

**ANNUAL REPORT ON REMUNERATION OF DIRECTORS OF
LISTED PUBLIC COMPANIES**

ISSUER IDENTIFICATION

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Company Name:

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

Registered Office:

Avda. de la Diputación, Edificio Inditex, 15142 Arteixo (A Coruña) - SPAIN

ANNUAL REPORT ON REMUNERATION OF DIRECTORS OF
INDUSTRIA DE DISEÑO TEXTIL, S.A.

The information hereunder provided covers the period running from 1 February 2014 through 31 January 2015 (financial year 2014) and it includes detailed information about the remuneration policy of the Board of Directors of INDUSTRIA DE DISEÑO TEXTIL, S.A. (INDITEX, S.A.), (hereinafter referred to as “Inditex”, “the Company” or “the Group”, indistinctly); likewise, information on the remuneration policy for FY2015 and subsequent years is also included.

This report has been prepared by the Nomination and Remuneration Committee, pursuant to the provisions of section 541 of the Act on Capital Companies (hereinafter, LSC (*Spanish acronym*)); Order EEC/461/2013 of 20 March, whereby the contents and structure of the annual corporate governance report, the annual remuneration report and other information instruments of listed public companies, savings banks and other entities which issue securities admitted to trading in official securities markets, are determined; Circular 4/2013 of 12 June of the *Comisión Nacional del Mercado de Valores* [Spanish SEC] regarding the annual report on the remuneration of directors of listed public companies, and of section 28, paragraphs 3 and 4 of the Board of Directors’ Regulations of Inditex.

It was resolved by the Board of Directors of Inditex in the meeting held on 17 March 2015, to approve, on the proposal of the Nomination and Remuneration Committee, this Annual Report on Remuneration of Directors for FY2014. This Annual Report is expected to be submitted to the advisory say-on-pay vote of the next Annual General Meeting as a separate item of the agenda.

Should this Report be approved, in an advisory manner, by the Annual General Meeting, the remuneration policy for directors described in this Report shall be deemed to have been also approved for the following three years, for the purposes of the provisions of section 529 *novodecies* of the Act on Capital Companies, and the Transitory Provision of Act 31/2014.

A REMUNERATION POLICY OF THE COMPANY FOR THE CURRENT FINANCIAL YEAR

A.1 Explain the remuneration policy of the company. Information regarding the following issues will be included in this section:

- **General principles and grounds of the remuneration policy.**
- **Most significant changes made to the remuneration policy compared to that applied in the previous financial year, as well as any amendments made during the year to the terms for exercising options already granted.**
- **Criteria used to set the remuneration policy of the company.**
- **Relative significance of the variable items of remuneration versus fixed ones and criteria followed for determining the different components of the directors’ compensation package (*remuneration mix*).**

A.1.1. General principles and grounds of the remuneration policy

The remuneration policy for Directors seeks to compensate them in a manner that best fits the responsibility they have assumed and the dedication in their mandates, and endeavors for this remuneration to be reasonable in accordance with market demands, pursuant to the provisions of section 28.2 of the Board of Directors' Regulations. In addition and specifically regarding Non-executive Directors, it is provided that *"the Board shall ensure that the remuneration of non-executive directors is such so as to offer incentives to dedication by the directors, while not compromising their independence."*

The general principles and grounds of the remuneration Policy for the Chairman and Executive Director are shown below:

- Link to Group's strategy: a portion of the remuneration must be linked to the attainment of the objectives which define the Group's strategy.
- Pay for performance equation: a significant part of the remuneration must vary in accordance with results.
- Long term: remuneration policy must be aligned with the values and long term targets of the Company.
- Competitiveness: the remuneration of the Chairman and Executive Director must be such as to attract and retain the most talented and appropriate professionals to meet the strategic goals of the Company, through the establishment of competitive compensation packages, under the premises that such compensation is neither excessive nor insufficient, to prevent assuming any inappropriate risks and considering market references of comparable companies.
- Transparency: to build trust among shareholders and investors.
- Alignment with most demanded practices by international investors.
- Strict procedures: the objectives which attainment determines variable remuneration must be established at the beginning of the year and monitored by the Nomination and Remuneration Committee at the end of the period. Likewise, Inditex's management by objectives systems, and among them, the short term and long term variable remuneration systems, are reviewed on an annual basis.
- Informed decisions: decisions shall be made based upon assessment of quantitative and qualitative results.
- Commitment to shareholders: the Nomination and Remuneration Committee shall act in a proactive manner to understand shareholders' priorities and to explain remuneration policies and practices in a

transparent manner.

A.1.2. Most significant changes to the remuneration policy compared to that applied in the previous year

During FY2015, the internal regulations of the Company will be updated to encompass the recent legal developments as well as the latest recommendations on good corporate governance, following the publication of Act 31/2014 of 3 December, amending the Act on Capital Companies to improve corporate governance and the new Code on Corporate Governance of Listed Companies.

Apart from that, except for the provisions of section A.5 below, the remuneration policy is not expected to undergo any significant amendment in financial year 2015 as compared to the one enforced in 2014.

Pursuant to the provisions of section 529 *novodecies* of the Act on Capital Companies, and the Transitory Provision of Act 31/2014, this Report addresses the remuneration policy for directors for the following three years.

A.1.3. Criteria used to set the remuneration policy

The Group's remuneration policy seeks to support the success of the strategy of the business model, setting forth appropriate levels of compensation for each situation.

The Board of Directors fixes the remuneration policy, on the proposal of the Nomination and Remuneration Committee, based upon the following criteria:

- Moderation: remunerations are adequate to the description of the company and its business model, always on the basis that such remuneration is neither excessive nor insufficient, to prevent taking any inappropriate risks.
- Transparency: information on remunerations is in line with the best practices in the area of corporate governance.
- Alignment with the strategic goals of the Group based upon two components of variable remuneration, one on the short term and the other on the long term.
- Corporate social responsibility and environmental sustainability: progress in corporate social responsibility and environmental sustainability is a relevant issue within Inditex's remuneration scheme.
- Alignment with shareholders' interests.
- Evolution of the market and of competitors in the field of remuneration.

A.1.4. Relative significance of the variable items of remuneration versus fixed ones and criteria followed for determining the different components of the directors' compensation package (*remuneration mix*)

Remuneration of Directors as such is fully comprised of fixed components.

The compensation package of the Chairman and Executive Director is made up of a fixed element, a short-term annual variable element and a long-term pluri-annual variable element, in cash and/or in shares.

Variable items of remuneration are flexible enough to allow their shaping, to the extent that it is likely that no amount is paid in terms of variable remuneration; in such case, fixed remuneration would represent 100% of aggregate compensation.

In a scenario of performance on target, the weight of variable remuneration would be in excess of 60% of aggregate compensation.

In a scenario of overachievement, variable remuneration would represent upwards of 70% of aggregate compensation, with a higher weight of the long term component.

This distribution of remuneration mix and different remuneration scenarios based upon objectives, ensure that the fixed remuneration would represent a significant part of aggregate compensation, for the purposes of preventing assumption of any unnecessary risks. It also ensures that variable remuneration be linked to performance, based upon attainment of Group's goals, and as such, variable remuneration is not guaranteed, being flexible enough, to the extent that, under certain circumstances, it may entirely disappear.

