

ARTICLES OF ASSOCIATION
INDUSTRIA DE DISEÑO TEXTIL, S.A.

CHAPTER I

NAME, PURPOSE, REGISTERED ADDRESS AND DURATION

Article 1.- Name.

The name of the Company is “INDUSTRIA DE DISEÑO TEXTIL, SOCIEDAD ANONIMA”, in abbreviated form “INDITEX, S.A.”; it is a public limited mercantile company, of Spanish nationality and it shall be governed by these present By-laws and, in as far as specific dispositions may not be applicable, by the revised text of the [Spanish] Corporation Act approved by Royal Legislative Decree 1564/1989 of 22 December and by the remaining applicable legislation.

Article 2.- Purpose.

1.- The purpose of this Company is:

- (a) The manufacture, marketing at any stage, importation, export and wholesale and retail of all kinds of textile raw materials, yarns, cloths, fabrics and finished apparel and home products as well as any other complementary products of the aforementioned, including those of cosmetics and leather goods.
- (b) The participation in the capital of other companies or firms, whether civil or mercantile, either by acquiring for whatever legal title, for a value or as gift, shares in any other public limited companies or limited liability companies, or by obtaining by any other legal proceeding any other shareholdings in other firms, whether Spanish or foreign.
- (c) The administration, management and exploitation of said shares, participations in companies or interests in companies, as well as the disposal, sale, exchange or carrying out of any other legal act which may imply the exercise of any rights inherent in such interests or shares.
- (d) The rendering of all manner of services in relation to the administration, management and running of companies, such as accounting, lists of clients, payroll preparation, preparation of all manner of receipts, invoicing and other matters similar to those mentioned above, using for the same all manner of procedures whether manual, mechanical, electronic or computerized, or any other of the most varied nature.
- (e) The drawing up, preparing and carrying out of all manner of studies and projects and the creation of industrial and commercial designs; the direction, technical assistance, transfer of technology and commercialisation, inspection, control and administration in such projects and activities.

- (f) The ownership, use or assignment of designs and industrial property in all their forms and classes.
 - (g) The acquisition and disposal for any reason of all manner of real or movable property, rights, securities, participations, shares or other interests in other companies, even by taking part in the incorporation of these, whenever such property and rights serve the activity that makes up the corporate purpose.
- 2.- The activities included in the company's purpose may be carried out by the Company directly or indirectly, through the holding of shares or participations in Companies with an identical or similar corporate purpose or through any other form that is accepted in Law.

Article 3.- Duration.

- 1.- The duration of the Company shall be indefinite.
- 2.- The Company began its operations on 12 June 1985, the date of execution of the deed of incorporation, without prejudice to the required registration thereof in the Companies Register.

Article 4.- Registered address.

- 1.- The Company's registered office is at Avenida de la Diputación, Edificio Inditex, Arteixo (La Coruña).
- 2.- The Board of Directors is empowered to change the registered office within the same municipality, and to establish, remove and move those branches, commercial offices, agencies and representative offices of the Company that it may consider to be in the interests of the Company, anywhere in Spain or abroad.

CHAPTER II

SHARE CAPITAL

Article 5.- Capital.

The share capital is NINETY-THREE MILLION FOUR HUNDRED AND NINETY-NINE THOUSAND FIVE HUNDRED AND SIXTY EUROS (93,499,560.- euros), fully paid-up and subscribed, divided into, represented by and incorporated in SIX HUNDRED AND TWENTY-THREE MILLION THREE HUNDRED AND THIRTY THOUSAND FOUR HUNDRED (623,330,400) indivisible shares, each with a nominal value of FIFTEEN CENTS OF A EURO (0.15 euros), all of the same class and series.

Article 6.- Non-voting shares. Preference shares. Redeemable shares

- 1.- The Company may issue non-voting, preference and redeemable shares under the terms foreseen in the Law and in the following paragraphs.
- 2.- The General Meeting may resolve the issuance of non-voting shares for a nominal amount no greater than half of the paid-up capital, under the terms and with the rights foreseen in Law.

Non-voting shares will grant their holders the right to receive a non-accumulative minimum annual dividend of five (5) percent of the paid-up capital for each non-voting share, provided that there are sufficient profits to be distributed, although failure to pay the minimum dividend shall not entail the recovery of the right to vote. In the issues of voting shares (whether ordinary, preference or redeemable) or of convertibles bonds or securities entitling the holder to subscribe voting shares, the holders of non-voting shares shall not enjoy pre-emptive subscription rights.

- 3.- Within the conditions authorized by the Law and meeting the requirements provided for the amendment of the Articles, the General Meeting may resolve to issue shares that confer a privilege over the ordinary shares.

Where the privilege consists of the right to obtain a preferential dividend, the Company shall be under the obligation to agree the distribution of the dividend if there are profits to be distributed. The preferential dividend shall not be of an accumulative nature. Ordinary shares may not under any circumstance receive dividends charged to the profits of one fiscal year where the preferential dividend for the same year has not been paid, but once the payment of the preferential dividend has been resolved, the holders of preference shares shall not be entitled to the dividend that may correspond to the ordinary shares.

