REPORT OF THE BOARD OF DIRECTORS OF INDUSTRIA DE DISEÑO TEXTIL, S.A. (INDITEX, S.A.) SUBMITTED WITH REGARD TO AGENDA ITEM 11 OF THE ANNUAL GENERAL MEETING CALLED TO BE HELD ON 11 JULY 2023 ON FIRST CALL AND ON 12 JULY 2023 ON SECOND CALL, RESPECTIVELY

I. PURPOSE

This report is drawn up by the board of directors of Industria de Diseño Textil, S.A. (Inditex, S.A.) ("Inditex" or the "Company") pursuant to the provisions of sections 518(d) and 528 of the revised text of the (Spanish) Companies Act ("LSC") approved by *Real Decreto Legislativo* 1/2010 of 2 July, regarding agenda item 11 of the Annual General Meeting called to be held on 11 or 12 July 2023 on first or second call, respectively, to apprise shareholders at the Annual General Meeting of the partial amendment to the Board of Directors' Regulations approved at the board meeting held on 6 June 2023.

For the ease of reference of shareholders regarding the changes to the Board of Directors' Regulations, this report covers: (i) the mechanics of the amendments made and a (ii) a comparison of the wording of the sections of the terms of reference of the board as amended, approved at the board meeting held on 6 June 2023 and the previous wording, in two columns (the one to the left with the previous wording and the one to the right with either the latest wording approved or the term "*unchanged*" where the wording has not been amended).

II. MECHANICS OF THE AMENDMENT

/ Rationale

The amendments to the Board of Directors' Regulations approved at the board meeting held on 6 June 2023 can be structured as follows:

(i) A first group of amendments answers the need to cover the recent changes to some internal bodies as well as the existence of the new Cybersecurity Advisory Committee.

(ii) A second group of amendments seeks to reinforce the commitment to a diverse board membership and remove any discriminatory bias (such as, the current age limit to be a company director at Inditex), in line with the current Diversity of Board of Directors Membership and Director Selection Policy.

(iii) On the other hand, the opportunity has been seized to introduce certain technical and editorial improvement into the Regulations.

/ Detailed explanation of the proposed amendments

The scope of the amendments made is described below:

- **Amendment to section 15 ("*The Audit and Compliance Committee*")**

Any reference in paragraph 2 sub-section (i) of this section to the Compliance Office is replaced with a reference to the Transparency Market Committee (formerly, the "*Compliance Supervisory Board*") and the General Counsel's Office, being the ones responsible for overseeing and managing, respectively, compliance with the Internal Regulations of Conduct in the Securities Markets ("*IRC*"). The wording of this sub-section is thus aligned with the latest amendments approved regarding the organization, operations and the wording of the IRC in November 2022.

On the other hand, a new sub-section (o) is added to paragraph 2 of this section, to address the assignment by the board of directors of oversight duties regarding the new Cybersecurity Advisory Committee to the Audit and Compliance Committee. This addition has entailed the necessary renumbering of the section.

- **Amendment to section 18 ("*The Social Advisory Board*")**

The existence of a new body, the Cybersecurity Advisory Committee that advises the Audit and Compliance Committee in the field of cybersecurity has been included in this section, as both the Social Advisory Board and this new Committee are similar in nature.

Without prejudice to it being further developed in the relevant internal regulations, mirroring the relationship between the Sustainability Committee and the Social Advisory Board, the Audit and Compliance Committee and the new Cybersecurity Advisory Committee should be engaged in an effective and continuous dialogue.

It is further clarified that the Social Advisory Board reports to the board of directors via the Sustainability Committee.

The opportunity has been taken to point out that, although both of them are internal bodies, external members outside the Group sit on them, with information and advisory non-executive powers.

- **Amendment to section 25 ("*Resignation and removal of directors*")**

Sub-section (a) in paragraph 2 of this section is deleted to remove the provision that directors should vacate office upon reaching 68 years of age (65 in case of the CEO or the Managing Director). Thus, any limit whatsoever associated with the age of directors was removed, boosting diversity and talent on the Company's governing bodies.

Board refreshment remains a key corporate governance issue. It is deemed appropriate to add new members to the boards that contribute a fresh perspective in the current ever-changing context marked by the technological and digital revolution, new spending patterns or the emergence of new competitors from other sectors, which is leading to a profound transformation of the environment where the Company carries out its business. Inditex has recently addressed this need by adding young talent to its board of directors.

Notwithstanding the foregoing, in such a disruptive and challenging context, it is also important to rely on directors with extensive experience and sound knowledge, in particular about the Company, its Group and its business activities, seniority, international prestige and even "*autorictas*". These powers and skills undoubtedly contribute to creating added value on the board by advising and expressing expert opinions, to better face some of the above-referred challenges, mainly formed after long careers.

The fact that retirement age is increasingly delayed should also be considered, as work life is extended. Keeping an age limit to serve on Inditex board would entail unreasonably limiting access to the supreme governing bodies of the Company to certain members on account of their age range, irrespective of their talent, merit or their full availability to be a company director.

In short, Inditex should promote diversity and avoid any bias that prevents a balanced board membership. A wider range of perspectives and experience enables a more plural view and a fruitful dialogue, which leads to considering and exploring different alternatives and their possible consequences, and ultimately to an enhanced and more effective board.

On the other hand, paragraph 2 of section 25 is edited to clarify that, according to its previous wording, the directors who might have incurred in any of the scenarios therein outlined should offer their resignation to the board, whereas, after this amendment, it will be incumbent on the board of directors to determine, in each case and at its own behest, whether or not the director in question should offer their resignation.

Additionally, a general obligation has been established for directors to apprise the board, as soon as they become aware of them, of any circumstance which may lead to their termination, where the Company would not have otherwise become aware of the same.

- **Amendment so section 36 ("*Non-public information*")**

Paragraph 4 is deleted as it has the same wording as paragraph 2.

The remaining provisions of the Board of Directors' Regulations, as amended by the board of directors at the meeting held on 12 June 2022 remain unchanged.

III. COMPARISON BETWEEN THE WORDING OF THE BOARD OF DIRECTORS' REGULATIONS APPROVED AT THE BOARD MEETING HELD ON 6 JUNE 2023 AND THE PREVIOUS WORDING

Wording approved at the board meeting held on 12 May 2022	(Current) wording approved at the board meeting held on 6 June 2023
CHAPTER IV. STRUCTURE OF THE BOARD OF DIRECTORS	**CHAPTER IV. STRUCTURE OF THE BOARD OF DIRECTORS**
Section 15. The Audit and Compliance Committee	Section 15. The Audit and Compliance Committee
1. The Audit and Compliance Committee shall be made up of a number of non-executive directors being no less than three and no greater than seven, most of whom shall be independent directors. The Chair of the Committee, who must be an independent director, shall be elected by the Board of Directors for a maximum four-year term, upon expiry of which they shall be replaced. They may be re-elected one year after the expiry of their term. The Board of Directors shall appoint a Secretary of the Audit and Compliance Committee, who need not be a member of such body. The Board of Directors shall strive to ensure that members of the Audit and Compliance Committee as a whole and in particular its Chair have knowledge, qualifications and experience in accounting, auditing or risk management matters, both financial and non-financial risks, as well as the relevant know-how with regard to the industry to which the Company belongs. Likewise, at least one of its members should be appointed with regard to their knowledge, qualifications and experience in the matter of information technology.	1. [Unchanged].
2. Without prejudice to other tasks it may be entrusted by the Board of Directors and to other powers it may be reserved by applicable regulations and by the Audit and Compliance Committee Regulations, the Audit and Compliance Committee shall have the following basic responsibilities, which are: (a) To report to the General Meeting of Shareholders on those questions raised regarding matters that fall within the purview of the Audit and Compliance Committee, namely regarding the result of the audit conducted, explaining that it has contributed to the integrity of the financial information, and the role played by the Audit and Compliance Committee in this process. (b) To oversee and evaluate the effectiveness of the internal control system of the Company, the internal audit and the risks management systems both financial and non-financial, including tax, operational, technological, legal, social, environmental, reputational risks and those	2. Without prejudice to other tasks it may be entrusted by the Board of Directors and to other powers it may be reserved by applicable regulations and by the Audit and Compliance Committee Regulations, the Audit and Compliance Committee shall have the following basic responsibilities, which are: (a) [Unchanged]. (b) [Unchanged].

related to corruption, and to review with the statutory auditor the significant weaknesses of the internal control system revealed in the course of the audit, all of which without jeopardising its independence; for such purposes, the Committee may, if appropriate, submit recommendations or proposals to the Board of Directors, with the relevant term for follow-up.	
(c) To oversee and evaluate the process for preparing and presenting the mandatory financial and non-financial information regarding the Company and, as the case may be, its Group, as well as its clarity and integrity, reviewing compliance with regulatory requirements, the appropriate delimitation of the consolidation perimeter and the appropriate application of accounting criteria, and submit recommendations or proposals to the Board of Directors for the purposes of safeguarding the integrity of such information. With regard to the duty to oversee the process to prepare the mandatory non-financial information, the Committee shall act in coordination with the Sustainability Committee to ensure a consolidated view on the effective application of the policies that fall within their respective purviews, without prejudice to the fact that the Audit and Compliance Committee will be ultimately responsible for overseeing the process.	(c) [Unchanged].
(d) To raise to the Board of Directors, for the subsequent submission thereof to the General Meeting of Shareholders, proposals on selection, appointment, re-election and replacement of the external auditor, taking charge of the selection process pursuant to the provisions of the applicable regulations, as well as the terms and conditions of their engagement and to regularly gather from the external auditor information about the audit plan and its performance, in addition to preserving its independence in the performance of its duties.	(d) [Unchanged].
(e) To liaise with the external auditor in order to receive information on those matters that could represent a threat to its independence, so that the Audit and Compliance Committee may review them, and on any other matter related to the implementation of the statutory audit process, and, where appropriate, the authorisation of any services other than those forbidden, pursuant to the terms of applicable regulations, as well as those other communications envisaged by statutory audit laws and auditing standards. In any case, the Committee should receive every year from the external auditor, the statement of its independence regarding the entity or those entities directly or indirectly related thereto, as well as detailed and separate information on any other non-audit services rendered and the relevant fees received by the external auditor or by the persons, natural or legal related to such external auditor, pursuant to the provisions of the prevailing regulations on	(e) [Unchanged].

