**PROPOSALS**

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<tr>
<td>1</td>
<td>Approve Financial Statements</td>
<td>For</td>
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<td></td>
<td>The financial statements were made available sufficiently before the meeting. The auditors have not qualified their opinion. No serious governance concerns have been identified. Acceptable proposal.</td>
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<td>2</td>
<td>Approve Consolidated Financial Statements and Discharge the Board</td>
<td>For</td>
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<td>The financial statements were made available sufficiently before the meeting. The auditors have not qualified their opinion. No serious governance concerns have been identified. Acceptable proposal.</td>
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<td>3</td>
<td>Approve the Dividend</td>
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<td>The Board proposes a dividend of EUR 0.60 per share. The dividend is covered by earnings. Acceptable proposal.</td>
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<td>4.a</td>
<td>Elect Pontegadea Inversiones, S.L., represented by Ms. Flora Perez Marcote</td>
<td>Oppose</td>
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<td>Non-Executive Director. Not considered to be independent as she is the physical representative and Vice-Chairwoman of Pontegadea Inversiones, S.L., the majority shareholder. Until 9 December 2015 Ms. Marcote was the representative of Gartler, S.L. on the Board, company which merged with Pontegadea Inversiones, S.L. There is insufficient independent representation on the Board.</td>
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<td>4.b</td>
<td>Elect Baroness Kingsmill CBE</td>
<td>For</td>
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<td>Independent Non-Executive Director candidate.</td>
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<td>5.a*</td>
<td>Amend Articles: Article 4</td>
<td>For</td>
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<td>It is proposed to amend article 4 of the Company’s bylaws. The amended article regards the Company’s registered office, which shall be Avenida de la Diputación, Edificio Inditex, Arteixo (A Coruña). Depending on approval, the Board will no longer be authorized to transfer the registered office within the same municipal area. Acceptable proposal.</td>
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<td>5.b*</td>
<td>Amend Articles: Articles 19 and 20</td>
<td>For</td>
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<td>It is proposed to amend articles 19 and 20 of the Company’s bylaws. The amended articles regard the General Meetings of Shareholders and the Passing of Resolutions. Depending on approval, shareholders who vote remotely may grant proxy with regard to the proposals not included on the agenda. Acceptable proposal.</td>
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5.c* **Amend Articles: Article 28 and 30**
It is proposed to amend articles 28 and 30 of the Company’s bylaws, pursuant to compliance with Law 22/2015. The amended article 28 regards the Audit and Control Committee, whose members shall have the relevant know-how with regard to the industry to which the Company belongs. In addition, it is proposed that the Committee shall report to the General Meeting of Shareholders the result of the audit conducted and how that has contributed to the integrity of the financial information, shall review the regulatory requirements of the regulated financial information and to submit recommendations to the Board.
It is further proposed on the amendment to article 30 that the Remuneration Committee shall propose the basic terms and conditions of the contracts with senior executives, including their remuneration and severance pay.
It is regrettable that the Company has bundled these amendments instead of proposing separate resolutions. However, the amendments are pursuing compliance with applicable law, which implements EU Directive 2014/56 and Regulation 537/2014. On this basis, Triodos supports this resolution.

5.d* **Amend Articles: Article 36**
It is proposed to amend article 36 of the Company’s bylaws. The amended article regards the approval of the accounts and distribution of income. Depending on approval, dividends may only be declared charged to freely disposable reserves if the amount of the available reserves is at least equal to the amount of research and development costs shown on the assets side of the balance sheet. Acceptable proposal.

5.e **Adopt New Articles of Association**
Proposal to approve the revised version of the Articles, after the amendments proposed in the previous resolutions. As no concerns have been identified, Triodos supports this resolution.

6 **Appoint the Auditors**
Deloitte proposed. Non-audit fees represented 18.18% of audit fees during the year under review and 17.89% on a three-year aggregate basis. This level of non-audit fees does not raise serious concerns about the independence of the statutory auditor. Acceptable proposal.