- 4.- The General Meeting may agree the issue of shares that are redeemable at the request of the Company, the holders of said shares or of both, for a nominal amount no greater than one quarter of the paid-up share capital. The specific conditions for the exercise of the right of redemption shall be set in the issue resolution. If the aforementioned right should be attributed exclusively to the Company, it may not be exercised until three years have passed, to be calculated as of the issue.

Redeemable shares must be fully paid-up at the time of subscription.

The redemption of the redeemable shares must be done charged to profits or free reserves or with the proceeds of a new share issue resolved by the General Meeting or, where appropriate, by the Board of Directors exercising the powers that it may have been delegated for this purpose by the General Meeting in accordance with the provisions of the Corporations Law, in order to finance the redemption. If these shares should be redeemed charged to profits or free reserves, the Company must establish a reserve for the amount of the nominal value of the redeemed shares. Should there not be a sufficient amount of profits or free reserves or should there not be a new issue to finance the operation, the

redemption may only be carried out in accordance with the requirements established for the reduction of capital through repayment of contributions.

Article 7.- Rights and obligations of the shareholder

Shares confer on their lawful holder the status of partner and implies for this the full and total observance of the provisions of these Articles and of the resolutions validly passed by the governing bodies of the Company, empowering at the same time the holder for the exercise of the rights inherent in their status, in accordance with the provisions in Law and in these Articles.

Article 8.- Representation of the shares

- 1.- Shares are represented in book-entry form.
- 2.- The keeping of the Company's book-entry register is the responsibility of the *Sociedad de Gestión de los Sistemas de Registro, Compensación y Liquidación de Valores, S.A.* [Spanish Central Securities Depository, in charge of the Register of Securities, and the Clearing and Settlement of all trades] and its participants.
- 3.- The establishment, circulation and legitimation for the exercise of the rights deriving from the shares are governed by the stock market regulations.

Article 9.- Transfer of shares.

- 1.- The shares and the economic rights deriving thereof, including those preemptive subscription and free allotment rights, may be transferred by all the means recognised in Law.
- 2.- New shares may not be transferred until the registration of the capital increase in the Companies Register has been carried out.

Article 10.- Increase and reduction of capital, and issue of bonds or other securities that acknowledge a debt.

- 1.- The Company may increase or reduce its share capital in accordance with all the legal provisions on this matter.
- 2.- The capital increases may be made, partially with new contributions and partially with reserves or profits.
- 3.- When the capital increase is not fully subscribed within the period set for subscription, the capital shall increase by the amount of the subscriptions that have been made, unless the conditions of the issue have expressly provided otherwise.
- 4.- The General Meeting of Shareholders may resolve, pursuant to the provisions of the Spanish Corporation Act, the capital reduction to redeem a certain group of shares, provided that said group is defined according to substantial,

homogeneous and non-discriminatory criteria. In such case, this motion must be approved both by the majority of the shares of the shareholders belonging to the affected group, and by the majority of shares of the rest of the shareholders remaining with the Company. The amount to be paid by the Company may not be less than the arithmetic mean of the closing prices of the shares of the Company on the Continuous Market of the Stock Exchanges during the quarter prior to the date on which the resolution to reduce the capital was passed. The setting of an amount lower than the one above-referred shall require the unanimous consent of the affected shareholders.

- 5.- In the event of a capital reduction which purpose is the return of contributions, payment to shareholders may be fully or in part in kind, provided that the terms of article 39.3 of the corporate by-laws are met.
- 6.- The Company may issue bonds or other securities that acknowledge or create a debt, with or without guarantee, subject to the legally established limits and conditions. The Company may also guarantee the issue of securities carried out by its subsidiaries.

Article 11.- Capital calls.

When there are partially paid-up shares, shareholders must pay the portion of capital not paid-up in such manner and within such time limit or limits as may be provided in the resolution for the capital increase or, failing that, on the terms decided by the Board of Directors, in any event within the maximum deadline of five years from the date of the resolution regarding the increase in share capital.

Article 12.- Pre-emptive subscription rights.

- 1.- In the event of a share capital increase through the issue of new shares, whether ordinary, preference, redeemable or non-voting shares, the former shareholders – with the exception of the holders of non-voting shares – and the holders of convertible bonds, where appropriate, may exercise in the manner legally provided the right to subscribe a number of shares being proportional to the nominal value of the shares that they hold, or of those that would correspond to the holders of convertible bonds, were the power of conversion to be exercised at that time.
- 2.- The General Meeting or, where appropriate, the Board of Directors that agrees the increase may resolve the suppression in whole or in part of this pre-emptive right, as regards both the issuance of new shares and of convertible bonds, in the cases and under the terms provided by the Law.

Namely, it could be understood that there are enough reasons of corporate interest to justify the suppression of the pre-emptive right, where it is necessary to facilitate (i) the acquisition of assets – including stakes in other Companies – that are deemed convenient for the development of the corporate purpose; (ii) the placement of the new shares in foreign markets; (iii) the raising of resources by using placement techniques grounded on the demand research suitable to maximize the issue price of the shares; (iv) the inclusion of an industrial or

technological partner, and; (v) in general, the performance of such transactions as may be in the interest of the Company.