A.2 Information regarding the preparatory work and decision-making process followed to determine the remuneration policy and the role played, if any, by the Remuneration Committee and other supervisory bodies in setting up the remuneration policy. This information will include, where appropriate, the mandate given to the Remuneration Committee, its composition and the identity of the external consultants whose services have been used for defining the remuneration policy. The class of directors who, where applicable, have participated in defining the remuneration policy, shall also be stated

Explain the process for determining the remuneration policy

A.2.1. Preparatory work, decision-making process of the Nomination and Remuneration Committee and its involvement in establishing the remuneration policy and mandate given to the Nomination and Remuneration Committee.

The duties of the Nomination and Remuneration Committee in the area of remuneration are covered in art. 32.3 of the Articles of Association and sec. 15.2 of the Board of Directors' Regulations.

During financial year 2014 and the time elapsed of current financial year 2015, to the date this report is approved, the most relevant business transacted by the Nomination and Remuneration Committee in the area of "remuneration" have been:

- The proposal submitted to the Board of Directors on the remuneration of the Chairman and Executive Director for the discharge of senior management duties for FY2014, with regard to the amount and any other terms thereof. The Board of Directors approved such remuneration during the meeting held on 18 March 2014.
- The preparation of the Annual Report on Remuneration of Directors for FY2013. Further to the approval thereof by the Board of Directors, said Annual Report was put to the advisory say-on-pay vote of the Annual General Meeting of 15 July 2014 as item no. 9 of the Agenda, and was voted for by 98.90% of the shareholders.
- The report on the list of the beneficiaries of the second cycle of the Long term performance Shares Plan, addressed to members of the management, including the Chairman and Executive Director and other key employees of the Inditex Group.
- The annual evaluation of the Board of Directors, the Independent Directors, the affiliate Director, the Deputy Chairman, the Supervisory and Advisory Committees and the performance of duties by the chief executive.
- The review of the terms of the contractual relationship of the Chairman and Executive Director, and of the main terms and conditions as well as of the remuneration policy for Senior Management of the Inditex Group.
- The proposal submitted to the Board of Directors regarding the remuneration of the Chairman and Executive Director for the discharge of senior management duties for FY2015, regarding the amount and the remaining terms thereof. Such proposal was approved by the Board of Directors on 17 March 2015.
- The proposal of the Annual Report on Remuneration of Directors for financial year 2014, to be submitted to the Board of Directors for approval and to be subsequently put to the advisory say-on-pay vote of the Annual General Meeting

The information about the remaining activities carried out by the Nomination and Remuneration Committee during FY2014 shall be included in the Annual Activities Report of the Nomination and Remuneration Committee, which will be released in June as a part of the 2014 Annual Report.

A.2.2. Composition of the Nomination and Remuneration Committee

As provided in article 32 of the Articles of Association and section 15.1 of the Board of Directors' Regulations, the Nomination and Remuneration Committee shall be made up of a number of at least three and at most seven non-executive directors, a majority of who must be independent directors.

Members of the Nomination and Remuneration Committee are appointed by the Board of Directors on the proposal of the Committee itself, and the Chairman is also appointed by the Board out of its independent members.

As at 31 January 2015 and as at the date of this report, the composition of the

Nomination and Remuneration Committee is as follows:

- Chairman: Mr Rodrigo Echenique Gordillo (non-executive independent).
- Ordinary members: Mr José Arnau Sierra (non-executive proprietary), Ms. Irene Ruth Miller (non-executive independent), Mr Carlos Espinosa de los Monteros Bernaldo de Quirós (affiliate), Mr Emilio Saracho Rodríguez de Torres (non-executive independent) and Mr Nils Smedegaard Andersen (non-executive independent).
- Secretary non member: Mr Antonio Abril Abadín.

The Nomination and Remuneration Committee meets whenever it is deemed appropriate for the successful performance of its functions, and at any rate, each time the Board of Directors or its Chairman requests the issuing of a report or the passing of motions within its remit. Moreover, the Nomination and Remuneration Committee shall hold an ordinary annual meeting to prepare the information on the remuneration of Directors, which the Board of Directors has to approve and include within its annual public documentation.

During financial year 2014, the Nomination and Remuneration Committee has met 5 times, with the attendance of all its members to such meetings.

During the first meeting that the Board of Directors holds immediately after each meeting of the Nomination and Remuneration Committee, its Chairman informs Board members on the business transacted in the course of such meeting.

According to the calendar scheduled for FY2015, the Nomination and Remuneration Committee is expected to meet at least 4 times, without prejudice to any extraordinary meeting that might be held in the course of the year.

A.2.3. External advice

To better discharge its duties, the Nomination and Remuneration Committee may request to the Board of Directors, that legal, accounting, financial or other experts be hired, at the expenses of the Company.

Towers Watson, an independent consultant in the field of compensation of directors and senior executives, has advised the Nomination and Remuneration Committee regarding the preparation of this Report.

A.3 State the amount and nature of the fixed components, with a breakdown, where appropriate, of compensations of executive directors for the performance of senior management duties, additional remuneration as chairman or member of any Board committee, the per diem allowances for participating in the Board and its committees or any other fixed remuneration for the directorship, as well as an estimate of the annual fixed remuneration to which they give rise. Identify other benefits which are not paid in cash and the basic parameters according to which they are granted.

Explain the fixed components of the remuneration

Pursuant to section 529 *septdecies* LSC, the maximum amount of the annual remuneration to be paid to all the directors as such must be necessarily included in the remuneration policy for directors. It shall be incumbent on the Board of Directors to determine the remuneration for each director.

According to article 33 of the Articles of Association, the remuneration of Directors shall consist of an annual fixed remuneration for each director, the amount of which shall be decided by the Annual General Meeting for each financial year or which shall be valid for the number of financial years that the Meeting establishes. This system represents that the General Meeting of Shareholders is recognized as the supreme and sovereign body of expression of the will of the Company, namely in the area of remuneration, and ensures the maximum transparency of such remuneration. This entails that, while the remuneration policy is in effect, any increase in the remuneration of directors as such shall be resolved by the Annual General Meeting. Thus, during financial years 2005, 2006, 2008 and 2011, the above referred remuneration was approved by the Annual General Meeting with the following votes for (in percentage terms): a) 2005: 99.98%; b) 2006: 99.99%; c) 2008: 99.96%; d) 2011: 99.59%.

At present, and effective for an indefinite period until another resolution is passed on this matter, the remuneration of Directors was fixed by the Annual General Meeting held on 19 July 2011 in the following amounts, which are fully independent and compatible:

- Each director will receive an annual fixed remuneration in the amount of €100k for their directorship;
- The Deputy Chairman or Deputy Chairmen of the Board of Directors will receive an additional fixed remuneration of €80k;
- The Chairmen of the Audit and Control Committee and of the Nomination and Remuneration Committee, will receive an additional fixed remuneration of €50k; and
- Directors who in turn sit on the Audit and Control Committee and/or the Remuneration and Nomination Committee (including the Chairman of each Committee) will receive an additional fixed remuneration of €50k.

Additionally, Mr Carlos Espinosa de los Monteros Bernaldo de Quirós was paid an annual fixed remuneration in the amount of €80k for his directorship in Zara UK, Ltd., a company within the Inditex Group. Since said director stepped down on 31 December 2014, the director was paid during FY2014 €73k on these grounds, as reported in section D hereof.

Except for the remuneration of the Chairman and Executive Director for the performance of senior management duties, the amounts shown represent the only remuneration paid to Directors of the Company for their membership on the Board of Directors of Inditex or of any Group company. No sitting fees, benefits or variable remuneration are paid, without prejudice to the refund to all non-

executive directors of any traveling and accommodation fees incurred upon attending the meetings of the Board of Directors or of the Committees where they sit.

