



**Report on the Proceedings of the
Sustainability Committee
of Industria de Diseño Textil, S.A. (INDITEX, S.A.)
FY 2020**

TABLE OF CONTENTS

1. Preliminary	3
2. Sustainability Committee: regulations, composition and proceedings	3
a. Origin and evolution	3
b. Regulations, mission and powers.....	3
c. Composition.....	5
3. Proceedings of the Sustainability Committee: meetings held, business transacted, reports and attendees	7
a. Proceedings.....	7
b. Activities: meetings held, business transacted, reports and attendees	8
4. Main lines of actions	8
5. Main relations of the Sustainability Committee	9
A. With the General Meeting of Shareholders.....	9
B. With the board of directors.....	10
C. With board committees.....	10
D. With the Executive Chairman, the CEO and Senior managers	10
E. With the Sustainability Department.....	10
F. With the Social Advisory Board.....	10
6. Date of issue and approval	11

1. Preliminary

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 committee in FY2020 from 1 February 2020 through 31 January 2021.

This Report has been issued for the second year and it addresses for the first time the main proceedings carried out by the Committee in the relevant year.

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.

The Committee began its activities in 2020 and held its first formal meeting.

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, as amended, is available on the corporate website (www.inditex.com), “Compliance” section, “Corporate Governance” sub-section.

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 basic responsibilities:

- To regularly review the internal regulations on sustainability of the Group, and to propose to the Board, if appropriate, any update or amendment thereof, and to monitor compliance with them for the purposes of ensuring that they fulfil the mission to promote the corporate interest and catering as appropriate to the legitimate interests of remaining stakeholders.
- To deliver a more intensive and committed management of sustainability and social or environmental issue.

- To encourage compliance by the Group with the 17 Sustainable Development Goals set by the United Nations (the "SDGs").
- To oversee monitoring of the entire supply chain and compliance by suppliers with Inditex's Code of Conduct for Manufacturers and Suppliers.
- To verify that the goods that the Company sells comply with the product health and safety standard.
- To verify 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.
- To verify compliance with the Company's Policy on Human Rights across its entire value chain.

The terms of reference of the Sustainability Committee have been amended in 2020 to align its wording with the language of the revised Good Governance Code of Listed Companies ("**GGC**") approved by the board of the National Securities Market Commission (CNMV) on 25 June 2020. Some of the powers it has been entrusted with have been affected by such update:

- Powers relating to the relations with the different stakeholders: the committee's responsibilities as regards its relations with the different stakeholders have been increased as it has been entrusted with overseeing, in coordination with the Audit and Compliance Committee, the strategy on communication and relations with stakeholders with regard to the issues that fall under its purview, being also responsible for overseeing that the Policy on Disclosure of Economic-Financial, Non-Financial and Corporate Information is effectively applied.

Likewise, it has been clarified that the duty to oversee procedures and channels of communication with stakeholders is also shared between both committees with regard to the issues under their respective purview. Thus, both of them shall act in coordination where applicable.

- With regard to the duty relating to oversight of the process to prepare the non-financial information, it has been assigned to both the Audit and Compliance Committee and the Sustainability Committee collectively, with regard to such issues that fall under their respective purview. However, the Audit and Compliance Committee is ultimately responsible for overseeing and evaluating the process.
- Powers relating to sustainability: the Sustainability Committee shall be responsible for periodically reviewing compliance with the internal regulations on sustainability, in particular, with the Sustainability Policy of the Group.

Likewise, the committee has been entrusted with the task of following-up on the social and environmental sustainability strategy and practices, assessing whether they adhere to the Sustainability Policy.

c. Composition

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.

At present, 5 non-executive directors sit on the Sustainability Committee, 4 of whom are independent. Presence of independent directors on the committee represents 80% on total of directors.

