



**Annual Report on the Proceedings of the
Audit and Compliance Committee
of Industrial de Disney Textile, S.A. (INDITEX,
S.A.)**

FY2021

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9. Date of issue20**1. Foreword**

This Annual Report on the Proceedings of the Audit and Compliance Committee of Industria de Diseño Textil, S.A. (INDITEX, S.A.) (“Inditex” or the “Company”) is drawn up pursuant to the provisions of Recommendation 6 of the Good Governance Code of Listed Companies, approved by resolution of the board of directors of the National Securities Market Commission of Spain (“CNMV”) on 18 February 2015 and amended in part on 25 June 2020 (“GGC”), section 9 of CNMV’s Technical Guide 3/2017 on audit committees at public-interest entities and section 13(f) of the Audit and Compliance Committee’s Regulations. It describes the main proceedings of the Audit and Compliance Committee from 1 February 2021 through 31 January 2022.

2. The Audit and Compliance Committee: origin and evolution, regulations, powers and composition**a. Origin and evolution**

The formation of the Audit and Compliance Committee originates in the Board of Directors’ Regulations, approved by the Company’s Board of Directors in the meeting held on 20 July 2000 (first known as Audit and Compliance Committee) and was entrusted with powers similar to those which were later acknowledged under the then applicable laws.

Since then, Inditex’s board of directors has been successively amending the company’s rules on corporate governance for the purposes of recognizing and developing the duties of the Committee, in line with the latest regulatory developments, recommendations and existing best practices in the field of corporate governance, and to align its duties and composition from time to time with the size and status of the Group and its governing bodies.

In this regard, mention should be made of : (i) the review and update of a significant number of internal regulations for the purposes of meeting the latest regulatory requirements introduced by Act 31/2014 of 3 December, amending the Spanish Companies Act for the improvement of corporate governance, as well as the latest recommendations in the field introduced following the publication of the GGC. Further so such review, the Audit and Compliance Committee’s Regulations were approved; (ii) the committee (formerly, the “Audit and Control Committee”) changed its name to the current one in 2019; and (iii) the terms of reference of the Audit and Compliance Committee were significantly amended in 2020 to align them with the partial amendment to the GGC approved by CNMV’s board on 25 June 2020.

Last, the terms of reference of the Audit and Compliance Committee were amended in 2021 for the main purposes of aligning the duties it is entrusted with regarding related party transactions, with the legal system provided in the new section 529*duovicies* LSC introduced by Act 5/2021, amending the revised text of the Spanish Companies Act, approved by *Real Decreto Legislativo* 1/2010 of 2 July and other financial regulations, as regards encouragement of long-term shareholder engagement in listed companies.

b. Regulation, mission and powers

Regulations

The regulation of the Audit and Compliance Committee is provided in article 28 of the Articles of Association, section 15 of the Board of Directors' Regulations and more specifically in its own terms of reference.

The full text of the internal regulations above referred, as amended, is available on the corporate website (www.inditex.com).

Mission and powers

The mission and powers of the Audit and Compliance Committee are set out in sections 5 to 13 of its own terms of reference.

In addition to such powers it is expressly assigned pursuant to statute and the Recommendations of the Good Governance Code, the Audit and Compliance Committee is entrusted with the following duties:

- Powers relating to corporate governance: (i) to review and evaluate the appropriateness of the corporate governance system and to propose to the Board of Directors the amendments and updates of the Company's corporate governance regulations; (ii) to oversee the degree of compliance by the Company with recommendations on good governance, in particular, those set out in GGC; (iii) to oversee compliance with the Internal Regulations of Conduct in the Securities Market ("IRC"), and, in general, with the corporate governance regulations of the Company; (iv) to review recommendations and best practices, both national and international, in the field of corporate governance, and foster compliance with the most stringent standards; (v) to regularly receive information on issues relating to management of treasury stock; and (vi) to prepare and table to the Board of Directors for approval, the Annual Corporate Governance Report.

- Powers relating to Compliance: (i) to issue reports and oversee compliance with the applicable regulations and the effectiveness of the internal policies and procedures of the Company; (ii) to review the recommendations and best practices on Compliance and corporate governance, both domestic and/or international, and to encourage compliance with the most demanding standard; (iii) to oversee compliance with the Annual Compliance Plan and with the Model of Criminal Risk Prevention of the Group; (iv) to ensure that the Compliance Function relies on the necessary resources for the appropriate discharge of its duties; and (v) to receive information, at least every 6 months, on the degree of compliance with the Codes of Conduct and the proceedings of the Ethics Line and the reports received through the relevant channel of any potential breach of the Codes of Conduct of the Group, of any other internal regulation of the Group and of any potentially relevant irregularities, including of a financial and/or accounting nature, or otherwise relating to the Company.

- Powers relating to tax issues: (I) to receive from the head of tax issues of the Company prior to the statement of the annual accounts and the filing of the Corporate Tax return, information on tax criteria followed by the Company during the financial year, and on the degree of compliance with the Code on Good Tax Practices; and (ii) to apprise the Board of Directors of the tax policies applied and, in the case of transactions or matters which must be referred to the Board of Directors for approval, of the tax consequences thereof, when they represent a relevant factor.