statutory audit.	
(f) To issue every year prior to the issue of the audit report, a report expressing an opinion on whether the independence of the statutory auditors or audit firms has been jeopardised. Such report must address at any rate, the reasoned assessment of the provision of each and every additional service referred to in the foregoing paragraph, considered both separately and as a whole, other than the legal audit and regarding the independence system or the regulations on statutory audit.	(f) [Unchanged].
(g) To advise in advance the Board of Directors on all the topics covered by statute, by the Articles of Association and the Board of Directors' Regulations, and in particular, on (i) the financial information and the director's report that should include, where appropriate, the mandatory non-financial information that the Company must disclose on a regular basis; and (ii) the creation or acquisition of interests in special purpose vehicles or entities resident in countries or territories considered tax havens.	(g) [Unchanged].
(h) To oversee the activity of the Internal Audit function, which shall report functionally to the Chair of the Audit and Compliance Committee.	(h) [Unchanged].
(i) To oversee compliance with applicable regulations and the effectiveness of the Company's policies and internal procedures; the activity of the Compliance function, ensuring that it has the necessary resources to properly and effectively perform its duties; to gather information from the Committee of Ethics and the Office of the Chief Compliance Officer, in relation with any relevant matter within their respective scopes of action.	(i) To oversee compliance with applicable regulations and the effectiveness of the Company's policies and internal procedures; the activity of the Compliance function, ensuring that it has the necessary resources to properly and effectively perform its duties; to gather information from the Ethics Committee and the Market Transparency Committee and/or the ~~Compliance Office~~ General Counsel's Office in relation with any relevant matter within their respective scopes of action.
(j) To report on the related party transactions that must be approved by the General Meeting or the Board of Directors, as the case may be, and oversee the internal procedure implemented by the Company for such transactions whose approval has been delegated.	(j) [Unchanged].
(k) To apprise the Board of Directors of any structural and corporate transformation that the Company plans to carry out.	(k) [Unchanged].
(l) To evaluate any questions regarding financial and non-financial risks (including operational, technological, legal, social, environmental, political, reputational risks or those related to corruption).	(l) [Unchanged].
(m) To ensure that the internal control policies and systems established by the company are effectively applied in practice.	(m) [Unchanged].
(n) To assume duties inherent in an audit committee as provided from time to time in applicable legislation with	(n) [Unchanged].

regard to such Group companies that qualify as Public-Interest Entities and where so resolved by the Board of Directors; and	
	(o) To establish a direct dialogue and oversee the Company's relations with the Cybersecurity Advisory Committee.
(o) Any other responsibility it may be assigned by the Board of Directors in the Audit and Compliance Committee Regulations.	(p) ~~(o)~~ Any other responsibility it may be assigned by the Board of Directors in the Audit and Compliance Committee Regulations.
3. The Audit and Compliance Committee shall meet at least on a quarterly basis in order to review the periodic financial information that the Company would release to the stock exchange authority to fulfil its obligations or of its own accord, 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 Chair calls it to meet, who must do so whenever the Board or the Chair 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.	3. [Unchanged].
4. Members of the management team or staff members of the Company shall be bound to attend the meetings of the Committee and to assist it and give it access to the information available to them when the Committee so requests. The Committee may call executive and non-executive directors, members of Management and any employee of the Company, even arrange for them to attend its meetings without the presence of any other officer. The Audit and Compliance Committee may also request the attendance at its meetings of the Company's statutory auditor.	4. [Unchanged].
5. To ensure that the Audit and Compliance Committee performs its duties at its best, it may seek the advice of external advisors, for which purpose the provisions of Section 28 of these Regulations shall apply.	5. [Unchanged].
6. The Audit and Compliance 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.	6. [Unchanged].
7. The Board of Directors will develop the foregoing paragraphs in the Audit and Compliance Committee Regulations.	7. [Unchanged].
Section 18. The Social Advisory Board The Social Advisory Board of the Company is the advisory body of the Company in the area of social responsibility and environmental sustainability. Its principle of conduct, the basic rules of organization and proceedings as well as the rules of	Section 18. The Social Advisory Board and the Cybersecurity Advisory Committee The Social Advisory Board, which reports to the Board of Directors via the Sustainability Committee, is the advisory body of the Company in the area of social responsibility and environmental sustainability. Its principle of conduct, the basic

conduct of its members are established under the Regulation of the Social Advisory Board, approved by the Board of Directors.	rules of organization and proceedings as well as the rules of conduct of its members are established under the Regulation of the Social Advisory Board, approved by the Board of Directors. The Cybersecurity Advisory Committee, which reports to the Board of Directors via the Audit and Compliance Committee, is the advisory body of the Company in the area of cybersecurity. Its principle of conduct, the basic rules of organization and proceedings as well as the rules of conduct of its members shall be established in the Charter of the Cybersecurity Advisory Committee, approved by the Board of Directors. Both internal bodies are composed of external members outside the Group, with advisory, consulting and non-executive duties.
CHAPTER VI. APPOINTMENT AND DISMISSAL OF DIRECTORS	CHAPTER VI. APPOINTMENT AND DISMISSAL OF DIRECTORS
Section 25. Resignation and removal of directors 1. Directors shall vacate office when the period for which they were appointed has expired or when the General Meeting of Shareholders so decides, making use of the powers it has been conferred by statute or by the Articles of Association. 2. Directors must offer their resignation to the Board of Directors and effectively resign, should this latter deem it advisable, in the following cases: (a) When they reach the age of 68. Notwithstanding this, directors who hold the office of Chief Executive Officer or Managing Director shall offer their resignation to the Board of Directors upon attaining the age of 65, being able to continue as ordinary members of the Board of Directors until the aforementioned age of 68. As an exception, the foregoing rules shall not apply to the founder of the Company, Mr Amancio Ortega. (b) When they cease to hold the executive positions to which their appointment as director was associated. (c) When they are involved in any of the incompatibility or prohibition cases provided in applicable regulations, the Articles of Association or these Regulations, including if they would happen to hold the office of director in more than four listed companies other than the. (d) When they are seriously admonished by the Audit and Compliance Committee for having breached their duties	Section 25. Resignation and removal of directors 1. [Unchanged]. 2. ~~Directors must offer their resignation to the Board of Directors and effectively resign, should this latter deem it advisable in the following cases~~ The Board of Directors may urge its members to offer their resignation and it will, if appropriate, propose their dismissal to shareholders at the General Meeting of Shareholders in the following cases: ~~(a) When they reach the age of 68. Notwithstanding this, directors who hold the office of Chief Executive Officer or Managing Director shall offer their resignation to the Board of Directors upon attaining the age of 65, being able to continue as ordinary members of the Board of Directors until the aforementioned age of 68. As an exception, the foregoing rules shall not apply to the founder of the Company, Mr Amancio Ortega.~~ (a) ~~(b)~~ [Unchanged]. (b) ~~(c)~~ [Unchanged]. (c) ~~(d)~~ [Unchanged].

as director. (e) When they are involved in any circumstances affecting them, related or not to their actions within the Company, that may harm its name or reputation or otherwise jeopardise the Company's interests. For such purposes, they shall report to the Board of Directors any criminal cases in which they are accused as well as any procedural. (f) When the reasons for their appointment cease to exist. (g) With regard to proprietary directors, when the shareholders they represent dispose of their ownership interest in its entirety or reduce it up to a limit which requires the reduction of the number of proprietary directors. (h) With regard to independent directors, when they have continuously held such position in the Company for twelve years.	(d) ~~(c)~~ [Unchanged]. (e) ~~(f)~~ [Unchanged]. (f) ~~(g)~~ [Unchanged]. (g) ~~(h)~~ [Unchanged]. Directors having incurred in any of the circumstances above that the Company could not have become aware of, shall give notice thereof to the Board of Directors in the shortest delay, offering their resignation to the board.
3. The Board of Directors may only propose the removal of an independent director before the expiry of their term of office when a just cause arises, and this is considered by the Board of Directors after report of the Nomination Committee. Namely, a just cause will exist when a director holds new positions or assumes new obligations preventing them from making sufficient time available for board meetings and other duties inherent in the office of director; is in breach of the duties inherent in the office or is involved in any of the circumstances leading to them no longer qualifying as independent directors, pursuant to the provisions of applicable regulations. Likewise, removal of a director may be proposed as a result of takeover, mergers or other similar corporate transactions which entail a change in the shareholding structure of the Company, where such change entails in turn another in the structure of the Board of Directors on account of the ratio of proprietary directors.	3. The Board of Directors may only propose the removal of an independent director before the expiry of their term of office when a just cause arises, and this is considered by the Board of Directors after report of the Nomination Committee. In addition to the scenarios outlined in paragraph 2 above, ~~Namely~~ a just cause will exist when a director holds new positions or assumes new obligations preventing them from making sufficient time available for board meetings and other duties inherent in the office of director; is in breach of the duties inherent in the office or is involved in any of the circumstances leading to them no longer qualifying as independent directors, pursuant to the provisions of applicable regulations. Likewise, removal of a director may be proposed as a result of takeover, mergers or other similar corporate transactions which entail a change in the shareholding structure of the Company, where such change entails in turn another in the structure of the Board of Directors on account of the ratio of proprietary directors.
4. Where a director vacates their office before the end of their term of office by resigning or further to a resolution of the General Meeting of Shareholders, they should state the reasons for such resignation, or their opinion on the reasons for the removal resolved by the General Meeting of Shareholders as regards non-executive directors, in a letter that must be addressed to all the members of the Board of Directors. To the extent that this may be relevant for investors, and without prejudice to reporting it in the Annual Corporate Governance Report, the Company, shall announce their departure in the shortest delay with sufficient reference to	4. [Unchanged]

reasons or circumstances provided by the director. Furthermore, as regards independent directors, the Nomination Committee shall give a report on the proposal of their early removal.	
CHAPTER IX. DIRECTORS' DUTIES	CHAPTER IX. DIRECTORS' DUTIES
Section 36. Non-public information	Section 36. Non-public information
1. Directors shall vacate office when the period for which they were appointed has expired or when the General Meeting of Shareholders so decides, making use of the powers it has been conferred by statute or by the Articles of Association. (a) That the said information is not used in connection with operations of acquisition or sale of shares in the Company; (b) That the use thereof is in no way detrimental to the Company, and (c) That the Company does not hold an exclusive right or a legal position of analogous meaning over the information whose use is desired.	1. [Unchanged].
2. The condition foreseen in sub-paragraph (c) above may be exempted by observing the rules contained in the previous section	2. [Unchanged].
3. Additionally, directors must observe the rules of conduct established in the securities market legislation and, especially, the rules established in the Internal Regulations of Conduct Regarding Transactions in Securities and in the Code of Conduct and Responsible Practices of the Inditex Group.	3. [Unchanged].
4. The condition foreseen in sub-paragraph (c) above may be exempted by observing the rules contained in the previous section	~~4. The condition foreseen in sub-paragraph (c) above may be exempted by observing the rules contained in the previous section~~

Considering the foregoing, the board of directors resolved by unanimous vote to approve this report regarding agenda item 11 of the Annual General Meeting called to be held on 11 July 2023 on first call or on 12 July 2023 on second call.

Done in Arteixo (A Coruña), on 6 June 2023.

