

**ANNUAL CORPORATE GOVERNANCE REPORT OF LISTED PUBLIC
COMPANIES**

ISSUER IDENTIFICATION DETAILS

YEAR- END DATE: 2013

Tax Identification No. [C.I.F.] A-15.075.062

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 CORPORATE GOVERNANCE REPORT
OF INDUSTRIA DE DISEÑO TEXTIL, S.A.

In this Annual Corporate Governance Report, the Board of Directors of INDUSTRIA DE DISEÑO TEXTIL, S.A. (INDITEX, S.A.), (hereinafter, “**INDITEX**” or the “**Company**”) has included all the relevant information corresponding to fiscal year 2013 which commenced on 1 February 2013 and closed on 31 January 2014, excepting those cases in which other dates of reference are specifically mentioned.

In Spain, Act 26/2003 of 17 July, which amended the *[Spanish]* Stock Exchange Act and the then prevailing Revised Text of the *[Spanish]* Corporation Act, for the purposes of advancing transparency in listed public companies (hereinafter, the “**Transparency Act**”), developed the series of reflections on the principles and practices that should govern the corporate governance of listed companies that were contained in the Report of the “Olivencia Commission” (hereinafter, the “**Olivencia Report**”) and, subsequently, in the Report of the Special Commission for the Promotion of Transparency and Security in Financial Markets and Listed Companies (hereinafter, the “**Aldama Report**”), giving regulatory support to the findings and recommendations contained therein as regards the promotion of transparency.

Finally, on 22 May 2006, the Board of the *Comisión Nacional del Mercado de Valores (Spanish Stock Exchange Commission)*, (hereinafter the “**CNMV**”), resolved to approve as a single document which encompasses the recommendations on corporate governance, the Unified Good Governance Code of Listed Companies prepared by the Special Work Group set up further to a resolution of the Spanish Government with the goal of assisting the *CNMV* with the harmonisation and update of the recommendations included in the Olivencia and Aldama Reports. Such Code has been updated in 2013 for the purpose of removing such recommendations or binding definitions which were added to the regulations after 2006.

The contents and structure of this Report adjust to the requirements laid down in the implementing regulations and to Annex I of *CNMV*’s Circular 5/2013 dated 12 June, whereby the forms of the annual corporate governance report of listed public companies, savings banks and other entities that issue securities admitted to trading in official securities markets are established, according to which the contents of the annual corporate governance report of listed public companies, covered in section 5 of Order EEC/461/2013 dated 20 March is determined.

This Annual Corporate Governance Report is subject to publication as a relevant fact and is available on the corporate web site (www.inditex.com).

Corporate governance rules of INDITEX are established in its Articles of Association, Board of Directors’ Regulations, Regulations of the General Meeting of Shareholders, the Internal Regulations of Conduct regarding Transactions in Securities, the Code of Conduct and Responsible Practices and the Regulations of the Social Board, as it is explained in more detail below:

Articles of Association: These were approved by the Annual General Meeting of Shareholders in July 2000 and have been subsequently subject to several amendments. Among such reviews, the following may be underscored: the adaptation of the Articles of Association to: (i) the new duties of transparency, information and protection of investors, introduced by Act 44/2002 of 22 November, on Measures for the Reform of the Financial System (hereinafter, the "**Financial Law**") and by the recommendations and findings included in the Aldama Report; (ii) the Transparency Act and the inclusion of recommendations on corporate governance, underscoring, among others: (a) the removal of the requirement to hold a minimum number of shares in the Company to be eligible to attend Annual General Meetings; (b) the possibility for shareholders to grant proxy and to issue votes by mail or electronic means; (c) some rules were laid down for those cases where a shareholders' proxy is in conflict of interest; (d) the change in the composition of the Audit and Control Committee; (e) a new article regarding the Nomination and Remuneration Committee, and (f) a new article on the web page of the Company; (iii) the amendments introduced by Act 3/2009 of 3 April on Structural Amendments of Companies and the increase of the maximum number of members sitting on the Supervision and Control Committees of the Board of Directors (the Audit and Control Committee and the Nomination and Remuneration Committee) to better meet the requirements of the Company and to mirror the composition of the Board of Directors, further to the appointment by the Annual General Meeting of Shareholders of two new independent directors; (iv) the Act on Capital Companies, approved by *Real Decreto Legislativo* 1/2010 of 2 July, which amends the form and contents of the notice calling the Annual General Meeting of Shareholders, in order to adjust the duties of the Audit and Control Committee to the new wording of 18th Additional provision of the Act on the Stock Exchange and the contents of the web page regarding information to the shareholders and the replacement of any references to the former "Spanish Corporation Act" or any other express reference to any given statute, with a general reference to the "Law" or the "applicable regulations", for the purposes of preventing that any subsequent regulatory change might entail a mandatory amendment to the Articles of Association.

Finally, certain articles of the Articles of Association were amended during the Annual General Meeting of Shareholders held on 17 July 2012 in order to meet the regulatory changes introduced by Act 25/2011 of 1 August, whereby portions of the Act on Capital Companies were amended, and by Directive 2007/36/EC of the European Parliament and of the Council, of 11 July, on the exercise of certain rights of shareholders in listed companies, which has entailed certain amendments to the regulations of listed public companies.

Board of Directors' Regulations: These were approved by the Board of Directors in July 2000. Their purpose is to determine the principles of operation of the Board of Directors, the basic rules for its organisation and proceedings and the rules governing the conduct of its members; they include, among other matters, rules regarding the appointment and removal of directors, their rights and duties and the relationship of the Board of Directors with the shareholders, the markets and the external auditors, all this with the aim of achieving the highest possible degree of efficiency. The Board of Directors' Regulations were subject to different amendments in order to adapt them to: (i) the new obligations introduced by the Financial Act, and to the recommendations of the Aldama Report; (ii) the Transparency Act and its implementing regulations, as well as to the most recent

trends in the area of good governance; (iii) the new recommendations of the Unified Good Governance Code of Listed Companies; (iv) the amendments introduced to the Articles of Association, including the increase of the maximum number of members sitting on the Supervision and Control Committees (the Audit and Control Committee and the Nomination and Remuneration Committee), in order to adjust them to the requirements of the Company and to the composition of the Board of Directors, further to the appointment by the Annual General Meeting of Shareholders of two new independent directors.

Finally, the Board of Directors held on 12 June 2012 resolved to amend the Board of Directors' Regulations in order to: (i) encompass the regulatory changes introduced by Act 25/2011 of 1 August, and Act 2/2011 of 4 March, on Sustainable Economy; among such changes, apart from those made to adjust such Regulations to the new wording of the Articles of Association, the following should be underscored: the change in section 17 to include the possibility that a third of Directors may call the Board of Directors under certain circumstances, as provided in section 246 of the Act on Capital Companies, and the amendment of paragraphs 3 and 4 of section 28 and paragraph 2 of section 39, to adjust their contents to sections 61*bis* and 61*ter* of Act 24/1988 of 28 July, on the Stock Exchange, which govern the requirement for listed companies to issue on an annual basis a report on corporate governance and another on the remuneration of directors; (ii) include recommendations 44 and 54 of the Unified Good Governance Code of Listed Companies; (iii) extend the powers of the Audit and Control Committee and of the Nomination and Remuneration Committee; and (iv) remove any references to the repealed Spanish Corporation Act, replacing them with the relevant references to the Act on Capital Companies and introducing technical and editorial improvements.

Regulations of the General Meeting of Shareholders: This text was approved at the Annual General Meeting held on 18 July 2003. Its aim is to govern the proceedings of the General Meeting as to calling of meetings, preparation, information, attendance, proceedings and exercise of voting rights, and to inform the shareholders of their rights and duties relating to this. The Regulations of the General Meeting of Shareholders have been subject to different amendments, among which, we should point out the reform thereof in order to include the provisions of the Transparency Act and the implementing regulations thereof, the updating of the contents of the Regulations in light of the most recent trends on the issue of good corporate governance and the new recommendations laid down by the Unified Good Governance Code of Listed Companies, and to adjust the wording of the Regulations of the General Meeting of Shareholders to the regulatory changes introduced by the Act on Capital Companies and the removal of any references to the repealed "Spanish Corporation Act" or any other express reference to the applicable regulations, replacing them with a generic reference to the "Law" or the "applicable regulations".

The latest amendment to the Regulations of the General Meeting of Shareholders, resolved by the AGM held on 17 July 2012 sought: (i) to adapt them to the new wording of the Articles of Association and encompass the regulatory changes introduced by Act 25/2011, of 1 August, which entailed several changes to the regulation of listed public companies; and, (ii) to adapt the remit of the Annual General Meeting of Shareholders concerning compensation by means of delivery

of shares and the advisory say- on- pay vote on the annual report on the remuneration of directors.

Internal Regulations of Conduct regarding Transactions in Securities of INDITEX and its Corporate Group (hereinafter, the “**Internal Regulations of Conduct**” or “**IRC**”): Approved by the Board of Directors in July 2000, this document contains, among others, the rules governing the confidentiality of relevant information, transactions involving securities of INDITEX and its group of companies by the persons included in its scope, its treasury stock policy and communication of relevant facts. The IRC was amended, among other things, in order to adapt it to the obligations introduced by the Financial Act, and to the recommendations contained in the *Aldama* Report, redefining several concepts and reinforcing control over those transactions with securities of the Company that could be carried out at some point in the future by Affected Persons.

Finally, the IRC was amended further to a resolution of the Board of Directors dated 13 June 2006 for the purposes of adapting the contents thereof to the provisions of *Real Decreto* 1333/2005, of 11 November, implementing the Stock Exchange Act in the matter of market abuse.

Code of Conduct and Responsible Practices of the INDITEX Group: Approved by the Board of Directors on 16 July 2012, this Code replaces the former Code of Conduct of the INDITEX Group and the Internal Guidelines for the Responsible Practices of the Inditex Group. The Code of Conduct and Responsible Practices provides the action lines which must be followed by the Group in the performance of its professional duties. Its goal consists of exacting an ethical and responsible professional conduct from INDITEX and its entire workforce in the conduct of their business anywhere in the world, as a gist of its corporate culture upon which the training and the personal and professional career of its employees is based. For such purposes, the principles and values which shall govern the relationship between the Group and its stakeholders (employees, customers, shareholders, business partners, suppliers and the societies where its business model is implemented) are defined. The Code of Conduct and Responsible Practices is based upon a number of general principles, inter alia, that according to which the operations of the INDITEX Group shall be developed under an ethical and responsible perspective; all persons, whether natural or legal, who maintain, directly or indirectly, any kind of professional, economic, social or industrial relationships with the INDITEX Group shall be treated in a fair and honourable manner and that according to which, all the activities of the Group shall be carried out in the manner that most respects the environment, promoting biodiversity preservation and sustainable management of natural resources.

The full text of all the aforementioned documents is available on the corporate web site (www.inditex.com), in the sections “Information for Shareholders and Investors” and “Corporate Responsibility”.

Regulations of the Social Board: The Social Board is the advisory body of INDITEX with regard to Corporate Social Responsibility. In December 2002, the Board of Directors authorised its creation and approved its By-laws, which determine the principles of action, the basic rules governing its organisation and proceedings and the rules of conduct of its members.

A OWNERSHIP STRUCTURE

A.1. Complete the following table about the share capital of the company:

Date of last amendment	Share capital (€)	Number of shares	Number of voting rights
20-07-2000: Resolution passed by the Annual General Meeting of Shareholders	€93,499,560	623,330,400 shares	623,330,400

Please state whether there are shares of different classes with different rights attached thereto:

Yes

No

All shares are of the same class and series, represented by the book-entry method and are fully paid-up and subscribed.

INDITEX has been listed on the different Spanish Stock Exchanges since 23 May 2001 and has been part of the selective Ibex 35 since July 2001. In addition, it has been part of the *Eurotox* 600 since September 2001, of the selective Morgan Stanley Capital International index since November 2001, of the Dow Jones Sustainability Index since September 2002, of the *FTSE4Good* since October 2002 and of the FTSE ISS *Corporate Governance* index, since its launching in December 2004.

A.2. List the direct and indirect owners of significant holdings in your company at the date of the fiscal year end, excluding the directors:

As INDITEX's shares are represented by the book-entry method and no shareholders register is kept by the Company, the ownership structure of the company may not be accurately known.

In any event, according to the information provided by CNMV on its web site (www.cnmv.es) and the information provided to INDITEX by shareholder *Rosp Corunna Participaciones Empresariales, S.L.*, the owners of significant holdings in the Company as at 31 January 2014, excluding the Directors, were those shown below:

Name (person or company) of the shareholder	Number of direct voting rights	Number of indirect voting rights (*)		% Total of share capital
		Direct owner of the	No. of voting rights	

		holding		
PARTLER 2006, S.L.	57,872,465			9.284%
Estate of Ms Rosalía Mera Goyenechea ^(*)	0		31,494,806	5.053%

^(*) through:

Name (person or company) of the direct owner of the holding	Number of direct voting rights	% on total voting rights
ROSP CORUNNA PARTICIPACIONES EMPRESARIALES, S.L.	31,494,806	5.053%

Indicate the most significant movements in shareholding structure that have taken place over the fiscal year:

Name (person or company) of the shareholder	Date of the transaction	Description of the transaction
ROSP CORUNNA PARTICIPACIONES EMPRESARIALES, S.L.	15-08-2013	INDITEX's shares owned by ROSP CORUNNA PARTICIPACIONES EMPRESARIALES, S.L. were transferred to the estate of Ms Rosalía Mera Goyenechea after her demise.

A.3. Complete the following tables on the members of the board of directors of the company, who have voting rights attached to shares in the company:

As at 31 January 2014, the members of the Board of Directors who had a stake in the share capital of the Company were as follows:

Name (person or company) of the director	Number of direct voting rights	Number of indirect voting rights (*)		% on the total voting rights
		Direct owner of the holding	No. of voting rights	
Pablo Isla Álvarez de Tejera	361,064	0		0.058%
Amancio Ortega Gaona	0	369,600,063 ^(*)		59.294%
José Arnau Sierra	6,000	0		0.001%
GARTLER, S.L.	311,727,598	0		50.010%
Irene Ruth Miller	13,240	0		0.002%
Nils Smedegaard Andersen	7,000	0		0.001%
Carlos Espinosa de los Monteros	30,000	0		0.005%

Bernaldo de Quiros			
Emilio Saracho Rodríguez de Torres	0	0	0%
Juan Manuel Urgoiti López de Ocaña	27,739	0	0.004%

(*) Through:

Name (person or company) of the direct holder of the holding	Number of direct voting rights	% on the total voting rights
GARTLER, S.L.	311,727,598	50.010%
PARTLER 2006, S.L.	57,872,465	9.284%
Total:	369,600,063	59.294%

Total % of voting rights held by the Board of Directors	59.36%
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Complete the following tables on the members of the Board of Directors who have rights over shares in the company:

Name (person or company) of the shareholder	Number of direct voting rights	Indirect voting rights (*)		% on the total of voting rights
		Direct owner of the holding	Number of voting rights	
Pablo Isla Álvarez de Tejera	Up to a maximum of 26,000 shares as a result of the first performance cycle of the Long Term Performance Shares Plan addressed to members of management and other key employees of the Inditex Group, pursuant to the terms and conditions of the Long Term Performance			Up to a maximum 0.004 %

	Shares Plan approved by the AGM on 16 July 2013.			
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A.4. Indicate, where applicable, the family, business, contractual or corporate relationships existing between the owners of significant holdings, to the extent that they are known by the company, unless these be scarcely relevant or stem from the ordinary course of trade:

The Company has not been given notice of any family, business, contractual or corporate relationships existing between the owners of significant holdings that are of a relevant nature or that do not stem from the ordinary course of trade, without prejudice to that referred to under item A.3 above as regards the fact that Mr Amancio Ortega Gaona is the indirect owner of the shares of two significant shareholders: Gartler, S.L. and Partler 2006, S.L.

A.5. Indicate, where applicable, the business, contractual or corporate relationships existing between the owners of significant holdings and the company and/or its group, unless these be scarcely relevant or stem from the ordinary course of trade:

There have been no relations of a business, contractual or corporate nature between the owners of significant holdings and the Company that are of a relevant nature or that do not stem from the ordinary course of trade, subject to the information provided under section D below regarding "Related-party Transactions", for transparency purposes.

A.6. Indicate whether the company has been informed of any para-social agreements affecting the company pursuant to the provisions of sections 530 and 531 of the Act on Capital Companies. If so, describe them briefly and list the shareholders bound by the agreement:

Yes

No

Indicate whether the company knows of the existence of concerted actions among its shareholders. If so, give a brief account thereof:

Yes

No

In the event that during the year any modification or breaking of those pacts or agreements or concerted actions has occurred, indicate it expressly:

The Company has not received any notices regarding the making of para-social agreements nor does it have any proof of the existence of concerted actions between its shareholders.

A.7. Indicate if there is any legal or natural person who exerts control or could exert control over the company in accordance with section 4 of the Stock Exchange Act. If so, identify it/them:

Yes

No

Name (person or company)
Amancio Ortega Gaona

Remarks
Mr Ortega holds a 59.294% stake in the share capital through GARTLER, S.L. and PARTLER 2006, S.L.

A.8. Complete the following tables on the treasury stock of the company:

At year-end closing:

Number of direct shares	Number of indirect shares	total % on share capital
450,000	0	0.072%

List the significant variations, in accordance with the provisions of *Real Decreto* 1362/2007, occurred during the fiscal year:

The Company has acquired 450,000 own shares representing 0.072% in the share capital, for the purposes of having the necessary number of shares to be delivered to the beneficiaries of the first cycle of the Long Term Performance Shares Plan addressed to members of management and other key employees of the Inditex Group. Such Plan was approved by the Annual General Meeting on 16 July 2013 within the scope of the authorization for the derivative acquisition of shares, referred to in the next section.

A.9. Give details of the conditions and term of the current mandate given by the Annual General Meeting to the Board of Directors to carry out acquisitions or transfers of the company's own shares

At the date of the issue of this report, the authorisation granted by the Annual General Meeting of Shareholders of the Company on 16 July 2013 remains in force, by virtue of which the Board of Directors was authorised to acquire the company's own shares. Below is a literal transcription of the resolution passed by the aforementioned Annual General Meeting on item six of the Agenda:

“To authorize the Board of Directors, so that, in accordance with the provisions of section 146 of the Act on Capital Companies, it may proceed to the derivative acquisition of treasury stock, either directly or through any subsidiaries in which the Company is the controlling company, observing the legal limits and requirements and under the following conditions:

a) Methods of acquisition: the acquisition shall be done through purchase and sale, exchange or dación en pago [acceptance in lieu of payment].

b) Maximum number of treasury stock to be acquired: shares with a nominal value which, added to that of those shares, directly or indirectly in the possession of the Company, do not exceed 10% of the share capital.

c) Maximum and minimum prices: the minimum price of acquisition of the shares shall be their nominal value and the maximum price shall be up to 105% of their market value at the date of purchase.

d) Duration of the authorization: five (5) years from the date of this resolution.

For the purposes of the provisions of paragraph a) of section 146.1 of the Act on Capital Companies, it is hereby stated that the shares purchased under this authorization may be allocated by the Company, among other things, to be handed out to the employees or directors of the Company, either directly or as a result of the exercise of any option they may hold, under remuneration schemes for staff of the Company or its Group.

This authorization supersedes the authorization approved by the Annual General Meeting of Shareholders held on 17 July 2012”.

A.10. Indicate whether there is any restriction on the transferability of securities and/or any restriction on voting rights. Namely, report the existence of any restrictions that might hinder the take-over of control of the company by purchasing its shares on the market.

Yes

No

All shares of the Company have the same voting and financial rights attached and there are no legal or by-law restrictions on the acquisition or transfer of shares.

As regards the exercise of voting rights, the only restriction is that provided in section 83.1 of the Act on Capital Companies, according to which any shareholder who is in arrears regarding any outstanding payments may not exercise their voting right.

A.11. Indicate whether the Annual General Meeting of Shareholders has resolved the taking of anti-takeover measures in the event of a public tender offer pursuant to the provisions of Act 6/2007:

Yes

No

A.12 Indicate whether the company has issued securities that are not traded on a Community regulated market.