Article 13.- Co-ownership, usufruct and pledge of shares.

- 1.- Co-ownership, usufruct and the pledge of the shares shall be governed by the provisions of the revised text of the [Spanish] Corporation Law.
- 2.- Since shares are indivisible, the joint owners of shares and the joint holders of other rights over the same must designate a single person for the exercise of the corresponding rights and must notify satisfactorily the identity thereof to the Company.

CHAPTER III

GOVERNING BODIES OF THE COMPANY

Article 14.- Governance, Administration and Representation of the Company.

- 1.- Without prejudice to the powers legally attributed to the General Meeting, the administration, management and representation of the Company lays with the Board of Directors and, where appropriate and in accordance with the provisions of these Articles, with any other person or body to whom the Board of Directors may delegate powers.
- 2.- It is the Board of Directors' policy to delegate the management of the day-to day business of the Company to the executive bodies and to the management team, and to concentrate its efforts on the general supervisory function, which includes directing the policy of the Company; monitoring the management; assessing the management by officers; adopting the most relevant decisions for the Company, and acting as a link with the shareholders.

PART ONE

GENERAL MEETING OF SHAREHOLDERS

Article 15.- The General Meeting.

- 1.- The General Meeting of Shareholders, duly called and held in accordance with all legal and statutory formalities, is the supreme and sovereign body of expression of the will of the Company.
- 2.- Its resolutions are binding on all its shareholders, including those absent or dissenting, without prejudice to any legal actions they may have.
- 3.- The exclusive powers of the General Meeting are those which are vested in such a nature by Law or by the Articles, including the approval of the Regulations of the General Meeting of Shareholders in order to develop the statutory provisions.

Article 16.- Classes of General Meetings.

- 1.- General Meetings may be Annual or Extraordinary.
- 2.- The Annual General Meeting shall be necessarily held once a year, within the six months following the fiscal year end in order to, at least, review the corporate management of the Company, approve, where appropriate, the accounts of the previous year and resolve as to the distribution of profits.
- 3.- The Extraordinary General Meeting shall meet whenever the Board of Directors so resolves or when so requested by a number of shareholders representing at least five (5) percent of the share capital and expressing in their request the matters to be discussed. In this latter case, the Meeting must be called to be held within the thirty days following the notarially-certified request therefore to the Board; the agenda shall necessarily include the matters which are the object of the request.

Article 17.- Notice. Universal General Meetings.

- 1.- General Meetings, both Annual and Extraordinary, must be called by the Board of Directors by notice published in the Official Gazette of the Companies Register and in a major newspaper of the province where the Company has its Registered Office, at least one month prior to the date set for the meeting, such notice to state the place, date and time on which the meeting is to be held on first call and the date on which, where appropriate, the meeting shall be held on second call. At least twenty four hours must lapse between those two dates. The notice shall likewise contain a complete agenda.
- 2.- Shareholders who represent at least five per cent of the share capital, may request that a supplement to the notice of the General Meeting be published, to include one or more items on the agenda. This right must be exercised by means of an irrefutable notice to be received at the corporate seat within five days of the date of publication of the notice. The supplement to the notice must be published at least fifteen days prior to the date set for the meeting of the General Meeting of Shareholders.
- 3.- Notwithstanding the provisions set above, it shall be understood that a General Meeting has been properly called and shall be validly held to deal with any business, provided that all the share capital is present and the shareholders unanimously decide to hold such meeting.

Article 18.- Attendance at Meetings. Right to vote.

- 1.- Shareholders who have their shares registered in their name in the book entry register at least five days prior to the date set for the meeting, in addition to keeping them until the holding of the Meeting and to being up to date in the payment of capital calls, are eligible to attend the General Meeting, regardless of the number of shares they hold.

- 2.- Each share gives a right to one vote.
- 3 The members of the Board of Directors must attend the General Meetings. Officers, managers and technical staff of the Company duly authorised by the Board of Directors may attend each meeting, with a right to speak but not to vote. Nonetheless, the Meeting itself may revoke this authorization.

Article 19.- Authentication for attendance

To exercise their right to attend, Shareholders must previously be authorized through the corresponding nominative attendance card, stating the number and class of shares they hold, and the number of votes they can cast. The card shall be issued by the entity responsible for the accounting register in favour of the holders of shares that justify their shares are registered in the aforementioned register prior to the meeting, at least within the time period indicated in article 18.1.

