

REMUNERATION COMMITTEE'S REGULATIONS

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

APPROVED BY THE BOARD OF DIRECTORS ON 9 JUNE 2015

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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.) (hereinafter, 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 (hereinafter, the “**Committee**”), a permanent internal informational and advisory body, without executive duties, with information, supervision, advisory and proposal-making powers within its scope of action, which shall be governed by the provisions set forth in 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 supplement the regulations of the Articles of Association and of 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 to 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 Chairman or at the behest of the Committee.
2. The motion to amend these Regulations at the behest of the Committee shall be accompanied by a reasoned report justifying such amendment.
3. The text of the motion approved and, where appropriate, of the reasoned report justifying it shall be attached to the notice calling the meeting of the Board of Directors where the amendment of these Regulations is to be seen.

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 know, 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

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 policies on remuneration of the directors and senior executives as well as the regular review and update thereof;
- (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 of their contracts, including the eventual compensation or indemnities which may be payable 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 of the agreements of senior executives;
- (d) To verify that the remuneration policy fixed by the Company is observed; and
- (e) To ensure that no eventual situation of conflict of interest would affect the independence of the external advice given to the Committee.

Section 6. Powers regarding remuneration and remuneration policy for directors and senior executives

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

- (a) To regularly review the remuneration policy for directors and senior executives, including share based remuneration systems and the application thereof and to ensure that their individual remuneration is proportional to that of the remaining directors and senior executives of the Company;
- (b) To propose the individual remuneration of executive directors and the remaining terms of their agreements, to be approved by the Board of Directors, including any eventual compensation or indemnity which may be payable 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;
- (c) To propose the basic terms and conditions of the contracts with Senior Executives;
- (d) 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 executives provided in the corporate documents, the notes to the annual accounts and the interim financial statements of the Company; and
- (e) To propose to the Board of Directors the cancellation of payment or, if appropriate, the refund of variable items which make up directors remuneration based upon results, where such items have been paid in accordance with data whose inaccuracy has been subsequently evidenced and the termination of the relationship with the relevant supervisor(s) and the lodging of the relevant claims.

CHAPTER III. COMPOSITION

Section 7. Composition and offices

1. The Committee shall be made up of a number of non-executive directors no lesser than three nor higher than seven, 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.

The Board of Directors shall endeavour to ensure that Committee members, and namely its Chairman, have such expertise, qualifications and experience as are required to discharge the duties they are called upon to perform.

3. The Board of Directors shall appoint a Chairman from among the independent directors sitting on the Committee, ensuring that he is sufficiently qualified and available.

4. The Board of Directors shall also appoint a Secretary of the Committee, who need not be a member of the Board of Directors or of such Committee; in which case, the Secretary shall have the right to speak but not to vote.

Section 8. Terms of office

1. Committee members shall hold their office while they remain as directors of the Company, except if the Board of Directors resolves otherwise.
2. Committee members who are re-elected as directors by the Company by resolution of the General Meeting of Shareholders shall remain in their offices within 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. Dismissal

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 continue as directors of the Company; 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 once a year and each time that the Board of Directors or the Chairman thereof calls it; the Chairman of the Board of Directors shall call the Remuneration Committee each time that the Board of its Chairman requests the issuing of a report or the adoption of proposals within its remit and, in any case, whenever this is suitable for the successful performance of its functions. At any rate, it shall meet once a year to prepare the information about the remuneration of directors and senior executives 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 call shall be authorized by the signature of the Chair or the Secretary. The notice calling the meeting shall be given at least three days in advance.

The agenda of the meeting must be included in the notice calling the meeting, and the relevant information duly summarized and prepared must be provided with the notice.

4. The Chair may call extraordinary meetings when, in his/her view, the circumstances so justify; in such cases the notice period and the remaining requirements laid down in the above paragraph shall not apply
5. The Committee shall prepare an annual calendar including its ordinary meetings and shall inform the Board of Directors thereof.

Section 11. Quorum

1. A valid quorum for Committee meetings shall be established when at least half plus one of its members, present or represented, are in attendance. In the event of an uneven number of directors, a valid quorum for the Committee meeting shall be established when the whole number of directors immediately above half attends.
2. Directors shall make their best efforts to attend the meetings of the Committee and, whenever they cannot attend in person, they shall endeavor 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 valid quorum for Committee meetings shall be established if all its members, present or represented, unanimously accept to hold the meeting.

Section 12. Place of meeting

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 holding a meeting, pursuant to statutory provisions. Likewise, meetings of the Committee may be held via videoconference or conference call, so that one or more directors may attend the meeting by this system. For such purposes, the notice of the meeting of the Committee shall state, in addition to the place of the meeting, where the Secretary of the Committee shall be present, the possibility that the meeting may be attended via conference call, videoconference or equivalent system, and the technical means required for such purpose shall be stated and made available; these means shall allow shall allow the instant and direct communication between the members in attendance. The Secretary of the Committee shall record in the minutes of the meetings held by these means, not only the members who attend in person or, where appropriate, represented by another member, but also those members attending the meeting via multi conference call, videoconference or similar system

Section 13. Attendance

Members of the management or of the staff of the Company shall be bound to attend the meetings of the Committee and to provide them with assistance and access to the information available to them when the Committee so requests.

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. All 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. 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 inform the Board of Directors of all business transacted and all decisions made, reporting its proceedings and the work done to the first meeting of the Board of Directors to be held afterwards. Likewise, a copy of the minutes of the meetings of the Committee shall be made available to the directors

CHAPTER V. POWERS OF THE COMMITTEE AND DUTIES OF ITS MEMBERS

Section 15. Powers and Advice

1. The Committee may, through the Secretary of the Board of Directors, have access to any information or documentation available to the Company relating to matters within the remit of the Committee and which it deems necessary to perform its duties.
2. For the better discharge of its duties, the Committee may seek the advice of external experts, and for such purpose, the provisions of the Board of Directors' Regulations on this issue shall apply.

Section 16. Duties of Committee members

1. Committee members must 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

When the business to be transacted during the meetings of the Committee directly affect any of its members, or persons related thereto, and, in general, when such member is involved in a situation of conflict of interest, 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 shall inform the General Meeting of Shareholders of those questions raised therein by the shareholders regarding matters that fall within its remit.
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 during its meetings, pursuant to the provisions of section 14 hereof.
2. The requests for motions or reports from the Committee shall be made by the Board of Directors or its Chair. 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 close of the financial year, 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 Chairman of the Board of Directors and with the chief executive

The Committee shall seek the advice of the Chairman and Chief Executive Officer namely with regard to issues regarding executive directors and senior executives. Where the Chairman of the Board of Directors and the chief executive are different persons, the Committee shall seek the advice of both of them regarding such issues.

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