REPORT OF THE AUDIT AND COMPLIANCE COMMITTEE OF INDUSTRIA DE DISEÑO TEXTIL, S.A. (INDITEX, S.A.) ON RELATED PARTY TRANSACTIONS CARRIED OUT IN 2023

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 2023 by 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*vicies* LSC and sections 5.3(b)(vii), 15.2(j) and 40.1 of the Board of Directors' Regulations, the board of directors is authorised to approve the transactions carried out by the Company or any company within its Group with its 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 who has proposed the appointment of any board member) its directors and/or any other person deemed to be a related party in accordance with International Accounting Standard (IAS) 24 of Regulation (EC) 1126/2008 of 3 November, adopting international accounting standards ("IAS 24") and with their respective related parties.

Such related party transactions shall be approved by the board of directors following a favourable report from the Audit and Compliance Committee except for such cases where the approval of the General Meeting of Shareholders is required, considering the value of the transaction or its subject matter.

On the other hand, an exceptional scenario has been considered in the company's internal regulations 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 subsequent first board meeting to be held.

In accordance with the provisions of LSC and applicable internal regulations, the following transactions shall be approved by the Market Transparency Committee by delegation of the board of directors:

(a) Transactions between companies of the Inditex Group not wholly owned by the Company 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; and
- Their value does not exceed 0.5% of the company's net turnover.

Approval of such transactions is covered in the Procedure for periodic reporting and control on related party transactions, an internal regulation that ultimately seeks to ensure the equity and transparency of such transactions and, if appropriate, fulfilment of applicable statutory criteria.

With regard to the transactions described in section (b) above, mainly consisting of the purchase of products that the Group places on the market by any of Inditex's related persons, the Market Transparency Committee has found that they are of scarce economic value, are arm's length transactions, and have not entailed better terms, economic or otherwise, than those granted to a third party in equivalent circumstances.

II. Related party transactions carried out in 2023

Three (3) related party transactions requiring the prior approval of the board of directors, pursuant to applicable internal regulations, after a favourable report form the Audit and Compliance Committee, have been carried out in 2023.

The first one consisted of the conversion of a sublease agreement into a direct lease agreement, with the contractual position formerly held by a bank (unrelated to Inditex) being now assigned to one of the controlling shareholders of Inditex as sublessor in respect of a company belonging to the Inditex Group as sublessee.

Such controlling shareholder was the owner of the building where the business premises are located. The entire building was leased to the bank which in turn, had subleased certain areas in the same to the Inditex Group company.

Following the contractual conversion, the terms of the new direct lease relationship between the controlling shareholder and the Inditex Group company are governed by the provisions of the sublease agreement entered into by the bank, as sublessor and the Group company as sublessee. The Audit and Compliance Committee established that the lease rent was within market ranges, since the rent agreed in the original sublease agreement by two independent parties was kept.

From the standpoint of opportunity, the transaction was supported by the interest in following the Group's commercial strategy, revolving around prime locations and strategic shopping areas.

The second related party transaction consisted of the sale of a space in a business premises - the basement - owned by a subsidiary of the Inditex Group, to a company within the corporate group belonging to Inditex's controlling shareholder which owned the remaining spaces of the business premises.

To assess whether this was an arm's length transaction, the Audit and Compliance Committee considered the findings of a report issued by a renowned international real estate consultant.

The reason behind the transaction was the opportunity to lease the business premises as a single property to a third operator which had shown its interest in leasing it. Further to the purchase, the purchaser, which already owned the remaining areas in the business premises, became the sole owner of the entire business premises, which made it easier to lease it.

And the last related party transaction concerned the purchase by Inditex of an aircraft the property of a company belonging the corporate group of Inditex's controlling shareholder.

The reasons in support of this purchase were the opportunity for Inditex to immediately purchase an aircraft that met its operating requirements and that it needs to conduct its business, without having to wait for three (3) years for the delivery of a new aircraft, should this latter option be selected.

On the other hand, buying a used aircraft in perfect state of repair was more affordable than buying a new plane.

To determine that such purchase actually was an arm's length transaction, two valuations were engaged from two renowned global independent consultants. It was also established that the purchase price was lesser than the carrying amount of the aircraft booked by the seller. It was therefore inferred that no economic benefit was derived from the sale for the seller and that Inditex was not extending a preferred treatment to the related party to its controlling shareholder.

On the other hand, a number of related party transactions carried out by the Company or other subsidiaries of the Group which were reviewed and reported by the Audit and Compliance Committee and later approved by the board remain in effect or are being implemented in 2023. All of them have been broken down in the Notes to the Annual Accounts and disclosed in the annual report on related party transactions for the relevant year.

Last, during the reporting period, no other transaction has been carried out with senior managers of the Inditex Group requiring the prior approval of the board of directors or the General Meeting of Shareholders. Likewise, no significant transactions have been made between the Company and any other Group entity, outside their ordinary course of 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, 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 3/2021of 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 disclosed in the Notes to the Annual Accounts in accordance with the criteria and the level of disclosure required under applicable regulations, above referred. Included in such information are the transactions between the Company or Group companies and: (i) the controlling shareholder, Pontegadea Inversiones, S.L. and/or any company within its group, most of which consist of leases of business premises where the stores of the different commercial formats of the Group are opened; (ii) Partler Participaciones, S.L.U. and/or any company within its group, which, together with Pontegadea Inversiones, S.L. exercise joint control over Inditex, and (iii) Rosp Corunna Participaciones Empresariales, S.L., a related party to a close family member of Inditex's beneficial owner. The transactions covered in this report are broken down in the relevant section of the Notes to the Annual Accounts.

Significant shareholders Pontegadea Inversiones, S.L. and Partler Participaciones, S.L.U., are also related to the beneficial owner and director of the Company and to other three board members of Inditex. In turn, these three directors sit on the board of directors of Pontegadea Inversiones, S.L. and/or Partler Participaciones, S.L.U. and other subsidiaries of their respective groups, as reported in detail in section A.6. of the 2023 Annual Corporate Governance Report.

In accordance with Recommendation 2 GGC, the objects of Pontegadea Inversiones, S.L., Inditex's controlling shareholder and owner of a 50.01% stake in its share capital, are holding stakes in trading companies and the purchase and disposal of stock, transferable securities and real estate.

Last, none of the related party transactions hereunder detailed are deemed to be significant due to their amount or relevant due to their subject matter for the purposes of reporting them in section D.4. of the 2023 Annual Corporate Governance Report.

IV. Takeaways

In view of the information herein reported and the information provided in the supporting documentation submitted to the Audit and Compliance Committee and in the consolidated financial statements of the Company, related party transactions carried out in 2023 are found to have been made on an arm's length basis, to be fair and reasonable from the Company's perspective, always considering the corporate interest, and to have been carried out pursuant to applicable laws and internal regulations.

On the other hand, the Audit and Compliance Committee places on record that: (i) given that 5 of the 6 directors serving on it are independent and only 1 is proprietary, this latter did not participate in the drawing up of the pertaining reports at the time these transactions were assessed by the committee and, (ii) upon raising them to the board of directors for approval, Inditex's proprietary directors were absent when they were deliberated upon and put to vote.

This report will be posted on the corporate website early in advance of the Annual General Meeting, pursuant to Recommendation 6 GGC.

Done in Arteixo (A Coruña), on 12 March 2024.