Yes

No

GENERAL MEETING OF SHAREHOLDERS

The General Meeting of Shareholders duly convened in accordance with all legal formalities and those of the Articles of Association and its own Regulations, is the supreme and sovereign body of expression of the will of the company. Its resolutions are binding on all its shareholders, including absent or dissenting shareholders, without prejudice to any remedies they may have at law.

In accordance with the Articles of Association and the Regulations of the General Meeting of Shareholders, the General Meeting is authorized to pass all kinds of resolutions concerning the Company and, in particular, and subject to any other powers vested by the applicable regulations, the exercise of the following powers is reserved to such body:

- (a) To resolve on the individual annual accounts of the Company and, where appropriate, on the consolidated accounts of the Company and its Group, as well as on the distribution of the income or loss.
- (b) To appoint and remove administrators, as well as, confirm or revoke those provisional appointments of said administrators made by the Board, and to review their management
- (c) To appoint and remove the auditors.
- (d) To resolve the issuance of bonds, the increase or reduction of capital, the exclusion or restriction of pre-emption rights, transformation, merger, split-off or dissolution of the Company, the global allotment of assets and liabilities, the approval of the final liquidation balance sheet, the transfer of the registered office abroad and, in general, any amendment to the Company's Articles of Association.
- (e) To authorize the Board of Directors to increase the Company's capital, or to proceed to the issuance of bonds and other fixed yield securities.
- (f) To approve the adoption of remuneration systems consisting of the granting either of shares or stock options, as well as any other remuneration system linked to the value of the shares, for the benefit of directors, and to conduct an advisory say on pay vote on the annual report on Directors' compensation.

- (g) To pass the Regulations of the General Meeting of Shareholders and their subsequent amendments.
- (h) To resolve on the matters submitted to it by a resolution of the Board of Directors.
- (i) To grant the Board of Directors the powers it may deem fit to deal with unforeseen issues
- (j) To approve those transactions which might entail an effective amendment of the corporate purpose and those whose effect may be equivalent to the liquidation of the Company.

The Board of Directors shall convene the Annual General Meeting necessarily once a year; within the first six months of the closing of each financial year in order to, at least, review the company's management, approve, where appropriate, the accounts of the previous year and decide upon the distribution of income or loss.

The Extraordinary General Meeting shall meet when the Board of Directors so resolves or when a number of shareholders representing at least five percent of the share capital so request, expressing in the request the business to be transacted. In this latter case, the General Meeting of Shareholders must be convened to be held within the deadline provided in the applicable regulations; the agenda of the meeting will necessarily include the matters that were the subject of the request.

In the resolutions to call the General Meeting, the Board of Directors shall require the presence of a Notary to take the minutes of the General Meeting.

General Meetings must be convened by the Board of Directors through notice published in the Official Gazette of the Companies Register, on the web site of the Company (www.inditex.com) and on CNMV's web site (www.cnmv.es), at least one month in advance of the day scheduled for the meeting to be held, or within any longer period required by law, where appropriate, on account of the scope of the resolutions submitted for deliberation. The notice must state the name of the Company, the day, time and place of the meeting, as well as the date on which, if appropriate, the General Meeting shall be held on second call, and there must be at least a 24-hour period between one call and the other. The notice shall likewise state, clearly and precisely, all the matters to be discussed therein.

No later than the date of publication, or at any rate the business day that immediately follows, the notice of the meeting shall be sent by the company to the CNMV, and to the Governing Organisations of the Securities Markets where the company's shares are listed for its insertion in the relevant Listing Bulletins. The text of the notice shall also be available on the Company's web page (www.inditex.com).

Notwithstanding the above, the General Meeting shall be deemed to have been duly called and validly held to discuss any matter, whenever the whole share capital is present and all those attending unanimously agree to hold the meeting.

B.1. Indicate and, if applicable, explain whether there are differences with the minimum requirements set out in the Act on Capital

Companies (ACC) in connection with the quorum required to hold a valid General Meeting of Shareholders

Yes No

	Quorum % different from that established as a general rule in sec. 193 of the ACC	Quorum % different from that established in sec. 194 of the ACC for special cases covered therein
Quorum required on 1st call	50% of the subscribed voting stock	-
Quorum required on 2nd call	-	-

Article 21.1 of the Articles of Association and section 15 of the Regulations of the General Meeting provide that the General Meeting will be validly held on first call where shareholders who are present or represented by proxy represent at least fifty percent of the subscribed share capital with the right to vote. On second call, generally, the General Meeting shall be validly held regardless of the capital attending the same. However, if the Meeting is called to decide on an increase or a reduction in the share capital, the issue of debentures, the transformation of the Company, the merger for the creation of a new company or via the taking-over of the company by another entity, its spin-off in whole or in part, the global assignment of assets and liabilities, the substitution of the company's objects as well as any other amendment whatsoever of the Articles of Association, shall require, on second call, the attendance of twenty-five percent of the subscribed share capital with the right to vote.

Therefore, the only difference between said rules and the provisions of the Act on Capital Companies both in general and for special cases, lies in the quorum required to hold the General Meeting on first call in accordance with section 193 of the Act on Capital Companies, that the Articles of Association and the Regulations of the General Meeting of the company have established as the quorum required to hold valid meetings on first call in accordance with section 194 of the Act on Capital Companies (shareholders who are present or represented by proxy possess at least fifty percent of the subscribed share capital with the right to vote). This enhanced quorum may not be deemed to be a restriction on the control by the Company, since it is only applicable to first calls.

This is expressly permitted by section 193 of the Act on Capital Companies, which, having laid down that the General Meeting of Shareholders shall be validly held on first call when the shareholders present or represented by proxy possess, at least, twenty-five per cent of the subscribed voting share capital, goes on to provide that a higher quorum may be established in the Articles of Association.

- B.2. Indicate and, if applicable, explain whether there are differences with the rules provided by the Act on Capital Companies [ACC] for the passing of corporate resolutions:**

Yes No

- B.3. Indicate the rules applicable to amendment to the Articles of Association. Namely, report the majorities established to amend the Articles of Association, and, if any, the rules to safeguard shareholders' rights when amending such Articles.**

Pursuant to sections 285 *et seq.* of the Act on Capital Companies, it is incumbent on the Annual General Meeting of Shareholders to resolve about any amendment to the Articles of Association.

Standards applicable to the amendments to the company's by-laws are provided in the Articles of Association and the Regulations of the General Meeting of Shareholders. Article 21 of the Articles of Association and section 15 of the Regulations of the General Meeting of Shareholders provide a special quorum in order to call the Annual General Meeting which has to address any amendment to the Articles of Association.

"The General Meeting shall be validly held on first call whenever the shareholders present or represented hold, at least, fifty (50) per cent (50) of the subscribed voting stock. Generally, the General Meeting shall be validly held on second call, regardless of the capital attending the same. However, if the Meeting is called to discuss about the increase or reduction of capital, the issuance of bonds, the exclusion or restriction of the pre-emptive right, the reorganization of the Company, the merger originated by the creation of a new company or by means of the takeover of the Company by another entity, the total or partial split-off, the global allotment of the Company's assets and liabilities, the transfer of the registered address abroad, the replacement of the corporate purpose, as well as any other amendment to the Articles of Association, the attendance of twenty five (25) percent of the subscribed voting stock shall be necessary on second call."

Section 6.d) of the Regulations of the General Meeting of Shareholders expressly assigns to the AGM the power to approve any amendment to the Articles of Association: *"In accordance with the provisions of the Articles of Association, the General Meeting is authorized to pass all kinds of resolutions concerning the Company, namely, and subject to any other powers vested by the applicable regulations, it is granted with the following exclusive powers: (d) To resolve the issuance of bonds, the increase or reduction of capital, the exclusion or restriction of pre-emption rights, transformation, merger, split-off or dissolution of the Company, the global allotment of assets and liabilities, the approval of the final liquidation balance*

sheet, the transfer of the registered office abroad and, in general, any amendment to the Company's Articles of Association."

B.4. Give the attendance figures for the general meetings held during the year to which this report refers and the previous year:

Date AGM	Attendance data				Total
	% attendance in person	% attendance by proxy	% distance voting		
			Electronic vote	others	
17-07-2012	0.09%	81.79%	0.08 ⁽¹⁾		81.96%
16-07-2013	0.08%	84.59%	1.16% ⁽²⁾		85.83%

⁽¹⁾A total number of one hundred and thirty-six shareholders cast remote vote by post.

⁽²⁾A total number of one hundred and forty-three shareholders cast remote vote by post

B.5. Indicate whether there are any by-law restrictions requiring a minimum number of shares to attend the General Meeting of Shareholders.

Yes No

B.6 Indicate whether it has been resolved that certain resolutions entailing a structural change of the company ("subsidiarization", trading of core operational assets, transactions equivalent to the liquidation of the company, etc.,) must be put to the approval of the general meeting, even if not expressly required by Mercantile laws.

Yes No

Pursuant to the Articles of Association, section 6 of the Regulations of the General Meeting of Shareholders provides that the General meeting is authorised to pass any manner of resolutions regarding the Company. Namely, and subject to any other power it may be allocated by law, the General Meeting is authorised to proceed to the global allotment of assets and liabilities, the approval of the final liquidation balance sheet, the transfer of the registered office abroad and such transactions with entail an effective amendment to the corporate objects and those which effect is equivalent to the liquidation of the Company.

B.7. Indicate the address and means of access to the company's website, to the information on corporate governance and other information on the general meetings which must be made available to shareholders through the Company's website.

The section “Investors”, “Corporate Governance” of the corporate website (http://www.inditex.com/en/investors/corporate_governance) provides the most relevant information on the Company’s corporate governance (Articles of Association, Regulations of the General Meeting of Shareholders, Board of Directors’ Regulations, the Internal Regulations of Conduct regarding Transactions in Securities, the composition of the Board of Directors and its Committees, the Annual Corporate Governance Report, and the Annual Report on the Remuneration of Directors, etc.)

The information on the Annual General Meeting of Shareholders is included in the section “General Meeting of Shareholders”. Contemporaneously to the notice calling the AGM; a direct access to the information on the AGM called is provided on the home page of the corporate web.

With regard to the Annual General Meeting of Shareholders held in 2013

(www.inditex.com/es/investors/corporate_governance/AnnualGeneralMeeting/AGM_2013), this section includes the links to the Electronic Forum of Shareholders and the electronic voting and voting by proxy, platform, the notice calling the AGM and the agenda, the proposed resolutions in respect of the items of the agenda, the documents submitted to the approval of the Annual General Meeting of Shareholders (annual accounts, management report and audit report, individual and consolidated, and Inditex’s balance sheet revaluation), the statement of responsibility on the contents of the annual financial report, the Annual Corporate Governance Report, the Annual Report on Directors’ Compensation, the Annual Report of the Audit and Control Committee, the Activities Report of the Nomination and Remuneration Committee, the document implementing the internal regulations on remote voting and granting of proxy, the information on the aggregate number of shares and voting rights at the date of calling, and the resolutions passed by the AGM, the information on votes cast and the outcome of the voting, and the link to the online webcast with the Annual General Meeting of Shareholders.

Additionally, other information of interest, such as the Code of Conduct and Responsible Practices and the Code of Conduct for Manufacturers and Suppliers is available in the section “Sustainability” (www.inditex.com/en/sustainability).

C ADMINISTRATIVE STRUCTURE OF THE COMPANY

C.1 Board of Directors

Except for such issues whose transaction is reserved to the General Meeting of Shareholders, the Board of Directors is the highest decision-making, supervisory and controlling body of the Company, as it is entrusted with its administration, management and representation, delegating as a general rule the management of the

day-to-day business of INDITEX to the executive bodies and the management team and focusing on the general supervisory function, which includes guiding INDITEX's policy, monitoring the management bodies, assessing the management by the senior management, making the most relevant decisions for the Company and liaising with the shareholders.

It is also incumbent on the Board of Directors to ensure that the Company enforces its social and ethical duties, and its duty to act in good faith with regard to its relationship with its employees and with third parties, as well as to ensure that no individuals or small groups of individuals have a decision power within the company which has not been subjected to counterweights and controls, and that no shareholder receives a more privileged treatment than the others.

The Board performs its functions in accordance with the corporate interest, it being understood as the viability and maximization of the company's value in the long term in the interest of all the shareholders, which shall not prevent taking into account the rest of lawful interests, either public or private, that concur in the development of every business activities, and specially those of the other "stakeholders" of the Company (employees, customers, suppliers and civil society in general), determining and reviewing its business and financial strategies pursuant to said criterion, trying to achieve a reasonable balance between the selected proposals and the risks taken.

C.1.1. Maximum and minimum number of directors provided in the Articles of Association

Maximum number of directors	12
Minimum number of directors	5

C.1.2. Complete the following table with the members of the Board:

Name (person or company) of the director	Representative	Office on the Board	Date of first appointment	Date of latest appointment	Election procedure
Pablo Isla Álvarez de Tejera		Chairman and CEO	9-06-2005	13-07-2010	AGM
Amancio Ortega Gaona		Ordinary member	12-06-1985	13-07-2010	AGM
José Arnau Sierra		Deputy Chairman	12-06-2012	17-07-2012	AGM
GARTLER, S.L.	Flora Pérez Marcote	Ordinary member	12-12-2006	17-7-2007	AGM
Irene Ruth Miller		Ordinary member	20-04-2001	19-07-2011	AGM
Nils Smedegaard Andersen		Ordinary member	08-06-2010	13-07-2010	AGM

Carlos Espinosa de los Monteros Bernaldo de Quirós		Ordinary member	30-05-1997	14-07-2009	AGM
Emilio Saracho Rodríguez de Torres		Ordinary member	08-06-2010	13-07-2010	AGM
Juan Manuel Urgoiti López de Ocaña		Ordinary member	02-01-1993	13-07-2010	AGM

Total number of Directors	9
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Indicate the vacancies occurred on the Board of Directors during the period:

No vacancies have occurred on the Board of Directors during the period.

C.1.3. Complete the following tables about the members of the board and their different categories:

EXECUTIVE DIRECTORS

Name (person or company) of the board member	Committee which proposed that member's appointment	Position in the organisational chart of the company
Pablo Isla Álvarez de Tejera	Nomination and Remuneration Committee	Chairman and CEO

Total number of executive directors	1
Total % of Board members	11.11%

NON-EXECUTIVE PROPRIETARY DIRECTORS

Name (person or company) of board member	Committee which proposed that member's appointment	Name (person or company) of the significant shareholder being represented or who has proposed the appointment
GARTLER, S.L.	Nomination and Remuneration Committee	Amancio Ortega Gaona
Amancio Ortega Gaona	Nomination and Remuneration Committee ⁽¹⁾	Amancio Ortega Gaona
José Arnau	Nomination and	Amancio Ortega Gaona

Sierra	Remuneration Committee	
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Total number of proprietary directors	3
% of total Board	33.33%

- (1) The first appointment of proprietary director Amancio Ortega Gaona took place before the Nomination and Remuneration Committee was set up.

NON-EXECUTIVE INDEPENDENT DIRECTORS

Name (person or company) of the board member	Committee which proposed that member's appointment	Profile
Nils Smedegaard Andersen	Nomination and Remuneration Committee	(1)
Carlos Espinosa de los Monteros Bernaldo de Quirós	Nomination and Remuneration Committee	(1)
Irene Ruth Miller	Nomination and Remuneration Committee	(1)
Emilio Saracho Rodríguez de Torres	Nomination and Remuneration Committee	(1)
Juan Manuel Urgoiti López de Ocaña	Nomination and Remuneration Committee	(1)

Total number of independent directors	5
% of total Board	55.55%

- (1) A brief description of the profile of the non-executive independent members of the Board of Directors of the company is given below:

Mr Nils S. Andersen. (55)

He has been an independent director since June 2010. He is a graduate in Business and Economics from the University of Aarhus in Denmark. He joined Carlsberg in 1983 and became Group Vice President in 1988. From 1990 to 1997 Nils Andersen worked abroad as CEO of Carlsberg Spain and later of Carlsberg German Brewery group. Nils Andersen left Carlsberg in 1997 to become CEO of Hero's drinks division based in Switzerland until his return to Carlsberg in 1999 as member of the Executive Board with responsibility for European drinks operations. In 2001 he became CEO of Carlsberg A/S and led the group through a period of acquisitions and international growth until 2007 when he left Carlsberg to become Partner & Group CEO of A.P. Moller – Maersk. Nils Andersen is a member of the European Round Table of Industrialists (ERT) since

2001 and since 2007 member of the EU-Russia Industrialists' Round Table (IRT). Within the A.P. Moller – Maersk Group he is Chairman of the Executive Board, Chairman of Maersk Oil & Gas A/S and Chairman of Danish Supermarket A/S. In 2010 he was awarded “Knight of the Dannebrog”.

Mr Carlos Espinosa de los Monteros Bernaldo de Quirós. (69)

He has been an independent director since May 1997. He is a graduate in Law and Business Studies from ICADE and a Commercial Expert and State Economist. He has been the Chairman of the Board of Directors of Mercedes Benz España, Deputy Chairman of the *Instituto Nacional de Industria*, Chairman of the Board of Directors of Iberia and Aviaco, member of the Executive Committee of the International Air Transport Association and Chairman of the *Círculo de Empresarios*, of the Spanish Association of Car and Truck Manufacturers and of the International Organisation of Motor-Vehicle Manufacturers. At the present time he chairs *Fraternidad-Muprespa* and sits on the board of *Acciona, S.A., Schindler España*, and the Yell Group. He has been awarded the *Grandes Cruces del Mérito Civil and Mérito Aeronáutico*. He was appointed Alto Comisionado del Gobierno para la Marca España [*High Commissioner for the Brand “Spain”*] in July 2012.

Ms Irene R. Miller. (61)

She has been an independent director since April 2001. She is a graduate of the University of Toronto with a Bachelor of Science and of Cornell University with a Master of Science in chemistry. She began her career at General Foods Corporation and later worked as an investment banker for Rothschild Inc. and Morgan Stanley & Co. In 1991 she joined Barnes & Noble Inc. as Senior Vice President of Corporate Finance and in 1993, before the flotation of Barnes & Noble, became Chief Financial Officer. In 1995, she was appointed Director and Vice-Chairman of the Board of Directors of Barnes & Noble. At the present time, she is CEO of Akim, Inc., an American investment and consulting firm, which she joined in 1997. She is also a member of the Boards of Directors of Coach Inc., and the Toronto-Dominion Bank Financial Group. Previously, she served on the Board of Directors of Oakley Inc., Benckiser N.V., The Body Shop International Plc and Barnes & Noble, Inc.

Mr Emilio Saracho Rodríguez de Torres. (58)

He has been an independent director since June 2010. A Graduate in Economics from the Complutense University in Madrid, he has an MBA from the University of California in Los Angeles (UCLA), awarded in 1980. He was also a Fulbright scholar. Mr Saracho began his career in 1980 in Chase Manhattan Bank, where he was responsible for operations in different sectors such as Oil and Gas, Telecommunications and Capital goods. In 1985, he took part in the launching and implementation of *Banco Santander de Negocios*, where he led the Investment Banking division. In 1989, he was appointed head of the Division of Large Companies of *Grupo Santander* and Deputy General Director. He has been a director of FISEAT, *Santander de Pensiones* and *Santander de Leasing*. In

1990, he worked for Goldman Sachs in London as co-head of Spanish and Portuguese operations. In 1995, he returned to Santander Investment as General Director in charge for the Investment Banking area worldwide. From 1996 to 1998, he was responsible for the Banking operations in Asia. Mr Saracho joined J.P. Morgan in 1998 as Chairman for Spain and Portugal and head of business for the Iberian Peninsula and member of the European Management Committee. From early 2006 to January 1st 2008, he was Chief Executive Officer of J.P. Morgan Private Bank for Europe, the Middle East and Africa, based in London. He also sat on the Operating Committee and on the European Management Committee, while chairing at the same time J.P. Morgan in Spain and Portugal. He is in charge of Investment Banking operations of J.P. Morgan in Europe, the Middle East and Africa. He sits on the Executive Committee of the Investment Bank and on the Executive Committee of JPMorgan Chase. He is Deputy CEO for EMEA since December 2012.