On the other hand, as stated above, the Chairman and Executive Director is paid a Fixed Remuneration for the performance of senior management duties. Such remuneration is fixed based upon the following criteria:

- The experience and personal contribution to the office.
- The consistency with the responsibility and leadership within the organization and in line with the remuneration paid in the market by comparable companies.

This fixed remuneration must represent a sufficient part of the aggregate remuneration for the sake of achieving an appropriate remuneration balance.

Fixed remuneration is not expected to change while the remuneration policy is in effect.

Namely, the Fixed Remuneration for FY2015 was approved by the Board of Directors, on the proposal of the Nomination and Remuneration Committee, on 17 March 2015 in the amount of €3,250k. This sum remains unchanged since FY2013.

A.4 Explain the amount, nature and the main description of the variable items of remuneration system

Namely:

- **Identify each of the remuneration plans in which the directors are beneficiaries, their scope, date of approval, date of implementation, dates of effectiveness and also their main features. In the case of share option plans and other financial instruments, the general features of the plan will include information on the conditions established in each plan for exercising these options or financial instruments for each plan.**
- **State any remuneration made under profit-sharing or bonus schemes, and the reason why they were granted.**
- **Explain the basic parameters and grounds for any annual bonus scheme.**
- **The classes of directors (executive directors, non-executive proprietary directors, non-executive independent directors or other affiliate directors) who are beneficiaries of remuneration systems or plans that incorporate a variable remuneration.**
- **The rationale for these variable remuneration systems or plans, the criteria selected for assessing performance, and also the assessment components and methods for determining whether these assessment criteria have been complied with or not, and an estimate of the absolute amount of the variable remunerations to which the proposed remuneration plan would give rise, according to the level of compliance with the hypotheses or targets taken as a reference.**

- **Where appropriate, give information on deferred payment periods that have been established and/or holdback periods for shares or other financial instruments, if any.**

Explain the variable items of the remuneration systems

The amounts provided in section A.3 above are the only remuneration paid to Directors of the Company for their membership on the Board of Directors of Inditex, or of any Group companies. There is no remuneration under a profit-sharing scheme, nor any remuneration systems or schemes covering a variable remuneration.

As regards the Chairman and Executive Director, the variable items of the remuneration of the Chairman and Executive Director for the performance of senior management duties are the following:

1. Short term or annual variable remuneration

It is linked to the attainment of the annual quantitative and qualitative goals set by the Company, which are consistent with the medium to long term strategy.

Quantitative goals represent, at least 50% of the aggregate incentive. They consist of metrics which ensure an appropriate balance between financial and operational elements of the management of the Company.

Qualitative goals represent, at least 30% of the aggregate incentive. They are basically linked with the evaluation of the individual performance of the Chairman and Executive Director.

The pay-out scale, fixed at the beginning of each financial year, includes a minimum threshold below which no incentive is paid, a level on target, which corresponds to the standard level of achievement of goals, and a maximum level, specific for each metric.

The Nomination and Remuneration Committee is charged with approving the goals, at the beginning of each financial year, and the evaluation of the attainment thereof, at year end. This evaluation is done based upon the results, provided by the Financial Division, which are reviewed first by the Audit and Control Committee, as well as upon the degree of attainment of such goals. After such review, the Nomination and Remuneration Committee drafts a proposal regarding the annual variable remuneration which is submitted to the Board of Directors for approval. With regard to such proposal, the Nomination and Remuneration Committee also takes into account the quality of long term results and any associated risk.

For the purposes of ensuring that the annual variable remuneration is effectively in line with the performance of the beneficiaries thereof, such positive or negative economic effects arising from extraordinary events which could introduce distortions into the results of the evaluation, could be removed upon determining the level of attainment of the goals.

For the purposes of the remuneration policy for directors, which will be applicable

in the following three years, the objective amount of the annual variable remuneration for the Chairman and Executive Director, i.e., the one which corresponds to a level of attainment of the goals on target, is tantamount to 100% of the Fixed Remuneration. A scale is associated with goals, which allows rewarding overachievement of goals up to a certain limit; therefore, annual variable remuneration might reach up to 120% of fixed remuneration.

The terms of the annual variable remuneration system which apply to the Chairman and Executive Director, including the structure, maximum levels of remuneration, goals established and the weight of each of them, are reviewed every year by the Nomination and Remuneration Committee, considering the Company's strategy, its needs and the business status. Such terms are submitted to the Board of Directors for approval.

Namely, for financial year 2015, the Board of Directors has resolved, on the proposal of the Nomination and Remuneration Committee, that the annual variable remuneration be determined in accordance with the following yardsticks: 70% based upon the net sales and the contribution margin, in equal proportion, with the same yardsticks as those established for senior managers according to the budget of the Company; and the remaining 30% based upon the following yardsticks: the strategic development of the Company; the personal performance of the Chairman and Executive Director; the observance of the expansion plans, in terms of increase of retail floor area in square meters, pursuant to the Group's goals; the progress in corporate social responsibility policies and the progress in environmental policies, in terms of the number of new stores which meet eco-efficiency parameters and the number of audits and control on wet processes, in the framework of the Zero Discharge of Hazardous Chemicals Plan.

For financial year 2015, this short-term variable remuneration is paid in cash.

Pursuant to the resolution passed by the Board of Directors on 17 March 2015, on the proposal of the Nomination and Remuneration Committee, in a scenario of achievement of 100% of objectives, the annual variable remuneration for FY2015 would amount to 100% of the fixed salary, i.e., €3,250k. In the event of overachievement, annual variable remuneration may reach up to 120% of fixed salary.

2. Pluri-annual or long term variable remuneration

With regard to financial year 2015, the long term incentive plan approved by the Board of Directors on 12 March 2013, on the proposal of the Nomination and Remuneration Committee is in force. This plan, approved for four years, is addressed to members of management, including the Chairman and Executive Director, and other key employees of the Inditex Group, and consists of a Long Term Performance Cash Plan and a Long Term Performance Shares Plan (whose main features are described in sections 2.1 and 2.2, respectively). The Long Term Performance Shares Plan was approved by the Annual General Meeting on 16 July 2013.

2.1. Long Term Performance Cash Plan: its main features are:

- It is a pluri-annual cash bonus which, once three years have elapsed and

- the achievement of some specific objectives is verified, will be paid, in full or in a given percentage, depending on the level of achievement of said objectives. Such percentage may be 0% if minimum objectives set are not reached.
- The plan has two periods of calculation. The first one runs from 1 February 2013 through 31 January 2015 (this period has already expired) and the second one from 1 February 2013 through 31 January 2016.
 - There will be only one overall award that will be delivered in two payments: an initial payment in May 2015 and a final payment in May 2016.
 - The attainment of the objectives shall be measured by means of two identifiable and measurable metrics:
 - EBIT Growth: value of earnings, before interest and taxes, during a certain period of time.
 - Like for Like Growth: information released by the Company, expressed in percentage terms, showing the increase in operating revenue under a constant perimeter
 - A 50% weight will apply to each metric.
 - In order to calculate the incentive achieved for each level of attainment of objectives for the Chairman and Executive Director, a Payout Scale has been established for each metric, as follows:
 - A level of attainment of objectives below 50% entails that no incentive is paid.
 - A 50% level of attainment of objectives (“minimum level of attainment”) represents a payment of 50% of incentive (€3,000k).
 - A 75% level of attainment of objectives (“level of attainment on target”) represents a payment of 75% of incentive (€4,500k).
 - A 100% level of attainment of objectives (“maximum level of attainment”) represents a payment of 100% of incentive (€6,000k).
 - A 125% level of attainment of objectives (“overachievement”) represents a payment of 125% of incentive (€7,500k).
- Intermediate figures are calculated by linear interpolation.
- For the Chairman and Executive Director, the annualized remuneration for a level of attainment on target would amount to €1,500k.
 - For the rights awarded to the Plan Beneficiaries to vest, a period of continued employment in the Company until completion of each of the cycles of the Long Term Performance Cash Plan is required, as a general rule.