- Other powers entrusted to the Audit and Compliance Committee: (I) to oversee in coordination with the Sustainability Committee, where applicable and with regard to issues under its purview, the strategy of communication and relations with shareholders, including small and medium shareholders, investors, proxy advisors and other stakeholders as well as the effective application of the Policy on Disclosure of Economic-Financial, Non-Financial and Corporate Information, and encourage its enhancement; (ii) to oversee and evaluate the process of interaction with the different stakeholders of the company as regards issues under its purview; and (iii) to exercise when the Committee so decides all the duties inherent in audit committees from time to time provided in applicable laws, as regards such Group companies that are deemed to be public-interest entities (as defined by applicable regulations) provided that such companies are directly or indirectly wholly-owned by the Company and the administration thereof is not vested in a board of directors.

To perform such duties, the Committee is entitled to (I) receive on a regular basis reports from the Management or from the supervising areas, on the proceedings of risk management systems established, as well as on the results of the tests carried out by internal auditors relating to the same, and on any significant internal control weakness detected by external auditors; (ii) regularly assess the effectiveness of alert mechanisms in place within the Company; and (iii) meet with the heads of business units at least once a year, and whenever the committee deems it appropriate, for the purposes of reporting to the committee on trends of business and risks associated with the respective areas under their remit.

Last, the Committee must ensure that risks are kept and managed within the accepted levels of risk tolerance, assessing the most significant financial and non-financial risks at least on an annual basis, and promote a corporate culture wherein risk is a factor upon decision-making at all levels of the Company and its Group.

c. Composition

i. Structure

Pursuant to the provisions of article 28 of the Articles of Association, section 14 of the Audit and Compliance Committee's Regulations and section 15 of the Board of Directors' Regulations, the Audit and Compliance Committee shall be made up of a minimum of 3 and a maximum of 7 non-executive directors appointed by the board of directors.

Members of the Audit and Compliance Committee will be in office for a 4-year term, being eligible for re-election upon expiry of such term. The Chair of the Audit and Compliance Committee, who needs to be an independent director, is elected by the Board of Directors for a maximum 4-year

term, upon expiry of which he/she shall be replaced. He/she may be re-elected after expiry of one year of the date of his/her removal.

With regard to the composition of the Audit and Compliance 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 held on 13 July 2021, after favourable report of the Nomination Committee.

As provided in section 23.2 of the Board of Directors' Regulations, his re-election entailed his continuing sitting on the Audit and Compliance Committee.

Consequently, the composition of the Audit and Compliance Committee as at 31 January 2022 is as follows:

Name	Position	Directorship type	Date of first appointment
Ms Pilar López Álvarez	Chair:	Non-executive independent	17-07-2018 ¹
Bns. Denise Patricia Kingsmill	Ordinary member	Non-executive independent	19-07-2016
Ms Anne Lange	Ordinary member	Non-executive independent	10-12-2019
Mr José Luis Durán Schulz	Ordinary member	Non-executive independent	14-07-2015
Mr José Arnau Sierra	Ordinary member	Non-executive proprietary	17-07-2012
Mr Rodrigo Echenique Gordillo	Ordinary member	Non-executive independent	15-07-2014
Mr Emilio Saracho Rodríguez de Torres	Ordinary member	Non-executive independent	13-07-2010

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

¹ Date of first appointment of Ms López as ordinary member of the Audit and Compliance Committee. She was appointed as chair of the committee on 14 July 2020.

committees, replacing Mr García, whose resignation to the position was also acknowledged in such meeting.

ii. Diversity

Pursuant to the provisions of the Audit and Compliance Committee’s Regulations, the majority of members sitting on the Committee shall be independent directors, appointed, as a whole, and in particular, its Chair, taking into account their knowledge and experience on accounting, audit, internal control or risks management matters, both financial and non-financial, as well as industry-specific knowledge. Additionally, at least one of them shall be appointed taking into account their knowledge, skills and experience in the matter of information technology.

In terms of gender diversity and directorship type, the composition of the Audit and Compliance Committee as at 31 January 2022 is shown in the graphs below:



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

- 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.
- 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.
- Ms Lange is a graduate of *Institut d'Études Politiques* and of *École Nationale d'Administration* (ENA) and has 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.

- 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. He has also served on other committees with corporate governance duties.
- Mr Echenique has legal training and is a State Lawyer, currently on leave. His career spans the management and executive leadership of companies mainly in the banking sector. He also has extensive experience as company director in a large number of companies in different sectors.
- Mr Saracho is a highly experienced expert in the financial sector, both at domestic and international level. He has a sound knowledge of topics relating to business management and administration in highly performant companies, statement and review of financial statements, risk management, and construction and application of accounting standards.
- 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 Audit and Compliance Committee, with full information about their profile, experience and knowledge, is available on the corporate website (www.inditex.com).