Mr Juan Manuel Urgoiti López de Ocaña. (74)

He has been an independent director since January 1993. He is a graduate in Law from the University of Madrid, beginning his career in the *Banco de Vizcaya* in 1962. After holding many executive positions, he was appointed General Manager in 1978, director in 1984 and CEO in 1986. In 1988, after its merger with the *Banco Bilbao* he was appointed CEO of the *Banco Bilbao Vizcaya*. He has been President of *Ahorrobank*, *Banco de Crédito Canario*, *Banco Occidental*, *Instituto de Biología y Sueroterapia* and *Laboratorios Delagrangé* and Board member of *Antibióticos, S.A.* At the present time he is the Chairman of *Pescanova, S.A.*. He is President of the *Fundación Gaiás-Cidade da Cultura* and of private foundation *Fundación José Antonio de Castro*, and is a member of other foundations and institutions. He holds the *Gran Cruz de Mérito Civil* and has been awarded the honour of Commander of the Order of the British Empire (C.B.E.)

Indicate whether any director considered as an independent director receives from the company or from its group any amount or benefit on any grounds other than the remuneration for his/her directorship, or maintains or has maintained over the last year, a business relationship with the company or any company in its group, either in his/her own name or as a significant shareholder, director or senior manager of an entity that maintains or has maintained any such relationships.

No independent director receives any amount or benefit on any grounds other than the remuneration for his/her directorship, nor maintains or has maintained any business relationship with the Company or its Group, either in his/her own name or as significant shareholder, director or senior manager of an entity that maintains or has maintained any such relationship.

Where applicable, include a reasoned statement from the board with the reasons why it deems that such director can perform his/her duties as an independent director

Name of director (person or company)	Description of the relationship	Reasoned statement
-	-	-

OTHER NON-EXECUTIVE DIRECTORS

Name of director (person or company)	Committee which proposed that member's appointment
-	-

Total number of other non-executive Directors	-
% of total Board	-

List the reasons why they cannot be considered proprietary or independent, as well as their ties, whether with the company or its management or with its shareholders

Name of director (person or company)	Reasons	Company, officer or shareholder with whom the director has ties
-	-	-

Indicate the variations that, where appropriate, have occurred during the period in the category of each director:

No variation has occurred during the period.

C.1.4 Complete the following table with information about the number of female directors over the last 4 years, as well as the nature of their directorship:

	Number of female directors				% of total director of each type			
	FY 2013	FY 2012	FY 2011	FY 2010	FY 2013	FY 2012	FY 2011	FY 2010
Executive	0	0	0	0	0	0	0	0
Proprietary	1	1	1	1	11.11 %	11.11%	11,11 %	11,11 %
Independent	1	1	1	1	11.11%	11.11%	11.11 %	11,11 %
Other non-executive	0	0	0	0	0	0	0	0
Total:	2	2	2	2	22.22 %	22.22 %	22.22 %	22,22 %

C.1.5 Explain the measures, if any, that have been taken to try to include on the Board a number of female directors that would mean reaching a balanced presence of women and men

Explanation of measures
<p>As mentioned in section C.1.19 below, directors shall be appointed by the General Meeting of Shareholders, which is also entitled to resolve the removal of any of them at any time.</p> <p>The proposals for the election of directors that the Board of Directors submits to be considered by the Annual General Meeting of Shareholder, and the election resolutions that said body passes by virtue of the powers to co-opt that it has been legally reserved, must be preceded by the relevant report from the Nomination and Remuneration Committee, and regarding independent directors, by the relevant proposal of the Nomination and Remuneration Committee.</p> <p>Pursuant to the provisions of section 15.2.l) of the Board of Directors' Regulations, the Nomination and Remuneration Committee shall ensure that, when filling up any new vacancies and when appointing new directors, the selection process does conform to the prohibition of any manner of discrimination.</p> <p>Meanwhile, pursuant to Inditex Group's Code of Conduct and Responsible Practices, no one who is employed at Inditex shall be discriminated against because of their gender, and all employees shall be bound to interact with other employees, pursuant to criteria of respect, dignity and justice, taking into account the different cultural background of each individual, without allowing any manner of violence, harassment or abuse in the work place, or any manner of discrimination on account of race, religion, age, nationality, gender or any other personal or social condition beyond qualifications and capacity.</p>

- C.1.6 Explain the measures, if any, taken by the Nomination and Remuneration Committee to ensure that selection processes are free from any implied bias hindering the selection of female directors and that the company deliberately seeks and includes potential female candidates who meet the professional profile sought:**

Explanation of measures
<p>As stated in section C1.5 above, the Nomination and Remuneration Committee shall ensure that, upon filling out vacancies or appointing new directors, selection processes do not suffer from any manner of discrimination.</p>

When despite any measures that might have been taken, the number of female directors is low or zero, explain the reasons:

Explanation of reasons

-

C.1.7 Explain the form of representation of the board of shareholders with significant stakes:

Name of director (person or company)	Name of the significant shareholder (person or company) they represent or who proposed their appointment
GARTLER, S.L.	Amancio Ortega Gaona
Mr Amancio Ortega Gaona	Amancio Ortega Gaona
Mr José Arnau Sierra	Amancio Ortega Gaona

C.1.8. Describe, if applicable, the reasons why proprietary directors have been appointed at the behest of shareholders whose stake is less than 5% in the share capital:

No proprietary directors have been appointed at the behest of shareholders whose stake is less than 5% in the share capital.

State whether formal petitions for presence on the Board have been received from shareholders whose stake is equal to or greater than that of others at whose proposal proprietary directors have been appointed. If so, describe the reasons why such petitions have not been satisfied:

Yes

No

C.1.9 State whether any director has stood down before the expiry of his/her term of office, whether the director has given reasons to the Board and by through which channels, and in the event that he/she gave reasons in writing to the full Board, describe at least the reasons given by the director:

No director has stood down in the period.

C.1.10 Indicate, in the event that there are any, the powers that have been delegated to the chief executive officer(s):

The Chairman and CEO, Pablo Isla Álvarez de Tejera, has been delegated each and every one of the powers contained in the list included further below, and these must be exercised in the following manner and conditions: all of them individually, without distinction, with the exception of those that: a) involve the disposal of funds in excess of a certain amount, in which case the Chairman and C.E.O. should act jointly with another person who in virtue of any legal title is also empowered with the power in question and/or b) involve the

alienation or encumbrance of real property of the Company, for which a prior resolution of the Board of Directors or, the Executive Committee, shall be required.

The requirement of joint action provided in the preceding paragraph shall not apply when it involves transactions, actions or contracts that, regardless of the amount involved, are carried out or awarded between companies belonging to the INDITEX Group, understanding as such those companies, whether Spanish or foreign, in which INDITEX holds, whether directly or indirectly through other investee companies, at least 50% of its share capital, in which case any of the authorized individuals may act individually, in the name and on behalf of the company, regardless of the amount involved in the matter in question.

List of powers:

1.- To appear and represent the Company vis-à-vis all manner of authorities, agencies, centres, departments and offices of the General State Administration, Central or Peripheral Government, autonomous communities, provinces, municipalities, the Corporate, Independent and European Administration, public registries of all types and, in general, any public or private entity or person whatsoever. To sign and file all manner of applications, petitions, unsworn statements or affidavits, pleadings and documents; make and pursue all types of claims; and, in general, exercise such powers as may be required for the management and defence of the rights of the Company.

2.- To sign, send and receive and collect from the Spanish postal and telegraphic authorities or offices ordinary or registered postal or telegraphic correspondence, declared value items and postal and telegraphic money orders. To file any claims before said authorities or offices and, where appropriate, collect the related indemnity payments.

3.- To verify consignments of all kinds of merchandise and goods by land, sea or air, and to receive those addressed to the Company. To file the relevant claims against railroad and shipping companies and against carriers in general for breakdowns, delays, losses or any other breach of the transportation agreement, and to collect the indemnity agreed with the same or set by the courts. To sign agreements and arrangements of all types with carriers, travel agencies, hotels, restaurants and other persons or entities who intervene in the transport of individuals or in the sphere of the hotel and catering industry.

4.- To claim and collect amounts owing to the Company for whatever reasons and to sign the appropriate receipts. To make payments. To render and require the rendering of accounts, and to challenge or approve the same. To provide, cancel and recover all manner of bonds and deposits, including those at/of the Spanish General Savings Deposit and its branches.

5.- To enter into all manner of loan and credit agreements. To open current, loan, savings or any other account with credit institutions and/or finance companies, both public and private; with respect to all such accounts and any other account existing in the Company's name, to deposit or pay in cash sums, withdraw amounts or dispose of same by means of receipts, cheques and drafts, pay by transfer or order transfers, endorse or send for debiting bills of exchange, trade bills and credit notes, as well as bills or invoices payable by the Company; and to approve or challenge the balances shown in such accounts; to stand guarantee for other companies belong to the "INDITEX" group and, in consequence, to sign in favour of those guarantees, bonds and other guarantee documents, as well as guarantee policies and counter-guarantee policies and, in general, to carry out all that is permitted under the legislation and banking practices.

6.- To draw, endorse, assign or transfer by any means other than endorsement, to accept, sign, require conformity, guarantee, cause the assignment of the provision for, collect, discount and pay bills of exchange, promissory notes, cheques, money orders and other commercial drafts, participate in the acceptance or payment of the same, protest such bills or drafts or make the equivalent declaration, and disclose in the protest document the reasons for not having accepted or paid the bills and drafts charged to the Company. To act as a plaintiff or defendant in connection with bills of exchange in all manner of legal matters, acts or dealings and pre-trial and procedural steps or actions due to non-acceptance or non-payment, and to bring any of the other actions provided for in the Bills of Exchange and Cheques Act or any other applicable legislation.

7.- To execute, with the aforementioned limitation in relation to real property, all manner of acts and contracts relating to movables and real property, rights, securities, participation units, shares, interests, at such prices, for such considerations, under such terms, in such periods and under such provisions, clauses and terms as are deemed appropriate. Specifically, to acquire, assign, grant and dispose of or transfer for whatever title, including that of a court-ordered sale in lieu of payment, all manner of movable or real property, rights, trademarks and other distinctive signs and industrial property rights, securities, participation units, shares and interests; take out all manner of compulsory and voluntary insurance; execution of works, services and supplies of all kinds; to rent and let, take in leasing or sublet; to create, amend, acknowledge and extinguish real property rights; including chattel mortgages and pledges without transfer of possession and all manner of encumbrances on real and movable property and rights owned by the Company; carry out groupings of, additions of, divisions of and severances of title to properties, make declarations of new construction work and divisions of real property under the condominium ownership system, establishing the bylaws which shall govern the same; and to conduct and participate in measurements, surveys and boundary marking,

approving the same and executing any certificates that may be issued. Regarding all the above acts and contracts, they may act with the broadest powers in the execution and performance thereof, requiring, where appropriate, whatever is necessary for such purpose, as well as to amend, novate, cancel or terminate the same.

8.- To grant all manner of acts and contracts relating to IT, management, security and communication products, equipment and systems, as well as those referring to intellectual property arising out of or related with the same and, in general, any others referring to all manner of movables; to contract the execution of works, services and supplies of all types, at such prices, for such considerations, under such terms, in such periods and under such provisions, clauses and conditions as are deemed appropriate. Specifically, to acquire, assign, grant, encumber and dispose of or transfer for whatever title, including that of a court-ordered sale in lieu of payment, the aforementioned goods; to rent and let them, take them in leasing or subletting them; to create, amend, acknowledge and extinguish real property rights and guarantee rights on the movables belonging to the Company. Regarding all the above acts and contracts, they may act with the broadest powers in the execution and performance thereof, requiring, where appropriate, whatever is necessary for such purpose, as well as to amend, novate, cancel, terminate or discharge them.

9.- To enter all manner of agreements for business collaboration, such as franchise contracts, joint-venture contracts, accounts in participation, commercial distribution, licence and agency contracts and, in general, all those that the national and international expansion of the company can require.

10.- To appear in deeds of incorporation, alteration, merger or winding-up of all kinds of entities and companies, and attend, on behalf of the Company, assemblies, meetings or ordinary and extraordinary meetings of shareholders, intervening therein and casting their vote in the manner that they deem appropriate whatever the matter that is being debated and on which resolutions are passed, accepting positions and appointments and, in general, exercising in the name of the company any rights that may correspond to it.

11.- To attend, in the name and on behalf of the company, meetings, general meetings and assemblies of condominiums or co-owners, intervening therein and casting their vote in the way that they deem appropriate, whatever the matter that is being debated and on which resolutions are passed, accepting positions and appointments and, in general, exercising in the name of the company any rights that may correspond to it in Condominium Owner Communities, as well as in the meeting they these may hold in compliance with the current Condominium Property Law and other applicable legislation.

12.- To attend on behalf of the Company all kinds of auctions and bidding called by Central Government, autonomous communities and provincial and municipal authorities and private or public persons and

entities and, to this effect, submit tender conditions, declarations, plans and estimates, make bids and provide bonds; holding, in short and without any limitation whatsoever, such powers as may be required to obtain and accept, provisionally or definitively, with such qualifications as are deemed appropriate, the relevant award and to exercise the rights and perform the obligations arising thereout.

13.- To set up the offices, workplaces and buildings of the Company and to organize the services provided therein. To hire staff, establishing recruitment and joining terms; to freely appoint and remove the same, including executives and skilled employees; to establish their rights, duties, powers and functions, salary, bonuses and indemnity payments; to agree upon promotions and transfers; and to exercise penalization and disciplinary powers, as well as to act on behalf of the Company before the employees' collective representation bodies and to represent it in the negotiation of agreements or pacts whatever their scope or nature.

14.- To represent the Company before any manner of authorities and administrative bodies, that have authority in labour and Social Security matters, bringing proceedings and claims, requesting or not the suspension of the actions being the subject of the claim, to appear and act in matters pending in which their principal has a direct or indirect interest, in all manner of cases and proceedings, proposing and examining all types of evidence; to request and obtain documents, copies, certificates and transfers; to file, prepare and draft all manner of pleadings, applications, petitions, allegations and claims; and, in general, to carry out all those acts that are necessary in the labour life of the Company, to file its registration as a company before the labour authorities and the Social Security, those necessary for and arising out of the hiring of all manner of workers, including applying for and receiving payment of subsidies and allowances, the registration of workers [with the relevant authorities], etc., as well as those actions that are necessary for or are motivated by the amendment or termination of that labour relationship; those that are necessary for or arise out of the training that has to be given to the personnel of the company; statements and payments of Social Security contributions, requests for postponement and refunds, all that are necessary in the relations of the company with the employment and job-search offices; and, in general, to following the procedures through all its stages and motions, bringing the appropriate actions before the courts or not, until such time as firm decisions are obtained and fully enforced.

15.- To represent the Company before all manner of authorities and administrative bodies, that have authority in respect of Health and Safety at Work and Labour Risks, bringing proceedings and filing claims and, in general, carrying out all those actions that may be desirable for the principal company in those cases in which it, directly or indirectly, may have an interest. To carry out all that may be necessary to promote and maintain the safety of the workers in the workplaces, complying with the legislation on the prevention of Labour Risks and other complementary regulatory schemes; to plan

and executive the policy for the prevention of risks; to act in the name of the company before the workers and their representative bodies and participating bodies as regards prevention; to draw up and introduce an occupational hazard plan; to organise the prevention service, providing it with the material and human resources that are necessary for it to develop its activity; to contract and to sign arrangements with authorised entities for the provision or acting as external prevention services; to carry out, organise and arrange the carrying out of assessments of risks, medical check-ups and other health check measures and prevention systems; to contract the performance of external labour risk prevention audits and, in general, all those acts that are related to such risks. To proceed to insure common and occupational risks of the workers, signing agreements and association documents with of the Social Security Agencies and Mutual Insurance Companies for Work Accidents and Industrial Diseases of the Social Security, or entities that should replace them in such functions and tasks, reporting or putting an end to, at the appropriate time, those that may have been signed; to accept positions and participate in those governing boards and advisory boards of such entities collaborating in the management of Social Security.

16.- As regards procedural rules, to exercise all those actions that are available to the principal and to waive those brought. To appear before the ordinary and special Courts of Law and Tribunals of all levels and jurisdictions, in all manner of trials, as well as in any kind of voluntary jurisdiction cases, administrative and economic-administrative cases. Consequently, to enter into conciliation agreements, with or without composition settlements, to mediate in pre-court proceedings, to file relevant claims and to answers summons and notifications, to sue, contest or accept, and report or lodge complaints; to file statements and ratify them, request and obtain documents; to request the practice of any proceedings whatsoever including: indictments, imprisonment and releases from prison; to hear notifications, notices, citations and summons, to assert and challenge jurisdictions; to apply for joinder of claims; challenge judges, magistrates and court officials; to propose and examine evidence and submit depositions; to attend court appearances, hearings and meetings and speak and vote, including Meetings of Creditors in all manner of collective execution proceedings, and may take part in auctions and request the adjudication of goods in partial or total payment of the debt being claimed; to reach a composition in court and outside court, to file and pursue, to the end, the litigation or case through its particular proceedings, possible incidents and appropriate appeals, until such time as firm resolutions, decisions or judgments are obtained and enforced; to take responsibility for the money or goods that are subject to the procedure being followed and, in general, exercising in the name of the company any rights that it may be entitled to.

17.- To compromise and refer to arbitrators all matters in respect of which they are empowered, either in any of the types of arbitration proceedings with the scope and under the requirements provided for

in Spanish legislation on arbitration, or those types of arbitration proceedings characteristic of international commercial arbitration.

18.- To request that a Notary Public enter into record the minutes, and to serve and receive notices and summons by Notaries.

19.- To replace some or all of the foregoing powers by granting the relevant powers of attorney and to revoke all the powers granted, and to get copies of all kinds of records and deeds.

20.- To execute in public deeds the resolutions passed by the Shareholders in General Meeting, the Board of Directors and the Executive Committee.

C.1.11 Identify, where appropriate, the members of the Board who hold the position of director or officer in other companies that are part of the group of the listed company:

Name of the director (person or company)	Company name of the entity of the group	Office
Carlos Espinosa de los Monteros Bernaldo de Quirós	ZARA UK, Ltd.	Director

C.1.12 List in detail, where appropriate, the directors of your company that are members of the Boards of Director of other companies that are listed on official stock markets in Spain that are not part of the group, whose aforementioned membership has been communicated to the company:

Name of the director (person or company)	Name of listed company	Office
Pablo Isla Álvarez de Tejera	TELEFÓNICA, S.A.	Ordinary member of the Board of Directors
Carlos Espinosa de los Monteros Bernaldo de Quirós	ACCIONA, S.A.	Ordinary member of the Board of Directors
Juan Manuel Urgoiti López de Ocaña	PESCANOVA, S.A.	Chairman of the Board of Directors

C.1.13. State and, if applicable, explain whether the company has established rules regarding the number of boards on which its directors may sit:

Yes

No

Explanation of the rules
Pursuant to the provisions of section 21.2 of the Board of Directors' Regulations, the Board may not propose or appoint any persons to fill up a vacancy on the Board who already perform the duties of Directors at the same time, in more than four listed companies other than the Company.