INDITEX

Revised text of the

Board of Directors' Regulations

Approved by the Board of Directors on 6 June 2023

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Chapter I. Preliminary

Section 1. Purpose

1. These Regulations seek to determine the principles of action of the board of directors of Industria de Diseño Textil, S.A. (Inditex, S.A.) (the "Company"), the basic rules governing its organisation and proceedings and the rules for the selection, election, re-election, removal and conduct of its members.
2. Under the terms set out below, the rules of conduct for directors established herein shall apply, insofar as they are compatible with their specific nature, to any senior manager of the Company other than a director. Specifically, the following sections shall apply to senior managers, subject to adjustment: sections 32 (Directors' duty of confidentiality); 34 (conflicts of interest), with regard to the duty to inform the Company; 35 (use of corporate assets); 36 (non-public information); 37 (business opportunities), and 38 (prohibition to make undue influence of the office).

Section 2. Construction

1. These Regulations shall be construed according to applicable regulations and the Articles of Association, as well as to the recommendations on corporate governance of Spanish listed companies and the corporate governance best practices from time to time applicable in the countries around Spain.
2. 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.

Section 3. Amendment

1. These Regulations may only be amended at the behest of the Chair of the board of directors, 3 directors, the board of directors itself or the Audit and Compliance Committee.
2. Proposed amendments to the Regulations must be accompanied by a memorandum in support of the amendment, and a report from the Audit and Compliance Committee, except where the proposal stems from the board of directors or from said Committee.
3. The full text of the proposed amendment, the memorandum in support and, where appropriate, the report from the Audit and Compliance Committee shall be made available to directors before the board meeting where it has to be seen.
4. In order for the amendment to the Board of Directors' Regulations to be valid, a resolution passed by a majority of two-thirds of the directors present at such meeting shall be required.
5. The board of directors shall report on the amendments to these Regulations that it may resolve, if appropriate, at the first General Meeting of Shareholders to be held following said amendments. Likewise, the amendments to these Regulations shall be disclosed pursuant to the system provided in section 4 below.

Section 4. Disclosure

1. Directors and senior managers are required, under the terms set out in section 1.2 above, to be familiar, comply with and enforce these Regulations. For such purpose, the Secretary of the Board shall provide all of them with a

copy of the same, at the time they accept their respective position, or when they are recruited, as the case may be.

2. The board of directors shall inform the General Meeting of Shareholders of these Regulations and shall take the appropriate steps so that the Regulations are disclosed to the shareholders and the investors at large.

3. The full text of the Board of Directors Regulations from time to time in force shall be available at the Company's registered office and on its website.

4. Likewise, these Regulations and any subsequent amendments thereto shall be filed with the Spanish National Securities Market Commission ("CNMV") and registered with the Companies Register.

Chapter II. Mission of the board of directors

Section 5. Mission of the board of directors

1. Except for such matters which are reserved to the General Meeting of Shareholders, the board of directors is the most senior decision-making body of the Company.

2. It is the board of directors' policy to delegate the management of the Company's day-to-day business to the executive bodies and the management, and to concentrate its efforts on the general oversight duty, which includes guiding the Company's policy; monitoring the management, evaluating the performance of officers, making the most relevant decisions for the Company, and liaising with the shareholders.

3. Those powers that are reserved by statute or by the Articles of Association to the direct knowledge of the board of directors may not be delegated, nor may those others that are necessary for the responsible performance of the general oversight duty.

4. For the above purposes, the board of directors shall, acting at its own behest or on the proposal of the relevant internal body, directly exercise at least the following powers:

   (a) To approve the general strategies and policies of the Company, namely:

      (i) The strategic or business plan as well as the annual management targets and budgets.

      (ii) The investment and financing policy.

      (iii) The dividends and treasury stock policy and namely, the limits thereof, pursuant to statute.

      (iv) The design of the structure of the corporate group of which the Company is the controlling company.

      (v) The enterprise risk management policy covering both financial and non-financial risks, including tax ones, and the periodic monitoring of the internal reporting and control systems.

      (vi) The definition of the Company's tax strategy.

      (vii) The corporate governance policy; and

      (viii) The sustainability policy.

   (b) To approve the following decisions:

      (i) The statement of the annual accounts, the directors' report and the proposed distribution of the income or loss of the year of the Company and the consolidated annual accounts and directors'

report, including the mandatory non-financial information to be submitted to shareholders at the General Meeting of Shareholders.

(ii) The notice calling the General Meeting of Shareholders, determining its agenda and preparing the proposed resolutions to be submitted thereto.

(iii) The approval of the financial information that the Company, being a listed company, must periodically release.

(iv) The approval of the Annual Corporate Governance Report, the Annual Report on the Remuneration of Directors and the issue of any reports that the board of directors should recommend or which it must issue pursuant to applicable regulations, provided that the transaction covered by such report is not eligible to be delegated.

(v) The approval of any manner of investments or transactions, which are, on account of their high value or description, considered strategic or deemed to have a special tax risk, unless the approval thereof falls on the General Meeting of Shareholders.

(vi) The creation or acquisition of shares in special purpose vehicles or entities resident in countries or territories considered as tax havens, and any other transactions or operations of a comparable nature whose complexity might impair the transparency of the group.

(vii) The approval, following a report from the Audit and Compliance Committee, of the transactions that the Company or any company within its Group carries out with directors, shareholders or related parties as referred to in section 40 below.

(c) The following internal proceedings of the Board of Directors:

(i) To decide on the organisation and proceedings of the board of directors, including namely:

/ The approval and amendment to these Regulations pursuant to the terms included in Chapter I above.

/ The appointment, on the proposal or after report from the Nomination Committee, as the case may be, of the internal offices within the board of directors and the members and internal offices of its committees.

/ The election, on the proposal or after report from the Nomination Committee, as the case may be, of directors through the co-option procedure to fill any vacancies which may occur within the board of directors.

/ Submitting to the General Meeting of Shareholders proposals to elect, re-elect, ratify or remove directors.

(ii) The approval of a specific and ascertainable diversity of board of directors membership and director selection policy that ensures that proposed election o re-election of directors is duly supported by a prior analysis of the competences required by the board of directors, that favours an appropriate board membership and diversity with regard to matters such as knowledge, education and professional experience, age, gender or disability, that it does not suffer from any implicit bias that may lead to any form of discrimination and, in particular, that favours selection of female directors in a number allowing to reach a balanced presence of women and men on the board and that supports the existence of a significant number of female senior managers.

(iii) The proposal of the amount of the remuneration of directors as such to the General Meeting of Shareholders, as well as the approval of the remuneration of executive directors, in both cases, on the proposal of the Remuneration Committee and pursuant to the Articles of Association and the remuneration policy for directors approved by the General Meeting of Shareholders.

(iv) The appointment and removal of chief executive officers as well as the approval beforehand of the agreements to be executed between the Company and the directors to whom executive duties are assigned.

(v) Overseeing and evaluating on an annual basis:

- / The quality and efficiency of the proceedings of the board of directors itself and its committees.
- / Diversity in the membership and skills of the board of directors.
- / The performance by the Chair of the board of directors and by the Company's chief executive of their duties.
- / The performance of its supervisory and control committees based upon the reports raised by the same.
- / The performance and contribution of each director, especially that of the Chairs of the different board committees.

Where the Chair of the board of directors would discharge executive duties, the assessment of their performance shall be led by the Lead Independent Director (LID), especially authorised to do so pursuant to the provisions of section 10.2 below.

To proceed to such evaluation, the board of directors may rely on the support of external advisors and on such internal resources which it may, from time to time, deem fit. Notwithstanding the foregoing, the board of directors shall be assisted every three years, by an external advisor, once the Nomination Committee has established their independence, to proceed to such evaluation. Upon evaluating the independence of the external advisor, the relations that such advisor, or any company within its Group, may have with the Company or with the Group shall be considered. Such relations shall be detailed, as the case may be, in the Annual Corporate Governance Report.

The board of directors shall carry out an annual evaluation of its proceedings and of that of its committees and it will propose an action plan to correct the shortcomings revealed. The result of the evaluation shall be recorded in the minute of the meeting of the board of directors or attached thereto as an annex.

(vi) The authorisation or release from the obligations stemming from the duty of loyalty of directors, after report from the Nomination Committee, where such responsibility is not incumbent on the General Meeting of Shareholders.

(d) The following issues regarding senior managers:

(i) The appointment and removal of senior managers after report from the Nomination Committee.

(ii) The approval of the basic terms and conditions of the contract with senior managers, including their remuneration and, where appropriate severance clauses, after report from the

Remuneration Committee.

(iii) Overseeing the proceedings of the senior managers appointed by the board of directors.

(e) Overseeing the process to prepare and submit financial information and the directors' report, which shall include, where appropriate, the mandatory non-financial information as legally required, and making recommendations or proposals aimed at keeping integrity thereof.

(f) To approve the assumption by the Audit and Compliance Committee of duties inherent in an audit committee in accordance with the provisions of current legislation with regard to such Group companies that qualify as Public-Interest Entities, pursuant to the definition provided in applicable laws, provided that these latter are fully owned, directly or indirectly by the Company, or failing that, that the application of this exception has been approved by the General Meeting of the subsidiary by unanimous vote.

(g) The remaining responsibilities reserved by these Regulations and the applicable laws and regulations.

5. The board of directors shall perform its duties in accordance with the corporate interest, it being understood as the viability and the maximisation of the Company's value in the long term for the common interest of all the shareholders, which shall not prevent taking into account also other lawful interests, whether public or private, concurring on the development of the business activity, especially those of the other "stakeholders" of the Company: employees, clients, suppliers and the civil society at large. The board of directors shall determine and review the business and financial strategies of the Company in the light of said criterion, seeking a reasonable balance between the proposals passed and the risks assumed.

6. The board of directors shall ensure that the Company performs its ethical and social duties and its duty of acting in good faith in its relations with its employees and with third parties, meeting the principles of corporate social responsibility that the company would have undertaken.

7. Likewise, the board of directors shall ensure that no individual or small group of persons has a decision-making power within the Company that is not subject to counterweights and checks and that no shareholder is treated in a more privileged manner than the others.

Chapter III. Composition of the board of directors

Section 6. Size

1. The board of directors shall be made up of a number of members being no less than five nor greater than twelve, which shall be determined by the General Meeting of Shareholders.

2. The board of directors shall propose to the General Meeting of Shareholders a number that, in accordance with the changing circumstances of the Company, is more suitable in order to ensure that the body is duly representative and works efficiently, promoting diversity and an appropriate balance of experience and knowledge, so that the decision-making process is enriched, and multiple viewpoints are contributed to the discussion of the business transacted.

Section 7. Qualitative composition

1. The board of directors shall be made up of executive directors and non- executive directors who in turn may be proprietary, independent or affiliate; directors shall be classified by directorship type, based upon the definition provided in applicable regulations from time to time.
2. The board of directors shall, within the scope of its powers to submit proposals to the General Meeting of Shareholders and to co-opt in order to cover vacancies, strive for the ratio of non-executive directors to represent a large majority of directors sitting on the board of directors and for the ratio of independent directors within the board of directors to be at least equal to the ratio of floating capital of the Company.