3. Proceedings and Activities of the Audit and Compliance Committee: meetings held, business transacted, reports and attendees

a. Proceedings

The Committee shall meet, at least on a quarterly basis, for the purposes of reviewing the periodic financial information to be submitted to the stock exchange authorities as well as the information that the Board of Directors must approve and include as part of its annual public documentation. Likewise, it shall meet each time that its Chair calls it. The Chair shall call the Audit and Compliance Committee whenever the Board of Directors or its Chairman would request the issue of a report or the submission of motions and, at any rate, whenever it is appropriate for the successful performance of its functions.

The Chair may also arrange other communication channels, preparatory working meetings ahead of Committee meetings, or one-off meetings on specific topics besides the formal ones.

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.

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. 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. In addition, the committee may rely on external advisors to properly carry out its duties.

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 Committee may also request the presence at its meetings of the Company's statutory auditor. The deliberations and resolutions passed by the committee are written up in the relevant minutes of the meeting, drawn up by the Secretary of the Committee.

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

The Audit and Compliance Committee held 5 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 committee meetings has been of approximately 4 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 Audit and Compliance Committee from 1 February 2021 through 31 January 2022.

4. Main action lines

The main proceedings of the Audit and Compliance Committee in the year in furtherance of the responsibilities it has been entrusted with pursuant to the applicable regulations, above referred, are addressed below:

A. Proceedings relating to the supervision of the process to draw up and release the periodic financial information, annual accounts, auditor's report and Statement on Non-Financial Information

- Preparation of financial and non-financial information

The Audit and Compliance Committee reviews Inditex's economic and financial information before it is approved by the board of directors.

To do so, prior to the stating of the quarterly, half-yearly or annual financial statements, the Audit and Compliance Committee also meets with the Company's Management to review, among other things, the enforcement of the accounting principles and the estimates made upon stating the financial statements.

Additionally, the committee, which is entirely made up of non-executive directors, meets with the external auditor for the purposes of reviewing the Company's annual accounts and certain periodic financial information, ensuring compliance with statutory requirements, the appropriate delimitation of the consolidation perimeter and the appropriate use of generally accepted accounting principles upon stating the annual accounts.

The Audit and Compliance Committee reviewed on 8 March 2021 the annual accounts and the directors' report, both consolidated and individual, as well as the auditor's report for FY2020. The Committee verified that an unqualified auditor's report was issued. In that same meeting, in the exercise of the oversight duties inherent in audit committees assumed in respect of Zara España, S.A. ("**Zara España**"), a wholly-owned subsidiary, the Committee reviewed the results and the Annual Financial Report, comprising the individual annual accounts and directors' reports for FY2020.

Likewise, the Audit and Compliance Committee reviewed the quarterly results for 2021 and the relevant Results Releases and Press Releases in the meetings held on 7 June (1Q), 13 September (1H) and 13 December 2021 (3Q). Such results – and the respective Results Releases and Press Releases – were provided by the board of directors to the market and its supervisory bodies on a quarterly basis pursuant to the Periodic Public Information (PPI) format.

- Statement on Non-financial Information

The committee gave a favourable report to the consolidated Statement on Non-financial Information (SNFI) of the Inditex Group for 2020 in the meeting held on 8 March 2020.

The SNFI was prepared in accordance with the provisions of applicable commercial regulations, following the criteria laid down in Global Reporting Initiative (GRI) standards, in particular in GRI 101: Foundation 2016, selected pursuant to the table of required contents provided in Act 11/2018.

It was subject to an independent review by an external facilitator and the Audit and Compliance Committee verified that it was unqualified. The SNFI was an integral part of the Annual Report for 2020.

- Report on the Internal Control over Financial Reporting System (ICFR)

The committee oversaw the effectiveness of the Internal Control over Financial Reporting System (ICFR). This is accounted for in section F of the 2020 Annual Corporate Governance Report approved on 8 March 2021. The Company's ICFR has been verified by the statutory auditor, who issued an unqualified report.

B. Powers relating to statutory auditors

- Overseeing the process to select and appoint the external auditor

The audit tender process to select the new statutory auditor was completed in 2020. In the meeting held on 11 December 2020, the Audit and Compliance Committee resolved to submit to the Board of Directors the motion on the appointment of E&Y, S.L. to be the new statutory auditor of the Company and its Group for FY2022, 2023 and 2024.

Pursuant to applicable audit laws, the audit firm charged with performing the mandatory audit of a public interest entity will not be able to provide to the audited entity, its parent company or controlled entities certain prohibited non-audit services in the year before the beginning of the statutory audit, i.e., between 1 February 2021 and 31 January 2022. Consequently, in 2021 both the Internal Audit Function and the external auditor have apprised the committee of the transition of the various services.

- Overseeing the effectiveness of the statutory audit and fulfilment of the audit engagement

The audit conducted in 2020 was reviewed by the Audit and Compliance Committee in the meeting held on 8 March 2021, which was attended by the external auditor via conference call.