C.1.14 State the Company's general policies and strategies over which the Board in plenary session has approval rights:

	YES	NO
The investment and financial policy	x	
The definition of the structure of the group of companies	x	
The corporate governance policy	x	
The corporate social responsibility policy	x	
The strategic or business Plan, as well as management goals and annual budgets	x	
The policy regarding compensation and assessment of performance of senior managers	x	
The enterprise risk management and control policy as well as the periodic monitoring of the internal information and control systems	x	
The dividends policy as well as the treasury stock policy and especially, the limits thereto	x	

C.1.15 Indicate the overall remuneration for the board of directors:

Remuneration of the board of directors (€k)	8,010
Amount of overall remuneration corresponding to the rights accumulated by directors with respect to pensions (€k)	5,103
Overall remuneration of the board of directors (€k)	8,010

C.1.16. Identify the senior managers who are not in turn executive directors and indicate the total remuneration accrued in their favour during the fiscal year

Name (person or company)	Office
Antonio Abril Abadín	General Counsel and Secretary of the Board
Marco Agnolin	Director of BERSHKA
Lorena Alba Castro	Logistics Director
Eva Cárdenas Botas	Director of ZARA HOME
Carlos Crespo González	Internal Audit Director
José Pablo del Bado Rivas	Director of PULL & BEAR

Jesús Echevarría Hernández	Chief Communication Officer
Ignacio Fernández Fernández	Chief Financial Officer
Begoña López-Cano Ibarreche	Human Resources Director
Abel López Cernada	Import, Export and Transport Director
Marcos López García	Capital Markets Director
Juan José López Romero	Procurement Director
Gabriel Moneo Marina	IT Director
Javier Monteoliva Díaz	Legal Director
Jorge Pérez Marcote	Director of MASSIMO DUTTI
Óscar Pérez Marcote	Director of ZARA
Felix Poza Peña	Corporate Social Responsibility Director
Ramón Reñón Túñez	Director General Adjunto al Presidente y Consejero Delegado <i>[Deputy General Manager]</i>
José Luis Rodríguez Moreno	Director of UTERQÜE
Carmen Sevillano Chaves	Director of OYSHO
Jordi Triquell Valls	Director of STRADIVARIUS
Total remuneration senior managers (€k)	17,344

C.1.17. Identify, if appropriate, the members of the board who, in turn sit on the board of directors of companies of significant shareholders and/or in entities of their group:

Name of the director (person or company)	Name of significant shareholder (company)	Office
Amancio Ortega Gaona	GARTLER, S.L.	Chairman of the Board and CEO
Amancio Ortega Gaona	PARTLER 2006, S.L.	Chairman of the Board and CEO
José Arnau Sierra	GARTLER, S.L.	Secretary and Board member
José Arnau Sierra	PARTLER 2006, S.L.	Secretary and Board

Detail, if appropriate, the relevant affiliations other than those considered in the above paragraph that link board members to significant shareholders and/or companies in their group:

Not applicable.

C.1.18. State whether the regulations of the Board of Directors have been amended during the fiscal year.

Yes

No

C.1.19. Indicate the procedures for the selection, appointment, re-election, assessment and removal of directors. Give details of the authorised bodies, the procedures to follow and the criteria to be used in each of the procedures:

The system for the selection, appointment and re-election of members of the Board of Directors constitutes a formal and transparent procedure, expressly regulated in the Articles of Association and the Board of Directors' Regulations.

Directors shall be appointed by the General Meeting, and shall hold their office during the period established to this end by the Articles of Association, which at present is of five years.

Directors may be re-elected indefinitely, for periods of equal duration, by the General Meeting, which may likewise resolve on the removal of any of these at any time.

The Board of Directors itself may fill the vacancies that arise on said Board, temporarily, appointing from among the shareholders the persons who will have to fill the vacancies until the first General Meeting thereafter.

The proposals for the election of directors that the Board of Directors submits to be considered by the Annual General Meeting, and the election resolutions that said body passes by virtue of those powers to co-opt that are legally reserved to it, must be preceded by the relevant report from the Nomination and Remuneration Committee, and regarding independent directors, by the relevant proposal of the Nomination and Remuneration Committee

Pursuant to the provisions of section 15.2.l) of the Board of Directors' Regulations, the Nomination and Remuneration Committee shall ensure that, when filling up any new vacancies and when appointing new directors, the selection processes conform to the prohibition of any manner of discrimination.

Where the Board departs from the Nomination and Remuneration Committee's suggestions, it must state the reasons for its actions and place them on the record.

The Board of Directors and the Nomination and Remuneration Committee, shall, within the scope of their competences, endeavour for the choice of candidates to fall on persons of well-known ability,

competence and experience, and must maximize their care in relation to those persons called to discharge the office of independent directors.

The Board of Directors may not propose or appoint to fill a director's position any persons who hold the office of director simultaneously in more than four listed companies other than the Company. Where the vacancy which needs to be filled in is that of an independent director, the Board may not propose or appoint any persons who do not meet the independence criteria established in the applicable regulations.

The proposals for re-election of directors that the Board of Directors shall submit to the Annual General Meeting will have to be subject to a formal process of preparation, which shall include, necessarily, a report issued by the Nomination and Remuneration Committee in which the quality of work and the dedication to office of the proposed directors during their previous mandate shall be assessed, and regarding independent directors, the relevant proposal for re-election of the Nomination and Remuneration Committee.

In this respect, the Nomination and Remuneration Committee has, amongst others, the following responsibilities:

- a) To prepare and check the criteria that must be followed for the composition of the Board of Directors in addition to selecting the candidates;
- b) To advise on the proposals for nominations of directors, and regarding independent directors, to make such proposals so that they are approved by the Board of Directors prior to their appointment by the General Meeting of Shareholders or, where appropriate, by the Board of Directors by the co-optation procedure;
- c) To advise on the appointment of the internal offices (Chairman, Deputy Chairman or Chairmen, CEO, Secretary and Deputy Secretary) of the Board of Directors;
- d) To propose to the Board the members that must form part of each of the Committees;

Requests for information addressed to the Nomination and Remuneration Committee shall be made by the Board of Directors or its Chairman. Likewise, the Committee must consider the suggestions presented by the Chairman, the members of the Board of Directors, the officers or the shareholders of the Company.

Additionally, the Board of Directors shall explain to the Annual General Meeting in charge of appointing or ratifying the appointment of directors the nature thereof, and said nature shall be confirmed or, where appropriate, reviewed in the Annual Corporate Governance Report, after verification by the Nomination and Remuneration Committee.

As regards the assessment and removal of directors, the Nomination and Remuneration Committee is expressly entrusted with the duties of advising on the proposal, if any, of early dismissal of an independent director, as provided in section 24 of the Board of Directors' Regulations.

C.1.20. Indicate whether the Board of Directors has proceeded to assess its activity during the year

Yes

No

Pursuant to the provisions of article 32.3.e) of the Articles of Association, section 15.2.f) of the Board of Directors' Regulations and the Recommendations of the Unified Good Governance Code of Listed Companies, the Nomination and Remuneration Committees assesses on an annual basis, the performance of the Board of Directors, the Audit and Control Committee, the Nomination and Remuneration Committee, and the Chairman and Chief Executive Officer. Additionally, in 2013 the individual performance of Independent Directors sitting on the Audit and Control Committee and on the Nomination and Remuneration Committee and of the Deputy Chairman has been assessed.

If so, explain to what degree the self-assessment has led to significant changes in its internal organization and the procedures applicable to its activities:

Description of changes
The result of the assessment carried out in FY2013 is very positive in respect of the assessed topics. Mention should be made, among others, of the qualifications and structure, the duties, readiness and effectiveness and the planning and organization of the meetings of the Board of Directors, the Audit and Control Committee and the Nomination and Remuneration Committee, as well as the contribution and performance of Independent Directors, and the Chairman and Chief Executive Officer.

C.1.21 Indicate the circumstances under which directors must resign

Section 24 of the Board of Directors' Regulations provides the obligation for directors to resign in such scenarios which could have a negative impact on the proceedings of the Board or the credit and reputation of INDITEX.

Directors must place their office at the disposal of the Board of Directors and, should this latter deem it appropriate, tender their resignation in the following cases:

- a) When they reach a certain age, under the terms detailed in section C.1.26.

- b) When they cease to hold such executive positions to which their appointment as director was associated.
- c) When they are involved in any of the grounds of incompatibility or prohibition foreseen in the Law, the Articles of Association or in the Board of Directors' Regulations. Namely, independent directors shall place their office at the disposal of the Board of Directors and shall tender, where appropriate, their resignation in the event that they fall under any of the cases of incompatibility or prohibitions provided by the applicable laws, or in the event that they suddenly come to hold the office of director in more than four listed companies other than the Company.
- d) When they are seriously admonished by the Audit and Control Committee for having breached their duties as directors.
- e) When their remaining on the Board might have an impact on the reputation or name of the Company or otherwise jeopardise the interest of the company, or when the reasons for their appointment cease to exist.

For their part, proprietary directors must resign 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.

C.1.22. Explain if the function of chief executive of the company is incumbent on the office of chairman of the Board. Where appropriate, indicate the measures that have been adopted to limit the risks of the accumulation of power in a single person:

Yes No

Mr Pablo Isla Álvarez de Tejera has been the Chief Executive Officer of the Company since 9 June 2005 and the Chairman of the Board of Directors since 19 July 2011.

Mr Amancio Ortega Gaona, the founder and majority shareholder of the Company and Chairman of the Board of Directors until 19 July 2011, remains on such Board and its Executive Committee as proprietary director.

Mr José Arnau Sierra, proprietary director since 12 June 2012, has been Deputy Chairman of the Board of Directors since 17 July 2012. He sits on the Executive Committee, the Audit Committee and the Nomination and Remuneration Committee.

Mr Carlos Espinosa de los Monteros Bernaldo de Quirós, an independent director, is the lead director pursuant to the provisions of sec. 18.1 of the Board of Directors' Regulations.

In addition to such measures, certain powers delegated to the Chairman and C.E.O., are subject to certain restrictions. Namely, those involving the disposal of funds in excess of a given sum, expressly require the joint signature of the Chairman and CEO, with another individual who, by virtue of any legal title, is also empowered with the power in question; or/and powers which involve the alienation or encumbrance of real property of the Company, for which a prior resolution of the Board of Directors or the Executive Committee, shall be required, as detailed in heading C.1.10 hereof

Indicate and, if applicable, explain whether rules have been established whereby one of the independent directors is authorized to request that a meeting of the Board be called or that other items be included on the agenda, to coordinate and hear the concerns of non-executive directors and to direct the assessment by the Board of Directors.

Yes No

Explanation of the rules
Pursuant to the provisions of section 18.2 of the Board of Directors' Regulations, where the Chairman of the Board is also the chief executive of the Company, the lead director shall have the following additional powers: i) to call the meeting of the Board of Directors and the addition of new items on the agenda, the Chairman being bound to comply with these requests and, ii) to coordinate and echo the concerns of external directors.

C.1.23 Are enhanced majorities, other than the legal majorities, required for any type of decision?

Yes NO

Where applicable, explain the differences

Explanation of the differences
Article 28.4 of the Articles of Association of the Company provides: <i>"4.- For resolutions to be passed, an absolute majority of votes in favour by the directors attending the meeting shall be required. In the case of an equality of votes, the Chairman shall have a casting vote. The foregoing is understood without prejudice to the provisions of Article 30.2 of these Articles of Association."</i>
The reference in Article 28.4 of the Articles of Association to Article 30.2 (permanent delegation of powers of the Board of Directors) and to section 3.4 of the Board of Directors' Regulations (amendment to the Board of Directors' Regulations) represent the only scenarios of enhanced majority for the passing of resolutions by the Board of

Directors.

The aforementioned Article 30.2 of the Articles of Association provides that it shall be necessary that two-thirds of the members of the Board vote in favour in order to permanently delegate any power of the Board of Directors to the Executive Committee or to the CEO, if an office exists, and to appoint the directors who have to fill such positions. However, this enhanced majority is required pursuant to the provisions of section 249.3 of the Act on Capital Companies, and therefore it does not constitute a higher quorum than the one required at law.

As for section 3.4 of the Board of Directors' Regulations, it requires the resolution to be passed by a majority of two-thirds of the directors present for the amendment of said Regulations, which actually means an enhanced majority not required at law.

C.1.24. Explain whether there are any specific requirements other than those relating to the directors, in order to be appointed chairman:

Yes No

C.1.25. Indicate if the chairman has a casting vote:

Yes No

The Chairman of the Board of Directors has a casting vote in the event of equality of votes between the directors attending the meeting.

C.1.26. Indicate if the Articles of Association or the Board of Directors' regulations establish any age limits for the directors:

Yes No

Age limit for the chairman

Age limit for the chief executive officer x **Age limit for directors** x

Section 24.2 of the Board of Directors' Regulations provides that the directors must place their office at the disposal of the Board of Directors and, should the Board deem it appropriate, tender the relevant resignation: "a) *When they reach the age of 68. However, the directors who hold the office of Chief Executive Officer or Managing Director shall place their office at the disposal of the Board of Directors upon reaching 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 in the*

case of the founding Chairman of the company, Amancio Ortega Gaona”.

C.1.27. Indicate if the Articles of Association or the Board’s Regulations establish a limited term of office for independent directors, other than those established by law:

Yes No

C.1.28. Indicate whether the Articles of Association or the Board of Directors’ Regulations establish specific rules for proxy voting in the Board of Directors, the way this must be done and, namely, the maximum number of proxies a director may have and whether it is mandatory to grant proxy to a director of the same type. If so, briefly give details on such rules.

Article 28.3 of the Articles of Association establishes that any director can grant proxy to another director in writing to be represented, such proxy being of a special nature for each meeting, communicating this in writing to the Chairman.

In line with this provision, section 19.1 of the Board of Directors’ Regulations states that the Board meeting will be validly held when it is attended by at least half plus one of its members (or the whole number of directors immediately above half, should the Board be comprised of an odd number), whether in person or by proxy, stating further that the directors shall do their best to attend the meetings of the Board of Directors, and, when they cannot do so in person, they shall endeavour to grant a proxy to another member of the Board giving instructions as to its use and communicating the same to the Chairman of the Board of Directors.

C.1.29. Indicate the number of meetings that the Board of Directors has held during the fiscal year. Likewise, state, where appropriate, the times that the Board has met without its Chairman being present:

Number of Board meetings	5
Number of Board meetings without the presence of the Chairman	0

Indicate the number of meetings held over the fiscal year by the different committees of the Board:

Number of meetings of the Executive Committee	0
Number of meetings of the Audit Committee	5
Number of meetings of the Nomination and Remuneration Committee	4

Number of meetings of the Nomination Committee	-
Number of meetings of the Remuneration Committee	-

C.1.30. Indicate the number of meetings held by the Board of Directors during the fiscal year attended by all its members. In calculating this number, proxies granted with specific instructions will be counted as attendances:

Attendance of directors	5
% of attendance over the total votes during the fiscal year	91.11%

C.1.31. Indicate if the individual and consolidated annual accounts that are presented for approval to the board are previously certified:

Yes No

Identify, where appropriate, the person or persons who has/have certified the individual and consolidated annual accounts of the company, for their preparation by the Board:

The individual and consolidated annual accounts that are presented in order to be prepared by the Board are previously certified by the Chairman of the Board and CEO and by the Chief Financial Officer.

C.1.32. Explain, where appropriate, the mechanisms established by the Board of Directors to prevent the individual and consolidated accounts being presented to the Annual General Meeting with qualifications in the auditors' report.

The Audit and Control Committee, mostly made up of independent, non-executive directors, meets with the auditors of the individual and consolidated annual accounts in order to review the Company's annual accounts and certain periodic financial information that the Board of Directors must provide to the markets and their supervisory boards, overseeing compliance with the legal requirements and correct application of generally accepted accounting principles in the drawing up thereof. In such meetings, any disagreement or difference of opinion existing between the management of the Company and the external auditors is put forward, so that the Board of Directors can take the necessary steps in order for the audit reports to be issued without qualifications.

Furthermore, previously to the drafting of the annual, half-yearly or quarterly financial statements, the management of the Company also holds a meeting with the Audit and Control Committee and is subjected by the latter to suitable questions as to the application of accounting principles, estimates made in the preparations of the

financial statements, etc., topics which are subject to discussion with the external auditors.

In this respect, section 43.4 of the Board of Directors' Regulations provides that: *"The Board of Directors shall endeavour to definitively prepare the accounts in such a manner that they do not give rise to qualifications on the part of the auditor. Nonetheless, when the Board considers that it must maintain its opinion, it shall publicly explain the content and scope of the discrepancy"*.

C.1.33. Is the Secretary of the Board of Directors a director?

Yes No

C.1.34. Describe the procedures for appointment and removal of the Secretary of the Board, stating whether the appointment and removal thereof have been reported upon by the Nomination and Remuneration Committee and approved by the Board in plenary session

Pursuant to the provisions of section 10 of the Board of Directors' Regulations, the appointment and removal of the Secretary of the Board shall be approved by the Board of Directors in plenary session, after report of the Nomination and Remuneration Committee, The Secretary needs not be a director.

	Yes	No
Does the Nomination and Remuneration Committee report on the appointment?	x	
Does the Nomination and Remuneration Committee report on the removal?	x	
Does the Board in plenary session approve the appointment?	x	
Does the Board in plenary session approve the removal?	x	

Is the secretary of the Board responsible for especially ensuring compliance with good governance recommendations?

Yes No

C.1.35. Indicate, where appropriate, the mechanisms established by the company to preserve the independence of the auditor, the financial analysts, investment banks and credit rating agencies.

Section 43 of the Board of Directors' Regulations provides that:

- “1. The relations of the Board with the external auditors of the company shall be channelled through the Audit and Control Committee.*
- 2. The Audit and Control Committee shall abstain from proposing to the Board of Directors, and the latter shall abstain from putting forward to the General Meeting of Shareholders, the appointment as auditor of the company of any auditing firm which would be incompatible in accordance with auditing legislation as well as those audit firms where the fees that the company expects to pay them for all services in all areas are greater than five percent of the audit firm’s total revenues during the last fiscal year.*
- 3. The Board of Directors shall publicly disclose the whole of the fees that have been paid by the company to the audit firm for services other than auditing”.*

The mechanisms to preserve the independence of external auditors are:

- The Audit and Control Committee, mostly made up of independent directors proposes to the Board of Directors the appointment of the financial auditors, so that it would be submitted to the Annual General Meeting of Shareholders, as well as the terms of their contracts, the scope of their professional mandate and, where appropriate, the termination or non—renewal of their appointment;
- Among the functions of the aforementioned Committee is that of liaising with external auditors in order to receive information on those matters that could jeopardise their independence and on any other matter related to the carrying out of the accounts auditing process, as well as on those other communications envisaged by auditing legislation and auditing standards.
- The Committee shall issue a report every year, prior to the issue of the auditors’ report, expressing an opinion on the independence of external auditors of the Company, and addressing at any rate the rendering by the external auditors of any manner of additional services other than those covered in the audit agreement.
- The Audit and Control Committee oversees the terms and the enforcement of the contracts entered into with the external auditors of the Company to carry out assignments or tasks other than those covered in the audit agreement.
- The external auditors consult periodically with said Committee, in order to review the annual accounts of the company that the Board of Directors must provide to the markets and its supervisory boards.

- The Company reports in its consolidated annual report on the fees paid to its external auditors for each item other than the auditing of the financial statements.

As regards the mechanisms established to guarantee the independence of the financial analysts, the Company releases information to the market following the principles included in the Internal Regulations of Conduct regarding Transactions in Securities, especially relating to the obligation that the information must be accurate, clear, quantified and complete, avoiding subjective assessments that lead or could lead to confusion or deceit.

The Company has not contracted services from Investment Banks or Credit Rating Agencies during fiscal year 2013.

C.1.36. Indicate whether during the fiscal year the Company has changed its external auditors. Identify, where appropriate, the external auditor and the outgoing one:

Yes No

C.1.37. Indicate if the audit firm carries out work for the company and/or its group other than that of auditing and, in such case, declare the amount of the fees received for said work and the percentage that it represents of the fees charged to the company and/or its group.