Chapter IV. Structure of the board of directors

Section 8. The Chair of the board of directors

1. The Chair of the board of directors shall be elected, after report from the Nomination Committee, from among those members who meet the requirements laid down for this purpose in the Articles of Association of the Company.
2. The ordinary power to call the board of directors, to establish the agenda for its meetings and to lead the debates falls on the Chair of the board of directors. However, the Chair must call the board of directors and include on the agenda the business to be transacted when this is requested by at least one-third of its members or by the Lead Independent Director referred to in section 10 below.
3. In addition to the duties conferred by statute and by the Articles of Association, the Chair of the board of directors will perform the following duties:
    (a) Leading the board of directors, ensuring its effective proceedings.
    (b) Preparing and submitting to the board of directors for discussion a schedule with dates and business to be transacted, ensuring that the board of directors dedicates enough time to strategic issues.
    (c) Organising and liaising with the Chairs of board committees with regard to the periodic evaluation of the board of directors and, if appropriate, of the CEO or chief executive officer.
    (d) The definition and review of the refreshment programs for directors, where circumstances so require.
4. In case of an equality of votes, the Chair shall have a casting vote.

Section 9. The Deputy Chair of the board of directors

1. The board of directors shall necessarily appoint a Deputy Chair, after report from the Nomination Committee, who shall replace the Chair should this latter find it impossible to perform their duties or be absent, or when the Chair should so decide.
2. The board of directors may appoint more than one Deputy Chair. In such case, the position defined in the previous paragraph shall fall upon the First Deputy Chair, who shall, in turn, be replaced in case of necessity by the Second Deputy Chair and so on and so forth.

Section 10. The Lead Independent Director (LID)

1. Where the Chair of the board of directors would discharge executive duties, the board of directors shall, with the abstention of the executive directors and after report from the Nomination Committee, necessarily appoint a Lead Independent Director from the independent directors.
2. The Lead Independent Director shall have the following powers:
   (a) Requesting that the Chair calls the board of directors and adds new items on the agenda. The Chair shall be bound to attend to such requests.
   (b) Liaising with, meeting with and echoing the concerns of non-executive directors, being authorised to call for such purposes and should they deem it appropriate, meetings of independent directors.
   (c) Leading, if appropriate, the annual evaluation of the Chair of the board of directors and coordinating, if appropriate, the succession plan.
   (d) Contacting investors and shareholders to learn of their points of view for the purposes of forming an opinion on their concerns, namely with regard to the company's corporate governance system.
   (e) Chairing the board of directors in the absence of its Chair and of the Deputy Chairs, should there be any.

Section 11. The Secretary of the board of directors

1. The Secretary needs not be a director in order to be appointed Secretary of the board of directors.
2. The appointment and the removal of the Secretary shall be approved by the full board of directors, after report from the Nomination Committee.
3. The Secretary shall support the Chair in their duties and must provide for the smooth running of the board of directors by taking particular care to assist the Chair in order for directors to receive relevant information early in advance and in the appropriate format to discharge their duties; provide directors with the necessary advice and information; keep the documents of the Company; enter the proceedings in the minutes books and certify the board's resolutions.
4. The Secretary, who must be a lawyer, shall devote particular attention to the formal and material legality of the board of directors' actions and ensure that the corporate governance principles, good governance recommendations and the Company's internal rules and regulations, are observed.

Section 12. The Deputy Secretary of the board of directors

1. The board of directors may appoint a Deputy Secretary, who needs not be a director, to assist the Secretary of the board of directors or replace the same should the Secretary find it impossible to perform their duties or be absent.
2. The appointment and removal of the Deputy Secretary must be approved by the full board of directors, after report from the Nomination Committee.
3. The Deputy Secretary may attend the meetings of the board of directors in order to replace the Secretary or to support them when the Chair so decides.

Section 13. Board committees

1. Without prejudice to the delegation of powers granted individually to any director or to the power allowing the board to establish an Executive Committee with general decision-making powers, board committees for specific areas of activity or other bodies of an advisory nature, including a Sustainability Committee, the board of directors shall in any case set an Audit and Compliance Committee, a Nomination Committee and a Remuneration Committee, which shall assume the minimum tasks provided in applicable regulations and in these Regulations.
2. The Nomination Committee shall assess the profile of the most suitable persons to serve on the different board committees and shall submit the relevant proposals to the board of directors, considering the expertise, qualifications and experience of directors and the duties of each Committee.
3. The Nomination Committee shall further encourage an appropriate and diverse membership on every board committee as regards professional experience, competences, personal skills, sector-specific knowledge, international experience or geographic origin, age and in particular gender, taking into account the restrictions that are a result of their smaller size.
4. Board committees shall have a Chair appointed out of their number as well as a Secretary who need not be a member of said committees, in which case they will have the right to attend meetings and speak but no voting rights. Both the Chair and the Secretary shall be appointed by the board of directors, which shall also approve, where appropriate, the set of rules governing their proceedings. In that which has not been especially provided for herein, the rules of proceedings hereunder set out in relation to the board of directors shall apply, as long as they are compatible with the nature and function of the Committee in question.
5. Board committees shall prepare every year a schedule of their ordinary meetings to be submitted to the board of directors.

Section 14. The Executive Committee or the CEOs

1. The permanent delegation of powers by the board of directors to the Executive Committee or to one or several CEOs shall require two-thirds of the members of the board of directors to vote for and may include, at the board of directors' choice, all or a part of the powers of the board itself, establishing the contents, the restrictions and the types of delegation. At any rate, non-delegable powers pursuant to statute, the Articles of Association and these Regulations may not be delegated to the Executive Committee or the CEOs, nor may those others that are necessary for the responsible exercise of the general oversight duty that is incumbent on the board of directors.
2. The Executive Committee, should it exist, shall be made up of a number of directors being no less than three and no greater than eight. At least two of the members of the Executive Committee must be non-executive directors and at least one of these latter must be an independent director.
3. The CEO or the chief executive, should there be more than one, shall act as the Chair of the Executive Committee and the Secretary of the board of directors shall act as Secretary, who may be assisted by the Deputy-Secretary.
4. The Executive Committee will hold its meetings when the Chair calls it.
5. The Executive Committee has to inform the board of directors about the business transacted and the decisions taken at its meetings. Additionally, a copy of the minutes of the meeting of the Executive Committee shall be sent to all the directors.

Section 15. The Audit and Compliance Committee

1. The Audit and Compliance Committee shall be made up of a number of non-executive directors being no less than three and no greater than seven, most of whom shall be independent directors. The Chair of the Committee, who must be an independent director, shall be elected by the board of directors for a maximum four-year term, upon expiry of which they shall be replaced. They may be re-elected one year after the expiry of their term. The board of directors shall appoint a Secretary of the Audit and Compliance Committee, who need not be a member of such body.

   The board of directors shall strive to ensure that members of the Audit and Compliance Committee as a whole and in particular its Chair have knowledge, qualifications and experience in accounting, auditing or risk management matters, both financial and non-financial risks, as well as the relevant know-how with regard to the industry to which the Company belongs.

   Likewise, at least one of its members should be appointed with regard to their knowledge, qualifications and experience in the matter of information technology.

2. Without prejudice to any other task it may be entrusted by the board of directors and to other powers it may be reserved by applicable regulations and by the Audit and Compliance Committee's Regulations, the Audit and Compliance Committee shall have the following basic responsibilities, which are:

   (a) To report to the General Meeting of Shareholders on those questions raised regarding matters that fall within the purview of the Audit and Compliance Committee, namely regarding the result of the audit conducted, explaining that it has contributed to the integrity of the financial information, and the role played by the Audit and Compliance Committee in this process.

   (b) To oversee and evaluate the effectiveness of the internal control system of the Company, the internal audit and the risks management systems both financial and non-financial, including tax, operational, technological, legal, social, environmental, reputational risks and those related to corruption, and to review with the statutory auditor the significant weaknesses of the internal control system revealed in the course of the audit, all of which without jeopardising its independence; for such purposes, the Committee may, if appropriate, submit recommendations or proposals to the board of directors, with the relevant term for follow-up.

   (c) To oversee and evaluate the process for preparing and presenting the mandatory financial and non-financial information regarding the Company and, as the case may be, its Group, as well as its clarity and integrity, reviewing compliance with regulatory requirements, the appropriate delimitation of the consolidation perimeter and the appropriate application of accounting criteria, and submit recommendations or proposals to the board of directors for the purposes of safeguarding the integrity of such information. With regard to the duty to oversee the process to prepare the mandatory non-financial information, the Committee shall act in coordination with the Sustainability Committee to ensure a consolidated view on the effective application of the policies that fall within their respective purviews, without prejudice to the fact that the Audit and Compliance Committee will be ultimately responsible for overseeing the process.

   (d) To raise to the board of directors, for the subsequent submission thereof to the General Meeting of Shareholders, proposals on selection, appointment, re-election and replacement of the external auditor, taking charge of the selection process pursuant to the provisions of applicable regulations, as well as the

terms and conditions of their engagement and to regularly gather from the external auditor information about the audit plan and its performance, in addition to preserving its independence in the performance of its duties.

(e) To liaise with the external auditor in order to receive information on those matters that could represent a threat to its independence, so that the Audit and Compliance Committee may review them, and on any other matter related to the implementation of the statutory audit process, and, where appropriate, the authorisation of any services other than those forbidden, pursuant to the terms of applicable regulations, as well as those other communications envisaged by statutory audit laws and auditing standards. At any rate, the Committee should receive every year from the external auditor, the statement of its independence regarding the entity or those entities directly or indirectly related thereto, as well as detailed and separate information on any non-audit services of any manner rendered and the relevant fees received by the external auditor or by the persons, natural or legal related to such external auditor, pursuant to the provisions of the prevailing regulations on statutory audit.

(f) To issue every year prior to the issue of the audit report, a report expressing an opinion on whether the independence of the statutory auditors or audit firms has been jeopardised. Such report must address at any rate, the reasoned assessment of the provision of each and every non-audit service referred to in the foregoing paragraph, considered both separately and as a whole, other than the statutory audit and regarding the independence system or the regulations on statutory audit.

(g) To advise in advance the board of directors on all the topics covered by statute, the Articles of Association and the Board of Directors' Regulations, and in particular, on (i) the financial information and the director's report that should include, where appropriate, the mandatory non-financial information that the Company must disclose on a regular basis; and (ii) the creation or acquisition of interests in special purpose vehicles or entities resident in countries or territories considered tax havens.

(h) To oversee the activity of the Internal Audit function, which shall report functionally to the Chair of the Audit and Compliance Committee.

