REPORT OF THE AUDIT AND COMPLIANCE COMMITTEE OF INDUSTRIA DE DISEÑO TEXTIL, S.A. (INDITEX, S.A.) ON RELATED PARTY TRANSACTIONS CARRIED OUT IN 2022

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 2022 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

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 their respective related parties.

Such related party transactions are 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.

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 first board meeting 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 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.

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.

II. Related party transactions carried out in 2022

Four related party transactions requiring the prior approval of the Board of Directors, pursuant to applicable internal regulations, after a favourable report of the Committee, have been carried out in 2022:

1. Purchase of business premises.

This transaction consisted of the sale of part of the area of a business premises owned by a subsidiary of the Inditex Group to a company the property of Inditex's controlling shareholder, who in turn is a related party to the beneficial owner and director of the company and to other two board members.

To consider whether such transaction was carried out on an arm's length basis, the Committee took into account the findings of the report drawn up by a renowned international real estate consultant.

From the standpoint of opportunity, the transaction was supported by the interest shown by a third party in leasing the business premises. Upon completing the purchase, the buyer, which already owned the remaining area of the unit, became the only owner of the business premises, which made it easier to lease it.

2. Partnership agreement.

This transaction consisted of the execution of an addendum to a partnership agreement entered into in 2014 between the Company and a non-profit private organization related to a shareholder, which is a related party to a close family member of Inditex beneficial owner.

The addendum sought to extend the scope of the agreement, aimed at supporting social initiatives. Under such agreement, the Company undertook to assign non-profit organization outdated IT equipment which the latter undertook to donate to academic and/or social institutions, and/or non-profit organizations in the Galician region.

The Committee found no risk of a potential adverse economic impact for Inditex resulting from the transaction -as no economic consideration had been agreed between the parties -. On the other hand, the transaction entailed no economic profit for the non-profit organization, as the end beneficiaries of the social initiatives are third parties not bound by the contractual relationship.

From the perspective of opportunity, the transaction was supported by the boost to Inditex's Investment in the Community's strategy and the circular economy model of the Group.

3. Lease of business premises.

This transaction consisted of the lease of business premises owned by a subsidiary of the corporate group of one of Inditex significant shareholders (the lessor) to a subsidiary of the Inditex Group (as lessee).

The lessor is indirectly related to the director and beneficial owner and to another director of Inditex, as it sits on its board of directors.

Upon considering the transaction, the Committee took into account the reports from two renowned international real estate consultants, according to which the terms of the lease agreement had been negotiated at arm's length.

From the standpoint of opportunity, the transaction was supported by the interest of the lessee to follow the Group's commercial strategy, revolving around strategic stores opened in key shopping areas.

4. Renewal of Framework Agreement.

The transaction consisted of the renegotiation of the terms of the framework agreement approved by the Inditex's board in December 2017 (maximum term: 5 years) covering the performance by a subsidiary of the Inditex Group of refurbishment, partial renovation and maintenance works at certain properties of three board members (one of whom is the controlling shareholder of Inditex).

For the purposes of supporting the fact that the Related Party Transaction has been carried out on an arm's length basis, the Committee considered the benchmarking analysis issued by an external advisor on operating margins used by comparable companies within the construction sector in the market where Inditex operates. Pursuant to such report and the review of the operating margins of the Group's subsidiary that carries out the refurbishment, partial renovation and maintenance works, the Committee concluded that no preferential treatment was given to Inditex related parties, and the principle of equal treatment of shareholders is guaranteed.

From the standpoint of opportunity, this transaction was supported by reasons of confidentiality and security of Inditex related parties.

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 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 and in the Annual Corporate Governance Report, in accordance with the criteria and the level of disclosure provided in the applicable regulations, above referred. Included in such information are the transactions between the Company or other 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, and with its shareholders (ii) Partler Participaciones, S.L.U. and/or any company within its group (Partler Participaciones, S.L.U. and 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.

Pontegadea Inversiones, S.L. is Inditex controlling shareholder, owner of a 50.01% stake in its share capital. Its objects are: holding stakes in companies and the purchase and disposal of shares, securities and real estate.

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 2022 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.

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 13 March 2023.