Yes No

	Company	Group	Total
Amount of work other than auditing (€k)	155	880	1,035
Amount of work other than that of auditing / total amount charged by the audit firm (in %)	36.7%	16.4%	17,9%

C.1.38 State whether the audit report on the Annual Accounts for the prior fiscal year has observations or qualifications. If so, state the reasons given by the Chairman of the Audit and Control Committee to explain the content and scope of such observations or qualifications

Yes No

C.1.39. Indicate the number of consecutive years that the current audit firm has been auditing the annual accounts of the company and/or its group. Likewise, indicate the percentage that represents the number of years audited by the current audit firm

over the number of years in which the annual accounts have been audited:

	Company	Group
Number of consecutive years	2	2
No. of years audited by the current audit firm / No. of years that the company has been audited (in %)	6.9%	8.3%

C.1.40. Indicate and where appropriate give details whether there is any procedure for directors to get external advice:

Yes No

The possibility that the directors can request external advice is expressly covered in section 27 of the Board of Directors' Regulations:

"1. In order to be aided in the performance of their duties, the 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 particular 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 Company Chairman and can 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; or*
- b) the cost is not reasonable in view of the importance of the problem and of the assets and income of the company; or*
- c) the technical assistance obtained may be adequately dispensed by in-house experts and technicians,*
- d) the confidentiality of the information to be provided to the expert may be jeopardised".*

C.1.41. Indicate and, where appropriate, give details if there is a procedure to enable the directors to have the necessary information to prepare the meetings of the administrative bodies in a timely manner:

Yes No

Pursuant to section 17.2 of the Board of Directors' Regulation, the notice for the ordinary meetings shall be given at least three days in advance of the meeting, and the notice shall always include the agenda of the meeting and shall be accompanied by the duly summarised and prepared relevant information.

Additionally, section 26 of the Board of Directors' Regulations, recognises the widest powers for directors to: obtain information on any issue of the Company (and its subsidiary companies); examine its books, registers, documents and other records of the company's operations and inspect all its facilities, likewise it provides that the exercise of the powers of information shall be channelled through the Chairman, the Deputy Chairman or any of the Deputy Chairmen, where appropriate, or the Secretary of the Board of Directors, who will attend to the requests of directors by providing them with the information directly, offering appropriate interlocutors at the appropriate level in the organisation or establishing such measures so as to enable them to conduct the desired examinations and inspections *in situ*.

On the other hand, section 29 of the Board of Directors' Regulations covers the director's obligation to diligently obtain information on the course of business of the Company and prepare suitably for the Board meetings and for the subcommittees they belong to, as is referred to in Regulations.

C.1.42. Indicate and, where applicable give details, whether the Company has established any rules requiring Directors to inform—and, if applicable, resign— under circumstances that may undermine the credit and reputation of the Company

Yes No

Pursuant to the provisions of section 24.3 of the Board of Directors' Regulations, Directors shall inform the Board and, if appropriate, place their office at the disposal of the Board and formalize the relevant resignation, if said body deems it convenient, when circumstances that may harm the name and reputation of the company concur in them or, in any other way, jeopardize the company's interests, as well as when the reasons for their appointment disappear.

C.1.43. State whether any member of the Board of Directors has informed the Company that he has been prosecuted or that an order for the commencement of an oral trial has been issued against him/her for any offences covered in Section 213 of the Act on Capital Companies:

Yes No

C.1.44 Detail significant agreements reached by the company that come into force, are amended or terminated in the event of a change in control of the company stemming from a public takeover bid, and its effects.

Not applicable

C.1.45 Identify in aggregate terms and indicate in detail any agreement between the company and its directors, manager or employees which include any indemnity, severance or golden parachute clauses, for cases of resignation or wrongful dismissal or if the contractual relationship comes to an end as a result of a public takeover bid or other kinds of transactions.

Number of beneficiaries	12
--------------------------------	----

	Board of Directors	General Meeting of Shareholders
Decision-making body approving the provisions	x	

	YES	NO
Is information about these clauses provided to the AGM?	x	

This information is available on the Annual Report on the Remuneration of Directors for FY2012, which was put to the advisory say-on-pay vote of the Annual General Meeting on 16 July 2013 as item seven of the Agenda

C.2 Committees of the Board of Directors

C.2.1. Give details of all the committees of the Board of Directors and their members:

EXECUTIVE COMMITTEE

In accordance with the provisions of article 30 of the Articles of Association, an Executive Committee was set up by the Board of Directors on 28 February 1997, which holds in delegation all the powers of the Board, except those that cannot be delegated by law or by its Articles of Association and those that are necessary for the responsible exercise of the general supervisory function that is incumbent on the Board of Directors.

Composition of the Executive Committee as at 31 January 2014:

Name	Office
-------------	---------------

Pablo Isla Álvarez de Tejera	Chairman
José Arnau Sierra	Deputy Chairman
Amancio Ortega Gaona	Ordinary Member
Nils Smedegaard Andersen	Ordinary Member
Carlos Espinosa de los Monteros Bernaldo de Quirós	Ordinary Member
Emilio Saracho Rodríguez de Torres	Ordinary Member
Juan Manuel Urgoiti López de Ocaña	Ordinary Member

Antonio Abril Abadín, General Counsel and Secretary of the Board, acts as the Secretary-non-member of the Executive Committee.

AUDIT COMMITTEE

Sections 31 of the Articles of Association and 14 of the Board of Directors' Regulations set out the regulations governing the Audit and Control Committee.

Composition of the Audit and Control Committee as at 31 January 2014:

Name	Office
Irene Ruth Miller	Chairwoman
José Arnau Sierra	Ordinary Member
Nils Smedegaard Andersen	Ordinary Member
Carlos Espinosa de los Monteros y Bernaldo de Quirós	Ordinary Member
Emilio Saracho Rodríguez de Torres	Ordinary Member
Juan Manuel Urgoiti López de Ocaña	Ordinary Member

Antonio Abril Abadín, General Counsel and Secretary of the Board, acts as the Secretary-non-member of the Audit and Control Committee.

NOMINATION AND REMUNERATION COMMITTEE

Sections 32 of the Articles of Association and 15 of the Board of Directors' Regulations set out the regulations governing the Nomination and Remuneration Committee.

Composition of the Nomination and Remuneration Committee as at 31 January 2014:

Name	Office
Carlos Espinosa de los Monteros Bernaldo de Quirós	Chairman

Irene Ruth Miller	Ordinary Member
Nils Smedegaard Andersen	Ordinary Member
José Arnau Sierra	Ordinary Member
Emilio Saracho Rodríguez de Torres	Ordinary Member
Juan Manuel Urgoiti López de Ocaña	Ordinary Member

Antonio Abril Abadín, General Counsel and Secretary of the Board, acts as the Secretary-non-member of the Nomination and Remuneration Committee.

C.2.2 Complete the following table with information on the number of female directors sitting on board committees over the last four years

	Number of female directors			
	FY t Number %	FY t-1 Number %	FY t-2 Number %	FY t-3 Number %
Executive Committee	0	0	0	0
Audit Committee	16.7 %	16.7 %	16.7 %	16.7 %
Nomination and Remuneration Committee	16.7 %	16.7 %	16.7 %	16.7 %
Nomination Committee	-	-	-	-
Remuneration Committee	-	-	-	-
Committee	-	-	-	-

As at 31 January 2014, the Audit and Control Committee is chaired by Ms Irene R. Miller.

C.2.3 State whether the Audit and Control Committee has the following duties:

	Yes	No
Supervise the process of preparation and the integrity of the financial information relating to the Company and, if applicable, to the Group, monitoring compliance with legal requirements, the proper delimitation of the scope of consolidation, and the correct application of accounting principles.	x	
Periodically review the internal control and risk management systems, in order for the main risks to be properly identified, managed and made known.	x	
Ensure the independence and effectiveness of the internal audit function; make proposals regarding the selection, appointment, re-election and withdrawal of the head of the internal audit department; propose the budget for such area; receive periodic information regarding its activities; and verify that senior management takes into account the findings and recommendations contained in its reports	x	

Establish and supervise a mechanism whereby the employees may give notice, on a confidential basis and, if deemed appropriate, anonymously, of any potentially significant irregularities, especially of a financial and accounting nature, that they notice at the Company.	x	
Submit to the Board proposals for the selection, appointment, re-election and replacement of the external auditor, as well as the contractual terms under which it should be hired.	x	
Regularly receive from the external auditor information regarding the audit plan and the results of the implementation thereof, and verify that senior management takes its recommendations into account.	x	
Ensure the independence of the external auditor.	x	
In the case of groups of companies, favor the auditor of the Group as the auditor responsible for audit work at the companies that form part thereof.	x	

C.2.4. Give a brief description of the organisational and working rules, as well as the responsibilities, attributed to each of the committees of the board.

The Executive Committee

The regulation of the Executive Committee is found in the Board of Directors' Regulations, section 13 whereof provides that this shall be made up of a number of directors being no less than three nor greater than seven.

The passing of the resolutions of appointment of the members of the Executive Committee will require at least two-thirds of the members of the Board to have voted in favour thereof.

The Chairman of the Board of Directors acts as Chairman of the Executive Committee and the Secretary of the Board, who may also be assisted by the Deputy Secretary, performs the duties of secretary. The office of Deputy Chairman of the Executive Committee is held by the Deputy Chairman of the Board of Directors.

The permanent delegation of powers by the Board of Directors to the Executive Committee shall require two-thirds of the members of the Board to vote in favour and may include, at the Board's discretion, all or a part of the powers of the Board itself. In any case, those powers that legally or according to the Articles of Association cannot be delegated may not be delegated to the Executive Committee and nor may those that are necessary for the responsible exercise of the general supervisory function that is incumbent on the Board.

The Executive Committee reports to the Board of Directors on the matters discussed and the decisions taken in its meetings.

Audit and Control Committee

The Audit and Control Committee shall be made up of a minimum of three and a maximum of seven directors appointed by the Board itself, the majority of whom must be independent directors

The Chairman of the Audit and Control Committee shall be elected for a term that does not exceed four years and must be replaced at the expiry of the aforementioned term. He may be re-elected once a period of one year has elapsed since the date of his ceasing in the post.

The Committee shall ordinarily meet on a quarterly basis in order to review the periodic financial information that has to be given to the Stock Market authorities, as well as the information that the Board of Directors has to approve and include in its annual public documentation. Furthermore, it shall meet each time its Chairman calls it to meet, who must do so whenever the Board or the Chairman thereof requests the issue of a report or the adoption of proposals and, in any case, whenever appropriate for the successful performance of its functions.

The members of the management team or of the personnel of the Company and its group shall be bound to attend the meetings of the Committee and to collaborate with it and make available the information at their disposal when the Committee so requests. Likewise, the Committee may require the attendance of the auditors to its meetings.

For the best performance of its functions, the Audit and Control Committee may obtain the advice of external experts.

Nomination and Remuneration Committee

The Nomination and Remuneration Committee shall be made up of a number of directors that is not less than three or greater than seven the majority of whom must be independent directors. A Chairman will be appointed from among its members.

Requests for information addressed to the Nomination and Remuneration Committee shall be made by the Board of Directors or its Chairman. Likewise, the Committee must consider the suggestions presented to it by the Chairman, the members of the Board, management or the shareholders of the Company.

The Nomination and Remuneration Committee shall meet each time that it is called to meet by its Chairman, who must do so each time the Board or its Chairman requests the issue of a report or the adoption of proposals within the scope of its competences and, in any case, whenever is suitable for the successful performance of its

functions. In any event, it shall meet once a year to prepare the information about the Directors' remuneration that the Board has to approve and include in its annual public documentation.

C.2.5. Indicate, where appropriate, the existence of rules for the Board's committees, the place where they are available for consultation and any modifications introduced during the year. In turn, please indicate if an annual report has voluntarily been prepared on the activities of each committee.

The rules governing the Audit and Control Committee and the Nomination and Remuneration Committee are contained in the Board of Directors' Regulations and in the Articles of Association, and there are no specific individual set of regulations for each of them.

The full text of the Board of Directors' Regulations is available on both the corporate web page (www.inditex.com) and on the website of the CNMV (www.cnmv.es)

The Audit and Control Committee and the Nomination and Remuneration Committee prepare every year a report on the activities they carried out during the fiscal year, which is included in the Annual Report published each year in respect of the Annual General Meeting of Shareholders.

C.2.6. Indicate if the composition of the executive committee reflects the participation on the Board of the different directors in accordance with their categories:

Yes No

The Executive Committee is made up of one executive director, two proprietary director and four independent directors. All categories of directors sitting on the Board of Directors also sit on the Executive Committee.

D RELATED-PARTY TRANSACTIONS

Below is a list of the transactions with related parties during FY2013 pursuant to the definitions, criteria and groupings provided in Order EHA/3050/2004 of 15 September, to which the Instructions included in Annex I of CNMV's Circular 5/2013, of 12 June, refer regarding completion of the form of the annual corporate governance report of listed companies, whereby the contents of the annual corporate governance report of listed companies provided in section 5 of Order ECO/461/2013, of 20 March, are determined. .

D.1. Identify the competent body and explain the procedure, if any, to approve related- party and intra-group transactions:

Competent body for approving related-party transactions

Pursuant to section 38 of the Board of Directors' Regulations, the Board of Directors reserves the right to approve any transaction between the Company and a director or a significant shareholder.

Procedure to approve related-party

Pursuant to the provisions of section 15.2.j) of the Board of Directors' Regulations it is incumbent on the Nomination and Remuneration Committee to report on the transactions which entail or might entail any conflict of interests, related-party transactions or which entail the use of corporate assets, and generally, on those topics covered under Chapter IX of the Board of Directors' Regulations

In no event will the Board of Directors approve the transaction if previously a report has not been issued by the Nomination and Remuneration Committee evaluating the transaction from the standpoint of market conditions.

In the event of transactions with significant shareholders, the Committee shall examine it also from the standpoint of an equal treatment for all shareholders

In the case of transactions within the ordinary course of Company business and being of a habitual or recurrent nature, a general authorization of the line of transactions and their conditions of execution will be sufficient.

The Company shall inform of the transactions conducted with directors, significant shareholders and Related Persons in the half-yearly public periodic information and in the Annual Corporate Governance Report, within the scope of the Law. 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 trade of the Company or are not carried out in normal market conditions.

No Board authorization is required for those related-party transactions that meet at the same time the following terms:

- i) they are conducted under contracts with standard terms and conditions which apply *en masse* to many customers;
- ii) they are conducted at prices or rates generally established by the suppliers of the good or service in question;.
- iii) their amount is not in excess of 1% of the Company's annual revenues.

Explain whether the approval of related-party transactions has been delegated, indicating the body or parties in which said approval has been delegated, if any.

D.2. Give details of any significant transactions on account of the amount involved or relevant on account of their nature, carried out between the company, or entities of its group, and the significant shareholders of the company:

Below are shown the transactions carried out during FY2013 by the INDITEX Group with its majority shareholder Gartler, S.L, or with Partler 2006, S.L., or with *Rosp Corunna Participaciones Empresariales*, S.L.U and with individuals and companies related thereto:

Name of the significant shareholder (person or company)	Name of the company or entity of its group (person or company)	Nature of the relationship	Type of transaction	Amount (€k)
GARTLER, S.L., PARTLER 2006, S.L. or persons or companies related thereto	INDITEX GROUP ⁽¹⁾	Contractual	Lease of assets	(34,709)
GARTLER, S.L., PARTLER 2006, S.L. or persons or companies related thereto	INDITEX GROUP ⁽¹⁾	Contractual	Lease of assets	161
GARTLER, S.L., PARTLER 2006, S.L. or persons or companies related thereto	INDITEX GROUP ⁽¹⁾	Contractual	Other expenses	(20)
GARTLER, S.L., PARTLER 2006, S.L. or persons or companies related thereto	INDITEX GROUP ⁽¹⁾	Contractual	Sale of goods	28
GARTLER, S.L., PARTLER 2006, S.L. or persons or companies related thereto	INDITEX GROUP ⁽¹⁾	Contractual	Provision of services (Works)	517
GARTLER, S.L., PARTLER 2006, S.L. or persons or companies related thereto	INDITEX GROUP ⁽¹⁾	Contractual	Lease of assets	(532)
GARTLER, S.L., PARTLER 2006, S.L. or persons or companies related thereto	INDITEX GROUP ⁽¹⁾	Contractual	Other expenses	(41)

(1) Different companies of the Inditex Group.

D.3. Give details of any significant transactions on account of the amount involved or relevant on account of their nature, carried out between the company, or entities of its group, and the directors or officers of the company:

With regard to the remuneration received by directors and officers, reference is made to the provisions of sections C.1.15 and C.1.16 below.

Name (person or	Name (person	Link	Nature of	Amount
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company) of directors or officers	or company) of the related party		relationship	(€k)
		Contractual	Indemnities	437

No other relevant transactions have been carried out between the Company or entities of its group and the directors and officers of the Company.

- D.4. Give details of the significant transactions carried out with other companies belonging to the same group, provided that these are not eliminated in the process of preparing the consolidated financial statements and do not form part of the ordinary business of the company as regards its object and conditions.**

In any event, provide information on any intra-group transaction with companies established in countries or territories considered tax havens:

Name of the group entity	Brief description of the transaction	Amount (€k)
Joint ventures	Purchase of goods	(362,426)

- D.5 State the amount of the transactions carried out with other related parties**

No other transactions with related parties have been carried out.

- D.6. Give details of the mechanisms established to detect, determine and resolve any potential conflicts of interest between the company and/or its group and its directors, officers or significant shareholders.**

Section 32 of the Board of Directors' Regulations reads as follows:

"1.- It shall be understood that a conflict of interest exist where there is a direct or indirect conflict between the interest of the Company and the personal interest of the Director. It is considered that directors have a personal interest when the matter affects them or a Person Related to them.

For the purposes of these Regulations, Related Persons are understood as being the following:

- a) The spouse of the director or any other person with similar relation of affectivity.*
- b) The ascendants, descendants and siblings of the director or of the spouse (or any other person with similar relation of affectivity) of the director*

- c) *The spouse (or any other person with similar relation of affectivity) of the ascendants, descendants and siblings of the director*
- d) *Those companies where they hold the office of director or senior manager or in which they hold a significant participation, understanding as such, for the case of companies listed on any official Spanish or foreign secondary market, those referred to in section 53 of the Spanish 24/1998 Act, passed on 28 July – “The Stock Exchange Act”, and its regulations, and for the case of unlisted national or foreign companies, any direct or indirect participation over twenty (20) percent of its issued share capital.*

With regard to directors who are legal entities, Related Persons are understood as being the following:

- a) *Those partners who are included with regard to the Director legal entity, in any the situations provided in section 4 of the 24/1988 Act, of 28 July, governing the Stock Exchange.*
- b) *Those companies that are part of the same corporate group, as defined in section 4 of the 24/1988 Act, of 28 July, governing the Stock Exchange, and their partners.*
- c) *The representative, who is a natural person, the administrators de iure or de facto, the liquidators and the attorneys-in fact of the director, who is a legal entity.*
- d) *Those persons who are understood, with regard to the director who is a legal entity, as being related persons in accordance with the above-referred provisions regarding directors who are natural persons.*

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

- a) *Information: directors must inform the Board of Directors, through the Chairman or the Secretary thereof, of any situation of conflict in which they are.*
- b) *Abstention: directors must abstain from attending and taking part in the discussions and voting of those matters regarding which they are in conflict of interest. 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*
- c) *Transparency: in the Corporate Governance Report, the Company must inform of any situation of conflict of interest 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”.

- In addition, sections 31 and 33 through 35 of the Board of Directors’ Regulations address the following situations which can give rise to conflicts of interest (i) The rendering of professional services in competing companies; (ii) The use of corporate assets; (iii) The use of non-public company information for private ends; and, (iv) The taking advantage of business opportunities of the company (section 35).
- a) Furthermore, section 37 of the Board of Directors’ Regulations, under the heading “Duties of information of the director”, provides that directors must inform the Company: (i) of the shares in the same of which he is the direct or indirect holder, as well as of those other shares which are in the possession, directly or indirectly, of his closest relatives, all of which in accordance with the provisions of the Internal Regulations of Conduct Regarding Transactions in Securities; (ii) of any stake they might hold in the capital of any companies with the same, similar or complementary business range as the one that makes up the corporate purpose, and of the offices and posts they hold in same. They shall also inform of those business conducted for themselves or for somebody else, with the same, similar or complementary business range as the one that makes up the corporate purpose. Said information shall be included on the Annual Report, and, (iii) of all the positions they hold and of the activities that they carry out in other companies or entities, and, in general, about any fact or situation that could be relevant for their acting as a director of the Company.