(i) To oversee compliance with applicable regulations and the effectiveness of the Company's policies and internal procedures; the activity of the Compliance function, ensuring that it has the necessary resources to perform its duties properly and effectively; to gather information from the Ethics Committee and the Market Transparency Committee and/or the General Counsel's Office relating to any relevant matter within their respective scopes of action.

(j) To report on the related party transactions that must be approved by the General Meeting or the board of directors, as the case may be, and oversee the internal procedure implemented by the Company for such transactions whose approval has been delegated.

(k) To apprise the board of directors of any structural and corporate transformation that the Company plans to carry out.

(l) To evaluate any questions regarding financial and non-financial risks (including operational, technological, legal, social, environmental, political, reputational risks or those related to corruption).

(m) To ensure that the internal control policies and systems established by the company are effectively applied in practice.

(n) To assume duties inherent in an audit committee as provided from time to time in applicable legislation

with regard to such Group companies that qualify as Public-Interest Entities and where so resolved by the board of directors; and

(o) To establish a direct dialogue and oversee the Company's relations with the Cybersecurity Advisory Committee.

(p) Any other responsibility it may be assigned by the board of directors in the Audit and Compliance Committee's Regulations.

3. The Audit and Compliance Committee shall meet at least on a quarterly basis in order to review the periodic financial information that the Company would release to the market regulators to fulfil its obligations or of its own accord, 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 Chair calls it to meet, who must do so whenever the board of directors or the Chair 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.

4. Members of the management team or staff members of the Company shall be bound to attend the meetings of the Committee and to assist it and give it access to the information available to them when the Committee so requests. The Committee may call executive and non-executive directors, members of management and any employee of the Company, even arrange for them to attend its meetings without the presence of any other officer. The Audit and Compliance Committee may also request the attendance at its meetings of the Company's statutory auditor.

5. To ensure that the Audit and Compliance Committee performs its duties at its best, it may seek the advice of external advisors, for which purpose the provisions of section 28 of these Regulations shall apply.

6. The Audit and Compliance 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.

7. The board of directors will develop the foregoing paragraphs in the Audit and Compliance Committee's Regulations.

Section 16. The Nomination Committee

1. The Nomination Committee shall be made up of a number of non-executive directors being no less than three and not greater than seven, most of whom shall be independent directors. The Chair of the Nomination Committee shall be appointed out of its independent members.

   The board of directors shall strive to ensure that the members of the Nomination Committee, especially its Chair, have the appropriate knowledge, expertise and experience to discharge the duties entrusted to them, including on corporate governance issues, analysis and strategic assessment of human resources, selection of directors and senior managers and the assessment of the suitability requirements legally provided for the discharge of senior management functions.

2. Without prejudice to any other task it may be entrusted by the board of directors and to other powers it may be reserved by applicable regulations and by the Nomination Committee's Regulations, the Nomination Committee shall have the following basic responsibilities, which are:

(a) To evaluate the responsibilities, knowledge, experience and diversity required on the board of directors. For such purposes, to define the functions and qualifications required from candidates who must fill each vacancy, and evaluate the time and contribution required for them to effectively discharge their duties.

(b) To seek an appropriate composition and a diverse membership on the board of directors and its committees in terms of professional experience, competences, personal skills, sector-specific knowledge, international experience or geographic origin, age and in particular, gender.

(c) Assess compliance with the Diversity of Board of Directors Membership and Director Selection Policy.

(d) To table to the board of directors the proposals for the appointment of independent directors to be appointed through the co-option procedure, or to be submitted to the General Meeting of Shareholders, as well as the proposal for the re-election or removal of said directors by the General Meeting of Shareholder.

(e) To issue a report regarding the proposals to appoint the remaining directors prior to their appointment through the co-option procedure or to be submitted to the General Meeting of Shareholders, as well as the proposals for their re-election or removal by the General Meeting of Shareholder.

(f) To issue a report regarding the proposals to appoint and to dismiss senior managers, supporting the existence of a significant number of female senior managers in the company.

(g) To establish and oversee an annual programme for the evaluation of the performance of the board of directors, its Chair, the CEO, the LID, the Secretary of the board and board committees, being entitled to gather such information and documentation as it may deem necessary or expedient for such purposes.

(h) To review and arrange for the succession of the Chair, the CEO ad other executive directors of the board of directors, if any, and, where appropriate, to raise proposals to the board of directors in order for such succession to take place in an orderly and arranged manner.

(i) Any other responsibility it may be assigned by the board of directors in the Nomination Committee's Regulations.

3. Requests for information addressed to the Nomination Committee shall be made by the board of directors or its Chair. Likewise, the Committee must consider the suggestions made by the Chair of the board of directors, the members thereof, the officers or the shareholders of the Company.

4. The Nomination Committee shall meet each time that the board of directors or the Chair thereof requests the issue of a report or the adoption of proposals within its purview and, in any case, whenever is suitable for the successful performance of its functions. In any case, it shall meet at least three times a year.

5. To ensure that the Nomination Committee performs its duties at its best, it may seek the advice of external advisors, for which purpose the provisions of section 28 of these Regulations shall apply.

6. The Nomination 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.

7. The board of directors will develop the foregoing paragraphs in the Nomination Committee's Regulations.

Section 17. The Remuneration Committee

1. The Remuneration Committee shall be made up of a number of non-executive directors being no less than three and not greater than seven, most of whom shall be independent directors. The Chair of the Remuneration Committee shall be appointed out of its independent members.

   The board of directors shall strive to ensure that the members of the Remuneration Committee, in particular its Chair, have the appropriate knowledge, qualifications and experience to discharge the duties entrusted to them, including without limitation, strategic analysis and evaluation of human resources and the design of remuneration plans and policies for directors and senior managers.

2. Without prejudice to any other task it may be entrusted by the board of directors and to other powers it may be reserved by applicable regulations and by the Remuneration Committee's Regulations, the Remuneration Committee shall have the following basic responsibilities, which are:

   (a) To propose to the board of directors the directors and senior managers' remuneration policies, their review and regular update.

   (b) To propose to the board of directors the system and amount of annual remunerations of directors and the individual remuneration of executive directors and the remaining basic terms of their employment agreements, including any potential compensation or severance pay which might be determined in case of removal, pursuant to the provisions of the corporate governance system and of the director remuneration policy approved by the General Meeting of Shareholders.

   (c) To propose the basic terms and conditions of the senior executive agreements, including their remuneration and severance pay, where appropriate.

   (d) To prepare and submit to the board of directors for approval, the Annual Report on Remuneration of Directors and verify the information on remuneration of directors and senior managers included in the corporate documents.

   (e) Any other responsibility it may be assigned by the board of directors in the Remuneration Committee's Regulations.

3. Requests for information addressed to the Remuneration Committee shall be made by the board of directors or its Chair. Likewise, the Committee must consider the suggestions made by the Chair of the board of directors, the members thereof, the officers or the shareholders of the Company.

4. The Remuneration Committee shall meet each time that the board of directors or the Chair thereof requests the issuing of a report or the adoption of proposals within its purview and, in any case, whenever it is suitable for the successful performance of its functions. At any rate, it shall meet at least three times a year, including to draft the information about the remuneration of directors that the board of directors has to approve and include in its annual public documentation.

5. 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 of section 28 of these Regulations shall apply.

6. The Remuneration 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 the directors.

7. The board of directors will develop the foregoing paragraphs in the Remuneration Committee's Regulations.

Section 17*bis*. The Sustainability Committee

1. The Sustainability Committee shall be made up of a number of non-executive directors being no less than three and not greater than seven, most of whom shall be independent directors. The Chair of the Sustainability Committee shall be appointed out of its independent members.

   The board of directors shall strive to ensure that the members of the Sustainability Committee, especially its Chair, have the appropriate knowledge, qualifications and experience to discharge the duties entrusted to them.

2. Without prejudice to any other tasks that it might be entrusted from time to time by the board of directors, by the Sustainability Committee's Regulations, or by applicable regulations, the Sustainability Committee shall have at least the following basic responsibilities:

   (a) To oversee that environmental and social practices of the Company are aligned with the strategy and the policy set by the Company.

   (b) To oversee monitoring of the entire supply chain and compliance by its members with Inditex's Code of Conduct for Manufacturers and Suppliers.

   (c) To establish that the products that the Company sells comply with the product health and safety standards.

   (d) To establish compliance with the most exacting environmental standards, encouraging biodiversity conservation and the sustainable management of natural resources in respect of use of raw materials, production processes, product and store.

   (e) To establish compliance with Inditex's Policy on Human Rights across the entire value chain.

   (f) To oversee the relation of the Company with its different stakeholders relating to sustainability issues, and with the Social Advisory Board.

   (g) To oversee the process to prepare and release regulated and non-regulated non-financial information with regard to the areas of its responsibility, in accordance with applicable regulations and international standards of reference, in particular regarding the contribution to United Nations Sustainable Development Goals (SDGs).

   (h) To regularly review the internal regulations on sustainability of the Group, and to propose to the board of directors, if appropriate any update or amendment thereof, and to monitor compliance with them for the purposes of ensuring that they fulfil the mission to promote the corporate interest and catering as appropriate to the legitimate interests of remaining stakeholders.

   (i) To follow-up on such other scopes or initiatives which might have an impact on the company's sustainability.

   (j) To deliver a more intensive and committed management of sustainability and social issues.

3. The Sustainability Committee shall meet at least three times a year, to exercise the duties referred to in paragraph 3 above. Likewise, it shall meet each time that the board of directors or its Chair requests the issue of a report or the adoption of proposals within its purview and, in any case, whenever it is deemed fit for the successful performance of its duties.

4. Requests for information addressed to the Sustainability Committee shall be made by the board of directors or its

Chair. Likewise, the Committee must consider the suggestions made by the Chair, the members of the board of directors, the officers or the shareholders of the Company.

5. To ensure that the Sustainability Committee performs its duties at its best, it may seek the advice of external advisors, for which purpose the provisions of section 28 of these Regulations shall apply.
6. The Sustainability Committee shall report, through its Chair, to the board of directors on all business transacted and all resolutions passed, at the first meeting of the board of directors held following its meetings. Furthermore, a copy of the minutes of the meetings of the Sustainability Committee shall be made available to the directors.
7. The board of directors will develop the foregoing paragraphs in the Sustainability Committee's Regulations.

Section 18. The Social Advisory Board and the Cybersecurity Advisory Committee

The Social Advisory Board of the Company, which reports to the board of directors via the Sustainability Committee, is the advisory body of the Company in the area of social responsibility and environmental sustainability. Its principle of conduct, the basic rules of organisation and proceedings as well as the rules of conduct of its members are established under the Regulation of the Social Advisory Board, approved by the board of directors.

The Cybersecurity Advisory Committee, which reports to the board of directors via the Audit and Compliance Committee, is the advisory body of the Company in the area of cybersecurity. Its principle of conduct, the basic rules of organisation and proceedings as well as the rules of conduct of its members shall be established in the Charter of the Cybersecurity Advisory Committee, approved by the board of directors.