The external auditor audited the consolidated financial statements of the Group as at 31 January 2021 as well as the individual financial statements of certain Group companies, also as at 31 January 2021. Likewise, the information about individual accounts of Zara España was included in the audit scope. An unqualified report was issued.

External auditors have also carried out the limited review of the consolidated financial statements for 1Q2021 and 3Q2021, which was accounted for in the meetings held on 7 June and 13 December 2021, respectively. External auditors were also in attendance in the meeting held on 13 December 2021 to address the audit plan for the year

They were also in attendance at the meeting held by the Audit and Compliance Committee on 13 September 2021 to account for the limited review of interim condensed consolidated financial statements of Industria de Diseño Textil, S.A. and subsidiaries.

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- Establishing the independence of Statutory Auditor.

Pursuant to the provisions of the Procedure to Contract an Auditor for the Provision of Non-audit Services approved by the Committee on 18 July 2016 and amended in part on 14 March 2022 (inter alia, to change its scope, having become a Policy), the Audit and Compliance Committee evaluated and approved in the meetings held on 8 March, 7 June, 13 September and 13 December 2021 the engagement by the Company, Group companies and Zara España, of non-audit services from external auditors.

Meanwhile, on 8 March 2021, the committee approved the report on the independence of the external auditor of the Company and of Zara España, which also addressed the issue of the provision of non-audit services.

Pursuant to Recommendation 6 GGC, the report on the independence of the external auditor from the Company was made available to the shareholders on the corporate website at the time the Annual General Meeting was called.

In the meeting held on 8 March 2021, having established that independence requirements are met, and having assessed the degree of fulfilment of the audit engagement, the audit findings, and the terms of the contracts entered into with auditors to perform non-audit services other than those covered in the audit engagement, the Audit and Compliance Committee gave a favourable report to the re-election of statutory auditors, to be approved by the board of directors and subsequently submitted to the Annual General Meeting.

C. Powers relating to the Internal Audit function

The Chief Audit Officer attended all the meetings of the Audit and Compliance Committee held in 2021 and took an active part therein.

A number of issues that fall under the purview of the committee were addressed in such meetings. The committee oversaw the work plan of the Internal Audit Department (progress report of the projects and review of the follow-up on the most critical recommendations, both of operational, financial, compliance and systems audits currently in progress), and approved its budget and its activities report. In particular:

- In the meeting held on 8 March 2021: (i) it acknowledged the assignments carried out by Internal Audit in 4Q2021 and the Annual Activities Report of internal Audit for 2020; (ii) it approved the Internal Audit Plan and the budget for 2021, in accordance with Recommendations 41 & 42 GGC; and (iii) it gave a favourable report to the external audit fees for 2020, the external audit budget for 2021 and the fees for non-audit services provided to the company and its Group.
- In the meeting held on 7 June 2021, it acknowledged the work done by Internal Audit in 1Q2021, in particular, with regard to the auditor rotation process, the follow-up on incompatible services and the estimated timeline.
- In the meeting held on 13 September: (i) it acknowledged the work done by Internal Audit in 2Q2021; and (ii) it resolved to update the Internal Audit Plan for 2021 in line with the outcome of the re-evaluation of risks.
- Last, in the meeting held on 13 December, it acknowledged the work done by Internal Audit in 3Q2021, in particular with regard to the auditor rotation process, the coordination of the kick-off meetings to learn the main processes.

D. Powers relating to Compliance

- Overseeing the Model of Criminal Risk Prevention: review of the reports issued by the Committee of Ethics

The Committee reviewed and approved the Annual Report of the Committee of Ethics for 2020 in the meeting held on 8 March 2021 and the Half-yearly Report for 2021 first half, in the meeting held on 13 September 2021. Likewise in the meeting held on 8 March 2021 it acknowledged the Report on the Model of Criminal Risk Prevention for 2020 and in the meeting held on 13 September 2021 the half-yearly Report on such Model. Such reports review, among other things, the enforcement of the Code of Conduct and Responsible Practices and the Code of Conduct for Manufacturers and Suppliers, with a description of the cases seen by the Committee of Ethics, the proceedings carried out and the resolutions issued; the outcome of the supervision of the Model of Criminal Risk and proceedings to implement the Corporate Compliance System at domestic and international level (circulation and communication of the Corporate Compliance System, proceedings regarding the acceptance of the Code of Conduct and Responsible Practices and training on Corporate Compliance).

The committee also acknowledged the main proceedings carried out by the Committee of Ethics as regards the Ethics Line in the meetings held on 7 June and 13 December 2021.

Last, the committee acknowledged in the meeting held on 13 September 2021 the implementation of the Model of Criminal Risk Prevention in Mexico.

- Overseeing the Compliance function.

In the meeting held on 8 March 2021, the committee approved the strategic action lines of the Compliance Function and its budget for 2021.

Likewise, in the meetings held on 7 March and 13 September 2021, it acknowledged the 2020 Annual Compliance Report and the half-yearly report for 2021 first half, respectively.

The committee further acknowledged the main proceedings of the Compliance Function in the meetings held on 7 June and 13 December 2021.

