

**REMUNERATION COMMITTEE'S REGULATIONS**

**INDUSTRIA DE DISEÑO TEXTIL, S.A. (INDITEX, S.A.)**

**APPROVED BY THE BOARD OF DIRECTORS ON  
12 MAY 2022**

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## CHAPTER I. PRELIMINARY

### **Section 1. Nature and purpose**

1. These Regulations seek to determine the guidelines for action of the Remuneration Committee within the Board of Directors of Industria de Diseño Textil, S.A. (Inditex, S.A.) (the "**Company**"), the basic rules of its organization and proceedings and the standards of conduct for its members.
2. Pursuant to the Company's corporate governance system, the Board of Directors has set up the Remuneration Committee (the "**Committee**"), a permanent internal informational and advisory body, without executive functions, with information, supervision, advisory and proposal-making powers within its scope of action, which shall be governed by the provisions set forth in statute, the Articles of Association, the Board of Directors' Regulations and in these Remuneration Committee's Regulations, (the "Regulations").

### **Section 2. Priority and interpretation**

1. These Regulations further develop and complement the provisions of statute, the Articles of Association and the Board of Directors' Regulations which apply to the Committee and which shall prevail in case of inconsistency with the provisions of the former.
2. These Regulations shall be construed pursuant to statute, the Articles of Association and the Board of Directors' Regulations, as well as the principles and recommendations on corporate governance of listed companies approved or backed by the Spanish authorities and the authorities from the countries around Spain, from time to time in force.
3. In the absence of a specific rule and to the extent that they are not incompatible with the nature of the Committee, the provisions of the Board of Directors' Regulations regarding the proceedings of the Committee and namely, calling of the meetings, granting of proxy to another director, quorum, conduct of meetings and system for passing resolutions, casting of votes in writing without a meeting, and approval of the minutes shall apply to the Committee.
4. The settlement of any doubts arising from or in connection with the enforcement of these Regulations falls on the Board of Directors pursuant to the general criteria used for the interpretation of legal rules and taking into account the purpose of the Committee.

### **Section 3. Approval and amendment**

1. The power to approve or amend these Regulations falls on the Board of Directors, at its own behest, at the behest of its Chair or at the behest of the Committee.
2. The proposal to amend these Regulations at the behest of the Committee shall be accompanied by the relevant memorandum in support of such amendment.
3. The text of the proposal approved and, where appropriate, the memorandum in support

drafted by the Committee shall be made available to the directors prior to the meeting of the Board of Directors in which the amendment of these Regulations is to be deliberated on.

#### **Section 4. Compliance and dissemination**

1. The members of the Committee, and the remaining members of the Board of Directors to the extent they are affected, have the obligation to be familiar with, comply with and enforce these Regulations, for which purpose they shall be posted on the Company's website.
2. Additionally, the Committee shall be bound to ensure compliance with these Regulations and to take all appropriate steps so that they are duly circulated within the Company and its subsidiaries (the "Group").

### **CHAPTER II. MISSION AND POWERS OF THE COMMITTEE**

#### **Section 5. Mission of the Committee**

1. The mission of the Committee consists of contributing to attracting and retaining the Company's talent through remuneration policies applicable to directors and senior managers.
2. In the discharge of its powers, the Committee shall take into account the following basic principles of action:
  - (i) Independence as regards instructions and relations with third parties that may compromise the activity of the Committee;
  - (ii) A constructive dialogue that fosters the freedom of speech of its members and encourages the diversity of opinions;
  - (iii) Regular and occasional dialogue with the Chair of the Board of Directors, the CEO and other executive directors, if any, and with the Lead Independent Director; and
  - (iv) Required analytical skills, employing for such purposes external advisors where this is deemed necessary for the appropriate performance of their duties, in particular relating to technical or particularly relevant issues.
3. Without prejudice to other tasks it may be entrusted by the Board of Directors, and to other powers it may be reserved by these Regulations, the Remuneration Committee shall have the following basic responsibilities:
  - (a) to propose to the Board of Directors the remuneration policy for directors and senior managers, its review and regular update;
  - (b) to propose to the Board of Directors the system and amount of the annual remuneration of directors, to be submitted to the General Meeting of Shareholders, as well as the individual remuneration of executive directors and the remaining basic terms and conditions of their contracts, including any potential compensation or

severance which may be payable to them in the event of removal, pursuant to the Company's corporate governance system and the directors remuneration policy approved by the General Meeting of Shareholders;

- (c) to propose to the Board of Directors the basic terms and conditions of the contracts of senior managers;
- (d) to verify that the remuneration policy fixed by the Company is observed; and
- (e) to ensure that no potential situation of conflict of interest would affect the independence of the external advice given to the Committee.

