

REPORT OF THE AUDIT AND COMPLIANCE COMMITTEE OF INDUSTRIA DE DISEÑO TEXTIL, S.A. (INDITEX, S.A.) ON RELATED PARTY TRANSACTIONS CARRIED OUT IN 2021

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 2021 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

Further to the recent reform introduced by Act 5/2021 of 12 April, amending the revised text of the Companies Act approved by *Real Decreto Legislativo* 1/2010 of 2 July (“LSC”) and other financial regulations as regards the encouragement of long-term shareholder engagement in listed companies (“Act 5/2021”), the internal regulations of the Company have been amended to bring them into line with the new system.

In particular, the definition of the related parties to the Company has been aligned with the language of new section 529*vicies* LSC according to which, related party transactions are those carried out by the Company or any company within its Group with significant shareholders (i.e., those holding 10% or more of the voting rights or any shareholder represented on the Board of Directors irrespective of their stake, or having proposed the appointment of any board member), directors and any other person deemed to be a related party in accordance with IAS 24 of Regulation (EC) 1126/2008 of 3 November, adopting international accounting standards and their respective related parties.

Such related party transactions remain subject to approval by the board of directors, following a favourable report of the Audit and Compliance Committee, except for such cases which need to be approved by the General Meeting of Shareholders, considering the value of the transaction or the special topic covered.

However, pursuant to section 40 5. of Inditex’s Board of Directors’ Regulations which has also been amended to align its language with the provisions of new section 529*duovicies*, introduced by Act 5/2021, the board of directors may delegate the approval of the following transactions:

(a) Transactions between companies of the Inditex Group made in the ordinary course of business of such companies and on an arm’s length basis; and

(b) Transactions which cumulatively meet the following three requirements:

- they are carried out pursuant to standard agreements and applied *en masse* to a large number of clients.
- they are carried out at such prices or rates generally set by the provider of the good or service in question.
- their value does not exceed of 0.5% of the company’s net turnover.

In view of the powers it has been conferred under the above referred sections, the Board of Directors resolved in the meeting held on 14 December 2021, following a favourable report of the Audit and Compliance Committee, to delegate the approval of the above referred related party transactions to the Compliance Supervisory Board, expressly empowering this latter to delegate to specific persons, preferably, to Senior Managers.

In such meeting, the board approved, following a report of the Committee, the Internal Procedure for Periodic Reporting and Control on Related Party Transactions, which is part of the internal regulations of the company in the field of corporate governance. It addresses the procedure to oversee and regularly report to the governing bodies on related party transactions whose approval has been expressly delegated to the Compliance Supervisory Board. It ultimately seeks to ensure that such transactions are equitable and transparent, and that applicable regulatory requirements are met.

On the other hand, in order for the company to have a higher degree of flexibility, an exceptional scenario has been included, according to which, where duly supported reasons for urgency exist, related-party transactions may be carried out without the board's approval. In such case, they must be ratified at the first board meeting held.

With regard to the powers of the Audit and Compliance Committee, a new paragraph (j) has been added to section 15.2 of its terms of reference, to extend its powers to reporting on such transactions which must be approved by the Annual General Meeting, on account of their nature or value, as well as overseeing the internal procedure for reporting and monitoring related party transactions that have been delegated.

Last, the new system for the approval and reporting of related party transactions whose value is in excess of the thresholds provided in section 529*unvicies* LSC has been included.

II. Related party transactions carried out in 2021

Only one related party transaction requiring the prior approval of the Board of Directors, following a favourable report of the Committee, as provided in section 529*vicies* LSC, sections 5.3(b)(vii), 15.2(j) and 40.1 of the Board of Directors' Regulations and section 13(c) of the Audit and Compliance Committee's Regulations, has taken place in 2021.

Such related party transaction consisted of the collaboration between Inditex and PONTEGADEA DIECIOCHO, S.L. to organize a charity event addressed to employees of the Inditex Group and its affiliates, slated to take place in April 2022.

PONTEGADEA DIECIOCHO, S.L. belongs to the corporate group led by Pontegadea Inversiones, S.L., a Spanish company, a director and controlling shareholder of Inditex, and in turn a related party of Mr Amancio Ortega Gaona, also a director and Inditex's indirect beneficial owner.

Mr José Arnau Sierra, Deputy Chairman of Inditex is linked to PONTEGADEA DIECIOCHO, S.L., being the legal representative of its sole director.

In the meeting held on 14 December 2021, the Board of Directors resolved, following a report of the Audit and Compliance Committee, to authorise the basic terms of the transaction between Inditex and PONTEGADEA DIECIOCHO, S.L., having considered such transaction to be fair and reasonable for the Company and from an arm's length perspective as provided in section 40.2 of the Board of Directors' Regulations.

During the reporting period, no transaction has been carried out with any senior manager or board member requiring the prior approval of the Board of Directors or the Annual General Meeting. Likewise, no significant transactions have been made between the Company and any other Group entity, outside the ordinary course of their business, or which are subject to a conflict of interest, pursuant to the provisions of section 529*vicies*(2)(a)&(3) LSC.

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, in particular IAS 24 of Regulation (EC) No 1126/2008 of 3 November adopting certain international accounting standards, 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 3/2021 of 28 September 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.

IV. Findings

In view of the information herein reported, the one provided in the supporting documentation submitted to the Audit and Compliance Committee and in the consolidated financial statements of the Company, it is found that related party transactions carried out in 2021 have been made on an arm's length basis and are fair and reasonable. Where necessary, the review of such transactions requires the issue of the relevant evaluation report by an external facilitator.

Finally, in accordance with best practices in the field 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 14 March 2022.