- Corporate policies

In the meeting held on 7 June 2021, the committee gave a favourable report to the Corporate Security Policy, which was subsequently approved by the board of directors in the meeting held on the following day.

E. Proceedings in the field of oversight and evaluation of the Enterprise Risk Management Function

The Audit and Compliance Committee is responsible for verifying the level of risk tolerance and its limits, at least by means of an annual review and periodic reports on the degree of compliance with the Enterprise Risk Management Policy, to be raised to the board. Its main proceedings in the field in the year were:

- Risks Map

In the meeting held on 13 December 2021 the Head of the ERM Department apprised the committee of the main risks affecting business development and the control measures established to manage and monitor such risks. The committee gave a favourable report to the update of the 2021 Risks Map, with special mention of the climate change risk.

- Evaluation of other risks

Pursuant to sections 5.3(i) of the Audit and Compliance Committee's Regulations, and the provisions of the Enterprise Risk Management Policy, the evaluation of any question regarding "*financial and non-financial risks (including operational, technological, legal, social, environmental, political and reputational risks or those related to corruption)*" is part of the Committee's duty to oversee the effectiveness of risk control systems).

Likewise, pursuant to section 9(h) of the above referred set of rules, the Audit and Compliance Committee may "*meet with the heads of business units at least once a year, and whenever the Committee deems it appropriate, for the purposes of reporting to the Committee on trends of business and risks associated with the respective areas under their purview*".

Considering the foregoing, the Committee has encouraged attendance of company's officers, supervisors and heads of control areas at its meetings, to keep abreast of the operation of the risk management systems established and the findings reached. In particular, with regard to:

- Financial risks

In the meeting held on 13 September 2021, the Head of the ERM Department and the Head of Financial Risk Management reported on the main financial risks of the Group, in particular the foreign exchange risk.

- Report on Tax Policies

Pursuant to the Company's Tax Policy, the committee acknowledged in the meeting held on 8 March 2021 the tax policies followed in 2020.

- Information Security

In the meeting held on 8 March 2021, the committee acknowledged the findings of the review of the Group's cybersecurity maturity level. External auditors were in attendance via conference call.

In that same meeting, the committee acknowledged: (i) the main events of interest noted by the Information Security Committee in 2H2020; (ii) the most relevant projects and initiatives of the Information Security Department; and (iii) the Plan for FY2021.

On the other hand, in the meeting held on 13 September 2021, the committee acknowledged: (i) the main events of interest noted by the Information Security Committee in 1H2021.

- Report of the Data Protection Officer (DPO)

In the meeting held on 13 September 2021, the committee acknowledged the report of the DPO, which identified, inter alia: (i) the most relevant initiatives carried out by the area; and, (ii) the current strategy and main action lines.

- Technology

The committee acknowledged in the meeting held on 8 March 2021 the outcome of the analysis carried out by the statutory auditor regarding technical incidents.

Likewise, in the meeting held on 13 September 2021, the committee acknowledged the presentation given by the Chief Data Officer, the Head of the Organization and Processes Area and the Chief Analytics Officer on the Update on the Group's Data Transformation Plan.

- The corporate strategy

As a general rule, the board of directors delegates the management of the day-to-day business and the conduct of its strategy to the management team, focusing on carrying out its general oversight duty and exercising its non-delegable powers, pursuant to statute, the Articles of Association and its own set of rules.

Within the scope of its powers relating to enterprise risk management, both financial and non-financial, the Audit and Compliance Committee will be regularly updated by the Management and the heads of business units who will attend its meetings for the purposes of reporting to the committee on trends of business and risks associated with the respective areas under their purview.

In this regard, the committee acknowledged in the meetings held on 8 June 2021 and 13 September 2021 the presentations given by brand managers and country managers of the main subsidiaries of the Group on business evolution in their respective markets, against the backdrop of the global pandemic of coronavirus disease.

F. Powers relating to Corporate Governance

The most relevant proceedings of the committee in 2021 regarding observance of statutory and good governance requirements have been:

- Annual Corporate Governance Report

The Audit and Compliance Committee approved on 8 March 2021 the 2020 Annual Corporate Governance Report filed in free format, in accordance with CNMV's Circular 5/2013, accompanied by the relevant Statistical Appendix laid down in such Circular.

The committee submitted the Annual Corporate Governance Report to the board of directors which approved it on 9 March 2021, and subsequently sent it to the CNMV as other relevant information. It is available on CNMV's website.

- Review of the reports of the Compliance Supervisory Board and the Compliance Office

The Audit and Compliance Committee reviewed in the meetings held on 8 March and 13 September 2021 the half-yearly reports drawn up by the Compliance Office and the Compliance Supervisory Board on (i) the enforcement of the Internal Regulations of Conduct; (ii) the measures taken to promote knowledge and ensure compliance with the provisions of the IRC; and, (iii) the approval of the new parameters to be considered to issue the new list of persons subject to the IRC.