2.2. Long Term Shares Performance Plan: Its main features are:

- It is a pluri-annual shares bonus which revolves around two independent three-year performance cycles. The first performance cycle runs from 1 July 2013 through 30 June 2016. The second cycle runs from 1 July 2014 through 30 June 2017.
- The number of shares to be delivered to each beneficiary will depend on the comparison of the Total Shareholder Return (“TSR”) performance of Inditex with that of a comparator group of companies (the “benchmark group”). TSR will be determined by the difference (expressed as a percentage) between the final value of an hypothetical investment in shares and the initial value of that same hypothetical investment.
- The benchmark group is made up of the companies included in the Dow Jones Retail Titans 30 as at 1 July 2013, with regard to the first performance cycle and as at 1 July 2014, with regard to the second performance cycle.
- For the purposes of Inditex’s TSR and the TSR of each company within the Benchmark Group, Initial Value shall be understood as the average weighted closing price of the share of each company on the 30 Trading Days immediately prior to 1 July 2013 (excluded) (for the first performance cycle of the Plan) and 1 July 2014 (excluded) (for the second performance cycle of the Plan).
- For the purposes of Inditex’s TSR and the TSR of each company within the Benchmark Group, Final Value shall be understood as the average weighted closing price of the share of each company on the 30 Trading Days immediately prior to 30 June 2016 (inclusive) (for the first performance cycle of the Plan) and 30 June 2017 (inclusive) (for the second performance cycle of the Plan).
- For such purposes, for calculating such Final Value, the dividends or other similar amounts received by the shareholder on said investment during the respective period of time will be considered as if their gross amount (before taxed) would have been reinvested in more shares of the same type on the first date on which the dividend or any similar amount is payable to the shareholders and at the closing price of the share on that date.
- At the expiry of each performance cycle of the Plan (30 June 2016 for the first cycle and 30 June 2017 for the second), Inditex’s TSR and the TSR of each of the companies included in the Benchmark Group will be calculated. The companies within the Benchmark Group, excluding Inditex, will be ranked in descending order, in accordance with the highest or the lowest TSR corresponding to each of them. Then Inditex’s TSR will be compared to the TSR of the companies in the Benchmark Group and the Payout percentage will be calculated pursuant to the following parameters:
 - Should Inditex’s TSR be the same or above the 75th percentile within the Benchmark Group, the Percentage payout will be 100%.
 - Should Inditex’s TSR be at least the same as the TSR of the median company within the Benchmark Group, the Percentage payout will

be 30%.

- Should Inditex's TSR be between the TSR of the median company within the Benchmark Group and the TSR of the 75th percentile within the Benchmark Group, the Percentage payout will be calculated by linear interpolation between the relevant TSR values.
- Should Inditex's TSR be below the TSR of the median company within the Benchmark Group, the Percentage payout will be 0%.
- In order to be eligible to receive the shares of the Plan, the Beneficiary must have been actively employed by Inditex or a company belonging to its Group for an uninterrupted period from the date he/she receives notice of his/her Beneficiary status until the expiry date of each performance cycle of the Plan.
- The status of the Chairman and Executive Director as Beneficiary (i) of the Long Term Performance Cash Plan and of the first cycle of the Long Term Performance Shares Plan, and (ii) of the second cycle of the Long Term Performance Shares Plan was recognized further to the resolutions passed by the Board of Directors on 13 September 2013 and 16 September 2014, respectively, after favourable report of the Nomination and Remuneration Committee.
- Under the Long Term Performance Shares Plan, the Chairman and Executive Director might receive a maximum incentive of 130,000 shares for the first cycle of the Plan and up to 122,180 shares for the second cycle thereof.

A stock-split was resolved by the Annual General Meeting on 15 July 2014, by reducing the nominal value of the shares in the Company, from fifteen cents of a euro (€0.15) to three cents of a euro (€0.03) per share, according to the ratio of five (5) new shares per each existing share, without any change in the share capital.

For clarification purposes, in the course of the above referred Annual General Meeting, mention was made of the fact *"that any reference to the number of shares included in the resolution passed by the Annual General Meeting on 16 July 2013 pursuant to item five of the Agenda, regarding the approval of a long term performance shares plan addressed to members of the management team, including the executive director and other key employees of the Inditex Group, as well as any other resolution passed to implement this one, shall be deemed, hereinafter, to have been made to the result of multiplying by five the number of shares in question."*

- Therefore, the maximum number of shares stated above for the Chairman and Executive Director regarding his participation in the Long Term Performance Shares Plan has been calculated considering the impact of such stock-split.

In order for the Company to count on the necessary number of shares to be delivered to the beneficiaries of the first cycle of the Long Term Performance Shares Plan and within the scope of the authorization for the derivative acquisition

of own shares granted to the Board of Directors by the Annual General Meeting held on 16 July 2013, the Company has acquired 3,500,000 own shares representing 0.112% in the share capital.

No deferred payment periods have been established, and no holdback periods for shares or other financial instruments exist.

New long term variable remuneration systems may be approved by the Annual General Meeting, on the proposal of the Board of Directors, after report of the Nomination and Remuneration Committee.

A.5 Explain the main features of the long-term saving systems, including retirement and any other survivor benefit, partly or wholly funded by the company, whether endowed internally or externally, with an estimate of their value or equivalent annual cost, stating the type of plan, whether it is a defined contribution or benefit type, the conditions for the vesting of economic rights in favor of the directors and their compatibility with any other type of severance payment for early cancellation or termination of the contractual relationship between the company and the director.

Also state the contributions made in favor of the director to defined contribution pension schemes; or the increase in the director's vested rights, in case of contributions to defined benefit plans.

Explain the long term saving systems

Except for the Chairman and Executive Director, directors are not beneficiaries of any long-term saving system, including retirement or any other survivor benefit, partly or wholly funded by the Company.

From 2011 through 31 January 2015, the Chairman and Executive Director has been the beneficiary of a defined Money Purchase Pension Scheme Plan, implemented through a Group Life insurance policy taken out by Inditex with a carrier of repute in Spain (hereinafter, the "Policy").

Contributions to such Money Purchase Pension Scheme Plan have been made by Inditex in the month of September of each year. The amount of the annual contributions each year has been equivalent to 50% of the fixed salary paid each financial year by Inditex to the Chairman and Executive Director.

During financial year 2015, no contributions will be made to the Money Purchase Pension Scheme Plan for the Chairman and Executive Director, without prejudice to the fact that they may be resumed in any future year further to a decision of the Board of Directors.