### **Section 6. Powers relating to remuneration and remuneration policy for directors and senior managers**

With regard to the remuneration and remuneration policy for directors and senior managers, the Committee shall have the following main duties:

- (a) to regularly review the remuneration policy for directors and senior managers, including share based remuneration systems and the application thereof, verifying that it is consistent with the particular circumstances of the Company and that it is in line with its short, medium and long-term strategy and with market conditions, and considering whether it contributes to the sustainable creation of value and an appropriate enterprise risk management;
- (b) to predetermine a transparent process for the drafting of the proposal of the remuneration policy for directors and senior managers;
- (c) to consider whether it be advisable to hire an external advisor for the drafting of the remuneration policy and, if applicable, to properly assess its independence;
- (d) to guarantee that the individual remuneration for each director or senior manager is proportional to that of the remaining directors and senior managers;
- (e) To propose the individual remuneration of executive directors and the remaining terms of their contracts, to be approved by the Board of Directors, including any potential severance pay in the event of early removal from office and the amounts to be paid by the Company as insurance premiums or contributions to savings schemes, pursuant to the provisions of the internal regulations of the Company and to the remuneration policy approved by the General Meeting of Shareholders;
- (f) to periodically review the terms of the agreements of executive directors and senior managers and verify that they are consistent with the applicable remuneration policies;
- (g) to assess the level of achievement of yardsticks and targets set for the previous year for the purposes of determining the proposal on individual remuneration, including the variable items thereof;
- (h) to verify that the remuneration policy is duly enforced;
- (i) to prepare and submit to the Board of Directors for approval the Annual Report on

Remuneration of Directors, and to review the information on the remuneration of directors and senior managers provided in the corporate documents, the notes to the annual accounts and the interim financial statements of the Company; and

- (j) to propose to the Board of Directors the cancellation of payment or, if appropriate, the clawback of variable items which make up directors remuneration based on results, where such items have been paid on the basis of information clearly shown later to be inaccurate, the termination of the relationship with the relevant director(s) and the lodging of the relevant claims.

### **CHAPTER III. COMPOSITION OF THE COMMITTEE**

#### **Section 7. Composition and offices**

1. The Committee shall be made up of a number of non-executive directors being no less than 3 and not greater than 7, the majority of whom shall be independent.
2. Members of the Committee shall be appointed by the Board of Directors after report of the Nomination Committee.
3. The Board of Directors shall strive to ensure that the members of the Remuneration Committee and especially its Chair, have the appropriate knowledge, qualifications and expertise to perform the duties entrusted to them, including without limitation, strategic analysis and evaluation of human resources and the design of remuneration schemes and policies for directors and senior managers.
4. Likewise, the Board of Directors shall encourage a diverse membership on the Committee as regards professional experience, competences, personal skills, sector-specific knowledge, international experience or geographic origin, age and gender, taking into account the restrictions that are a result of the smaller size of the Committee.
5. The Board of Directors shall appoint a Chair from among the independent directors sitting on the Committee, ensuring that they are duly qualified and available.
6. The Board of Directors shall also appoint a Secretary of the Committee, who needs not be a director or a member of such Committee; in which case, the Secretary shall have the right to speak but not to vote.

#### **Section 8. Term of office**

1. Members of the Committee shall sit thereon while they remain as directors of the Company, except if the Board of Directors resolves otherwise.
2. Committee members who are re-elected to the board of directors by the Company by resolution of the Annual General Meeting shall continue sitting on the Committee, without the need for a new election, without prejudice to the power of revocation that lays with the Board of Directors.

#### **Section 9. Removal**

Committee members shall vacate office:

- (a) When they cease to be directors of the Company;
- (b) When they cease to be non-executive directors, even if they remain on the board of directors; or
- (c) By resolution of the Board of Directors.

#### CHAPTER IV. PROCEEDINGS OF THE COMMITTEE

##### **Section 10. Committee meetings**

1. The Committee shall meet at least 3 times a year and each time that its Chair calls it. The Chair shall call the Remuneration Committee each time that the Board of Directors or its Chair requests the issuing of a report or the adoption of proposals within its purview and, in any case, whenever this is suitable for the successful performance of its functions. In any case, the Remuneration Committee shall meet to prepare the information about the remuneration of directors and senior managers that the Board of Directors has to approve and include in its annual public documentation.
2. The Committee shall also meet when so requested by at least one third of its members; in such case, the meeting shall be called by the Chair to be held within fifteen days of the request.
3. Ordinary meetings shall be called by letter, fax, telegram or e-mail and the notice must be signed by the Chair or the Secretary. The notice calling the meeting shall be given at least 3 days in advance.

The notice of the meeting shall always include the agenda and it shall be accompanied by the duly summarised and prepared relevant information.

4. The Chair may call extraordinary meetings when in their view, the circumstances so justify; in such cases the notice period and the remaining requirements laid down in the above paragraph shall not apply.

The Chair may also arrange working meetings to prepare committee meetings on specific topics apart from the formal meetings of the committee.

5. The Committee shall prepare an annual work plan and apprise the Board thereof, including at least the specific targets for the year and an annual schedule of ordinary meetings. Likewise, the Committee shall, as far as possible, provide for the possibility of having external advisors and plan the relevant training for the appropriate performance of its functions.

##### **Section 11. Quorum**

1. A quorum shall be deemed to be present at a committee meeting when at least half plus one of its members attend either in person or by proxy. In case of an uneven number of directors, a number of directors immediately higher than half of it in attendance shall constitute a quorum for the transaction of business at the meeting.

