration and review of agenda items.

Attached hereto as [Appendix I](#) is the schedule of meetings held and business transacted by the Sustainability Committee from 1 February 2021 through 31 January 2022.

4. Main action lines

The most relevant proceedings of the Sustainability Committee in 2021 have revolved around the following areas:

A. With regard to overseeing the process to prepare and release regulated and non-regulated non-financial information

As part of its oversight duties regarding the process to prepare and release regulated non-financial information, the Sustainability Committee gave, in the meeting held on 8 March, a favourable report to the Statement on Non-Financial Information (SNFI) as regards the issues that fall under its purview. The SNFI was approved by the board of directors in the meeting held on 9 March 2021.

Likewise, in the meeting held on 7 June 2021, it gave a favourable report to the 2020 Annual Report as regards the issues that fall under its purview. Such Annual Report was approved by the board of directors on 8 June 2021.

Last, the committee acknowledged in the meeting held on 13 September 2021 the presentation given by the Sustainability Committee on the main actions, progress and estimated action plan with regard to the internal reporting system.

B. With regard to following-up on the social and environmental sustainability strategy and practices

In the meeting held on 8 March 2021, the committee acknowledged the update of the 2025 Sustainability Plan and resolved on 7 June 2021 to acknowledge the presentation given by the Sustainability Department on its strategic lines.

Meanwhile, in the meeting dated 8 March 2021, the Sustainability Committee: (i) acknowledged the 2020 Annual Report on Sustainability Activities, and the 2021 Annual Work Plan; and (ii) approved the 2021 budget.

Last, in the meeting held on 13 September 2021, the committee acknowledged the presentation on the update on the sustainability targets announced at the Annual General Meeting held on 13 July 2021.

C. With regard to Human Rights

In the meeting held on 7 June 2021, the committee resolved to give a favourable report to the Statement on the action taken to prevent any manner of slavery and human trafficking within the organization and its supply chain for 2020, and submit it to the board of directors, pursuant to the provisions of section 54 of the UK Modern Slavery Act, the California Transparency in Supply Chain Act and section 14 of the Australian Modern Slavery Act.

D. With regard to monitoring of applicable regulations

In the meeting held on 8 March 2021, the committee acknowledged the presentation given by the Sustainability Department on regulatory environment in the field of Sustainability.

Likewise, the Sustainability Committee acknowledged in the meeting held on 13 September 2021 the update of the Sustainability Department on EU regulatory initiatives on sustainability in the textile industry.

E. With regard to the monitoring of the supply chain

In the meeting held on 13 December 2021, the Sustainability Committee acknowledged the presentation given by the Sustainability Department on the supply chain of the Group.

F. Other powers entrusted to the Sustainability Committee:

In the meeting held on 7 June 2021, the committee gave a favourable report to the proposal on the amendment of its own terms of reference, which it submitted to the board of directors, to relax the existing system to hold meetings, expressly including the possibility of virtual-only meetings.

In that same meeting, it acknowledged the presentation given by the Sustainability Department on the self-consumption project with a wind-powered renewable energy system set up in A Coruña port.

G. Schedule of dates and business to be transacted

The Sustainability Committee approved in the meeting held on 13 December 2021 the schedule of dates and agenda of business to be transacted by the Committee in 2022.

H. Report on its proceedings

The report on the Sustainability Committee was issued on 7 June 2021 and was published in the 2020 Annual Report. It is available on the corporate website.

5. Main relations of the Sustainability Committee

A. With the General Meeting of Shareholders

The Committee will report to the General Meeting of Shareholders on the questions raised by the shareholders regarding matters that fall within its purview.

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 Sustainability Committee reports on the main business transacted and the resolutions passed in the last meeting of the Committee.

C. With board committees

Most of the directors sitting on the Sustainability Committee also sit on several other committees.

Likewise, pursuant to the Group's internal regulations, the Sustainability works together with the Audit and Compliance Committee, mainly in the oversight of the process to prepare non-financial information and in the process of relations with the different stakeholders. It also works jointly with the Remuneration Committee regarding the assessment of the achievement of target levels relating to the variable remuneration.

D. With the Chair, the CEO and Senior Managers

For the purposes of allowing the Sustainability Committee to be directly apprised of the major business concerns, the Committee encourages the presence in its meetings of the Chair of the board, the CEO and the officers and heads of the business areas of the Company, so that they would explain their view on certain issues directly linked with its area of responsibility.