In case of termination at Inditex prior to the retirement age, the Chairman and Executive Director will keep 100% of the entitlement to the accumulated funds under the Policy. However, this being a pension commitment, the Chairman and Executive Director or his successors, as the case may be, may not materialize such rights until any of the contingencies covered by the Policy would occur. General contingencies covered are retirement (regular or early), permanent

disability while in performance of professional duties (ranked as Total/Absolute and Severe Disability) and death while in performance of professional duties. As an exception, acute illness and long-term unemployment will also be considered.

Pursuant to the provisions of *Real Decreto* 681/2014 of 1 August 2014, the Policy also covers the possibility of receiving retirement benefit upon attaining 65 years where the National Social Security retirement benefit is not available, as well as receiving the retirement benefit in advance on account of termination of the employment agreement and joining the ranks of unemployed following the loss by the company of its legal personality, collective dismissal, dismissal on objective grounds and insolvency proceedings. These benefits are separate from any other to which the Chairman and Executive Director may be entitled on other grounds.

A.6 State any indemnity payments that are agreed or paid in the event of termination of duties as a director.

Explain the indemnity payment

No indemnity payments have been agreed in case of termination of duties as Director, except for that provided in the next section for the Chairman and Executive Director for the discharge of senior management duties.

A.7 State the conditions that must be respected in the contracts of those who perform senior management duties as executive directors. Among other things, information will be given regarding the duration, limits to indemnity amounts, tenure clauses, notice periods and also payment as substitution for the above-mentioned notice period, and any other clauses relating to contract signing bonuses, as well as severance or golden parachute in case of early cancellation or termination of the contractual relationship between the company and the executive director. Include, among others, covenants or agreements on non-competition, exclusivity, tenure or loyalty and non-competition after termination of a contract.

Explain the terms of the agreements entered into with executive directors

Pursuant to the provisions of sections 249 and 529 *octodecies* of LSC and sec. 28.3 of the Board of Directors' Regulations, the relevant terms of the contractual relationship of the officer who performs senior management duties as Chairman and Executive Director are detailed below:

(i) Term

The contract executed with the Chairman and Executive Director is for an indefinite period.

(ii) Notice period

Both in case of termination of the contract on account of withdrawal by Inditex, and on account of voluntary resignation of the Chairman and Executive Director, notice shall be given at least three months in advance. Such notice may be replaced with an amount equivalent to the fixed remuneration of the non observed term of notice.

(iii) Severance or golden parachute clause

The Chairman and Executive Director shall be entitled to receive a gross compensation in an amount equivalent to the remuneration of two years calculated based upon the fixed remuneration established for the year in course, where such contract is terminated by unilateral decision of the Company, and in case of resignation tendered by the Chairman and Executive Director under certain premises (among which is a change in control in the Company, provided that such resignation is tendered within six months of the occurrence of such change, while a significant renewal of the governing bodies of the Company or a change in the contents or purpose of the main activity of the Company takes place at the same time).

Meanwhile, apart from the Chairman and Executive Director, golden parachute clauses are provided in the contracts executed with 14 senior executives and officers, in the event that their contractual relationship, whether ordinary or senior management, is terminated further to withdrawal by Inditex, wrongful or unreasonable dismissal, or resignation based upon certain grounds (among which is a change in control in the Company, provided that such resignation is tendered within six months of the occurrence of such change, while a significant renewal of the governing bodies of the Company or a change in the contents or purpose of the main activity of the Company takes place at the same time). In such cases, the senior executive or officer shall be entitled to receive gross compensation in an amount equivalent to the remuneration of two years, calculated on the basis of the fixed and variable remuneration determined for the year in course.

(iv) Non-competition agreement and exclusivity

For as long as his contractual relationship with Inditex remains in force, the executive director shall perform senior management duties exclusively for the Company and the Inditex Group, and he shall refrain from working either directly or indirectly for any third parties, or for his own account, even where the activities carried out by him would not compete with those of the Inditex Group. This provision does not apply to the office of non-executive director in other companies which do not compete with Inditex, within the scope provided in the Board of Directors' Regulations.

With regard to the post-employment non competition agreement and as regards all members of the Board of Directors, regardless of their classification as director, section 23.3 of the Board of Directors' Regulations provides that *"the director who ends his/her mandate or for any other cause should cease to hold his/her office may not render service in another entity having a corporate purpose that is similar*

to that of the company for a period of two years”.

(v) Refund clause

Pursuant to the provisions of section A.13 below, should (i) any fact or circumstance occur that would result in the negative change or variation, in final terms, of the financial statements, results, economic data, performance data or otherwise, upon which the accrual and payment to the Chairman and Executive Director of any amount in terms of variable remuneration would have been based, and, (ii) should such change or variation determine that, if they have become known at the date the accrual or payment would become due, the Chairman and Executive Director would have received a lesser sum than the one initially paid, the Company shall be entitled to claim from him the refund of any excess paid.

A.8 Explain any supplementary remuneration paid to the directors as consideration for services rendered other than those that are inherent in their office.

Explain supplementary remuneration
Not applicable.

A.9 State any remuneration in the form of advanced payments, loans or guarantees granted, with an indication of the interest rate, their main features and the amounts ultimately returned, as well as the obligations assumed on their behalf as guarantee

Explain advanced payments, credits and guarantees granted
Not applicable.

A.10 Explain the main features of remunerations in kind.

Explain remunerations in kind
Not applicable.

A.11 State the remuneration accrued to the director by virtue of payments made by the listed company to a third party in which the director provides services, when such payments are intended to remunerate the director’s service in the company.

Explain the remuneration accrued to the director by virtue of payments made by the listed company to a third party in which the director provides services
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Not applicable.

A.12 Any other remuneration item other than the above, whatever its nature or the group entity that pays it, particularly when it is considered a related-party transaction or its issue distorts the true image of the total remuneration accrued to the director

Explain other remuneration items

Not applicable.

A.13 Explain the actions taken by the company as regards the remuneration system for reducing exposure to excessive risks and adapting it to the long-term goals, values and interests of the company which will, where appropriate, include a reference to: steps to be taken to guarantee that attention is paid in the remuneration policy to the long-term results of the company, measures that establish an appropriate balance between the fixed and variable items of remuneration, measures adopted in relation to the categories of staff whose professional activities have a material impact on the company's risk profile, formulas or clauses for recovery in order to be able to claim the return of variable items of the remuneration that are based on profits when these components have been paid on the basis of information later shown clearly to be inaccurate and measures to be taken to avoid conflicts of interest, where appropriate.

Explain the measures taken to reduce risks

Courses of action taken to ensure that long term results of the Company are considered in the remuneration policy are described below:

- The aggregate compensation of the Chairman and Executive Director comprises different remuneration elements, mainly consisting of: (i) a fixed remuneration, (ii) a short term variable remuneration (annual), and (iii) a mid-to-long term variable remuneration (pluri-annual). This long term element represents 25% of aggregate compensation (fixed + short term variable + mid-to-long term variable remuneration) for a scenario of performance on target, and 35% for a scenario of overachievement.
- Long term variable remuneration plans are part of a pluri-annual framework to ensure that the assessment process is based upon long term results and that the underlying economic cycle of the Company is considered therein. Part of this remuneration is allocated and paid in shares, based upon value creation, so that the interests of executives are aligned with those of the shareholders.

The remuneration policy strikes an appropriate balance between fixed and

variable items of the remuneration as described below:

- The design of the remuneration scheme shows an efficient balance between fixed and variable items, as described in section A.1.4 above.
- Variable remuneration items are flexible enough to allow their shaping, to the extent that it is likely that no amount is paid on the grounds of variable remuneration; in such case, fixed remuneration would represent 100% of aggregate compensation.
- No guaranteed variable remunerations exist.