7 **Approve New Long Term Incentive Plan**
The Board proposes the approval of a new incentive plan, divided in two cycles of three years. Under the plan, the Executive Chairman and other executives will be awarded free shares (for the Executive Chairman, shares will cover 60% of the Plan), which will start vesting after two years from the date of award. The payment of the incentive will depend on the levels of achievement of the following metrics, each with a 1/3 weigh: EBIT growth, same-store sales growth, and the TSR. However, quantified targets have not been disclosed at this time, which makes it impossible to assess clearly the link between pay and performance and is deemed a serious frustration of shareholder accountability.
Based upon the lack of adequate disclosure, Triodos opposes this resolution.

8 **Authorise Share Repurchase**
Authority allow the Board to repurchase and use capital stock within legal boundaries. The repurchase is limited to 10% of share capital and will be in force for five years. Though the duration of the authority is in line with the European Shareholder Rights Directive, it is considered best practice that such authorities should have a maximum duration of 26 months. On this basis, Triodos opposes this resolution.

9 **Approve the Remuneration Report**
It is proposed to approve the annual report on remuneration of executive and non-executive directors with an advisory vote. Although variable remuneration appears to be consistently capped, there are excessiveness concerns as the total variable remuneration for the CEO in the year under review exceeded 200% of the salary. In addition, the Company has not disclosed quantified targets for its variable remuneration component, which may lead to overpayment against underperformance. There are claw back clauses in place over the entirety of the variable remuneration, which is welcomed.
Based on concerns over excessive remuneration, Triodos opposes this resolution.
Proposal 1 - Approve Financial Statements
In November 2014, the Directive 2014/95/EU was published and Member States will have until end of 2016 to transpose the Directive into national legislation and companies will start reporting as of their financial year 2017. The Directive has legislative relevance for all the European Economic Area and as such should be implemented also by members of the European Free Trade Association. Under the Directive, companies should provide disclosure of non-financial information (policy and practice) in the annual report or on a separate report, made available at the latest 6 months after the date of the balance sheet. The European Commission has been tasked with publishing non-binding reporting guidelines by December 2016. Although the provisions contained in the Directive are not yet binding, they are considered to set the bar of best practice. PIRC maintains that corporations should not passively abide by minimum standards set in regulation, but actively exceed minimum thresholds and seek best practice. PIRC will accurately monitor the presence and the quality of non-financial information.

Proposal 5.c - Amend Articles: Article 28 and 30
Spain Audit Act
The new Spanish Audit Act 22/2015 of 22 July 2015 (effective 17 June 2016) will implement EU Directive 2014/56 and Regulation 537/2014. The main elements of change apply directly the provisions of the Directive and include: 10-year rotation for auditors (possibility for one renewal for four years and under joint audit with another firm) as well as a cap on audit and non-audit fees (non-audit fees cannot exceed 70% of the average of audit fees over the previous three years, and fees invoiced to one company cannot exceed 15% of total income received by the audit firm in the last three years). The Law 22/2015 also enhances the content of the Audit Committee report, which should now include the volume of business by audit services and which audit services have been provided. Furthermore, new reporting obligations have been included for the supervisors of Public Interest Companies.
In addition, the new Law amends the Capital Companies Act 1/2010 (with effectiveness as from 1 January 2016) and the recent changes introduced by the Law 31/2014 in regards to the powers of the Audit Committee. According to the new Law, the Audit Committee must comprise a majority of independent directors (instead of at least two, as per Law 31/2014). The new Law also introduces the obligation for the Audit Committee to explain how it has contributed to the integrity of the financial information.

Proposal 7 - Approve New Long Term Incentive Plan
It is considered best practice to base long term incentives on at least two sets of criteria, of which at least one non-financial indicator, which should work interdependently.

Proposal 9 - Approve the Remuneration Report
In addition to submitting a remuneration policy valid for three years, Spanish companies must submit annually a remuneration report over remuneration practice for the year under review. The vote on the remuneration report is advisory and not binding, however in case the report were not approved by shareholders, the remuneration policy should also be submitted again for approval at a general meeting.
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