Article 20.- Representation at the General Meeting

- 1.- Any shareholder who has the right to attend may be represented at the General Meeting by a proxy, even if the proxy is not a shareholder. Proxies shall be granted in writing and especially for each General Meeting. Said requirement shall not apply when the proxy is the spouse, ancestor or descendant of the represented person, nor when the proxy has a general power of attorney conferred by public document with powers to administer all the estate that the represented person has on national territory.
- 2.- Proxies may be granted by postal or electronic mail, and in such case, the provisions of article 23 regarding the casting of votes in such manners shall apply, provided that it is not incompatible with the nature of proxy.
- 3.- Proxies shall be included in the list of members in attendance, stating in case they are granted in a public document, the date of execution thereof, the authorizing Notary, and the number of the record. Notwithstanding this, the person acting as Chairman of the General Meeting pursuant to the provisions of article 22 ~~of the By-laws~~, may ask the proxy to provide the documents that certify the nature of its proxy. The Company shall keep a record of those documents containing the referred proxies.
- 4.- Proxies can always be revoked. The attendance of the proxy-giver at the Meeting, either in person, or having effected the vote by remote communication systems, shall have the effect of a revocation, regardless of the date on which the proxy was granted.
- 5.- Unless the proxy-giver so indicates, should the proxy be in a conflict of interests, it shall be assumed that the proxy-giver has appointed as proxies as well, jointly and in succession, the Chairman of the General Meeting, and if this should also be in conflict of interest, the Secretary of the General Meeting, and if this should also be in conflict of interest, the Capital Markets Director of the Company.

- 6.- If no instructions regarding the vote on proposals of the agenda were given, it shall be understood that the proxy shall vote in favour of said proposals submitted by the management body. If no instructions regarding the vote on proposals not included on the agenda were given, it shall be understood that the proxy shall vote against said proposals.
- 7.- Where the document containing the proxy or delegation is submitted to the Company without expressly stating the name of the proxy, it shall be assumed that the proxy-giver has appointed as proxies as well, jointly and in succession, the Chairman of the General Meeting, and if this should also be in conflict of interest, the Secretary of the General Meeting, and if this should also be in conflict of interest, the Capital Markets Director of the Company.

Article 21.- Quorum

- 1.- The General Meeting shall be validly constituted on first call where shareholders who are present or represented by proxy represent at least fifty (50) percent of the subscribed share capital with the right to vote. At second call, generally, the General Meeting shall be validly held regardless of the capital attending same. However, if the Meeting is called to decide on an increase or a reduction in the share capital, the issue of debentures, the transformation of the Company, the merger for the creation of a new company or via the taking-over of the Company by another entity, its spin-off in whole or in part, the global assignment of assets and liabilities, the substitution of the company purpose as well as any other modification whatsoever of the Articles of Association, shall require, at second call, the attendance of twenty-five (25) percent of the subscribed share capital with the right to vote.
- 2.- Absences occurring once the General Meeting is constituted shall not affect the validity of the meeting.

Article 22.- Panel of the General Meetings. Discussions.

- 1.- General Meetings shall be chaired by the Chairman of the Board of Directors or, in his absence, by the shareholder the Meeting itself should decide.
- 2.- The Secretary of the Board of Directors shall act as the Secretary and in his absence, the Secretary shall be the person chosen by the Chairman, whether a shareholder or not.
- 3.- Notwithstanding the provisions of the above paragraphs, if a Deputy Chairman and a Deputy Secretary should have been appointed, it shall fall to them to substitute the Chairman and Secretary respectively.
- 4.- The remaining members of the Board of Directors of the Company attending the Meeting shall also form part of the panel of the Meeting, as shall the Notary, should the presence of the Notary be required for the execution of a notarial record.

- 5.- The panel shall draw up a list of members in attendance, expressing the nature or proxy of each one and the number of own shares or shares of third parties that are attending. The Chairman shall declare the meeting validly constituted; shall submit for discussion the matters to be dealt with according to the agenda, or the previous resolution in the case of Universal General Meetings; the Chairman shall conduct the meeting and organise the proceedings, signalling the order in which shareholders may speak and giving the floor first to all those who have so requested in writing and then to those who may so request verbally. Turns may be established for speakers in favour of and against the motion and the number of speakers or the time given to each may be limited. The Chairman will then declare each motion sufficiently discussed and shall put the motion to vote and, subsequently declare the results of said vote.

Article 23.- Passing of resolutions

1. Resolutions shall pass by majority of the votes of the shares present or represented at the Meeting, unless otherwise provided by the Law or the By-laws. Votes shall be by roll-call or by ballot, as provided by the General Meeting. In the event of equality of votes, the proposed resolution shall be deemed rejected.
2. Shareholders with a right to attend and vote may vote on the proposals concerning items of the agenda by post, or through any other electronic means, , whenever the Board of Directors, bearing in mind the state of the art and the available means, so decides pursuant to the provisions of the General Meeting of Shareholders' Regulations, after considering that there are enough guarantees to secure the identification of shareholders who exercise their right to vote, and the certainty and authenticity of the will expressed.
3. Votes by post shall be effected by sending to the Company a form containing said vote and enclosing the attendance card issued by the entity or entities entrusted with keeping the book-entry registry, duly signed by hand.
4. Votes effected by electronic communication shall have a recognized electronic signature or such other guarantees that the Company deems ideal to ensure the authenticity and the identity of the shareholder who exercises his right to vote.
5. Votes effected by any of the above-referred means shall be received in the Company before the twenty-four (24) hours of the second working day (Saturdays excluded) immediately prior to the day set for the General Meeting. Otherwise, vote shall be deemed as not cast. Votes cast in accordance with such provisions shall be deemed valid, except in the event of acts of God or force majeure preventing their reception or correct identification.
6. The Board of Directors is entitled to develop the foregoing provisions by setting the rules, means and procedures suitable for the state of the art in order to implement the casting of votes and the granting of proxy through

electronic means, by enforcing where appropriate the rules for this purpose enacted.