The measures with regard to those members of staff whose professional activity has a material impact on the risks profile of the Company are shown below:

- The Nomination and Remuneration Committee is responsible for considering and reviewing the remuneration policy for Directors and senior executives and for enforcing it. Those professionals whose activity may have a material impact on the risks' profile of the entity are included in this group.
- Members of the Nomination and Remuneration Committee also sit on the Audit and Control Committee. Therefore, the Chairman of the Nomination and Remuneration Committee is a member of the Audit and Control Committee and in turn, the Chair of the Audit and Control Committee sits on the Nomination and Remuneration Committee. This ensures that risks associated to remuneration are considered in the course of the debates of the Nomination and Remuneration Committee and of the Audit and Control Committee and in the submission of proposals by said Committees to the Board of Directors, both regarding the determination and the process to assess annual and pluri-annual incentives.

With regard to formulas or clauses for recovery in order to be entitled to claiming the return of variable items of the remuneration that are based on results, when these items have been paid on the basis of information later shown clearly to be inaccurate:

- A clause regarding the refund of variable items of remuneration upon occurrence of such events is included in the contract executed with the Chairman and Executive Director.
- The Nomination and Remuneration Committee may propose to the Board of Directors and this latter resolve, the cancellation and/or refund of payment of variable remuneration, under any of the above circumstances.
- Likewise, the Committee may also propose, even upon occurrence of any exceptional circumstances as those mentioned above, the termination of the relation with the relevant supervisors and the commencement of any relevant judicial proceedings.

With regard to the measures set to detect, determine and resolve any potential conflicts of interest, the term "conflict of interest" is defined in section 32 of the Board of Directors' Regulations (www.inditex.com) which also provides the rules which govern such conflicts. Sections 31, 34 and 35 thereof cover the provision of

professional services in competitor entities, the use of corporate assets, the use of non-public information of the Company for private purposes and the taking advantage of business opportunities corresponding to the Company. Meanwhile, section 37, headed "Duties of information of Directors" covers specific issues that Directors must report to the Company.

Additionally, section 1 of the Board of Directors' Regulations provides that the rules of conduct for Directors shall apply, insofar as these rules are compatible with their specific nature, to senior executives of the Company; namely, the following sections, subject to adjustment: 30 (duty of confidentiality); 32 (conflicts of interest), with regard to the duty to inform the Company; 33 (use of corporate assets); 34 (non-public information); 35 (business opportunities), and 36 (prohibition to make undue use of the office).

Moreover, with regard to significant shareholders, section 38 of the Board of Directors' Regulations provides the rules governing "Transactions with Directors and significant shareholders".

Among the powers assigned to the Nomination and Remuneration Committee is that of reporting on such transactions which entail or may entail a conflict of interest, related-party transactions or transactions which involve the use of corporate assets, and generally, on the issues covered in Chapter IX of the Board of Directors' Regulations. In light of such report, it falls on the Board of Directors to approve such transaction, if appropriate.

On the other hand, section 5 of the Internal Regulations of Conduct regarding Transactions in Securities lists the principles which must govern the conduct of the affected persons with regard to conflicts of interest (independence, abstention and confidentiality) and provides that such persons must undertake in writing to act independently in their activities and to report to the Code Compliance Office any conflicts of interest to which they are subject due to their activities outside the INDITEX Group, the relationship with their family, their personal assets, or on any other grounds, with suppliers, agents and franchisees, external advisers, etc.,

Additionally, section 4.8 of the Code of Conduct and Responsible Practices of the INDITEX Group addresses how Inditex's employees must act when faced with a conflict of interest between their personal interests and those of the Company, as well as the situations which need to be reported to the Committee of Ethics.

B REMUNERATION POLICY FORECAST FOR FUTURE YEARS

B.1 Give a general forecast of the remuneration policy for future years describing this policy as regards: fixed components and per diem allowances and salaries of a variable nature, relationship between remuneration and results, benefit systems, terms and conditions of the executive directors' contracts, and forecast of most significant changes in the remuneration policy in relation to previous years

General forecast of the remuneration policy

As at the date of this Report, no variation is expected regarding the overarching principles of the remuneration policy in respect of Directors as such, nor of the remuneration policy in respect of the Chairman and Executive Director described above, which will apply in future exercises, unless the relevant governing bodies would resolve any amendment thereto in light of any unexpected circumstance, whether for regulatory, economic, strategic, corporate governance-related reasons or otherwise. For such purpose, the Board of Directors and the Nomination and Remuneration Committee will continue reviewing, within their respective remit and on a regular basis, the principles of the remuneration policy of the Company.

B.2 Explain the decision-making process for setting up the remuneration policy planned for future years, and the role played, where appropriate, by the Remuneration Committee

Explain the decision-making process for establishing the remuneration policy

As at the date hereof, no significant variation is expected in the decision-making process described in section A.2 above, with regard to the shaping of the remuneration policy for future years, unless the relevant governing bodies would resolve any amendment thereto in light of any unexpected circumstance, whether for regulatory, economic, strategic, corporate governance-related reasons or otherwise.

Should this report be approved, in an advisory manner, by the Annual General Meeting of Inditex, the remuneration policy for directors described in the foregoing paragraphs shall be deemed to have been also approved for the following three years, pursuant to the provisions of section 529 *novodecies* of the Act on Capital Companies and of Transitory Provision of Act 31/2014.

B.3 Explain the incentives created by the company in the remuneration system in order to reduce excessive risk exposure and adapt it to the long-term targets, values and interests of the company

Explain the incentives created to reduce risks

Pluri-annual variable remuneration comprises the Long Term Performance Cash Plan and the Long Term Performance Shares Plan, running three and four years, respectively, whose description has been provided in section A.4 above. Both Plans are management tools and mechanisms used to link remuneration with success of the business model strategy, shareholders' interests and foster long term value building.

Additionally, the Long Term Performance Shares Plan will encourage conducts which prevent excessive risks assumption, as the price of the share shows not only the evolution of the Company but also a forecast of growth and risks that the

Company must face.

With regard to incentives created by the company to reduce excessive risk exposure, please refer to the provisions of section A.13 above.

C OVERALL SUMMARY OF HOW REMUNERATION POLICY HAS BEEN APPLIED DURING THE YEAR ENDED

C.1 Briefly explain the main description of the structure and remuneration items of the remuneration policy applied during last financial year ended resulting in the breakdown of the individual remunerations accrued to each of the directors listed in Section D in this report, as well as a summary of the resolutions passed by the board to implement these items.

Explain the structure and remuneration items of the remuneration policy applied during the year

C.1.1. Remuneration policy in respect of Directors for the discharge of their supervisory and collective decision-making functions.

The remuneration policy in respect of Directors as such applied in 2014 fully matches that described under section A.3 hereof.

In FY2014, the aggregate sum received by Directors as such for the discharge of their supervisory and collective decision-making functions has amounted to €1,735k out of which €100k were received by the Chairman and Executive Director.

C.1.2. Remuneration policy in respect of the Executive Director for the performance of senior management duties.

With regard to the remuneration of the Chairman and Executive Director for the performance of senior management duties:

a) Fixed remuneration

The fixed remuneration of the Chairman and Executive Director for the performance of senior management duties was resolved by the Board of Directors on 18th March 2014 on the proposal of the Nomination and Remuneration Committee.