Both internal bodies are composed of external members outside the Group, with advisory, consulting and non-executive duties.

Chapter V. Proceedings of the board of directors

Section 19. Board meetings

1. The board of directors shall meet at least on a quarterly basis and, at the behest of its Chair, whenever this latter should consider it appropriate for the good running of the Company. The board of directors must also meet when a meeting is requested by at least one-third of its members, in which case it shall be called by the Chair to meet within fifteen days of the request.

   Where further to a request made to the Chair of the board of directors, they would unreasonably fail to call the meeting within one month, directors representing at least one-third of the board membership may convene it, stating the agenda in the notice, to be held in the place where the registered office of the company is situate.

2. Notice of the ordinary meetings shall be sent by letter, fax, telegram or email, and it must be signed by the Chair or the Secretary or the Deputy-Secretary by order of the Chair. The notice shall be issued at least 3 days in advance

   The notice of the meeting shall always include the agenda of the meeting and it shall be accompanied by the duly summarised and prepared relevant information, so that directors may consider it in advance.

   If, in urgent cases, the Chair of the board of directors submits to the approval of such body non-agenda items, the prior and express consent of the majority of directors present shall be required. Such consent shall be placed on record in the minutes.

3. The Chair of the board of directors may call extraordinary meetings of the board of directors when in their opinion the circumstances justify it, without the advanced notice period and the other requirements indicated in the previous paragraph applying in such cases. Furthermore, a quorum shall be deemed to have been present at the board of directors without the need for notice, if all its members present or represented agree to hold the meeting by unanimous vote.

4. Directors may equally pass resolutions in writing without a board meeting, in accordance with applicable regulations. Likewise, board meetings may be held via video conference, conference call, or any other equivalent system allowing to recognise and identify attendees, for them to communicate, speak and cast vote, all of it in real time. In such case the meeting shall be deemed to have been held at the registered office. The Secretary of the board of directors shall record in the minutes of board meetings held by these means, not only the members of the board who attend in person or represented by another director, but also the members attending the meeting via conference call, video conference or any equivalent system.

5. At the beginning of each financial year, the board of directors shall draw up an annual schedule of its ordinary meetings and of the business to be transacted at each meeting. Directors shall be entitled to propose to the Chair, before the board meeting is convened, other items not initially envisaged.

Section 20. Conduct of the meetings

1. A quorum shall be deemed to be present at a board 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.

   Directors shall do their best to attend board meetings, and, when they cannot do so in person, they shall strive to grant a proxy to another member of the board of directors giving instructions as to its use and communicating the same to the Chair of the board of directors. Non-executive directors may only be represented by another non-executive member of the board of directors.

2. The Chair shall be responsible for organising the debate and fostering the participation of the directors in the board's deliberations.

3. Except in those cases where a larger majority is required by applicable regulations, the Articles of Association or these Board of Directors' Regulations, resolutions shall be passed when the absolute majority of those attending the meeting vote for such resolution.

Chapter VI. Appointment and removal of directors

Section 21. Election of directors

1. Directors shall be appointed by the General Meeting of Shareholders or by the board of directors in accordance with applicable regulations.

2. The proposals for the election of directors that the board of directors submits to shareholders at the General Meeting of Shareholders and the election decisions that said body makes by virtue of the powers to co-opt legally attributed to it must be preceded by the relevant proposal from the Nomination Committee as regards independent directors, or by the relevant report submitted by said Committee, as regards the remaining directorship types.

3. An explanatory report in support of the proposal drawn up by the board of directors shall be provided, assessing the performance, experience and qualifications of the proposed candidate. Such report will be attached to the minutes of the General Meeting of Shareholders or of the board meeting.

   When the board of directors departs from the proposals and reports of the Nomination Committee, it must provide the rationale for such decision and place it on record.

4. Directorship types must be explained by the board of directors to the General Meeting of Shareholders in charge of appointing or ratifying the appointment of directors, and they shall be confirmed or, where appropriate, reviewed in the Annual Corporate Governance Report, after verification by the Nomination Committee.

Section 22. Appointment of directors

1. The board of directors and the Nomination Committee shall strive, within their purview, for the choice of candidates to fall on persons of well-known ability, qualification and experience, and they must strictly adhere to such provisions with regard to those persons called to fill positions of independent directors.

   Likewise, they shall strive for the selection procedure of directors to favour diversity of knowledge, skills, experiences, international experience or geographic origin, age, and in particular gender, and that it does not suffer from any implicit bias that may lead to any form of discrimination, and in particular that it favours selection of female directors in a number allowing to reach a balanced presence of women and men on the board, in line with the targets set in the Diversity of Board of Directors Membership and Director Selection Policy.

2. The board of directors may not propose or appoint in order to fill a position of director, anyone who holds the office of director in more than four listed companies other than the Company at the same time.

Section 23. Re-election of directors

1. The proposals for re-election of directors that the board of directors decides to submit to shareholders at the General Meeting of Shareholders must be subject to a procedure, which shall necessarily include, a proposal, in respect of independent directors, or a report issued by the Nomination Committee in respect of the remaining directors, whereby the quality of work and the dedication to office by the proposed directors during their prior tenure shall be evaluated. The board of directors shall, at any rate, prepare the report on the re-election of the candidate referred to in section 21 above, and make it available to the shareholders.

2. The Chair, the Deputy Chair, the LID, the members of the Audit and Compliance Committee, the Nomination Committee, the Remuneration Committee and, where appropriate, of the Sustainability Committee, as well as, -should they be directors- the Secretary and the Deputy Secretaries of the board of directors who are re-elected to the board of directors further to a resolution of the General Meeting of Shareholders, shall remain in the office they held previously within the board of directors without any new re-election being required. The foregoing provision is without prejudice to the power of revocation which is incumbent on the board of directors.

Section 24. Term of office

1. Directors shall serve on the board for the term established in the Articles of Association, upon expiry of which they may be re-elected for the same maximum periods.

2. Directors co-opted to the board shall hold their office until the date the first General Meeting of Shareholders immediately after the appointment is held.

3. A director who ends their term of office or for any other reason should cease to serve as a director may not serve as a director in any other company whose corporate objects are similar to that of the company for a 2-year period.

   The board of directors may, should it think it appropriate, release the outgoing director from their obligation or shorten the length of the period.

Section 25. Resignation and removal of directors

1. Directors shall vacate office when the period for which they were appointed has expired or when the General Meeting of Shareholders so decides, making use of the powers it has been conferred by statute or by the Articles of Association.

2. The board of directors may urge its members to offer their resignation and it will, if appropriate, propose their dismissal to shareholders at the General Meeting of Shareholders in the following cases:

   (a) When they cease to hold the executive positions to which their appointment as director was associated.

   (b) When they are involved in any of the incompatibility or prohibition cases provided in applicable regulations, the Articles of Association or these Regulations, including if they would happen to hold the office of director in more than four listed companies other than the Company.

   (c) When they are seriously admonished by the Audit and Compliance Committee for having breached their duties as directors.

   (d) When they are involved in any circumstances affecting them, related or not to their actions within the Company, that may harm its name or reputation or otherwise jeopardise the Company's interests. For such purposes, they shall report to the board of directors any criminal cases in which they are accused as well as the occurrence of any other procedural milestones.

   (e) When the reasons for their appointment cease to exist.

   (f) With regard to proprietary directors, when the shareholders they represent dispose of their ownership interest in its entirety or reduce it up to a limit which requires the reduction of the number of proprietary directors.

   (g) With regard to independent directors, when they have continuously held such position in the Company for twelve years.

   Directors having incurred in any of the circumstances above that the Company could not have become aware of, shall give notice thereof to the board of directors in the shortest delay, offering their resignation to the board.

3. The board of directors may only propose the removal of an independent director before the expiry of their term of office when a just cause arises, and this is considered by the board of directors after report from the Nomination Committee. In addition to the scenarios outlined in paragraph 2 above, a just cause will exist when a director holds new positions or assumes new obligations preventing them from making sufficient time available for board meetings and other duties inherent in the office of director; is in breach of the duties inherent in the office or is involved in any of the circumstances leading to them no longer qualifying as independent directors, pursuant to the provisions of applicable regulations. Likewise, removal of a director may be proposed as a result of takeover,

mergers or other similar corporate transactions which entail a change in the shareholding structure of the Company, where such change entails in turn another change in the structure of the board of directors on account of the ratio of proprietary directors.

4. Where a director vacates their office before the end of their term of office by resigning or further to a resolution of the General Meeting of Shareholders, they should state the reasons for such resignation, or their opinion on the reasons for the removal resolved by the General Meeting of Shareholders as regards non-executive directors, in a letter that must be addressed to all the members of the board of directors. To the extent that this may be relevant for investors, and without prejudice to reporting it in the Annual Corporate Governance Report, the Company, shall announce their departure in the shortest delay with sufficient reference to reasons or circumstances provided by the director.

   Furthermore, as regards independent directors, the Nomination Committee shall give a report on the proposal of their early removal.

Section 26. Objectivity and vote by ballot

1. Directors affected by proposals for nomination, re-election, removal, or by proposals for the approval of their agreement with the Company covering their remuneration and their remaining rights and obligations, in the case of executive directors, shall leave the meeting during the deliberations and voting referring thereto.
2. Voting by the board of directors on nomination, re-election or removal of directors shall be by ballot.

Chapter VII. Information to directors

Section 27. Powers regarding information and examination

1. Directors are vested with the widest powers to learn about any aspect of the Company, to examine the books, records, documents and other records of the company's operations and to examine all its facilities. This right to information extends to the subsidiaries.
2. In order not to hamper the ordinary course of Company business, the exercise of the powers regarding information shall be channelled through the Chair, the Deputy Chair or any of the Deputy Chairs, where appropriate, or through the Secretary of the board of directors, who shall attend to the request made by any director and directly provide them with the information, facilitate contacts with the appropriate spokespersons at the appropriate level in the organisation or establish such measures as to enable them to conduct the desired examinations in situ.

Section 28. Experts' assistance

1. In order to receive assistance in the performance of their duties, non-executive directors may request that legal, accounting, financial or other experts be engaged at the company's expense.

   The commissioned task must of necessity deal with specific problems of a certain importance and complexity which may arise in the performance of the office.
2. The decision to engage external experts must be notified to the Chair of the board of directors and may be open to veto by the board of directors if it proves that:

(a) It is not necessary for the proper performance of the duties entrusted to the non-executive directors;

(b) The cost is not reasonable in view of the importance of the problem and of the assets and income of the Company;

(c) The technical assistance obtained may be properly provided by in-house experts and staff members, or has already been entrusted to other experts;

(d) The technical assistance obtained may be properly provided by in-house experts and staff members or has already been entrusted to other experts.