7. Namely, the Board of Directors may (i) rule the use of alternative guarantees to the electronic signature regarding the casting of electronic vote pursuant to the provisions of paragraph 4 above, (ii) reduce the time limit established in paragraph 5 above for the Company to receive votes cast by post or by e-mail, and (iii) establish other means of remote communication or otherwise suitable for the state of the art to implement the casting of votes, provided that the identity of the shareholder exercising his right to vote is properly guaranteed.

In any case, the Board of Directors shall pass the necessary resolutions to avoid potential duplicities and ensure that those shareholders who have cast their vote through remote communication systems or granted proxy by postal or electronic mail are duly entitled to do so pursuant to the provisions of the Articles of Association and of these Regulations of the General Meeting.

The development regulations that the Board of Directors may adopt pursuant to the provisions of this paragraph shall be published on the Company's Web page

8. Shareholders with a right to attend and vote that effect their votes through remote communication systems pursuant to the provisions of this article shall be deemed as present for the purposes of the quorum of the General Meeting in question. Consequently, prior proxies shall be deemed revoked and subsequent proxies shall be deemed as not produced.
9. Attendance in person of the shareholder to the General Meeting shall entail the revocation of the vote effected by post or by e-mail. Votes effected by post or by e-mail shall also be deemed as revoked in the event of a subsequent vote different to that previously cast.

Article 24.- Minutes and certificates.

- 1.- The substance of discussions at General Meetings and the resolutions adopted shall be recorded in Minutes in a book kept for that purpose and shall be signed by the Chairman and the Secretary. Alternatively, the Board of Directors may require the presence of a Notary to take the minutes of the Meeting and shall be bound to do so when the shareholders so request under the provisions of the Law.
- 2.- Minutes may be approved by the General Meeting at the end of each meeting or otherwise, by the Chairman and two Controllers, one appointed by the majority and one by the minority and within fifteen days. The public deed by the Notary need not be approved.
- 3.- Certificates of the minutes and of the resolutions of the General Meeting shall be issued by the Secretary of the Board with the approval of the Chairman of the Board or, where appropriate, by their substitutes.

- **PART TWO** -

ADMINISTRATIVE BODIES

Article 25.- Board of Directors.

1. The Board of Directors is charged with managing, administrating and representing the Company, with full powers and authority without prejudice to the powers vested in the General Meeting of Shareholders either by these Articles of Association or by Law.
- 2.- The Board of Directors shall be governed by the provisions of the Law and of these Articles of Association. The Board of Directors shall approve a set of Regulations of the Board of Directors that shall contain its operation and internal system rules that develop the legal and statutory provisions. The General Meeting of Shareholders shall be informed of the approval of said Regulations of the Board of Directors and of the subsequent amendments thereto.
- 3.- The members of the Board of Directors shall hold their office with diligence and loyalty to the corporate interests, in particular, by observing those duties arising from such principles that are specifically developed by the Board of Directors Regulations.
- 4.- The Board of Directors, prior report of the Audit and Control Committee, shall approve every year a Corporate Governance Report of the Company that shall include the mentions foreseen in Law and those that are deemed appropriate. The Corporate Governance Report shall be approved prior to the publishing of the notice of the Ordinary General Meeting of the Company, and shall be made available to all shareholders together with the rest of the documents of the General Meeting.

Article 26.- Number of Directors.

- 1.- The Board of Directors shall be formed by a number of members being no less than five nor greater than twelve.
- 2.- It is not necessary for the prospective director to be a shareholder in order to be appointed as member of the Board. The provisions of articles 123 and 137 of the revised text of the [Spanish] Corporation Law and supplementary regulations shall be observed in the election.

- 3.- The Board of Directors shall appoint one of its members as Chairman. The Board of Directors shall likewise appoint a Secretary, who need not be a director, in which case he will be entitled to attend and speak but not to vote.
- 4.- The Board shall necessarily appoint a Deputy Chairman, who shall substitute the Chairman should it be impossible for this same to act or in the event of his absence or when the Chairman himself should so decide. The Board may also appoint more than one Deputy Chairman. In this case, the Chairman shall be substituted by, firstly, the First Deputy Chairman, who in his turn shall be substituted where necessary by the Second Deputy Chairman and so on and so forth.
- 5.- The Board of Directors may likewise appoint a Deputy Secretary, who will not need to be a director.
- 6.- The office of director is compatible with any other office or function within the Company or the companies of its group.

Article 27.- Appointment and duration of the office of Director.

- 1.- Directors shall be appointed by the General Meeting and shall hold their office for five years.
- 2.- The Directors may be reappointed indefinitely by the General Meeting, who may likewise decide the removal of any of them at any time.
- 3.- The Board of Directors itself may fill any vacancies internally that should arise in it, appointing from among the shareholders the persons who shall fill the vacancies until the first General Meeting.

Article 28.- Convening and quorum of Board Meetings. Passing of resolutions.

- 1.- The Board shall meet whenever required by the interests of the Company. Meetings shall be convened by the Chairman or acting Chairman, at his behest, or at the request of at least one third of the Directors.
- 2.- Board meetings shall be validly held when attended either personally or by proxy, by half plus one of the members in office.