During FY2014 the fixed remuneration of the Chairman and Executive Director for the performance of senior management duties has amounted to €3,250k, which represents a significant share of his aggregate remuneration.

b) Short-term or annual variable remuneration

The performance of the Chairman and Executive Director is assessed on an annual basis by the Nomination and Remuneration Committee, which advises the Board of Directors on such assessment, pursuant to the provisions of art. 32.e) of the Articles of Association and sec. 15.2.f) of the Board of Directors' Regulations.

This evaluation is carried out based upon the results, provided by the Financial Division, which are first reviewed by the Audit and Control Committee, as well as upon the degree of attainment of such goals. After such review, the Nomination and Remuneration Committee drafts a proposal regarding the annual variable remuneration which is submitted to the Board of Directors for approval. In the proposal on variable remuneration, the Nomination and Remuneration Committee also takes into account, the quality of results in the long term as well as any risk associated thereto.

As recorded in the Annual Report on Remuneration of Directors for financial year 2013, the Nomination and Remuneration Committee has considered, in the course of such assessment, the following yardsticks: net sales and the contribution margin, in equal proportion, with the same yardsticks as those established for senior managers according to the budget of the Company; the strategic development of the Company; the personal performance of the Chairman and Executive Director; the observance of the expansion plans, in terms of increase of retail floor area in square meters, pursuant to the Group's

goals; the progress in corporate social responsibility policies and the progress in environmental policies, in terms of the number of new stores which meet eco-efficiency parameters and the number of audits and control on wet processes, in the framework of the Zero Discharge of Hazardous Chemicals Plan.

Further to the assessment of the degree of attainment of objectives, the Board of Directors resolved on 17 March 2015, on the proposal of the Nomination and Remuneration Committee, a 80% level of global attainment of objectives, equivalent to an annual variable remuneration for FY2014 in the sum of €2,600k. The detail is provided in section D.2 below.

c) Pluri-annual variable remuneration

Pursuant to the provisions of section A.4 of the Report, the first calculation period of the Long term Performance Shares Plan ended on 31 January 2015. In accordance with the attainment of goals (determined according to the above mentioned metrics and payout), an initial payment in the amount of €1,980k has accrued. Such payment shall be made in the month of May. The detail of the level of attainment is provided in section D.2 below

d) Benefits

Contributions made by Inditex to the Money Purchase Pension Scheme Plan in FY2014 amounted to €1,625k.

D **DETAIL OF INDIVIDUAL REMUNERATIONS ACCRUED TO EACH DIRECTOR**

Name	Type	Accrual period FY2014
Mr Pablo Isla Álvarez de Tejera	Executive	From 01/02/2014 to 31/01/2015
Mr José Arnau Sierra	Proprietary	From 01/02/2014 to 31/01/2015
Mr Amancio Ortega Gaona	Proprietary	From 01/02/2014 to 31/01/2015
Mr Carlos Espinosa de los Monteros Bernaldo de Quiros	Affiliate	From 01/02/2014 to 31/01/2015
Mr Emilio Saracho Rodríguez de Torres	Independent	From 01/02/2014 to 31/01/2015
Gartler, S.L.	Proprietary	From 01/02/2014 to 31/01/2015
Ms Irene Ruth Miller	Independent	From 01/02/2014 to 31/01/2015
Mr Nils Smedegaard Andersen	Independent	From 01/02/2014 to 31/01/2015
Mr Juan Manuel Urgoiti López de Ocaña	Independent	From 01/02/2014 to 10/06/2014
Mr Rodrigo Echenique Gordillo	Independent	From 15/07/2014 to 31/01/2015

D.1 Complete the following tables regarding the individual remuneration of each director (including the salary received for performing executive duties) accrued during the year.

a) Remuneration accrued in the company covered by this report:

i) Payment in cash (in €K)

Name	Salary	Fixed remuneration	Per diems	Short-term Variable remuneration	Long-term variable remuneration	Remuneration for membership of Board's committees	Indemnity	Other grounds	Total FY2014	Total FY2013
Mr Pablo Isla Álvarez de Tejera	3,250	100	0	2,600	1,980	0	0	0	7,930	6,350
Mr José Arnau Sierra	0	100	0	0	0	100	0	80	280	280
Mr Amancio Ortega Gaona	0	100	0	0	0	0	0	0	100	100
Mr Carlos Espinosa de los Monteros Bernaldo de Quirós	0	100	0	0	0	100	0	23	223	250
Mr Emilio Saracho Rodríguez de Torres	0	100	0	0	0	100	0	0	200	200
Gartler, S.L.	0	100	0	0	0	0	0	0	100	100
Ms Irene Ruth Miller	0	100	0	0	0	100	0	50	250	207
Mr Juan Manuel Urgoiti López de Ocaña	0	36	0	0	0	36	0	0	72	243
Mr Nils Smedegaard Andersen	0	100	0	0	0	100	0	0	200	200
Mr Rodrigo Echenique Gordillo	0	55	0	0	0	55	0	27	137	0

ii) Share-based remuneration systems

Mr Pablo Isla Álvarez de Tejera Remuneration system: First cycle of the Long term Performance Shares Plan												
Implementation date	Ownership of options at the beginning of FY2014						Options allocated during FY2014					
	No. options	No. affected Shares	Strike price (€)	Strike period			No. options	No. affected Shares	Strike price (€)	Strike period		
13/09/2013	130,000	130,000	0	3 years			0	0	0	0		
Conditions for exercise of options: Those set forth in section A4 of this report												
Shares delivered during FY2014			Options exercised during FY2014				Op due and not exercised	Options as at FY2014 end				
No. shares	Price	Amount	Strike price (€)	No. options	No. affected Shares	Gross Profit (€k)	No. options	No. options	No. affected Shares	Strike price (€)	Strike period	
-	-	-	-	-	-	-	-	130,000	130,000	0	3 years	
Other requirements of the financial year												

Mr Pablo Isla Álvarez de Tejera Remuneration system: Second cycle of the Long term Performance Shares Plan											
Implementation date	Ownership of options at the beginning of FY2014						Options at FY2014 end				
	No. options	No. affected Shares	Strike price (€)	Strike period			No. options	No. affected Shares	Strike price (€)	Strike period	
16/09/2014	0	0	0	0			122,180	122,180	0	3 years	
Conditions for exercise of options: Those set forth in section A4 of this report											

Shares delivered during FY2014			Options exercised during FY2014				Op due and not exercised	Options at FY2014 end			
No. shares	Strike price	Amount	Strike price (€)	No. options	No. affected shares	Gross Profit (€k)	No. options	No. options	No. affected shares	Strike price (€)	Strike period
-	-	-	-	-	-	-	-	122,180	122,180	0	3 years
Other requirements of the financial year -											

ii) Long-term saving systems

Name	Contribution for the year by the company (€k)		Amount of accumulated funds (€k)	
	FY2014	FY2013	FY2014	FY2013
Mr Pablo Isla Álvarez de Tejera	1,625	1,625	6,994	5,103

iv) Other benefits (€k)

Remuneration in the form of advances, loans granted			
Name	Interest rate on the transaction	Main description of the transaction	Amounts eventually repaid
-	-	-	-

Name	Life insurance premium		Severance or golden parachute clause agreed by the Company for Directors	
	FY2014	FY2013	FY2013	FY2014
-	-	-	-	-

b) Remuneration accrued to the directors of the company for their directorship in other group companies:

i) Payment in cash (€k)