Additionally, section 1 of the Board of Directors’ Regulations provides that the rules of conduct established thereon for the directors shall apply, to the extent that they are compatible with their specific nature, to the senior management of the company who are not directors. More particularly and with the due nuances, the following sections shall apply to senior managers: section 30 (duty of confidentiality), 32 (conflicts of interest), in connection with the duty of informing the Company, 33 (use of corporate assets), 34 (non-public information), 35 (business opportunities), and 36 (prohibition to make undue influence of the office).

With regard to significant shareholders, section 38 of the Board of Directors’ Regulations provides that:

- “1. The Board of Directors reserves the right to have knowledge of any transaction between the Company and a director or a significant shareholder.*
- 2. In no event will it approve such a transaction if previously a report has not been issued by the Nomination and Remuneration Committee evaluating the transaction from the standpoint of market conditions. In the event of transactions with significant*

shareholders, the Committee shall examine it also from the standpoint of an equal treatment for all shareholders.

3. *In the case of transactions within the ordinary course of company business and being of a habitual or recurrent nature, a general authorization of the line of transactions and their conditions of execution will be sufficient.*
4. *The Company shall inform of the transactions conducted with directors, significant shareholders and Related Persons in the half-yearly public periodic information and in the annual corporate governance report, within the scope of the Law. 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 trade of the Company or are not carried out in normal market conditions”.*

In addition, section 5 of the Internal Regulations of Conduct regarding Transactions in Securities sets forth that: *“The Affected Persons shall undertake in writing to act independently in their activities and to make known to the CCO (Code Compliance Office) using the standard model that is established for this purpose, those conflicts of interest to which they are subject due to their activities outside the INDITEX group, their family relationships, their personal property, or for any other cause with:*

- a) *Suppliers, external workshops not being part of the company and significant contractors for goods or services, or their Directors and general proxies.*
- b) *Agents and franchisees of the Inditex group, or their Directors and general proxies.*
- c) *People who are engaged in similar or analogous activities to those of the INDITEX group and that compete with the Inditex group in the same markets.*
- d) *External advisors and suppliers of professional services to the INDITEX Group.”*

As stated under section D.1 hereof, the Nomination and Remuneration Committee is responsible for reporting on the transactions that involve or could involve conflicts of interest.

Finally, section 4.8 of the Code of Conduct and Responsible Practices provides that: *“INDITEX’s employees shall avoid any situation which might entail any conflict between their personal interests and those of the company. They shall also refrain from representing the company and from taking part or having a say in any decision making wherein they may have, either directly or indirectly, either themselves or through any related party thereto, any personal interest. They may not avail themselves of their position in the*

company to obtain any economic or personal benefit, or any business opportunity for them.

No employee of INDITEX may render services as consultant, director, officer, employee or advisor to any of INDITEX's competitors, except for such services which may be rendered at the request of INDITEX or with the authorization of the Committee of Ethics.

INDITEX respects the private life of its employees and therefore the private sphere of their decisions. In the framework of this policy of respect, employees are urged to report to the Committee of Ethics any personal conflicts of interest or any conflicts of interest involving their relatives, that might jeopardize the necessary objectivity or professionalism of their duties within Inditex, so that, in the respect of the confidentiality and privacy of individuals, the relevant measures might be taken for the mutual benefit of the company and of the affected individuals.

Namely, the cases below shall be considered as potential situations of conflict of interest and they shall be reported to the Committee of Ethics:

- *The conduct by any employee or by any person related to him/her, either directly or indirectly, by themselves or through any company or institution, of any business which is the same, similar or supplementary to the business conducted by INDITEX.*
- *The conduct by any employee or by any person related to him/her, either directly or indirectly, by themselves or through any company or institution, of any business which involves an exchange of goods and/or services, regardless of the remuneration system agreed.”*

D.7. Is more than one company of the Group listed in Spain?

Yes No

E SYSTEMS FOR CONTROL OF RISKS

E.1. Explain the scope of the company's Risks Management System.

Risks management in the Inditex Group is a process driven by the Board of Directors and the Senior Management, incumbent on each and every single member of the Organization, which aims at providing a reasonable safety in the achievement of the targets established by the Group, ensuring the shareholders, other stakeholders and the market in general, an appropriate level of guarantee which ensures protection of value built.

In this context, the Enterprise Risks Management Policy of the Group sets

the overarching principles, key risk factors and the general action lines to manage and control the risks which affect the Group. This Policy is enforced on the whole Group and is at the basis of an Integral Risks Management System which is currently being implemented, gradually, starting at Corporate level and in key business areas.

The Enterprise Risks Management Policy is developed and supplemented by specific policies with regard to certain Group areas. Among the policies developed and implemented by the above mentioned areas regarding the management of the different risks, the following should be pointed out:

- Investment Policy
- Payment Management Policy
- Foreign Exchange Risk Management Policy
- Proxies Policy
- Code of Conduct and Responsible Practices
- Code of Conduct for Manufacturers and Suppliers
- Occupational Hazards Policy
- Environmental Risk Management Policy
- IT Safety Policy
- Health and Safety of the Product Policies (Safe to Wear and Clear to Wear)

The risk management process is described in detail in the Risks Management Manual in connection with this Policy. The whole process is based upon the identification and assessment of the factors which may have a negative impact on attainment of the business objectives, which translates into a risks map of the main risks which are classified in different groups together with an assessment thereof based upon their potential impact, their likelihood of occurrence and the level of preparedness of the Group to face up to them. The risks map is regularly reviewed to keep it updated, in order to include amendments related to the evolution of the Group itself and the environment where it operates. This risks management process also addresses a certain response vis-à-vis such factors, and the establishment of the control measures which are necessary for such response to be effective.

Within the Risks Management System, business units represent the first line of defense, and they report relevant information to the Risks Management Department, which coordinates the System as second line of defense

Internal Audit acts as third line of defense supervising in an independent and objective manner the Risks Management System and reporting to the Board of Directors through the Audit and Control Committee.

E.2. Identify the corporate bodies responsible for drawing up and enforcing the Risks Management System

The main responsibilities of the governing bodies and areas involved in Enterprise Risks Management at the INDITEX Group are described below:

Board of Directors

- Approval of the Enterprise Risks Management Policy, on the proposal of the Management, wherein risks management strategy is defined, and disclosure thereof to the organization. Based upon such policy, the ERM System is implemented, as well as the mechanisms for the regular follow-up of internal information and control systems.

Audit and Control Committee

- Periodic review of the control policy and of the effectiveness of the ERM System, ensuring that the main risks are duly identified, managed and disclosed in an appropriate manner. .

Financial Division (ERM Department)

- Setting in train the ERM System.
- Overseeing and coordinating the work of Risks Managers at each corporate or format Business Unit or Area, providing valid tools for risks assessment and management.
- Maintaining and updating knowledge, techniques, methodologies and tools allowing observance of the principles underlying the ERM system at maximum quality levels.
- Periodic review of the risks management policies and manuals and proposing the amendment and update thereof to the Board of Directors, where applicable.
- Coordinating and processing the information received by Risks Managers at each Business Unit or Area, Reporting to the Senior Managers and the Board of Director through the Audit and Control Committee.
- Monitoring the ERM System and encouraging its integration in the activities, process and decision-making.
- Promoting appropriate and effective communication channels between ERM Division and the remaining Divisions and areas involved.

Risks Managers

- Monitoring the risks under their remit, in accordance with the methodology and tools defined by the ERM Department
- Identification of events which may entail any likely risks and opportunities within the assigned scope of Responsibility, Reporting the necessary information to the ERM Department.
- Follow-up and notice of the risks management evolution, as well as the defined action plans.

Internal Audit

- Contributing to the improvement of risks management, control and governance processes, assuring to the Audit and Control Committee an effective supervision other than the internal control system and issuing recommendations for the Group which help reduce to reasonable levels the potential impact of risks which hamper the attainment of objectives of the Organization.
- Internal Audit function must always remain independent in respect of ERM System, and not be responsible for making any key decisions regarding its operation.

Senior Managers

- Raising awareness regarding the weight of the ERM System and its value for all the stakeholders of the Company, encouraging the creation of an all encompassing risks management culture.
- Provision of appropriate and sufficient resources to implement Risks Management activities.
- Validation of action and work plans resulting from the risks management process itself
- Follow-up of activities

Additionally, certain specific Committees have been set up in respect of the follow-up of the major risks:

- Expansion Committee
- Logistics Committee
- Committee of Ethics
- Business Monitoring Committee
- Code Compliance Supervisory Board

E.3 Indicate the main risks that could prevent attainment of business goals

In order to permit a standard and comprehensive management of risks, the Group has established a definition of risk valid for the whole Organization. Thus, the Group defines risk as: “any potential event which might have a negative impact on attainment of business objectives”.

Risks reviewed are classified and grouped in the following categories:

1. Business environment

These are risks stemming from external factors, connected with the Group’s business.

This category encompasses the risks regarding the difficulty in adjusting to the environment or market in which the company operates, whether as regards procurement processes or distribution and sale of goods processes. This is inherent in the fashion retail business and consists in

the eventual incapacity of the Group to follow and offer a response to the evolutions of its target market or to adjust to the new situations in procurement countries.

With this respect, demographic and social and economic changes in procurement or distribution countries, the new ways of communication that arise, and changes in consumption habits, or the consumption decline in certain markets are, *inter alia*, factors which may have an impact on the effective achievement of the business goals of the Group.

2. Regulatory risk

Those are risks to which the Group is exposed arising from the different laws and regulations in force in the different countries where it is present.

In order to facilitate management of the risks included in this category, they have been classified in accordance with their nature, into two groups: risks regarding the tax, customs, employment, trade and consumption and industrial and intellectual property regulations and risks associated to the remaining laws and regulations.

3. Reputation

Those are the risks which have a direct impact on the way the Group is perceived by its stakeholders (customers, employees, shareholders and suppliers) and by the Society in general.

These risks arise out of a potential improper management of the issues regarding the social responsibility and sustainability, the responsibility on account of the composition of products, as well as of the corporate image of the Group.

4. Human Resources

The main risks in the human resources area are those arising out of the potential dependence on key personnel and of the difficulty in properly identifying and managing talent, due to a lack of capacity of the Organization to meet the new expectation of the employment market, on account of changes in the set of values of new generations.

5. Operations

The main operational risks the Group has to face up to arise out of a potential difficulty in recognizing and taking in the ongoing changes in fashion trends, manufacturing, supplying and putting on the market new models meeting customers' expectation.

The risk arising out of the interruption of the transaction is linked with the likely occurrence of extraordinary events beyond the control of the Group (natural disasters, fires, strikes of haulers or suppliers, discontinuance in the supply of power or fuel, etc.) that might significantly affect normal operations.

Given the operative of the Group, the main risks included in this category are to be found at the logistics centres and in external operators charged with transporting the goods. The distribution of apparel, footwear, accessories and home ware for all the formats is based upon 13 logistics centres spread throughout the territory of Spain. Logistics operations are also ensured by other smaller distribution centres located in 7 different countries. The size and use of all logistics centres is optimized on account of the volume of each format or the specific requirements existing in each geographic area serviced. Namely, some of the above referred logistics centre specialize in distribution of goods associated with on-line sales. Location of such centres has been considered so that they may be versatile to undertake storage capacity and distribution of other centres in the event of any contingency resulting from any potential accidents or stoppage of the distribution activities.

Other risks included in this category are those associated to quality of products and to an inappropriate customer service and satisfaction.

As well as those associated to real estate management, in connection with the search and selection of business premises and their profitability.

6. Financial

In the regular conduct of its business, the Group is exposed to financial risks. Included in this category are foreign exchange risk, counterparty credit risk, liquidity risk and interest rates risk. Additionally, given the ever growing international dimension of the Group's business, the Company is exposed to the country risk in different markets.

The Euro is the functional currency of the Group. Its international transactions give rise to the use of a large number of other than the Euro, which gives rise to the foreign exchange risk.

The Group has various investments abroad, the net assets of which are exposed to exchange rate risk. As the consolidated financial statements of all the companies in the group are drafted in the functional currency, i.e., Euro, it is faced with the foreign exchange risk on account of translation, in respect of all its entities outside the European Union. The company is also faced with the risk resulting from transactions in currencies other than Euro of flows of collections and payments for acquisition of goods and rendering of services both in respect of transactions within the Group and outside the Group.

The Group is not exposed to significant concentrations of counterparty credit risk. Most of its revenue results from retail sales, where payment is primarily made in cash or through credit card. Anyway, the Group is faced with the risk that counterparties, mainly financial ones, would fail to comply with the obligations stemming from investment of cash or other financial and securities vehicles, and from derivatives used for financial risks hedging. With regard to the interest rate risk, direct exposure of the Group to such risk is rather scarce, considering the non existence of leverage.

However, as the value of financial assets depends upon the evolution of interest rates, the Group is exposed to such risk in terms of its financial investments.

Finally, the international nature of the Group's business determines the exposure to country risk in a growing number of markets.

7. Information for the decision making

The risks hereunder included are those linked to the appropriate information at all levels: transactional and operative, financing-accounting, management, budgeting and control.

These are not significant risks in relative terms, although the various departments of the Group and especially the Planning and Management Control Department and the Administration Department, which report to the Financial Division, are directly responsible for producing and supervising the quality of such information.

8. Technology and information systems

The risks hereunder covered are those linked to the technical infrastructure and the efficient management of information and of the computing and robotic networks. The risks connected with the physical and logical safety of the systems are also included.

9. Corporate Governance

This category includes the risk of not having the appropriate management of the Group which might entail a breach of the Corporate Governance and transparency standards.

E.4 Identify whether the entity has a risk tolerance level

The Inditex Group relies on standard criteria to identify, assess and prioritize risks, based upon the concept of risk tolerance as key tool.

It is incumbent on Senior Managers to establish risk tolerance and strategy, which must reflect the risk volume that the company is willing to assume to reasonably attain the goals and interests of the Group. Such tolerance is regularly updated, and at least every time the Group strategy changes.

Once the risks tolerance for strategic and business goals of the Group has been defined, it is duly disclosed to the Corporate Risks Manager, who determines the assessment scales of key business risks (impact, likelihood and readiness level).

E.5 State the risks which have materialized during the year

During the year, risks inherent in the business model, the activity of the Group and the market environment have materialized, as a result of

circumstances inherent in the development of business and the prevailing economic climate. Although none of them has had a significant impact on the Organization, materialization of foreign exchange had a higher weight.

The Group operates globally and therefore, it is exposed to the foreign exchange risks in respect of transactions in currencies, namely in US dollar, Russian ruble, Chinese renminbi, Mexican peso, sterling pound and Japanese yen. In the course of the year, depreciation of non euro currencies has had a 3 percentage points negative impact on the growth rate of net sales of the company.

The foreign exchange risk is managed pursuant to the guidelines set out by the Management of the Group, which mainly cover the establishment of financial or natural hedging systems, constant monitoring of foreign exchange rates flows and other measures aimed at mitigating such risk.

E.6 Explain the response and supervision plans for the main risks faced by the entity.

The Group relies on response plans seeking to reduce the impact and materialization likelihood of critical risks described under section E.3 above, or to improve the level of risk preparedness.

The main response plans for each risks category are explained below:

1. Business environment

In order to reduce the exposure to risk in this area, the Group carries out a feasibility research for each new market, business line or store, considering pessimistic scenarios, and subsequently monitors whether the expected figures are met or not. Moreover, the business model of the Group is not only based upon the management of new openings, but also on improvements in the efficiency and effectiveness of the markets, business lines and stores already existing, so that the growth achieved via expansion and diversification, be complemented by the organic growth of the current business.

In line with the foregoing, the expansion policy, the multi-brand format of the Group and the use of new technologies as an option for communicating and selling to our customers, represent a way to diversify this risk, which downplays the global exposure to this risk of the market.

2. Regulatory risk

In order to reduce the exposure to risk in this area and secure the appropriate enforcement of the prevailing local legislation in force, the corporate Legal, Tax, Industrial Property and Human Resources departments, as well as the General Counsel's Office work in coordination with the different supervisors and with the legal external advisors of each country or geographic area.

Special mention should be made of criminal regulatory risks. For the purposes of reducing such risks, the Group relies on a Manual on Criminal Risks Prevention, overseen by the Committee of Ethics.

The Internal Audit department conducts regulatory compliance audits on a regular basis with teams of independent professionals specializing in certain regulations which apply to business.

Additionally, the Environment Department carries out audits and leakage controls of wet processes and the Corporate Social Responsibility Department carries out social audits, as well as technical and production audits. All of them are carried out on a regular basis, together with teams of independent professionals, with a great command of the language as well as of the local labour and environmental legislation, to ensure the appropriate enforcement of both the labour requirements covered by the International Labour Organisation (ILO) Treaties and the Human Rights covered in the major Treaties that govern this subject.

3. Reputation

The Group has developed a Social Audit Program, based on the external and independent verification of the degree of implementation and compliance with the Code of Conduct for Manufacturers and Suppliers in order to minimize the potential risks of harming the image due to improper behaviours by third parties. Said program specifies the review procedures which secure the gathering of information and evidences on the minimum working conditions that all manufacturers, suppliers and external workshops must comply with. Additional information on this Program and on other programs is available in the Annual Report and on the corporate web.

In such sizable and visible organisations as the Group, some conflicts could arise out of an inappropriate relationship with third parties alien to the proceedings of the Group (CNVM, communication media, Investors, public authorities, etc.,).

The Group, through its Division of Communication and Institutional Relations, responsible for the centralized management of the communications with third parties and with the Corporate Social Responsibility Department, sets out the procedures and protocols required to minimize this risk. Likewise, given their relevance, the General Counsel's Office and the Capital Markets department are charged with managing specifically the relationship with CNMV and the latter is also charged with dealing with the investors.

Moreover, the large experience gained by the Group, given its long international career, allows it to minimize the risk attached to the difficulty in adapting its products and proceedings to the different social and cultural realities, uses and special features of specific markets, by setting up the right policies which allow it to identify and as the case may be, implement the required measures. Additionally, the Group controls and verifies the level of compliance with its health and safety of the products standards

("Safe to Wear" and "Clear to Wear"), as part of its production process.

The Group relies also on a Code of Conduct and Responsible Practices and a Code of Conduct for Manufacturers and Suppliers, whose enforcement and construction falls on the Committee of Ethics.

4. Human Resources

To minimize these risks, the Human Resources Department carries out continuous recruitment and hiring processes of new personnel. It has also developed a regular training program for its staff and has implemented specific systems:

- to combine quality in the performance of their duties by the employees and the satisfaction they may obtain at their workplace;
- to facilitate the exchange of jobs among those employees wishing to broaden their experience in the different areas of the Organisation
- to provide career opportunities to the most talented and willing persons within the Organization.

On the other hand, the work system implemented within the Organization favours the transfer of knowledge between the relevant employees in the different areas, thus minimizing the risk linked to depending excessively on the knowledge of key personnel. Additionally, the use of career development, training and compensation policies seeks to retain key employees.

To ensure the appropriate labour environment, the Human Resources department is governed by a series of acting rules which are thoroughly reviewed in the Performance section of the Annual Report.

On the other hand, a growing demand has arisen lately within the labour market, linked to the social responsibility of companies, which has become a key factor upon selecting a company for the job of choice. Therefore, such issues as equal opportunities or labour and work-family balance are *inter alia*, factors that the Company takes into account, with policies designed for such purposes.

With this respect, the INDITEX Group has implemented the Equal Opportunities Plan, with measures that seek to meet different goals, such as, *inter alia*: fostering the commitment and effective implementation of the equal opportunities principle between female and male employees, contributing to reduce inequality and imbalance, preventing labour discrimination, fostering the corporate commitment towards a better life quality, ensuring a healthy work environment and providing actions to promote family and work balance.

Likewise, the use of technology as a means for talent attraction,

development and retention is becoming a new trend within the employment market; therefore, the Group is promoting integration and optimization of its use globally within the Organization for the purposes of creating a virtual communication environment in line with employees' customs and preferences.