- Amendment to internal regulations

In 2021 almost all the amendments to Inditex's internal regulations on corporate governance were made to bring their language into line with the regulatory development which came into force since the last Annual General Meeting, i.e, the reform introduced by Act 5/2021.

In particular, the committee gave a favourable report to the following motions on the amendment or approval of internal regulations:

- In the meeting held on 7 June 2021:
 - The proposal to amend the Articles of Association to align its language with the regulatory development introduced by Act 5/2021 and with the relevant amendments made to the Board of Directors' Regulations and the terms of reference of the Audit and Compliance, Nomination and Sustainability Committees throughout 2020, to align their language with the partial review of GGC approved by CNMV's board on 25 June 2020.
 - The proposal to amend the Regulations of the General Meeting of Shareholders to align its language with the regulatory development made by Act 5/2021. In particular, particular, the possibility of holding virtual-only general meetings, in accordance with the provisions of recently added section 182bis LSC was covered.
 - The proposal to amend the terms of reference of the Board of Directors and the Audit and Compliance Committee, to align their provisions with the regulatory development created by Act 5/2021.
- In the meeting held on 13 September 2021: the motion on the amendment to the Internal Regulations of Conduct in the Securities Markets, to align its language with the reorganization and changes made to the Compliance Supervisory Board (formerly known as the "Code

Compliance Supervisory Board”) and its provisions with the regulatory development introduced by Act 5/2021.

- In the meeting held on 13 December 2021, the Audit and Compliance Committee gave a favourable report to the new Procedure for Periodic Control and Reporting on Related Party Transactions, in accordance with the provisions of section 529duovicies LSC.

All the proposals referred to above were passed at the relevant board meetings subsequently held.

- Evaluation of the appropriateness of the corporate governance system

In the meeting held on 14 March 2022, the Audit and Compliance Committee appreciated that the Company’s corporate governance system is appropriate in 2021, as it considers that it meets its purpose of promoting corporate interest taking into account the legitimate interests of the different stakeholders.

- Related party transactions

In the meeting held on 8 March 2021, the Audit and Compliance Committee issued and approved the report on related party transactions carried out by the Inditex Group throughout 2020.

Pursuant to Recommendation 6 GGC, such report was made available to the shareholders on the corporate website at the time the notice calling the Annual General Meeting was posted.

In the meeting held on 13 December 2021, the Committee resolved to propose to the board of directors that this latter delegate the approval of related party transactions as set out in section 529duovicies(4) LSC, to the Compliance Supervisory Board. It also gave a favourable report to the Procedure for Periodic Control and Reporting on Related Party Transactions to which such transactions are subject. Such delegation was subsequently approved by the board of directors in the meeting held on 14 December 2021.

In this latter meeting, the committee gave a favourable report to the related party transaction consisting of the collaboration between Inditex and the company styled PONTEGADEA DIECIOCHO, S.L. to organise a charity concert addressed to employees of the Inditex Group and its affiliates. Such transaction was subsequently approved by the board of directors on 14 December 2021.

- Report on treasury stock

The Committee acknowledged in the meeting held on 8 March 2021 the report on the Group’s treasury shares.

- Report on its proceedings

The Audit and Compliance Committee issued the annual report on its proceedings on 7 June 2021. It is available on www.inditex.com.

G. Other activities

- Assumption by Inditex's Audit and Compliance Committee of functions of audit committee at Zara España

As described above in the relevant sections, the Audit and Compliance Committee carried out duties inherent in the audit committee of Zara España in 2021.

- Corporate and structural changes

In the meeting held on 13 December 2021, the committee gave a favourable report to the terms and conditions of a review of the Group's international corporate structure, which was subsequently approved by the board of directors on the following day.

Main relations of the Audit and Compliance Committee

A. With the General Meeting of Shareholders.

The Chair of the Audit and Control Committee attends the Annual General Meeting in order to address those questions shareholders may raise with regard to matters within its purview.

Moreover, pursuant to the provisions of its own terms of reference, in the circumstances where the statutory auditor includes any qualification or reservation in the auditor's report, the Chair of the Committee should give a clear explanation at the General Meeting of the committee's opinion regarding the contents and scope of such qualifications.

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 Audit and Compliance Committee apprises all directors of the main business transacted and the resolutions passed in the last meeting of the Committee.

C. With Board committees.

Directors sitting on the Audit and Compliance Committee also sit on several other board committees.

Likewise, pursuant to the Group's internal regulations, the Audit and Compliance and Sustainability Committees work together, 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 Audit and Compliance Committee to be directly apprised of the business evolution, the Committee has encouraged the presence at its meetings of the former Executive Chairman, the CEO and officers and managers of the Company to explain their view on certain issues directly linked with the Committee's remit.

Additionally, the Committee may call any employee or officer of the Company and even arrange for their attendance without any other officer being present.

However, efforts will be made to ensure that presence at Committee meetings of anyone other than its members is limited to such cases where it is necessary, and for the transaction of specific items on the agenda for which they were called to attend.