The following proceedings relating to membership on the Sustainability Committee were carried out in 2020: the Annual General Meeting approved on 14 July 2020, on the proposal of the Nomination Committee, the ratification of the appointment of Ms Anne Lange and the re-election of Bns. Denise Patricia Kingsmill to the Board of Directors both of them as non-executive independent directors. The ratification or re-election of the above referred directors, as the case may be, entailed the continuation of their membership on the Sustainability Committee, pursuant to section 23.2 of the Board of Directors' Regulations.

Consequently, the composition of the Sustainability Committee as at 31 January 2021 is as follows:

Name	Position	Type	Date of first appointment
Bns. Denise Patricia Kingsmill	Chair	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

Mr Antonio Abril Abadín, General Counsel and Secretary of the Board, acted as the Secretary-non-member of the Sustainability Committee in 2020. 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 favorable report of the Nomination Committee, the appointment of Mr Óscar García Maceiras as new General Counsel and Secretary of the board and its committees.

Upon determining committee membership, the fact that all its members, and in particular its Chair, should have appropriate knowledge, qualifications and experience in the field of

sustainability, social action initiatives, sustainable management of resources and design of communication policies with stakeholders, is considered.

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 schemes. Additionally, 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, in particular in the field of social action and equality, is noteworthy. 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 Grupo Pontegadea.

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).

Likewise, pursuant to section 5.1.2 of the Diversity of Board of Directors Membership and Directors' Selection Policy (formerly, the "Director Selection Policy") and section 9.2 of the Sustainability Committee's Regulations, the Board of Directors shall encourage a diverse membership on the Committee as regards professional experience, competencies, personal skills, sector-specific knowledge international experience or geographic origin, age and gender, taking into account the restrictions that are a result of the smaller size of the Committee.

Gender diversity and directorship types on the Sustainability Committee is shown in the graphs below:



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 authorized by the signature of the Chair. A quorum for committee meetings shall be declared when at least half plus one of its members, present or represented are in attendance.

Pursuant to section 14 of its terms of reference, the Sustainability Committee may also pass resolutions in writing, without holding a meeting, pursuant to statutory provisions. Committee meetings can be conducted via video conference or conference call systems, so that one or more directors may attend the meeting by this system.

The Chair may also arrange preparatory working meetings on specific topics besides the formal ones.

Likewise, 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, and shall inform the board thereof. Likewise, in order for the Committee to duly discharge its duties, external advisors may attend its meetings

The Committee may call 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 3 meetings in 2020.

Directors' attendance rate, whether in person, or by proxy, at the meetings held in 2020 stands at 100%.

In view of existing restrictions to mobility arising from the extraordinary situation created by the global COVID-19 pandemic, the Nomination Committee only held virtual meetings in 2020 via video conference or conference call system ensuring that the identification of members in attendance can be established and that they can directly communicate with each other.

The average duration of each meeting has been of approximately 1 hour, and its members allocated enough time for consideration and review of agenda items.

The schedule of the meetings held and business transacted by the Sustainability Committee between 1 February 2020 and 31 January 2021 is attached hereto as Appendix I.

4. Main lines of actions

The most relevant proceedings of the Sustainability Committee in 2020 have revolved around the following areas:

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

In the first ever meeting held by the Sustainability Committee on 8 June 2020, the Department Sustainability was introduced to its members and the 2020 annual work programme was approved.

In the meeting held on 14 December 2020, the Sustainability Department updated committee members on the different current initiatives in place with regard to the different areas, and the committee acknowledged the strategic targets, the main action lines in progress and the main social sustainability milestones for 2021, 2022 and beyond

B. With regard to Human Rights

In the meeting held on 8 June 2020, the committee resolved to give a favourable report to the Statement on the action taken to prevent any manner of slavery and human trafficking with the organization and its supply chain for 2019, 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.

The Statement addressed, inter alia, the set of measures taken by the Company between March and May 2020 in response to the global health crisis resulting from COVID-19 as regards employees' health and safety, as well as economic and health-related issues within the Group's supply chain.