5. Operations

The Group reduces the exposure to this risk through a manufacturing and procurement system that ensures a reasonable flexibility to answer to the unforeseen changes in the demand by our customers. Stores are permanently in touch with the designer team, through the Product Management Department, and this allows perceiving the changes of taste of the customers. Meanwhile, the vertical integration of the transactions allows cutting the manufacturing and delivery terms as well as to reduce the stock volume, while the reaction capacity that allows to introduce new products throughout the season, is kept.

Given the relevance that an efficient logistics management has on the appearance of such risks, the Group conducts a review of all the factors which may have a negative impact on the target of achieving the maximum efficiency of the logistics management, to actively monitor such factors under the supervision of the Logistics Committee.

To mitigate the risk resulting from stoppage of operations, associated to the likelihood of occurrence of extraordinary events beyond the control of the Group, mainly in connection with logistics centres and external operators charged with trucking of goods, the size and use of all centres has been optimized, based upon the volume of each format or the specific requirements of the geographic area which they service. Namely, part of the above mentioned logistics centre specialize in distribution of goods sold on-line. The different centres have been set in such a manner as to be able to assume storage and distribution capacity from other centres in the event of any contingency resulting from potential accidents or stoppage of distribution activities.

Additionally, the Group takes active measures to reduce risk exposure, by keeping high levels of safety and protection in all its distribution centres, together with insurance policies covering both the potential property damage incurred by the facilities and stock, as well as any loss of profit which might arise out of any loss.

In order to ensure the growth of the Group and enhance the flexibility of its business model, the Logistics Expansion Plan assess the need and envisages, where appropriate, investing in new distribution centres or in the extension of the existing ones, so as to minimize the risk linked to the logistics planning and sizing. Additionally, investments are carried out towards the improvement and automation within the existing centres so as to increase their capacity and efficiency.

To minimize the risks attached to the quality of finished product, the Group resorts to different monitoring systems based upon defined standards

("Safe to Wear" and "Clear to Wear") whose implementation is mandatory within the production line, for all finished products, footwear and accessories.

To reduce exposure to the risk arising out of an improper customer satisfaction and service, the Group applies standard store service procedures, training and monitoring programs for store managers and assistants, and communication channels available for customers in order to ensure the quality of the sale and post sale service. Likewise, as a result of the introduction of a new sale channel through the online sale, certain mechanisms to follow-up the degree of satisfaction of customers regarding their online purchase have been set up. With this respect, Marketing and Internet departments of the two formats which currently offer online sale have prioritized the design of their websites, taking into account such premises, while, at the same time, making a large team of professionals available to support the queries, concerns or requests of the customers regarding their online purchase experience.

The Group reduces the risk linked to the real estate management, regarding the search and selection of business premises, through the monitoring of local markets where it operates and through the evaluation and supervision of new openings by the Expansion Committee.

6. Financial

In order to reduce foreign exchange risk, it must be managed in a proactive, sufficient and systematic manner; to achieve this, the Group has implemented the Foreign Exchange Risk Management Policy with the major goal of reducing potential economic losses and volatility in the financial statements resulting from such risk. Exchange exposure materializes in terms of net investment, translation and transaction risks. The above referred policy sets the guidelines to manage all such exposures.

Payment Management Policy addresses the principles leading to ensure compliance with Group's obligations, safeguarding its interests and setting up the required procedures and processes to ensure an effective and prompt payment management. Such policy determines the best manner, currency and terms to make payments, in economic, accounting and legal terms. Finally, the Payment Policy covers the potential exceptions and the procedure to authorize such exceptional payments. Meanwhile, the Proxies Policy determines the different proxies of Groups authorized to approve financial transactions on behalf of the Group, including payments, the level of authorization according to the Group to which they belong, the authorized amount of the transaction and the required pairing of proxies according to such criteria.

Under the current policy in force, exchange rate management is incumbent on the corporate Financial Management Department. Such policy lays down the review and follow-up procedures regarding exchange exposure and the potential hedging strategies, the procedure for acquiring derivatives and the recording and registration thereof. At present, forward

contracts are the main hedging instrument.

The Investment Policy of the Group, which aims at ensuring security, integrity and liquidity of financial assets of the company, provides the guidelines which need to be observed by counterparties and classifies them in panels in accordance with their rating and solvency profile and their relevance for the Group. Likewise, such Policy sets maximum exposure limits in terms of counterparty and provides procedures to ensure control, follow-up and monitoring of credit risk.

The Group has enough liquidity to undertake the funding requirements of its regular functional transactions and to face its future growth expectations. At present, the Group has no external debt and keeps on its balance sheet a sufficient position in very liquid assets (cash and cash equivalents). For the purposes of attending to any potential cash need, the Group relies on a sufficient number of loan agreements, both in Euro and in other currencies.

The Investment Policy of the Group also seeks to minimize the exchange rate risk by determining the nature, term and credit quality of the underlying integrating the investment vehicles of the company.

Such Policy sets guidelines with regard to the role of sovereign risk in terms of counterparty credit risk, and the influence thereof on financial assets and/or investment vehicles.

7. Information for the decision making

In order to reduce exposure to this kind of risks, the Group regularly reviews the management information disclosed to the relevant officers and invests in IT, follow-up and budgeting systems, among others.

With regard to the risks associated to financial reporting, the Group has set up an Internal Control System on Financial Reporting (*SCIIF*, *Spanish acronym*) aimed at achieving an ongoing follow-up and assessment of the main risks associated, which permits ensuring reasonably the reliability of the public financial information of the Group. Additional information on this issue is available in Section F of this report.

In addition, the consolidated Annual Accounts and those of each and every relevant company are subject to review by the independent auditors who are also in charge of carrying out certain audit works regarding the financial information. Likewise, as regards the most significant companies of the Group, independent auditors are requested to issue recommendations on internal control.

8. Technology and IT

To reduce exposure to this type of risks, the IT Division permanently monitors the streamlining and coherence of the systems, for the purposes of minimizing the number of software packages, maximising training of all

users involved in handling these and guaranteeing the security and stability required for the continuous development of the activities of the Group. The IT Division is governed by the IT Safety Policy.

Moreover, there are contingency systems in the event of computer stoppage, with double equipment and data storage somewhere other than the main Centre, which would reduce the consequences of any failure or stoppage.

9. Corporate Governance

In order to reduce these risks, compliance with the corporate governance system of the Company is required, which comprises the Articles of Associations, the Board of Directors' Regulations, the Regulations of the General Meeting of Shareholders, the corporate policies implemented for enterprise risk management, and the internal regulations of the Group (the Code of Conduct and Responsible Practices, the Code of Conduct for Manufacturers and Suppliers, and the Internal Regulations of Conduct regarding Transactions in Securities— hereinafter, IRC).

The Code Compliance Supervisory Board and the Code Compliance Officer are charged with overseeing and enforcing the IRC.

With regard to the Code of Conduct and Responsible Practices and the Code of Conduct for Manufacturers and Suppliers, the Committee of Ethics is responsible for the enforcement and construction thereof. Such Committee may act "ex officio" or further to a report made by any of Inditex's employees, manufacturer or supplier, or by any third party involved in a direct relationship and with a lawful business or professional interest, who submits a report in good faith.

With regard to corporate governance supervision, the Board of Directors and the Audit and Control Committee are the main governing bodies responsible for risks control.

1.- The Board of Directors

The Board of Directors is responsible for identifying the main risks for the Group and for organising the appropriate internal control and information systems.

2.- The Audit and Control Committee

The Audit and Control Committee assists the Board of Directors in its supervision and control duties by reviewing the internal control systems. The duties of the Audit and Control Committee are provided under the Articles of Association and the Board of Directors' Regulations.

The Board of Directors' Regulations provide that it is incumbent on the Audit and Control Committee, exclusively comprised of non-executive directors of the Group, to supervise the process for preparing and presenting the regulated financial information and the effectiveness of the

internal control systems of the Group, (namely, of the internal control system on financial information) and to check the appropriate type and integrity of said systems. Additionally, the Audit and Control Committee is charged with overseeing the Internal Audit Department of the Group, approving the budget of the Department and the Internal Audit Plan, the annual report of activities of the Internal Audit department and supervising the material and human resources thereof, whether internal or external, to discharge its duties.

The Internal Audit Department is directly linked to the Board of Directors, to which it reports, through the Audit and Control Committee, thus ensuring the full independence of its acts.

In accordance with the Internal Audit Charter of the Group, the mission of the Internal Audit function is that of contributing to the good running of the Group, by assuring an independent supervision of the internal control system, and by providing recommendations to the Group that help reduce to reasonable levels the potential impact of the risks that hinder the accomplishment of the objectives of the Organization.

Likewise, according to the Charter, the goals of the Internal Audit function are to promote the existence of appropriate internal control and risk management systems, the homogeneous and efficient application of internal control system policies and procedures which make up such internal control system and to serve as communication channel between the Organization and the Audit and Control Committee, in relation to those matters that are responsibility of Internal Audit.

F INTERNAL CONTROL AND RISKS MANAGEMENT SYSTEMS WITH REGARD TO FINANCIAL REPORTING (SCIIF, *SPANISH ACRONYM*)

Describe the mechanisms comprising the internal control and risks management systems with regard to financial reporting (SCIIF) of your entity

F.1 Entity's control environment

Give information describing the key features of at least:

F.1.1 Which bodies and/or functions are responsible for: (i) the existence and maintenance of an adequate and effective SCIIF; (ii) its implementation; and (iii) its monitoring.

- Board of Directors.

Apart for the matters reserved for the competence of the General Meeting, the Board of Directors is the highest decision-making, supervisory and controlling body of the Group, including being ultimately responsible for the existence and update of an appropriate and effective SCIIF.

The Board of Directors is entrusted with the direction, administration, management and representation of the Group, delegating in general the management of the day-to-day business of INDITEX to the executive bodies and to the management team and focusing on the general supervisory function, which includes guiding the policy of the Group, monitoring the management activity, assessing the management by the senior management, making the most relevant decisions for the company and liaising with the shareholders.

Pursuant to the provisions of the Articles of Association and the Board of Director's Regulations, it is incumbent on the Audit and Control Committee to oversee the process for preparing and releasing the regulated financial information, and monitoring the effectiveness of the SCIIF.

- Audit and Control Committee.

Among the financial and monitoring duties incumbent on the Audit and Control Committee, it is charged with overseeing the process of preparation and release of the financial information and the effectiveness of the internal control systems of the Group. With this respect, the Committee discharges, *inter alia*, the following functions:

- To oversee the effectiveness of internal control of the Group, the internal audit, and ERM systems.
- To oversee the process of preparation and release of the regulated financial information and the effectiveness of the internal control systems of the Company, and (in particular SCIIF) by checking the suitability and integrity of the same and by discussing with the external auditors of the Company the significant weaknesses of the internal control system revealed in the course of the audit.
- To periodically review the risk control and management policy and the management systems, which shall, at least address the different types of risks, the fixing of the risk level which is considered acceptable, the measures foreseen to mitigate the impact of the identified risks, and the systems of information and internal control.
- To review the Company's annual accounts and the periodic financial information that the Board of Directors must provide to the markets and the supervisory bodies, overseeing compliance with the legal requirements and with the correct application of generally accepted accounting principles.
- To inform the Board of Directors about any significant change in the accounting criteria and about risks arising from the balance sheet or from any other source.

Most members of the Audit and Control Committee are independent directors. The Committee meets on a quarterly basis as well as any time it is called by its Chairman. It has met 5 times during FY2013.

- Financial Division.

The *Dirección General de Finanzas* (Financial Division) (hereinafter, DGF *Spanish acronym*) is responsible for the design, implementation and update of an appropriate SCIF, as provided in the “*Procedure for Enterprise Risk Management in respect of financial information*”. Such procedure is part of the integral risks management system of the Group and it covers exclusively those risks which affect the financial information.

With this respect, DGF sets out and circulates the policies, guidelines and procedures associated with the creation of financial information, and is charged with ensuring the appropriate enforcement thereof within the Group.

- Internal Audit

Internal Audit is overseen by the Audit and Control Committee to which it reports. It is charged, *inter alia*, with supporting the Audit and Control Committee in overseeing the internal control of financial information systems, by performing specific audits about SCIF, requesting action plans to correct or reduce any weaknesses revealed and by following-up the implementation of the proposed recommendations.

F.1.2. Whether, especially in the process of drawing up the financial information, the following elements exist:

- **Departments and/or mechanisms in charge of: (i) the design and review of the organizational structure; (ii) defining clear lines of responsibility and authority, with an appropriate distribution of tasks and functions; and (iii) deploying sufficient procedures for the effective circulation within the company,**

The Board of Directors is responsible for designing and reviewing the organizational structure and the responsibility lines within the Group. The departments charged with drafting the financial information are found within such structure.

The Nomination and Remuneration Committee is charged with providing and reviewing the criteria to be followed in the recruitment of senior managers. Such body is composed of a majority of independent directors.

It is incumbent on such Committee, *inter alia*, to report any appointment and/or resignation of senior managers of the Group proposed to the Board of Directors by the chief executive pursuant to the provisions of section 15.2.(e) of the Board of Directors’ Regulations.

Senior managers and the Human Resources Division (hereinafter DRRHH, *Spanish acronym*) are charged with describing duties and responsibilities of each area. Additionally, the Compensation Department, reporting to the DRRHH regularly assesses the classification, description and duties of each position. Such functions are disclosed to each of the affected areas.

For the purposes of preparing financial information, the Group has clearly defined authority and responsibility lines. The main responsibility in preparing financial information falls with the DGF.

The DGF is responsible for the existence and appropriate dissemination within the Group, of the internal control policies and procedures required to ensure the reliable drafting of the financial information. Likewise, the DGF schedules the key dates and the reviews to be carried out by each responsible area.

The structure, size and definition of duties and tasks of each position within the financial area are defined by the DGF together with the DRRHH.

To carry out its activity, the DGF is organized in the following departments:

- Administration Department
- Planning and Management Control Department
- Financial Management Department
- Enterprise Risks Management Department
- Tax Department

The Group relies on financial organization structures to meet local requirements in each country where it operates, headed by a Chief Financial Officer who is charged, among other things with the following:

- Designing and setting local organizational structures fit for the performance of the financial tasks allocated;
 - Integrating into the local management the corporate financial policies defined by the Group;
 - Adapting corporate accounting and management systems to local requirements;
 - Enforcing the procedures which are part of the SCIIF of the Group and ensuring an appropriate segregation of functions at local level;
 - Launching and maintaining control forms through corporate IT tools-
- **Code of conduct, approving body, degree of dissemination and instruction, principles and values covered (stating any specific mentions to the recording of transactions and the drafting of financial information), body in charge of investigating breaches and proposing corrective or disciplinary action.**

The Board of Directors held on 17 July 2012 approved, after favorable report of the Audit and Control Committee, the Code of Conduct and Responsible Practices of the Inditex Group's (which replaces both the Internal Guidelines for Responsible Practices of the INDITEX Group's Personnel and the Code of Conduct) and the Code of Conduct for Manufacturers and Suppliers (which replaces the Code of Conduct for External Manufacturers and Workshops).

Therefore, the Group's conduct policies are covered in the following codes:

- The Code of Conduct and Responsible Practices.
 - The Code of Conduct for Manufacturers and Suppliers.
 - The Internal Regulations of Conduct regarding Transactions in Securities (hereinafter, the IRC).
- The Code of Conduct and Responsible Practices

The Code of Conduct and Responsible Practices provides the action lines which must be followed by the Group in the performance of its professional duties.

Its goal consists of exacting an ethical and responsible professional conduct from INDITEX and its entire workforce in the conduct of their business anywhere in the world, as a gist of its corporate culture upon which the training and the personal and professional career of its employees is based. For such purposes, the principles and values which shall govern the relationship between the Group and its stakeholders (employees, customers, shareholders, business partners, suppliers and the societies where its business model is implemented) are defined.

The Code of Conduct and Responsible Practices is based upon a number of general principles, *inter alia*, that according to which the operations of the INDITEX Group shall be developed under an ethical and responsible perspective; all persons, whether natural or legal, who maintain, directly or indirectly, any kind of professional, economic, social or industrial relationships with INDITEX shall be treated in a fair and honourable manner and that according to which, all the activities of Inditex shall be carried out in the manner that most respects the environment, promoting biodiversity preservation and sustainable management of natural resources.

One of the standards covered under the Code of Conduct and Responsible Practices is the "Obligation to Record Transactions", according to which:

"Any and all transactions carried out by Inditex which may have an economic impact shall be clearly and accurately shown on the appropriate records of accounts, as a true representation of the transactions carried out, and they shall be made available to the internal and external auditors."

Inditex's employees shall enter the financial information on the company's systems in a full, clear and accurate manner, so that they would show, as at the relevant date, their rights and obligations in accordance with the applicable regulations. Additionally, the accuracy and integrity of the financial information which, under the prevailing regulations in force shall be disclosed to the market shall be ensured.

Inditex undertakes to implement and maintain an appropriate internal control system on financial reporting, ensuring the regular supervision of the effectiveness of such system.

Accounting records shall be at all times made available to the internal and external auditors. For such purposes, Inditex undertakes to provide its employees with the necessary training for them to understand and comply with the commitments undertaken by the company regarding the internal control on financial information."

In order to ensure compliance with the Code of Conduct and Responsible Practices, there is a Committee of Ethics, composed of:

- The General Counsel and Code Compliance Officer
- The Internal Audit Director
- The Corporate Social Responsibility Director
- The Human Resources Director

The Committee of Ethics may act of its own motion or at the behest of any of INDITEX employees, manufacturer, supplier or any third party involved in a direct relationship and with a lawful commercial or professional interest, further to a report made in good faith.

The Committee of Ethics reports to the Board of Directors through the Audit and Control Committee and has the following duties:

- To supervise compliance with the Code and the internal circulation thereof to the Group's s personnel.
- To receive any manner of written instruments with regard to the enforcement of the Code and to send them, where appropriate, to the relevant body or Department which may be responsible for dealing with and settling such instrument.
- To monitor and supervise the management and settlement of any file.
- To solve any doubts which may arise, regarding the enforcement of the Code.
- To propose to the Board of Directors, after report from the Audit and Control Committee, any explanation or implementation rule which the enforcement of the Code may require, and at least, an annual report to review its enforcement.

- To supervise the Whistle Blowing Channel and compliance with the Procedure.

In the performance of its duties, the Committee of Ethics shall ensure:

- The confidentiality of all the information and background and of the acts and deeds performed, unless the disclosure of information is required by law or judicial order.
- The thorough review of any information or document that originated its action.
- The commencement of such proceedings that adjust to the circumstances, where it shall always act with independence and full respect of the right of the affected person to be heard as well as of the presumption of innocence.
- The indemnity of any employee as a result of bringing complaints in good faith to the Committee.

Decisions of the Committee of Ethics shall be binding for the INDITEX Group and for employees.

The Committee of Ethics submits a report twice a year, to the Board of Directors, reviewing its proceedings and the enforcement of the Code of Conduct and Responsible Practices.

Additionally, the Audit and Control Committee reports to the Board of Directors, on an annual basis as well as whenever this latter so requires, on the enforcement of the Code of Conduct and Responsible Practices and of the additional documents which comprise the regulatory compliance policy of the group from time to time in force.

- The Code of Conduct for Manufacturers and Suppliers

The Code of Conduct for Manufacturers and Suppliers defines minimum standards of ethical and responsible behaviour which must be met by the manufacturers and suppliers of the products commercialized by INDITEX in the course of its business, in line with the corporate culture of INDITEX Group, firmly based on the respect for human and labour rights

The Code, which shall be applied to all manufacturers and suppliers that take part in the purchasing, manufacturing and finishing processes, fosters general principles that define INDITEX's ethical behavior, i.e.: all INDITEX's operations are developed under an ethical and responsible perspective; all persons, individuals or entities, who maintain, directly or indirectly, any kind of employment, economic, social and/or industrial relationship with Inditex, are treated fairly and with dignity; all INDITEX's activities are carried out in a manner that most respects the environment; all manufacturers and suppliers (production centers that are not property of Inditex) fully adhere to these commitments and

undertake to ensure that the standards which are set forth in the Code of Conduct for Manufacturers and Suppliers are met.