E. With the General Counsel's Office.

The General Counsel and Secretary of the Board, in his capacity of Chief Compliance Officer regularly apprises the Audit and Compliance Committee of the degree of compliance with the Internal Regulations of Conduct regarding Transactions in Securities and in general, of the degree of enforcement of the rules of the company on corporate governance

Additionally, the General Counsel and Secretary of the Board, in his capacity of Chair of the Committee of Ethics regularly advises the Audit and Compliance Committee on the enforcement of the Code of Conduct and Responsible Practices and the Code of Conduct for Manufacturers and Suppliers; the outcome of the supervision of the Model on Criminal Risks Prevention of the Inditex Group and the proceedings to implement the Compliance Model.

F. With the Internal Audit Department

The Internal Audit Department, ensures, under the supervision of the Audit and Compliance Committee, the good operation of the information and internal control systems. Internal Audit is a corporate function that reports to the now non-executive Chair, but has functional reporting line to the Chair of the Audit and Compliance Committee.

The Chief Audit Officer (CAO), being ultimately responsible for the Internal Audit function, regularly apprises the Audit and Compliance Committee of the annual Internal Audit work plan, including potential changes and deviations, incidents and limitations on the scope occurred upon implementing such Plan, as well as of the assignments carried out in the different audit areas.

Meanwhile, the Audit and Compliance Committee oversees the Internal Audit Department and approves its budget, the Internal Audit Plan, the annual activities report and the assets of the Department to carry out its tasks as well as the contents of its proceedings.

G. With the external auditor.

The relations of the Board of Directors of the Company with the external auditors are channelled through the Audit and Compliance Committee.

Without prejudice to the annual meeting between external auditors and the Board of Directors, the former attends such meetings of the Committee in which the Periodic Financial Information which the Board of Directors needs to approve and disclose on a half-yearly basis is subject to review.

The Audit and Compliance Committee, mostly composed of independent directors, tables to the Board of Directors, to be subsequently submitted to the Annual General Meeting, the motions on the appointment, re-election and replacement of the statutory auditor, being responsible for the selection process, and on the terms of their engagement, the scope of their professional mandate and, where appropriate, their termination or renewal. In this regard, in accordance with the provisions of Technical Guide 3/2017, the Audit and Compliance Committee approved in the

meeting held on 9 September 2019, the Procedure for the Selection of the Statutory Auditor, for the purposes of ensuring an unbiased, fair, transparent and efficient and non-discriminating selection process.

Likewise, the Committee oversees the enforcement of the audit engagement, evaluates the audit findings and supervises the terms and enforcement of such contracts entered into with the auditors for the performance of non-audit assignments, all of which pursuant to the provisions of section 15 of the Board of Directors' Regulations and sections 7 and 28 of the Audit and Compliance Committee's Regulations.

H. With external advisors.

In order to receive assistance in the performance of their duties, non-executive directors may request that legal, accounting, financial or other experts be engaged at the Company's expenses. The assignment entrusted to such external advisors must necessarily address specific issues of certain weight and complexity that the above referred directors might face in the discharge of their duties.

Evaluation of the proceedings and performance of the Audit and Compliance Committee

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

Opinion of the Audit and Compliance Committee about statutory auditor's independence

In the meeting held on 8 March 2021, the Audit and Compliance Committee, having reviewed the written confirmation issued by the auditor about its independence and the appropriateness of the non-audit services rendered (and relevant fees paid), without finding any evidence which may cast doubt on the independence of Deloitte, unanimously resolved to issue a favourable opinion regarding the independence of Deloitte as statutory auditor of the Inditex Group and its individual companies.

Pursuant to the provisions of Recommendation 6 GGC, this report has been available to the shareholders on the corporate website (www.inditex.com) since the date the notice calling the Annual General Meeting was published.

Observance of guides

The Audit and Compliance Committee, performs its duties duly observing Recommendations of the GGC, 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.

The provisions of CNMV's Technical Guide 3/2017 have been considered upon preparing this Annual Report on the Proceedings of the Audit and Compliance Committee.

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

Date of issue

This report has been issued by the Audit and Compliance Committee on 6 June 2022.

MEETING DATE	MAIN BUSINESS TRANSACTED	INDITEX OCCASIONAL ATTENDEES ²
8 March 2021	<ul style="list-style-type: none"> - Review of the financial statements of Inditex and Zara España. Review of the annual financial report to be disclosed by the board of directors to the market. - Review of the Statement on Non-financial Information (Act 11/2018 of 28 December on mandatory disclosure of non-financial information). - Meeting with external auditors: <ul style="list-style-type: none"> a. Auditor's Report on consolidated and individual Annual Accounts of Inditex and Zara España b. Independent Review Report on the Statement on Non-financial Information of Inditex. c. Additional report (sec. 36 Act 22/2015, of 20 July on Statutory Audit) by Inditex and Zara España for the Audit and Compliance Committee. d. Findings of the cybersecurity and technological contingency maturity assessment of the Inditex Group e. Provision by the external auditor of non-audit services. - Provision by the external auditor of non-audit services. - Report on the independence of auditors regarding Inditex and Zara España. 	<ul style="list-style-type: none"> - Then Executive Chairman and CEO³ - CFO. - CAO. - Deputy CAO. - CISO. - Head of the Tax department. - The General Counsel and Secretary of the Board. - External auditors.