2. Directors shall make their best efforts to attend the meetings of the Committee and, whenever they cannot attend in person, they shall endeavour to grant proxy to another member of the Committee, with the relevant instructions, informing thereof the Chair of the Committee.
3. Without prejudice to the foregoing, a quorum for Committee meetings shall be declared if all its members, present or represented, unanimously accept to hold the meeting.

### **Section 12. Venue**

1. Meetings of the Committee shall be held at the place designated in the notice calling the meeting.
2. The Committee may also pass resolutions in writing without a meeting pursuant to statutory provisions. Likewise, the Committee may hold meetings via videoconference or conference call or any equivalent system allowing to recognize and identify attendees and for them to communicate, speak and cast vote in real time. The Secretary shall record in the minutes of the meetings held by these means, the members attending in person or by proxy, as well as those attending the meeting via conference call, videoconference or similar system.

### **Section 13. Attendance**

Members of the management or staff members of the Company shall be bound attend Committee meetings and provide assistance and access to the information available to them at the request of the Committee.

### **Section 14. Resolutions**

1. Except in those cases where a larger majority is required by statute, the Articles of Association, the Board of Directors' Regulations or these Regulations, resolutions shall be passed by an absolute majority of the votes of the members present at the meeting. In case of equality, the Chair shall have a casting vote.
2. The deliberations and resolutions passed by the Committee shall be entered into a Book of Minutes. Minutes shall be signed by the Chair and the Secretary, or by the person acting in their stead in the meeting to which the minutes refer to. Copies and certificates of the minutes shall be authorized and issued by the Secretary with the approval of the Chair, or by the persons acting in their stead.
3. The Committee shall report, through its Chair, to the Board of Directors on all business transacted and all resolutions passed, as well as on its proceedings and the work done at the first meeting of the Board of Directors held immediately after. Likewise, a copy of the minutes of the meetings of the Committee shall be made available to all of the directors.

## **CHAPTER V. AUTHORITIES OF THE COMMITTEE AND DUTIES OF ITS MEMBERS**

### **Section 15. Authorities and advice**

1. The Committee may request, through the Secretary of the Board of Directors, access to any information or documentation available to the Company relating to matters within its purview and which it deems necessary to perform its duties.
2. To ensure that the Remuneration Committee performs its duties at its best, it may seek the advice of external advisors, for which purpose the provisions hereof shall apply.
3. The Committee shall set up an induction programme for new members that ensures a minimum knowledge of the business and organizational model of the Company as well as its strategy and the scope of supervision of the Committee, which facilitates their active participation from the outset.

Such induction programme shall cover at least: (i) the role of the Committee, its responsibilities and objectives; (ii) the proceedings of all other board committees; (iii) the expected time of dedication for each officer on the Committee; (iv) an overview of the business and organizational model of the Company, its strategy and powers, and the knowledge and experience that directors must have; and, (v) the reporting obligations of the Company.

Likewise, the Committee shall arrange such periodic training sessions that it may deem appropriate for new members to properly carry out their duties.

#### **Section 16. Duties of Committee members**

1. Committee members shall act with independence of judgment and action with respect to the rest of the organization and carry out their duties with the utmost diligence and professional competence.
2. Committee members are subject as such to all the duties of directors set forth in the Board of Directors' Regulations, to the extent that they are applicable to the responsibilities discharged by the Committee.

#### **Section 17. Conflicts of interest**

Where the business to be transacted at Committee meetings directly affects any of its members or their related persons, and generally, when such member is involved in a conflict of interest situation, the proceedings provided for such purpose in the Board of Directors' Regulations shall be followed.

### **CHAPTER VI. RELATIONS OF THE COMMITTEE**

#### **Section 18. Relations with the General Meeting of Shareholders**

1. The Committee will report to the General Meeting of Shareholders on the questions raised by the shareholders regarding matters that fall within its purview.

2. The annual report on the activities of the Committee referred to in the following section shall be made available to the shareholders with the notice calling the Annual General Meeting.

**Section 19. Relations with the Board of Directors**

1. The Chair of the Committee shall inform the Board of Directors of the business transacted and the resolutions passed at its meetings, pursuant to the provisions of section 14 hereof.
2. The Board of Directors or its Chair shall make requests for proposals or reports from the Committee. Likewise, the Committee shall consider the recommendations made by the Chair, the members of the Board of Directors and the Company's shareholders.
3. Within the first six months following the year-end, the Committee shall submit to the Board of Directors for approval an annual report on its activities during the previous year.

**Section 20. Relations with the Chair, the CEO and other executive directors, if any, the Management and other employees**

For the purposes of ensuring the appropriate performance of its duties, the Committee shall have regular contact with the Chair, the CEO and other executive directors, if any, the Management and any other employees, and it may request their presence at its meetings.

In particular, the Remuneration Committee shall consult the Chair and the CEO, namely in the field of remuneration of executive directors and senior managers.

Notwithstanding the foregoing, 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 the specific agenda items for which they were called to attend.

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