E. With the Sustainability Department

The Sustainability Committee has ongoing dialogue and is in regular contact with the Sustainability Department.

In this regard, the Sustainability Committee will receive from the Sustainability Department at least once a year and whenever the Committee may deem it fit for the appropriate exercise of its duties, information on the sustainability policy and specifically on:

- (i) the projects directly or indirectly carried out by the Company in order to ensure the enforcement and defence of human and labour rights across the entire production line;

- (ii) achievement of the goals of the Strategic Sustainability Plan from time to time in force regarding social, environmental and health and safety of the product issues; and
- (iii) the progress in the level of compliance with public and internal commitments undertaken by the company in the field of Sustainability.

F. With the Social Advisory Board

The Social Advisory Board is a permanent consulting and advisory body, without executive duties, with information, advisory and proposal-making powers in the area of social and environmental sustainability. It advises and supports the Committee regarding social and environmental sustainability matters of the company and its Group.

Likewise, the Social Advisory Board will regularly report to the Committee on its proceedings and on the main business transacted for the purposes of informing about its role and findings regarding the statement on non-financial information.

In any case, the Sustainability Committee and/or its Chair may request from the Social Advisory Board that it issues reports and/or that it engages in specific proceedings within its remit, whenever this is convenient for the better discharge of the duties of the Committee.

6. Evaluation of the proceedings and performance of the Sustainability Committee

Pursuant to the provisions of section 529*nonies* LSC and Recommendation 36 GGC, the evaluation of the annual performance and effectiveness of the Sustainability 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).

7. Observance of guides

The Sustainability Committee, performs its duties duly observing GGC Recommendations, 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.

As the existence of the Sustainability Committee is not mandated, the provisions of CNMV's Technical Guide 3/2017 have been considered upon preparing this Annual Report on its Proceedings.

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

8. Date of issue

This report has been issued by the Sustainability Committee on 6 June 2022.

MEETING DATE	MAIN BUSINESS TRANSACTED	INDITEX ATTENDEES ¹
8 March 2021	<ul style="list-style-type: none"> - Review of the Statement on non-financial information (SNFI). - Sustainability Department: <ul style="list-style-type: none"> - 2020 Annual Report on Sustainability Activities. - 2021 Annual Work Plan. - Approval of the 2021 budget. - Update of the 2025 Sustainability Plan. - Presentation of the regulatory environment in the field of Sustainability. 	<ul style="list-style-type: none"> - Then CEO. - CSO. - Head of the Environmental Sustainability area. - Head of the Social Sustainability area. - Head of Product Health & Safety area. - Head of Circularity. - Then General Counsel and Secretary of the Board.
7 June 2021	<ul style="list-style-type: none"> - Main action lines of the Strategic Sustainability Plan. - Renewable ITX Initiative. - 2020 Annual Report. Sustainability sections. - Observance of local requirements on Compliance: “UK Modern Slavery Act”, “California’s Transparency in Supply Chain Act” and “NSW Modern Slavery”. - Internal regulations: report on the motion to amend the Sustainability Committee’s Regulations. - Report on the proceedings of the Sustainability Committee. 	<ul style="list-style-type: none"> - Then CEO. - CSO. - Head of the Environmental Sustainability area. - Head of the Social Sustainability area. - Head of the Reporting area. - Then General Counsel and Secretary of the Board.
13 September 2021	<ul style="list-style-type: none"> - Updating the AGM on Sustainability targets. - Reporting in the field of Sustainability. 	<ul style="list-style-type: none"> - Then CEO. - CSO.

¹ Occasional attendee/s 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.

	<ul style="list-style-type: none"> - Update on EU regulatory initiatives on sustainability in the textile industry. 	<ul style="list-style-type: none"> - Head and member of the Environmental Sustainability area. - Head of the Social Sustainability area. - Head and member of the Reporting area. - Head of the public policy and circularity area. - Then General Counsel and Secretary of the Board.
<p>13 December 2021</p>	<ul style="list-style-type: none"> - Report on the evaluation of the Committee and the performance of its members. - Supply Chain. - Update on initiatives in progress. - Schedule of dates and business to be transacted by the Sustainability Committee in 2022. 	<ul style="list-style-type: none"> - New COO & Head of Digital and Sustainable Transformation. - CSO. - Head of the Environmental Sustainability area. - Head of the Traceability area. - Head of the Social Sustainability area. - Current General Counsel and Secretary of the Board.