Without prejudice to the foregoing, the Board shall be understood to be validly constituted without the need for notice if, all its members being present in person or by proxy, unanimously agree to hold the meeting.

The Board may also pass resolutions in writing without having to hold a session, in accordance with the provisions of the Corporations Law.

Likewise, the meetings of the Board may be held via telephone multiconference, videoconference or via any other similar system allowing the attendance of one or several directors to the meeting. To this end, the notice of the meeting of the Board of Directors shall state the location where the physical session is to be

held to which the Secretary of the Board shall go. It shall also state that it would be possible to attend the meeting via telephone conference, videoconference or via equivalent system, registering and arranging the disposal of the appropriate technical devices in order to permit the direct and simultaneous communication among the members attending the meeting. The Secretary of the Board of Directors shall include in the minutes of the meetings of the Board of Directors held by those means, the directors attending physically or where appropriate the directors represented by other directors as well as those directors attending the meeting via telephone multiconference system, videoconference or via similar system.

- 3.- Any director can appoint another director as proxy in writing, each meeting requiring a special proxy, notifying the Chairman of the same in writing.
- 4.- For resolutions to be passed, an absolute majority of votes by the directors attending the meeting shall be required. In the case of an equality of votes, the Chairman shall have a casting vote. The foregoing is understood notwithstanding the provisions of article 30.2 of these Articles.
- 5.- The Board's debates and resolutions shall be entered in a Minutes Book, each one of which shall be signed by the Chairman and the Secretary or by those who acted for them at the meeting to which the minutes refer. Copies and certificates of the Minutes shall be authorized and issued by the Secretary of the Board with the approval of the Chairman or by those who substituted them.
- 6.- The Board shall decide which of its members shall implement its resolutions as well as those of the General Meeting of Shareholders, when the latter has not made any designation. Failing a designation by the Board, the implementation of resolutions shall fall with the Chairman, or the acting Chairman, as certified by the Secretary.
- 7.- The Secretary and, where appropriate, the Deputy Secretary, even though they are not directors, shall be empowered to put the company resolutions on public record.

Article 29.- Powers of the Board.

- 1.- The Board of Directors, with the exception of such powers as are vested in the General Meeting of Shareholders either by Law or the present By-laws, shall have the widest and absolute powers and authority, without any limitations or reservations, for the management, administration and representation of the Company.
- 2.- Said management, representation and administration shall extend to all those acts included in the company purpose, including those in which, according to civil or mercantile legislation or commercial or banking practices, express authorisation or mandate is required.

In any event, those acts of a preparatory, complementary or ancillary nature to the company purposes shall be considered as included therein.

Article 30.- Delegation of powers and authority.

- 1.- Within the limits established in Law, the Board of Directors may delegate, in a permanent manner, its powers in whole or in part to an Executive Committee and to one or several Managing Directors and decide the members of the Board itself who are to be the members of the delegate body, as well as, where appropriate, the manner of the exercise of the powers granted.
- 2.- For the permanent delegation of any power of the Board of Directors to the Executive Committee or the Managing Director, if such has been appointed, and for the appointment of the directors who have to hold such offices, it shall be necessary for two-thirds of those making up the Board to vote in favour of the motion.
- 3.- The Board of Directors may likewise create consultative committees with powers to inform, advice and propose in the matters decided by the Board itself, as well as to appoint the members of the Board of Directors who are to form part thereof.

Article 31.- Audit and Control Committee.

- 1.- An Audit and Control Committee shall be formed within the Board of Directors made up of a minimum of three and a maximum of five directors who must necessarily be independent directors.

To this end, independent directors are understood as those professionals of repute not linked to the executive team or the significant shareholders and that meet the requirements that ensure their impartiality and objectivity of opinion.

- 2.- The Chairman of the Audit and Control Committee shall be elected for a maximum period of four years, upon expiry of which he shall be replaced. However, a year after the date of expiry, he may be re-elected.
- 3.- Without prejudice to any other tasks that it might be assigned from time to time by the Board of Directors, the Audit and Control Committee shall perform the following duties:
 - a) To report to the General Shareholders' Meeting on those questions put forward by shareholders regarding matters within the scope of its competence.
 - b) To propose to the Board of Directors, in order to be submitted to the General Shareholders' Meeting, the appointment of the external auditors that must review the annual accounts
 - c) To supervise the internal audit services.
 - d) To know the financial information process and the internal control systems of the Company

- e) To liaise with the external auditors in order to receive information on those matters that could put at risk their independence and on any other matter related to carrying out of the audit process, as well as on those other communications envisaged by audit legislation and auditing standards.
- 4.- The Audit and Control Committee shall ordinarily meet quarterly in order to review the periodic financial information that has to be relayed to the Stock authorities, as well as the information that the Board of Directors has to approve and include in the annual public documentation. Furthermore, it shall meet each time its Chairman calls it to meet, who must do so whenever the Board or the Chairman thereof requests the issuing of a report or the adoption of proposals and, in any case, whenever appropriate for the successful performance of its functions
 - 5.- The management team or the personnel of the Company shall be obliged to attend the meetings of the Committee and to give their help and access to the information at their disposal when the Committee so requests. Likewise, the Committee may require the attendance at its meetings of the Auditors of the Accounts.
 - 6.- The Audit and Control Committee may develop and complete in its Regulations the aforementioned rules, in accordance with the provisions of the Articles of Association and with the Law.