²Occasional 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 votes.

³ The CEO and the CFO attended the meeting to review the financial statements and further address business operations.

	<ul style="list-style-type: none"> - Motion on the appointment/ re-election of statutory auditors. - Information Security. 2021 Annual plan and budget - Internal audit: <ul style="list-style-type: none"> a. a. Work done in 4Q2020. b. Internal Audit Annual Activities Report for 2020. Follow-up on recommendations. c. 2021 Internal Audit Plan and budget. d. External Audit: 2020 fees and 2021 budget. - Compliance: <ul style="list-style-type: none"> a. 2020 Annual Compliance Report of the Inditex Group b. Annual reports of the Committee of Ethics: <ul style="list-style-type: none"> i. Ethics Line ii. Model of Criminal Risk Prevention. c. Half-yearly report (August 2020-January 2021) of the Compliance Supervisory Board (CSB) d. 2021 Strategic lines and budget - 2020 Annual Corporate Governance Report. - Report on treasury stock. - Report on tax policies followed in the financial year (Code of Good Tax Practices). - Report on related-party transactions. 	
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<p>7 June 2021</p>	<ul style="list-style-type: none"> - Review of the periodic financial information that the Board of Directors must provide to the market and its supervisory bodies. - Participation of subsidiaries' directors. - External audit. Review of 1Q2021 consolidated financial statements. - Provision by the external auditor of non-audit services. - Internal Audit: work done in 1Q2021. - Compliance: assignments carried out in 1Q2021. - Internal regulations: <ul style="list-style-type: none"> o Amendment: <ul style="list-style-type: none"> a. Report on the motion to amend the Articles of Association and the Regulations of the General Meeting of Shareholders. b. Report on the motion to amend the Board of Directors' Regulations and the Audit and Compliance Committee's Regulations. o Corporate Security Policy - 2020 Annual Report. - Annual report on the proceedings of the Audit and Compliance Committee. 	<ul style="list-style-type: none"> - Then Executive Chairman and CEO. - CFO. - CAO. - Subsidiaries' directors. - Deputy CAO. - External auditors. - The General Counsel and Secretary of the Board.
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<p>13 September 2021</p>	<ul style="list-style-type: none"> - Review of the periodic financial information that the Board of Directors must release to the market and its supervisory boards. - Meeting with external auditors: limited review report on 1H2021 results. - Participation of brand managers. - Provision by the external auditor of non-audit services. - Internal audit: <ul style="list-style-type: none"> a. Internal Audit activities report. Work done in 2Q2021 and follow-up on recommendations. b. Update on the Internal Audit Plan: 2H2021. - Compliance: <ul style="list-style-type: none"> a. Half-yearly Compliance Report of the Inditex Group. b. Half-yearly reports of the Committee of Ethics: <ul style="list-style-type: none"> i. Ethics Line ii. Model of Criminal Risk Prevention. c. Model of Criminal Risk Prevention in Mexico. d. Half-yearly report of the Compliance Supervisory Board. e. Internal regulations: Amendment to the Internal Regulations of Conduct in the Securities Market (IRC). - Financial Management: Forex risk. - Update on the Data Transformation Plan. - Report of the DPO. - Information Security. 	<ul style="list-style-type: none"> - Then Executive Chairman and CEO. - CFO. - CAO. - Deputy CAO. - Head of Models of Internal Control and Compliance within Internal Audit. - External auditors. - Brand managers - Head of the ERM Department. - Head of Financial Risk Management. - Data Protection Officer. - Chief Data Officer. - <i>Chief Analytics Officer.</i> - Head of Analytics. - Head of Organization and Processes. - CISO.
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		<ul style="list-style-type: none"> - The General Counsel and Secretary of the Board.
<p>13 December 2021</p>	<ul style="list-style-type: none"> - Review of the periodic financial information that the Board of Directors must release to the market and its supervisory boards. - External audit: <ul style="list-style-type: none"> o Current year's audit plan. o Review of consolidated financial statements 3Q2021 - Provision by the external auditor of non-audit services. - Internal Audit: assignments carried out in 3Q2021 - Compliance: <ul style="list-style-type: none"> a. Assignments carried out in 3Q2021. b. New internal regulations: framework of related-party transactions. - Corporate intra-group transactions. - Related-party transactions. - Risks Map: 2021 update. Special mention of the climate change risk. - Report on the evaluation of the Committee and the performance of its members. - Schedule of dates and agenda of business to be transacted by the Board of Directors in financial year 2022. - Schedule of dates and business to be transacted by the Audit and Compliance Committee in 2022. 	<ul style="list-style-type: none"> - Then Executive Chairman and current CEO. - CFO. - CAO. - Deputy CAO. - Head of the ERM Department. - External auditors. - Current General Counsel and Secretary of the Board.