Name	Salary	Fixed remuneration	Per diem payments	Short-term variable remuneration	Long-term variable remuneration	Remuneration for membership on Board Committees	Indemnity	Other items	Total FY2014	Total FY2013
Mr. Carlos Espinosa de los Monteros Bernaldo de Quirós /	0	73	0	0	0	0	0	0	73	80

ii) Share-based remuneration systems

Name												
Implementation date	Ownership of options at the beginning of FY2014						Options allocated during FY2014					
	No. options	No. affected Shares	Strike price (€)	Strike period			No. options	No. affected Shares	Strike price (€)	Strike period		
-	-	-	-	-			-	-	-	-		
-												
Shares delivered During FY2014			Options exercised during FY2014				Op due and not exercised	Options as at FY2014 end				
No. shares	Price	Amount	Strike price (€)	No. Options	No. affected options	Gross Profit (€k)	No. options	No. options	No. affected shares	Strike price (€)	Strike period	
-	-	-	-	-	-	-	-	-	-	-	-	
Other requirements of the financial year												

iii) Long-term saving systems

Name	Contribution for the year by the company (€k)		Amount of accumulated funds (€k)	
	FY2014	FY2013	FY2014	FY2013
-	-	-	-	-

iv) Other benefits (in €k)

Remuneration in the form of advance payments, loans granted			
Name	Interest rate on the transaction	Main description of the transaction	Amounts eventually repaid
-	-	-	-

Name	Life insurance premium		Severance or golden parachute clause agreed by the Company for Directors	
	FY2014	FY2013	FY2014	FY2013
-	-	-	-	-

c) Summary of remunerations (€k):

The amounts for all the remuneration items included in this report that have been accrued to each director must be included in this summary (in €k)

Where there are long-term Saving Systems, the contributions or endowments made to these types of system shall be included.

Name	Remuneration accrued in the Company				Remuneration accrued in Group companies				Totales		
	Total cash remuneration	Amount of shares granted	Gross profit of options exercised	Total FY2014 company	Total cash remuneration	Amount of shares granted	Gross profit of options exercised	Total FY2014 group	Total FY2014	Total FY2013	Contribution to the savings systems during the year
Mr Pablo Isla Álvarez de Tejera	7,930	0	0	7,930	0	0	0	0	7,930	6,350	1,625
Mr José Arnau Sierra	280	0	0	280	0	0	0	0	280	280	0
Mr Amancio Ortega Gaona	100	0	0	100	0	0	0	0	100	100	0
Mr Carlos Espinosa de los Monteros Bernaldo de Quiros	223	0	0	223	73	0	0	73	296	330	0
Mr Emilio Saracho Rodríguez de Torres	200	0	0	200	0	0	0	0	200	200	0
Gartler, S.L. (representada por Dña. Flora Pérez Marcote	100	0	0	100	0	0	0	0	100	100	0
Ms Irene Ruth Miller	250	0	0	250	0	0	0	0	250	207	0
Mr Juan Manuel Urgoiti López de Ocaña	72	0	0	72	0	0	0	0	72	243	0
Mr Nils Smedegaard Andersen	200	0	0	200	0	0	0	0	200	200	0

Mr Rodrigo Echenique Gordillo	137	0	0	137	0	0	0	0	137	0	0
Total:	9,492	0	0	9,492	73	0	0	73	9,565	8,010	1,625

D.2 Give information on the relationship between the remuneration received by directors and the results or other company performance indicators, explaining, where appropriate, how variations in the company's performance may have been able to influence the variation in directors' remunerations.

The sums provided in section A.3 are the only remuneration received by Directors of the Company for their membership on the Board of Directors of Inditex or of any Group company, except for the remuneration of the Executive Director for the performance of senior management duties. No remuneration exists on the grounds of profit-sharing schemes or bonus, nor remuneration systems or plans which include variable remuneration, nor are based on results or other indicators to measure performance of the company.

Certain items of the remuneration of the Chairman and Executive Director for the performance of senior management duties are linked to results and other indicators of the performance of the Company, as it has been described in sections C.1.2.b) and c) above.

i) Short-term or annual variable remuneration

As stated in section C.1.2.b) above, the Nomination and Remuneration Committee has considered the following yardsticks:

a) Net sales and contribution margin, in equal proportion, with the same yardsticks as those established for senior managers according to the budget of the Company and its strategic development.

b) The personal performance of the Chairman and Executive Director; the observance of the expansion plans, in terms of increase of retail floor area in square meters, pursuant to the Group's goals; the progress in corporate social responsibility policies and the progress in environmental policies, in terms of the number of new stores which meet eco-efficiency parameters and the number of audits and control on wet processes, in the framework of the Zero Discharge of Hazardous Chemicals Plan.

In the consideration of the above mentioned yardstick, for the purposes of determining the annual variable remuneration for financial year 2014, the Nomination and Remuneration Committee has taken into account the following elements: (i) the level of attainment - 95.7%- of the net sales and contribution margin goals; (ii) the strategic development, highlighting the investments made during the year in projects of the logistics area and towards improving distribution platforms, especially the international logistics centre of Cabanillas del Campo (Guadalajara); (iii) the outcome of the evaluation of the performance of the Chairman and Executive Director which took place in the meeting held on 10 December 2014, which was qualified as excellent; (iv) the observance of the expansion plans, with aggregate retail floor area being in excess of 3,786,099 m², which represents a 10% growth, in line with the goals set for financial year 2014; (v) the progress in corporate social responsibility policies, highlighting that 3,771 social audits have been conducted, and (vi) the progress in environmental policies, underscoring the number of new stores that meet the eco-efficiency standards and

the 104 audits of *wet processes* carried out in the framework of the Zero Discharge of Hazardous Chemicals Plan.

Summarizing, the Board of Directors has resolved, on the proposal of the Nomination and Remuneration Committee, an annual variable remuneration in the amount of €2,600k.

ii) Pluri-annual or long term variable remuneration

As provided in section A.4 of this Report, the first calculation period of the Long Term Performance Cash Plan expired on 31 January 2015. LFL Sales and EBIT metrics goals were achieved at 99%.

As a result, the incentive to be paid in May 2015 amounts to €1,980k, which represents 61% of fixed remuneration. This amount is detailed in a table shown in section D.

D.3 Give information on the outcome of the advisory say-on-pay vote of the Annual General Meeting on the annual remuneration report of the previous year, stating the number of votes cast against, if any:

The Annual Report on Directors' Compensation for FY2013 was put to the advisory say-on-pay vote of the Annual General Meeting last 15 July 2014, as item number nine of the Agenda, with the following outcome:

	Number	% on total
Votes cast	531,806,618	85.32 %

	Number	% on votes cast
Against	4,732,670	0.89 %
For	525,944,615	98.90 %
Abstentions	1,129,333	0.21%

E OTHER INFORMATION OF INTEREST

If there are any relevant issues relating to directors' remuneration that you have not been able to address in the previous sections of this report, but which are necessary to provide more comprehensive and fully reasoned information on the remuneration structure and practices of the company with regard to its directors, list them briefly.

This annual remuneration report has been approved by the Board of Directors of the Company on 17 March 2015.

State whether any director has voted against or abstained with respect to the approval of this Report

Yes

No

Name or company name of the member of the board of directors who has not voted for the approval of this report	Reasons (against, abstain, not in attendance)	Explain the reasons
-	-	-