Article 32.- Nomination and Remuneration Committee

- 1. A Nomination and Remuneration Committee shall be formed within the Board of Directors, made up of a minimum number of three directors and a maximum of five who must necessarily be independent directors.

To this end, independent directors are understood as those that meet the requirements referred to under the second paragraph of article 31.1

- 2.- The Chairman of the Nomination and Remuneration Committee shall be appointed by the Board of Directors from among its members.
- 3.- Without prejudice to any other tasks that it might be assigned from time to time by the Board of Directors, the Nomination and Remuneration Committee shall have at least the following basic responsibilities:
 - a) To report on the proposals to appoint directors prior to their appointment by the General Meeting of Shareholders or, where appropriate, by the Board of Directors through the co-option procedure;
 - b) To report on the appointment of the internal offices (Chairman, Deputy Chairman(s), CEO., Secretary and Deputy Secretary) of the Board of Directors

- c) To propose to the Board the members that must form part of each one of the Committees;
 - d) To draw up and review the criteria that must be followed for the selection of the senior management of the Company and to report on the appointment or removal of the managers reporting directly to the Board of Directors, including the CEO.
 - e) To report annually to the Board on the assessment of the performance of the senior management of the Company, especially of the CEO and his remuneration;
 - f) To report on the systems and on the amount of the annual remuneration of directors and senior management and to prepare the information to be included in the annual public information regarding the remuneration of the directors.
- 4.- The Nomination and Remuneration Committee shall meet, ordinarily, once a year, in order to prepare the information on the remunerations of the Directors, that the Board of Directors must approve and include in the public annual documents. Moreover, it shall meet each time that the Board or its Chairman requests the issuing of a report or the adoption of proposals within the scope of its competences and, in any case, whenever it is thought fit for the successful performance of its functions.
- 5.- The request for information addressed to the Nomination and Remuneration Committee shall be made by the Board of Directors or its Chairman. Likewise, the Committee must consider the suggestions made by the Chairman, Directors, senior management or the shareholders of the Company.

The Board of Directors may develop and complete the above-referred rules in its Regulations, pursuant to the provisions of the Articles of Association and of the Law.

Article 33.- Remuneration of Directors.

- 1.- The remuneration of the Directors shall consist of a fixed annual remuneration for each director, the amount of which shall be decided by the General Meeting of Shareholders for each fiscal year or be valid for those fiscal years that the Meeting establishes. Likewise, the General Meeting of Shareholders may assign *per diems* for attendance to the meetings of the Board of Directors or of its delegated or consultative Committees and set the amount thereof.
- 2.- Additionally, systems of remuneration of directors linked to the share prices or which entail the granting of shares or stock options, can be established. The application of said retribution systems must be agreed by the General Meeting of Shareholders, which shall determine the value of the shares that it takes as a reference, the number of shares to be given, the exercise price of the stock

options, the duration of this remuneration system and other conditions that it considers appropriate.

Likewise, and after having met the requirements laid down by the Law, similar remuneration systems may be established for the personnel, whether management or not, of the Company and of the companies in its group.

- 3.- The remuneration foreseen in this article shall be compatible with and independent of the salaries, remunerations, indemnities pensions or compensations of any kind, established as a general or extraordinary rule for those members of the Board of Directors who perform executive duties, regardless of their relationship with the Company, whether labour (common or special top management relationship), mercantile or of rendering of services. Said relationship shall be compatible with the condition of member of the Board of Directors.
- 4.- The Company may take out public liability insurance for its Directors.

Article 34.- Web Page

The Company shall keep a web page to provide information to the shareholders, including, at least the following documents:

- (a) the Corporate By-laws;
- (b) The General Meeting of Shareholders Regulations
- (c) The Board of Directors Regulations and, where appropriate, the Regulations of the Committees of the Board of Directors
- (d) The Annual Report and the Internal Regulations of Conduct regarding transactions in securities of the Company and its corporate group
- (e) The Annual Corporate Governance Report
- (f) All documents concerning the Ordinary and Extraordinary General Meetings, with the information regarding the agenda, the proposals made by the Board of Directors, and any other relevant information that the shareholders might require to cast their vote.
- (g) Information on the proceedings of the General Meetings held, namely as regards the composition of the General Meeting at the time of its constitution, resolutions passed with a break-down of the votes cast and expressing whether they are for, against or abstention as regards each of the proposals included on the agenda.
- (h) The communication channels existing between the Company and the shareholders, and namely those explanations necessary to exercise

the right to vote, stating the postal and e-mail addresses where shareholders can address their queries.

- (i) The ways and procedures to grant proxy for the General Meeting.
- (j) The ways and procedures to vote through remote communication, including where appropriate, the forms to justify the attendance and the exercise of the vote through remote means in the General Meeting.
- (k) The relevant facts filed with the CNMV, under the terms required by the applicable law.