Section 29. Information to directors

The Company shall design induction courses to provide new directors with a quick and appropriate glance on the Company and on its corporate governance regulations. Likewise, when circumstances so advice, refresher programs shall be offered.

Chapter VIII. Directors' remuneration

Section 30. Directors' remuneration

1. Directors shall be entitled, in such capacity, to receive the remuneration fixed by the board of directors and, where appropriate, by the General Meeting of Shareholders, within their respective purview, in accordance with the provisions of the Articles of Association and of these Regulations, and in accordance with the remuneration policy approved by the General Meeting of Shareholders, pursuant to statutory terms. The board of directors shall submit such policy to the General Meeting of Shareholders for approval, at least every three years, without prejudice to such cases where a higher length of time is required.

2. Within the limits provided in the Articles of Association, the board of directors shall strive for the remuneration of directors to be in reasonable proportion to the weight of the Company, its financial situation at any given time and the benchmark standards of comparable companies. The remuneration system established should aim to promote the Company's long-term return and sustainability and include the required safeguards to prevent an excessive risk-taking and the reward of poor results. Likewise, the board of directors shall take into account the dedication of the directors to the Company and shall ensure that the remuneration of non-executive directors is such so as to offer incentives to their dedication, without compromising their independence.

3. The remuneration described in the foregoing paragraph shall be compatible with and independent of the remuneration of such board members who discharge executive duties pursuant to the contracts executed for such purposes between the director and the Company, for the discharge of such duties.

   Such contracts shall be in line with the directors' remuneration policy approved by the General Meeting of Shareholders, and they shall cover all the grounds whereby directors may receive a remuneration for the discharge of executive duties, including, where appropriate the eventual compensation for the early termination of such duties and the amounts to be paid by the Company as insurance premium or contribution to savings or retirement plans.

   It is incumbent on the board of directors to fix the remuneration of executive directors for the performance of their executive duties and to approve, pursuant to the majority rule required by statute, the contracts between the executive directors and the Company, which must be in line with the remuneration policy approved by the General

Meeting of Shareholders.

4. The board of directors shall approve every year, on the proposal of the Remuneration Committee, the Annual Report on the Remuneration of Directors which shall include full, accurate and understandable information about the compensation policy of the Company approved by the board of directors for the current year, as well as, where appropriate, the expected policy for years to come. Such report shall also include a comprehensive summary addressing the enforcement of the compensation policy during the year, as well as a breakdown of individual remunerations accrued by each director, separating fixed remuneration from variable remuneration and underscoring the remaining relevant terms of the employment agreements of those who discharge senior management duties as executive directors.
5. The Annual Report on the Remuneration of Directors shall be disclosed and put to the advisory say- on- pay vote of the General Meeting of Shareholders of Shareholders as a separate agenda item.

Chapter IX. Directors' duties

Section 31. Directors' general duties

1. Directors must perform the duties imposed by statute, the Articles of Association and these Regulations with the care of orderly businessmen and with the loyalty of a faithful representative, taking into account the nature of the office and the duties assigned to each of them, acting in good faith and with loyalty to the interest of the Company.
2. In the area of strategic and business decisions, subject to business discretion, the standard of diligence of an orderly businessman shall be deemed met if the director has acted in good faith without personal interest in the matter being decided, with sufficient information and pursuant to an appropriate decision-making process.
3. Namely, directors shall be bound to:
    (a) Make sufficient time available for the duties of the board of directors and promote the adopting by the bard of the required measures for the smooth running and control of the company.
    (b) Keep dutifully apprised on the course of business of the Company and prepare appropriately the meetings of the board and of the committees on which they sit, demanding and gathering from the Company the appropriate and necessary information which may help them comply with their obligations.
    (c) Attend in person the meetings of the bodies in which they are members, and participate actively in debates, so that their opinion makes an effective contribution to the decision-making process.

    Where, on justified grounds, they are unable to attend the meeting to which they have been called, they shall grant proxy to another director (in case of non-executive directors, they can only grant proxy to another non- executive director) and give instructions to the director who has to represent them.
    (d) Undertake any specific task assigned to them by the board of directors or any of its committees and/or advisory bodies falling within their commitment of dedication.
    (e) Investigate any irregularity in the management of the Company that may come to their attention and monitor any situations of risk.
    (f) Urge those persons with the capacity to call meetings to call an extraordinary meeting of the board of directors or to include on the agenda of the first meeting to be held those items they may deem fit.

(g) Oppose to those resolutions that are contrary to statute, the Articles of Association or the Company´s interest, request that their opposition be recorded and seek to challenge said resolutions.

Should a director choose to tender their resignation where the board of directors would pass significant or repeated resolutions to which said director would have serious reserves, they will explain the reasons for their resignation in the letter referred to in section 25.4 above. This duty shall also apply to the Secretary of the board, even if they were not a director.

(h) Not to exercise their powers for any purpose other than those they were granted for.

(i) To discharge their duties pursuant to the principle of personal responsibility with freedom of choice and independence in respect of instructions and links with third parties.

4. The provisions of this chapter shall also apply to such natural persons who have been appointed representatives of a corporate director.

Section 32. Directors' duty of confidentiality

Directors shall keep confidential information secret even after leaving office, with the obligation to keep the information, data, reports or background they get to know as a result of their offices reserved, and such information shall not be disclosed to any third parties or disseminated whenever this could be detrimental to the interests of the company. With regard to directors who are legal persons, the duty of secrecy shall lie with their legal representative, subject to the duty such representatives might have to inform said legal person, who shall also be bound by this confidentiality duty. This duty of secrecy shall not apply to the cases provided in statute.

Section 33. Non-compete obligation

1. Directors shall refrain from conducting, either for themselves or for others, any business which is actually in competition, whether currently or in future with the Company or which, at any rate place them in permanent conflict with the interests of the Company.
2. Release from the obligation of non-competition with the company may only occur in such cases where no damage for the Company is expected or where damage expected can be set off with the benefit expected from the release. Such release shall be granted further to an express and separate resolution of the General Meeting of Shareholders.
3. In any case, at the behest of any shareholder, the General Meeting of Shareholders shall pass a resolution regarding the removal of any director who conducts business in competition with that of the Company, when the risk of damage for the company has become relevant.
4. The offices that may be held by directors of the Company in companies of the group are exempt from the above.
5. Pursuant to the provisions of section 24.3 hereof, directors whose term of office expires or who ceases to hold office on any other grounds may not render services in another entity whose corporate objects are similar to those of the Company for a two-year period. Notwithstanding the foregoing, the board of directors may release, should it deem it fit, the outgoing director from such obligation or reduce its duration.

Section 34. Conflicts of interest

1. A conflict-of-interest situation shall be deemed to exist where there is a direct or indirect conflict between the

interest of the Company and the personal interest of directors. It is considered that directors have a personal interest when the matter affects them or any of their related parties.

For the purposes of these Regulations, related parties of a director are understood as being:

(a) The spouse of the director or any other person deemed to be equivalent to a spouse.

(b) The ancestors, descendants and siblings of the director or of the spouse (or any other person deemed to be equivalent to a spouse) of the director.

(c) The spouse (or any other person deemed to be equivalent to a spouse) of the ancestors, descendants and siblings of the director.

(d) Those companies or entities where directors would hold, directly or indirectly, even via a nominee a significant shareholding giving them a significant influence or, if they hold in them or in their parent companies an office in their governing body or act a senior manager thereof. For such purposes, any shareholding equal to or in excess of 10% of the share capital of the company or of its voting rights or based upon which a representation on the governing body of the company has been secured *de facto* or *de iure*, shall be deemed to give significant influence.

(e) Shareholders represented by a director on the board of directors.

With regard to directors who are legal persons, related parties are understood as being the following:

(a) Those partners who are included with regard to the director legal person, in any of the situations provided in section 42 of the Code of Commerce.

(b) The legal representative, the director *de iure* or *de facto*, the liquidators and the attorneys-in fact with general powers of the director, who is a legal person.

(c) Those companies that are part of the same corporate group, as defined in section 42 of the Code of Commerce, and their shareholders.

(d) Those persons who are understood, with regard to the director who is a legal person as being related parties in accordance with the provisions of the paragraph above regarding directors who are natural persons.

2. The following rules shall apply to the conflict-of-interest situations:

(a) Prevention: directors must take all necessary measures to prevent, as far as possible, becoming involved in any situations in which their interests may, either on their behalf, or on behalf of third parties, be in conflict with the interest of the company and with their duties towards the company.

(b) Disclosure: without prejudice to their obligation of active prevention, directors must disclose to the board of directors, through the Chair or the Secretary thereof, any conflict-of-interest situation in which they are involved.

(c) Abstention: directors must abstain from attending and taking part in the discussions and voting of those matters regarding which they are in a conflict-of-interest situation, with the exceptions provided in the applicable laws. Likewise, with regard to proprietary directors, they shall abstain from taking part in the voting of those matters that might entail a conflict of interest between those shareholders that had proposed their appointment and the Company, with the exceptions provided for in the applicable regulations.

(d) Transparency: the Company must disclose in the notes to the annual accounts any conflict of interest situation in which a director is, that the Company is aware of by virtue of the information of same by the affected person, or by any other means.

Section 35. Use of corporate assets

1. Directors may not make use of the assets of the Company, including the confidential information of the Company, for private purposes, nor may take advantage of their position in the company in order to obtain patrimonial advantages unless it is in exchange for good consideration.
2. As an exception, directors may be released from the obligation of giving a consideration, but in this case, the patrimonial advantage shall be considered as indirect remuneration and must be authorised by the board of directors, after report by the Remuneration Committee, unless the authorisation of the General Meeting of Shareholders for such release as well as adjusting to the remuneration policy of directors is required by the applicable laws.

   If the advantage is received due to their status as shareholders, it shall only be appropriate if the principle of equal treatment of the shareholders is respected.

Section 36. Non-public information

1. Directors may not make use of Company non-public information for private purposes unless the following conditions are met:

   (a) That the said information is not used in connection with operations of acquisition or sale of shares in the Company;

   (b) That the use thereof is in no way detrimental to the Company, and

   (c) That the Company does not hold an exclusive right or a legal position of analogous meaning over the information whose use is desired.
2. The condition foreseen in sub-paragraph (c) above may be exempted by observing the rules contained in the previous section.
3. Additionally, directors must observe the rules of conduct established in the securities market legislation and, especially, the rules established in the Internal Regulations of Conduct Regarding Transactions in Securities and in the Code of Conduct and Responsible Practices of the Inditex Group.

Section 37. Business opportunities

1. Directors may not take advantage for their own benefit or for that of their related parties of any business opportunity corresponding to the Company, (such as investments or any other transactions linked to the Company's assets that they might have learned of while in office,) unless the Company would have previously dismissed said investment or transaction and such rejection has not been influenced by the relevant director.
2. For the purposes of the previous paragraph, a business opportunity shall be understood as being any possibility of making an investment or a commercial transaction which arises or has been discovered in connection with the holding of the office of director by the same, or through the use of company means and information, or under such

circumstances where it would be reasonable to think that the offering of the third party was really addressed at the Company.