C. With regard to the periodic review of the Group's internal regulations on sustainability

The committee resolved in the meeting held on 14 December 2020 to give a favourable report to the new Sustainability Policy which consolidated the former Environmental Sustainability Policy and Corporate Social Responsibility Policy. Such consolidation seeks to align with the holistic approach to sustainability, extended across the entire value chain of the Group, in line with SDGs.

Likewise, the consolidation of both policies seeks to have in place a single policy on sustainability, which addresses the minimum contents set out in Recommendation 55 GGC, in accordance with the current approach to sustainability.

D. Schedule of dates and business to be transacted:

The Sustainability Committee approved in the meeting held on 14 December 2020 the schedule of dates and agenda of business to be transacted by the Committee in 2021.

E. Report on its proceedings

The report on the Sustainability Committee was issued on 8 June 2020 and was published in the 2019 Annual Report. It is available on the corporate website.

F. Inditex's Annual Report

In the meeting held on 8 June 2020, the committee gave a favourable report to the 2019 Annual Report concerning the topics within its purview

5. Main relations of the Sustainability Committee

A. With the General Meeting of Shareholders

Section 20 of the Sustainability Committee's Regulations provides provides that it shall report to the General Meeting of Shareholders on the questions raised by the shareholders regarding matters that fall within its purview.

This report shall be made available to sheholders and investors with the noticing calling the Annual General Meeting.

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.

D. With the Executive Chairman, 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 Executive Chairman, the CEO and the officers and supervisors of the business areas of the Company, so that they would explain their view on certain issues directly linked with the remit of the Committee.

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. compliance with the Code of Conduct for Manufacturers and Suppliers, and with the projects directly or indirectly executed by the Company for the purposes of ensuring the application and observance 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 will advice and support 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, at least once a year, in joint meetings, on it proceedings and on the main business transacted by the former, for the purposes of informing about its role and findings regarding the statement

on non-financial information and the social and environmental sections of Inditex's Annual Report (Integrated Report).

At any rate, the Sustainability Committee 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. Date of issue and approval

This report has been issued by the Sustainability Committee on 7 June 2021.

DATE OF MEETING	MAIN BUSINESS TRANSACTED	INDITEX'S ATTENDEES ¹
08/06/2020 ²	<ul style="list-style-type: none"> - Sustainability Department: <ul style="list-style-type: none"> - Introducing the Department. - 2020 Annual Work Programme. - Observance of local requirements: "UK Modern Slavery Act", "California Transparency in Supply Chain Act" and "NSW Modern Slavery Act" - Statement of the Annual Report (Integrated Report). Sections on Sustainability - Report on the Sustainability Committee. 	<ul style="list-style-type: none"> - CEO - CSO - Head of the Environmental Sustainability area - General Counsel and Secretary of the Board
14/09/2020	<ul style="list-style-type: none"> - Map of organizations and participation strategy. <ul style="list-style-type: none"> - Framework of our relations with organizations. - Strategic goals of the map of organizations. - Most relevant organizations. 	<ul style="list-style-type: none"> - CEO - CSO - Head of the Environmental Sustainability area - Head of the Social Sustainability area - General Counsel and Secretary of the Board
14/12/2020	<ul style="list-style-type: none"> - Report on the evaluation of the Committee and the performance of its members. - Amendment to internal regulations: <ul style="list-style-type: none"> - Sustainability Committee's Regulations 	<ul style="list-style-type: none"> - CEO - CSO - Head of the Environmental Sustainability area

¹ Occasional attendees 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.

² Date format DD/MM/YYYY

	<ul style="list-style-type: none">- Sustainability Policy (formerly the Environmental Sustainability Policy and the Corporate Social Responsibility Policy).- Update on initiatives in progress.- Social sustainability- Schedule of dates and business to be transacted by the Sustainability Committee in 2021.	<ul style="list-style-type: none">- Head of the Social Sustainability area- General Counsel and Secretary of the Board
--	--	---