CHAPTER IV

FISCAL YEAR, ANNUAL ACCOUNTS: VERIFICATION, APPROVAL AND PUBLICATION. DISTRIBUTION OF PROFITS

Article 35.- Fiscal year.

Each fiscal year shall commence on the 1st of February and conclude on the 31st January of the following year.

Article 36.- Annual Accounts. Accounting documents. Review of the annual accounts

- 1.- The Company's accounting shall adhere strictly to all applicable legal provisions and requirements in force from time to time.
- 2.- Within a maximum period of three (3) months as from the closing of each fiscal year, the Board of Directors must prepare, for their submission for approval by the Ordinary General Meeting, the annual accounts, the management report and the proposal for distribution of profits, as well as, where appropriate, the consolidated accounts and management report.
- 3.- The annual accounts and the management report must be signed by all the directors. If the signature of any of them should be missing, it shall be shown on each one of the documents where it is missing, expressly indicating the cause thereof.
- 4.- The annual accounts and the management report must also be reviewed by auditors of the accounts as provided in Law.

Article 37.- Right to accounting information

As of the notice of the Annual General Meeting, any shareholder may obtain from the Company, immediately and free of charge, the accounting documents which have to be submitted for approval by the same and the Auditors report.

Article 38.- Approval of the accounts and distribution of the income or loss

- 1.- The Annual General Meeting shall approve the annual accounts and shall decide about the distribution of the income or loss for the fiscal year in accordance with the approved balance sheet.
- 2.- In any event, the legal reserve shall be provided in accordance with the legal requirements.
- 3.- Once having covered the provisions established by Law or by these Articles, dividends may only be distributed charged to the profit from the fiscal year or to freely disposable reserves, if the following conditions are met:
 - (a) that the shareholders' equity net value is not or, as a result of the distribution, does not become lower than the share capital. If there should be losses from previous fiscal years which caused this shareholders' equity net value to be lower than the figure of the share capital, the profit shall be allocated to compensate for these losses,
 - (b) that the start-up costs and those of research and development, susceptible to being taken as assets, and the goodwill, have been completely amortized, unless the amount of available reserves is, at least, equal to the amount of the non-amortized expenses.
- 4.- The remainder of the clear profit, should there be any, shall be applied in the manner that the General Meeting decides, and it may be allocated, in whole or in part, to voluntary reserves or to any other purposes.

Article 39.- Distribution of dividends

- 1.- Where the General Meeting agrees the distribution of dividends to the ordinary shareholders, this shall be carried out in proportion to the paid-up capital. In the resolution for distribution of dividends, the General Meeting shall lay down the time and the manner of the payment.
- 2.- Without prejudice to the foregoing, the General Meeting or the Board of Directors may agree the distribution among the shareholders of amounts as interim dividends, with the limitations and complying with the requirements established by Law.
- 3.- The General Meeting may resolve that the dividend be satisfied in kind, in whole or in part, provided that:
 - (a) the assets or securities subject to distribution are homogeneous;
 - (b) they are admitted to trade in an official market – at the time of effect of the resolution- or, the Company can guarantee that it will get cash within one year at the most; and

- (c) they are not distributed for less value than the one they have on the Balance sheet of the company.

Article 40.- Depositing of the accounts

Within the month following the approval of the annual accounts, the Board of Directors shall present, for their depositing in the Companies Register of the registered office, certificates of the resolutions of the General Meeting approving the annual accounts and the distribution of profits, to which shall be attached a copy of each one of said accounts, as well as the management report and the Auditors' report.

CHAPTER V

DISSOLUTION AND LIQUIDATION OF THE COMPANY

Article 41.- Dissolution

- 1.- The Company shall be dissolved for any of the reasons provided in Law.
- 2.- When any of the causes should come together that require the agreement of the General Meeting, the Board of Directors must call it to meet within two months in order for it to pass the resolution for dissolution. If the company's decision were opposed to the dissolution or could not be achieved it must request the judicial dissolution of the Company within two months, as of the date foreseen for the holding of the Meeting, where a quorum was not constituted, or as of the day of the Meeting, where the resolution was opposed to the winding up.

Article 42.- Procedure as to liquidation.

The General Meeting of Shareholders, having resolved to wind up the Company, shall, at the proposal of the Board of Directors, decide on the procedure as to liquidation and shall appoint one or more liquidators, always being an odd number, and shall lay down their powers. This appointment shall bring to an end the powers and authority of the Board of Directors without prejudice to the former directors' having to lend their assistance for the practice of the liquidation operations if they were required for this.

Article 43.- Regulations as to liquidation.

In the liquidation of the Company, the regulations provided by Law shall be observed.

CHAPTER VI

ADDITIONAL ARTICLES

Article 44.- Incompatibility and prohibition

Those persons falling in any of the cases of incompatibility or prohibition provided in the Laws may not occupy or exercise office in this Company.

Article 45.- Resolution of disputes

For all those litigious matters which could arise between the Company, the directors and the shareholders or between the directors and the shareholders themselves, on grounds of company business, both the Company and the directors and shareholders, renouncing their own fief, expressly submit to the legal jurisdiction of the registered office of the Company.

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