Section 38. Prohibition to make undue influence of the office

1. Directors may not use the name of the Company nor their status as Directors to carry out transactions for themselves or for any related party.
2. Neither shall directors get any advantage or remuneration from any third party other than the Company and its group in connection with the discharge of their office, unless they are granted on a complimentary basis.

Section 39. Directors' duties of information

1. Directors must disclose to the Company the number of shares in the same they hold, whether directly or indirectly. Likewise, they must inform about those other shares which are held, directly or indirectly, by their closest relatives, all of which in accordance with the provisions of the Internal Regulations of Conduct in the Securities Market.
2. Directors must also inform the Company of any conflict-of-interest situation, either direct or indirect, in which either themselves or their Related Parties may be involved in respect of the interest of the Company.
3. Directors must also inform the Nomination Committee of all the positions they hold and the activities they carry out in other companies or entities and, in general, about any fact or situation which may be relevant for their performance as director of the Company. In this regard, without prejudice to the obligation of placing their office at the disposal of the Board, provided in section 25 above directors shall inform the board of directors of any other change in their professional situation and of any circumstance which might compromise the Company's name and reputation or jeopardise its interests.
4. Directors must inform the Company of any court, administrative proceedings or other proceedings whatsoever brought against them and which, given their relevance or description, might seriously affect the reputation of the Company. Namely, directors shall inform the Company via the Chair of the board of directors, should they be accused, in any criminal case of any offence, as well as of the occurrence of any other relevant procedural milestones in such cause. The board of directors shall examine the case, as soon as possible, and take, following a report from the Nomination Committee and based upon the interest of the company, any measures it may deem fit, such as the opening of an internal investigation, calling on a director to resign or proposing their dismissal.

   In such case, the Company shall report the measures taken in the Annual Corporate Governance Report, unless there are special circumstances which justify otherwise, which must be recorded in the minutes.

Section 40. Transactions with directors and significant shareholders

1. The board of directors reserves the right to have knowledge of any transaction between the Company or any of its subsidiaries with directors, with shareholders owning 10% or more of the voting rights or represented on the board of directors, or with any other person qualifying as related party in accordance with the definition provided in International Accounting Standards.

2. The approval of a related party transaction must be subject to the prior report of the Audit and Compliance Committee. In such report, the committee shall consider whether the transaction is fair and reasonable from the standpoint of the Company and, if appropriate, of any shareholder other than the related party, and in accordance with the requirements laid down for each case in the applicable regulations. Affected directors will not take part in the preparation of such report.

3. Where duly supported reasons for urgency exist, related party transactions may be authorised, if appropriate, by delegated bodies or individuals. In such case, they must be ratified at the first board meeting held following their conduct.

4. The Company shall inform of the transactions conducted with directors, significant shareholders and related parties in the half-yearly public periodic information and in the Annual Corporate Governance Report, within the scope of applicable regulations. Likewise, the Company shall include on the notes to the annual accounts information on the transactions carried out by the company or any companies within the Inditex Group with directors and with those acting on their behalf, whenever they are alien to the ordinary course of business of the Company or are not carried out on an arm's length basis.

5. Related party transactions whose value is in excess of 5% of the equity value or 2.5% of the annual turnover must be published on the Company's website at the latest on the date they are carried out, together with the report issued by the Audit and Compliance Committee. Likewise, they should be disclosed to the National Securities Market Commission to be publicly released.

6. The board of directors may delegate the approval of the following related party transactions in the following cases:

   (i) Transactions which cumulatively meet the following three requirements:

      (a) they are carried out pursuant to standard agreements and applied *en masse* to a large number of clients.

      (b) they are carried out at such prices or rates generally set by the provider of the good or service in question.

      (c) their value does not exceed of 0.5% of the company's net turnover.

   (ii) Transactions among companies of the same group carried out within the ordinary course of company business and on an arm's length basis.

   Such transactions will be subject to the internal information and monitoring procedure overseen by the Audit and Compliance Committee.

7. The authorisation shall be granted by the General Meeting of Shareholders when it refers to any transaction with a director for a value which is in excess of 10% of the corporate assets.

Chapter X. Relations of the board of directors

Section 41. Annual Corporate Governance Report

1. The Audit and Compliance Committee shall draw up and put forward to the board of directors the Annual Corporate Governance Report which shall be subject to the deliberation and approval of the board of directors prior to the publication of the notice of the Company's General Meeting of Shareholders for the financial year in question.
2. The Annual Corporate Governance Report shall be available on CNMV's website and on the Company's corporate website referred to in section 42 below.
3. Furthermore, the board of directors shall, following the Group's social and environmental sustainability model and on the advice of the Social Advisory Board and the Sustainability Committee, ensure that the preparation of the annual public documentation is based upon the Integrated Report.

Section 42. Corporate website

1. The Company shall make available all the relevant information concerning its corporate governance on its website (www.inditex.com) for the purposes of channelling the relations with shareholders and investors and encouraging their involvement in the life of the company. This information, which has to be permanently updated, shall contain at least the following:
    (a) The Articles of Association.
    (b) The Regulations of the General Meeting of Shareholders.
    (c) The Board of Directors' Regulations.
    (d) The Audit and Compliance Committee's Regulations.
    (e) The Nomination Committee's Regulations.
    (f) The Remuneration Committee's Regulations.
    (g) The Sustainability Committee's Regulations.
    (h) The Internal Regulations of Conduct in the Securities Markets (IRC).
    (i) The Annual Corporate Governance Report.
    (j) The Annual Report on Remuneration of Directors.
    (k) The Annual Report (Integrated report).
    (l) The report on the proceedings and activities of the Audit and Compliance Committee, the Nomination Committee, the Remuneration Committee and the Sustainability Committee.
    (m) All documents concerning the Annual and Extraordinary General Meetings, with the information regarding the agenda, the proposals submitted by the board of directors, and any other relevant information that the shareholders might require, in order to cast their vote, within the period indicated by CNMV, as well as any valid requests for information, clarification or questions made in writing by the shareholders in the exercise of their right to information and the answers given in writing by the directors, unless prior to raising the specific question, the information requested is already available on the corporate website

under the question-answer format.

(n) Information on the proceedings of the General Meeting of Shareholders already held, namely as regards the composition of the General Meeting of Shareholders upon a quorum being declared, the resolutions passed with a break-down of the votes cast and expressing whether they are for, against, blank or abstention as regards each of the proposals included on the agenda, within the period indicated by CNMV.

(o) The communication channels existing between the Company and the shareholders, and namely such explanations as are necessary to exercise the right to vote, stating the postal addresses and email addresses where shareholders can address their queries.

(p) The ways and procedures to grant proxy at the General Meeting of Shareholders, pursuant to the specifications given by CNMV.

(q) The ways and procedures to cast absentee vote, pursuant to the rules governing such system, including where appropriate, the forms that support the granting of proxy and the submission of votes by remote means at the General Meeting of Shareholders.

(r) Communications of Other Relevant Information (*Otra Información Relevante*) and of Inside Information filed with CNMV, under the terms required by the applicable regulations.

(s) The following information regarding directors: i) professional profile and biography; ii) other boards where they serve, whether in listed companies or otherwise (except for the assets-holding companies of the director themselves or of their next of kin); iii) their directorship type, stating in case of proprietary directors, the shareholder whom they represent or to whom they are related; iv) date when they were first appointed and, where appropriate, date of the subsequent appointments as board member, and v) shares of the Company and options on shares which they hold.

(t) The remaining information that the board of directors should deem fit.

2. As regards the contents above, it is incumbent on the board of directors to keep the information of the corporate website updated, and to coordinate its contents with the results stemming from the documents filed and registered with the relevant public registries.

Section 43. Relations with shareholders

1. The board of directors shall enable adequate channels in order to know the proposals that shareholders may make with regards to the management of the Company.
2. The board of directors may, with the collaboration of those senior managers that it considers appropriate, or any of the directors or the LID, organise informational seminars on the progress of the Company and its Group, for those shareholders who reside in the most relevant financial markets in Spain and in other countries.
3. The board of directors shall likewise establish adequate mechanisms in order to exchange regular information with the institutional shareholders, which make up part of the shareholders of the company. Under no circumstances shall these mechanisms lead to giving to these institutional shareholders any information that could give them an advantage with respect to other shareholders of the Company.
4. The board of directors shall encourage the informed participation of shareholders at the General Meeting of

Shareholders and shall adopt whatever measures are advisable in order to assist the efficient exercise by the General Meeting of Shareholders of the duties inherent in it in accordance with statute, the Articles of Association and the General Meeting of Shareholders Regulations.

Section 44. Relations with the markets

1. Subject to the provisions of section 42 above, the board of directors shall immediately disclose to the public:
   (a) Any relevant information, which is likely to significantly affect the formation of prices on the stock market.
   (b) Any relevant changes in the company's ownership structure, such as variations in significant holdings, and shareholders' agreements of which it has become aware.
   (c) Any substantial amendments to the Company's rules of governance.
   (d) The treasury stock policy that the Company intends, where appropriate, to carry out, under the authorisations granted by the General Meeting of Shareholders and its amendment.
2. The board of directors shall take the necessary steps to ensure that the financial information and any other information that wisdom requires to be made available to the markets is drawn up pursuant to the same principles, criteria and professional practices as those used for the annual accounts and that they are as reliable as these latter. For this last purpose, the Audit and Compliance Committee shall review said information.

Section 45. Relations with statutory auditors

1. The relations of the board of directors with the external auditor of the Company shall be channelled through the Audit and Compliance Committee.
2. The board of directors shall meet at least once a year with the statutory auditor to receive information on the work done and on the evolution of the accounting and risk situation of the Company.
3. The Audit and Compliance Committee shall refrain from proposing to the board of directors, and the latter shall refrain from putting forward to the General Meeting of Shareholders, the appointment as statutory auditor of the Company of an audit firm incurring in incompatibility in accordance with the laws on statutory audit as well as any audit firm wherein the fees that the Company expects to pay them for all services are in excess of the limits established in the laws on statutory audit.
4. The board of directors shall publicly disclose the whole of the fees paid by the Company to the audit firm for non-audit services.
5. The board of directors shall ensure that the annual accounts are drawn up in accordance with accounting standards, striving for them to be drafted in such a manner that they do not give rise to qualifications on the part of the auditor. However, in the exceptional circumstances where the auditor expresses a qualified opinion and the board of directors considers that it must stick to its position, it shall publicly explain the contents and scope of the discrepancy. The foregoing without prejudice to the information that the Chair of the Audit and Compliance Committee would make available to the shareholders at the General Meeting of Shareholders.

INDITEX