Manufacturers of goods commercialized by INDITEX are bound to comply with this Code of Conduct for Manufacturers and Suppliers and with the Code of Conduct and Responsible Practices, to the extent that they are applicable to them. Likewise, the remaining suppliers of goods and services of the Group shall enforce both Codes where applicable to them.

- IRC

The Board of Directors approved on 20 July 2000, pursuant to the provisions of section 78 of Act 24/1988 of 28 July on the Stock Exchange and consistent rules, the "Internal Regulations of Conduct regarding Transactions in Securities of Inditex and its Corporate Group".

The IRC governs such issues as confidentiality of relevant information, conflicts of interest declarations, transactions in securities of INDITEX and its corporate group by individuals within its scope (affected or related parties), treasury stock and communication of relevant facts.

Two revised texts of the Internal Regulations of Conduct regarding Transactions in Securities were approved by the Board of Directors held on 20 March and 11 December 2003, respectively, for the purposes of adjusting them first to the new obligations introduced by the Financial Act and then to the recommendations included in the Aldama Report; as a result of such review, certain concepts were redefined and control on transactions in securities which might be eventually carried out by Affected Persons was enhanced, among others.

Said revised text was lastly amended further to a resolution of the Board of Directors dated 13 June 2006, for the purposes of adjusting its contents to the provisions of *Real Decreto* 1333/2005 of 11 November, whereby the Stock Exchange Act in the matter of market abuse was implemented.

Finally, there is a Code Compliance Supervisory Board which reports directly to the Audit and Control Committee of the Board of Directors. Such Supervisory Board is composed of:

- The Chairman and C.E.O.
- The General Counsel
- The Director of the Capital Markets Department, and
- The Head of Human Resources.

Such Supervisory Board is responsible for implementing procedures and implementation standards to enforce the IRC. Likewise, there is a Code Compliance Office which reports to the Nomination and Remuneration Committee. The General Counsel of the INDITEX Group is the Code Compliance Officer. The Code Compliance Office is charged, inter alia, with enforcing the conduct policies of stock exchanges and the

standards and procedures of the IRC on directors, officers, employees and any other person to which the IRC applies.

The proceedings of the companies which a part of the Group and of all people with access to such information which may be deemed to be relevant information, and namely, financial information, shall adjust to the following principles: regulatory compliance, transparency, collaboration, information, confidentiality and neutrality. Both the Code Compliance Supervisory Board and the Code Compliance Office shall ensure that the above referred principles are observed in respect of financial information.

With regard to the dissemination of the above referred regulations, it is incumbent on the Human Resources Department of the Group to circulate a copy of the Code of Conduct and Responsible Practices to any new employees upon their joining the organization. Likewise, such regulations are available on the corporate web page (www.inditex.com) and on the intranet, and are subject to the appropriate measures regarding disclosure, training and awareness-raising, so that they may be understood and implemented within the whole organization. Additionally, the Code of Conduct and Responsible Practices is also available on the stores TGT in most countries.

With regard to the IRC, the Code Compliance Office keeps a general documentary register of all Affected Persons (people to whom the IRC apply) and it is bound to inform them that they are subject to the provisions of the IRC and of any breaches and penalties which would arise, where appropriate, from an inappropriate use of Reserved Information.

Likewise, the Code Compliance Office shall inform the Affected Persons that they have been included on the General Documentary Register and about any other issues addressed by *Ley Orgánica* 15/1999, of 13 December on the Personal Data Protection.

- **Whistle blowing channel, for the reporting to the audit committee of any irregularities of a financial or accounting nature, as well as breaches of the code of conduct and malpractice within the organization, stating where appropriate, whether reports made through this channel are confidential.**

There is a Whistle Blowing Channel available to all employees of the Group, manufacturers, suppliers or third parties with any direct relationship and a lawful business or professional interest, regardless of their tier or geographic or functional location, so that they may report through this Whistle Blowing Channel any breach of Inditex's conduct and regulatory compliance policies which affect the Group, and which arise from any employees, manufacturers, suppliers or third parties with whom the Group has any direct employment, business or professional relationship

Therefore, any breach and any manner of malpractice may be reported, including those of a financial and accounting nature.

It is incumbent on the Committee of Ethics to oversee the Whistle Blowing Channel and the enforcement of the Whistle Blowing Channel Procedure.

The proceedings of such Channel are implemented in the Whistle Blowing Channel Procedure approved by the Board of Directors last 17 July 2012; such document is available on the corporate intranet.

Reports about any breach or any queries regarding the construction or application of internal conduct and regulatory compliance policies may be sent to the Company by post, for the attention of the Committee of Ethics (to Avenida de la Diputación, Edificio INDITEX, 15142 Arteixo, A Coruña); by e-mail to: (comitedeetica@inditex.com), or by fax (+34 981186211). The confidentiality of such reports is ensured

Upon receipt of the report, the Committee of Ethics verifies first whether it falls within its remit. If so, the Committee of Ethics will refer such report to the relevant department so that it would make the appropriate enquiry. Otherwise, the Committee of Ethics will order staying of proceedings.

In light of the findings reached further to the enquiry, the relevant department or department shall, having heard first the interested party, propose any of the following measures to the Committee of Ethics which will have final say:

- Remedy of the breach, if appropriate,
 - Proposal of penalties or relevant measures
 - Staying of proceedings, where no breach has been detected.
- **Training and refresher courses for personnel involved in preparing and reviewing financial information or evaluating SCIIF, which address, at least, accounting rules, auditing, internal control and risk management**

The Training and Development Department of the Group, which reports to the DRRHH, is charged with preparing, together with each of the areas reporting to the DGF and with internal Audit, training and refresher schemes for the different staff members involved in the preparing and overseeing the financial information of each and every company comprising the Group. Such schemes include, both general courses focusing on business expertise and knowledge of the different departments which make up the company, and specific schemes aimed at training and refreshing employees in respect of new regulatory changes in the matter of preparation and supervision of financial information.

- General Training

This training aims at the internal knowledge of each business unit, as well as of each department with their respective activities, functions

and duties within the business.

Pursuant to such training plan, employees begin by working at the stores, getting acquainted with the whole process of running a store. Then, they spend time at the different corporate departments at headquarters to finally visit any of the subsidiaries of the Group abroad.

- Specific training

Group employees involved in procedures associated with the drafting of financial information receive regular training and refresher courses focusing mainly on learning about local and international standards governing financial information

Within the financial environment, such training and refresher schemes are organized by the Training and Development Department which reports to the DRRHH:

At the beginning of each year, this Department prepares a "Training Scheme" encompassing the different courses, both external and internal, addressed to employees of the various departments comprising the DGF.

Training courses are provided on an annual basis for all new supervisors of financial areas in each country, in order to train them in respect of the management model of the INDITEX Group, and in the internal control system on financial information implemented by the Group.

Additionally, supplementary courses are taught by internal staff on the operation of financial software tools used in the preparation of financial information.

During FY2013 as a result of the launching of a new tool for Reporting and Consolidation, internal and external courses were taught to the staff involved in the drafting of the financial information on the proceedings and operations of such tool.

Likewise, during the year, the Group has launched new IT applications that have an impact on the preparation of the financial information, and specific training courses were offered.

A specific portal of the DGF is available on the intranet to all employees with the material from the main courses of general interest taught. This portal is also used to report domestic and international news within the financial, accounting and auditing scope. The foregoing and the subscriptions to specialized financial magazines make up a technical library available to the members of the departments comprising the DGF.

F.2. Risks assessment in financial reporting

Give information on at least:

F.2.1. The main features of the risk identification process, including error and fraud risks, with respect to:

- **Whether the process exist and is documented**

Within the Group, the process to identify risks has been documented in the *“Procedure for Enterprise Risks Management in respect of Financial Information”* prepared by the DGF and Internal Audit. This process helps identify and assess, on an annual basis, the risks which may lead to material mistakes in financial reporting.

- **Whether the process covers all the goals of financial information (existence and occurrence; integrity; assessment; submission, breakdown and comparison; rights and obligations); whether the information is updated and how often**

The above referred risks management process is based upon five stages:

- Gathering financial information
- Identification of the operation cycles with an impact on financial information
- Assessment or risks of the reporting of financial statements unit
- Prioritization of accounts criticality
- Checking risks versus operational cycles

As a result of such process, a scoping matrix of risks regarding financial information (Scoping Matrix of SCIF) is prepared. This Scoping Matrix allows the identification of material headings of financial statements, assertions or goals of financial information in respect of which any risks may exist, and the prioritization of operational processes which have an impact on financial information, by means of comparing financial statements with operational cycles associated with them.

The assessment process covers all the goals of financial information: (i) existence and occurrence; (ii) integrity; (iii) assessment; (iv) disclosure; (v) rights and obligations.

Further to the identification of potential risks, they are assessed on an annual basis based upon the business expertise and understanding of the management and upon materiality criteria.

Assessment criteria are established (i) from a quantitative perspective in accordance with such parameters as: turnover, size of assets and pre-tax

profit and (ii) from a qualitative perspective in accordance with different issues such as transactions standardizing and processes automation, composition, changes versus the previous year, complexity of accounting, likelihood of fraud or error or degree of use of estimates in book recording.

- **The existence of a process to identify the consolidation perimeter taking into account, *inter alia*, the potential existence of complex corporate structures or special purposes vehicles**

The Group relies on a Corporate Master of Companies wherein all the companies which are part of the Inditex Group are included. Such master is managed and updated in accordance with the “*Procedure for the Incorporation and Financing of Companies*”.

Recorded in such master are on the one hand, general information about companies, such as company name, accounting closing date and currency and on the other, legal details such as the date of incorporation, share capital, list of shareholders, stakes, and other relevant information. Legal Assistant’s Office is responsible for updating the master as regards legal information.

The External Reporting area, which reports to the Planning and Management Control Department determines on a quarterly basis the number of the companies which make up the Consolidation Perimeter as well as the consolidation methods which apply to each of the companies included in the above referred perimeter.

- **Whether the process takes into account the effects of other types of risks (operational, technological, financial, legal, reputational, environmental, etc.), to the extent that they might have an impact on financial statements**

The process for the assessment of financial information risks includes in addition to the above referred quantitative and qualitative factors, the main risks identified through the general risk map of the INDITEX Group.

Potential risks identified through the Scoping Matrix of financial information are added to the Risks Map of the Group. Such Map is regularly updated by the Enterprise Risks Management Department (reporting to the DGF) with the assistance of all the involved areas of the organization. Thus, the Group may consider the impact that the remaining risks regarding Business Environment, Reputation, Regulatory risks, Human Resources, Operations, Financial, Technology and IT Systems, Environmental, Governance and Management may have on financial statements.

- **Which governing body of the company is charged with overseeing the process.**

Finally, the whole process is overseen and approved on a yearly basis by the Audit and Control Committee.

F.3 Control activities

Give information on the main features if at least the following exist:

F.3.1. Procedures to review and authorize financial information and SCIIF description, to be disclosed to stock exchanges, stating who is in charge thereof, as well as the documentation describing the activities and control flows (including those concerning fraud risk) for the different types of transactions which may have a material impact on the financial statements, including the procedure for closing the accounts and the specific review of the relevant judgement, estimates, valuations and projections.

Pursuant to the Board of Directors' Regulations, it is incumbent on the Audit and Control Committee, among other things, to review the annual accounts and the periodic information that the Board of Directors must submit to the markets and their supervisory bodies, overseeing at all times compliance with the legal requirements and the appropriate use in the preparation of such information of generally accepted accounting standards.

Likewise, the above referred Regulations provide that the Audit and Control Committee will meet on a quarterly basis to review the periodic financial information to be submitted to the Stock Exchanges authorities and the information that the Board of Directors must approve and add to its annual public documentation.

The group relies on review and authorization mechanisms regarding the financial information on different levels:

- A first level of review carried out by the different local organizational structures
- A second level of corporate review (conducting analytical reviews of financial information reported by the above structures)
- A third level of control of compliance with internal control procedures regarding financial information.

Prior to the statement of the annual accounts and to the approval of the half-yearly financial statements, the DGF and External Auditors meet for the purposes of reviewing and assessing the financial information prior to submitting it to the Board of Directors.

The Audit and Control Committee submits this information to the Board of Directors which is responsible for approving it, prior to it being disclosed to the market.

The Group keeps duly documented in the relevant procedures all processes which it deems to entail a risk of a material impact on the preparation of the financial information.

Such procedures include controls which allow giving an appropriate answer to risks associated to the achievement of the goals regarding reliability and integrity of the financial information so as to prevent, detect, reduce and

correct the risk of any potential mistakes way in advance.

Additionally, procedures are represented in flow charts and control activities through scoping risks matrixes and controls. Each control activity is overseen by the relevant supervisor and is systematically carried out. Dissemination of procedures, flow charts and matrixes to staff members involved in the drafting of the financial information is carried out through the DGF portal of the Group available on the intranet, where they may be accessed by any member of the financial team. Such portal represents an additional work tool.

Each procedure is allocated to a manager charged with reviewing and updating it. Said updates are duly reviewed and authorized by the head of the area prior to their dissemination via the financial portal.

During FY2013 the group has commenced implementation and adjustment of the SAP GRC Process Control module which:

- Facilitates management of the control model in a single centralized environment
- Supports the assessment process based upon a hierarchic approval supported by Workflows
- Monitors the testing process at the different local organizational structures
- Streamlines the work of users by giving them notices of tasks to be carried out.

The following procedures should be underscored in accordance with their relevance, considering the business nature:

- Accounts payable
- Cash
- Stores sales
- Stock management
- Tangible fixed assets
- Taxes
- Accounting closure

The Group relies on procedures governing accounting closing, central purchases units and consolidated financial statements. This last procedure provides a section regarding *“Provisions, Opinions and Estimates”* which covers the main consolidated provisions, opinions and estimates, as well as the review and approval thereof by the DGF.

During the fiscal year and further to the launching of the new SAP GRC tool, all procedures connected with financial reporting have been updated and improved.

The DGF relies on another control tool, which complements the different documented procedures. Such tool consists of a number of indicators (KPIS, *“key performance indicators”*) which aim at evaluating the quality of financial information reported by the relevant managers of the Group companies. Such tool is available to the different units which create information. KPIS

are regularly reviewed by members of the different financial departments of companies, with the proposal, where appropriate, of corrective measures and specific action plans and the follow-up thereof.

F.3.2 Internal control policies and procedures for IT systems (including secure access, control of changes, system operation, continuity and segregation of functions) supporting the key process of the company regarding the drafting and publication of financial information.

The internal control framework of IT systems of the Group has been defined based upon a catalogue of IT processes (hereinafter, IT) which covers the whole activity associated to each system and a basic risks review associated to such processes. Thus, the internal control framework covers all the risks associated to each and every process.

The Computer Security area of the Group, which reports to the IT Division, aims at ensuring security of all computer processes by:

- Setting and disseminated regulations to ensure security. With this respect, the Policy for Information Security (PSI, *Spanish acronym*).
- Carrying out reviews aimed at verifying enforcement of such regulations.

The PSI serves as a benchmark which provides guidelines to be followed by the staff of the Inditex Group, for the purposes of ensuring computer security within all business processes; therefore, they also support the SCIIF. Guidelines provided in the Security Policy address the following issues:

- Assets classification and control
- Security versus human deeds
- Physical security and security of the environment
- Accesses control
- Systems, Communications and Transactions Management
- Systems Development and Update
- Business Continuity Management
- Management of Information Security Incidences
- Regulatory and Legal Compliance.

Additionally, regarding the design and implementation of applications, the Group has defined a methodological framework with different requirements aimed at ensuring that the solution implemented actually meets the functions demanded by users and so that the quality level meets the security standards set out.

Finally, the Group relies on contingency mechanisms and procedures, both technical and operational, which have been defined to ensure recovery of IT systems in case of lack of availability.

F.3.3 Internal control policies and procedures to oversee activities outsourced to third parties as well as the appraisal, calculation or assessment activities commissioned from independent experts, which may have any material impact on financial statements.

As a general rule, the INDITEX Group does not have any process with a relevant impact on financial information outsourced to any third party. The general policy of the Group lies in not outsourcing any activity which might have any material impact on its financial statements.

During FY2013, the following main activities entrusted to third parties have been identified, without their having any material impact on financial statements:

- Valuation of intangible assets and companies.
- Actuarial calculations.
- HRR-related services
- Valuation of derivatives

Such services are engaged by the managers of the relevant areas, ensuring the technical and legal qualifications and capacity of the individuals or companies hired.

F.4. Information and Communication

Give information on the main features if at least the following exist:

F.4.1 A specific function in charge of defining and updating accounting policies (accounting policies area or Department) and of settling doubts or conflicts arising from the construction thereof, which is in regular communication with those in charge of operations within the organization as well as an updated manual on accounting policies disclosed to the units through which the entity operates.

The External Reporting area within the Planning and Management Control department is responsible for drafting, publishing, implementing and updating the Manual of Accounting Policies of the Group. Such area has, among others, the following duties associated to accounting policies:

- Defining the accounting treatment of the transactions which make up the business of the Group.
- Defining and updating the accounting practices of the Group .
- Addressing accounting doubts raised by any company of the Group.
- Standardizing the accounting practices of the Group.

As previously stated, the Group relies on a manual of Accounting Policies of the Group drafted by the Consolidation and Reporting area. Such manual covers transactions inherent in the Groups' business.

The manual is regularly updated. For such updating procedure, the Consolidation and Reporting area includes all accounting changes arisen during the fiscal year which were already advanced to those in charge of drafting the financial statements.

The manual and the remaining documentation are available on the corporate intranet.

In February 2013, an update version of the manual on accounting policies has been published.

F.4.2 Mechanisms for the capture and preparation of financial information in standard format, which are enforced and used by all the units of the company or the Group, supporting the main financial statements and the notes thereto, as well as the disclosure concerning SCIIF.

The process for the capture and preparation of consolidated financial statements is centralized, falling on the External Reporting area which reports to the Planning and Management Control Department.

The Group relies on IT systems for the drafting of financial information of individual companies, which on the one hand allow the automatic recording of the different transactions, with the standard configuration of individual financial statements of each company within the Group, and on the other hand, provides the information required to draft the consolidated financial statements.

For the purposes of reporting financial information, the subsidiaries of the Group resort to a specific application whereby they include their financial statements and carry out the reconciliation of transactions and inter-group balances. The remaining part of the consolidation process (removal, adjustment, etc.) is carried out through another tool, specific to the Group.

Financial information reported to *CNMV* is drafted based upon consolidated financial statements gathered through the above referred tool, and based upon certain supplementary information reported by the subsidiaries, required to prepare the annual/half-year report. Contemporaneously, certain specific controls are exerted to confirm integrity of such information.

F.5. Supervision of the system's operation

Give information describing the main features of at least:

F.5.1 SCIIF supervision activities carried out by the audit committee and whether the entity has an internal audit function charged, inter alia, with supporting the audit committee in the monitoring of the internal system, including SCIIF. Likewise, give information on the scope of SCIIF assessment carried out

during the fiscal year, and of the procedure by which the person in charge of performing the assessment communicates its results, whether the entity has an action plan providing any potential corrective measures and whether the impact of such measures on the financial information has been considered

In particular, with regard to the monitoring activities about SCIF carried out by the Audit and Control Committee during the year, it has performed, inter alia, the following:

- It has reviewed the annual accounts of the Group and the periodic financial information, this latter on a quarterly basis, to be provided by the Board of Directors to the markets and its supervisory bodies, overseeing compliance with the legal requirements and the appropriate application of the generally accepted accounting standards upon drafting such information.
- It has proposed to the Board of Directors, the terms of the agreement to be executed with auditors, the scope of their professional mandate and, where appropriate, their removal or renewal, overseeing performance of the agreement and regularly assessing their results.
- As part of its monitoring duties regarding the Internal Audit Department, the Committee has approved the annual activities report of such Department, as well as its budget and the annual audit plan.
- It has reviewed the annual audit plan of external auditors, including the audit goals based upon the assessment of financial information risks, and the main areas involved or significant transactions which shall be reviewed during the fiscal year.
- It has reviewed with the external auditors and with Internal Audit the internal control weaknesses detected, where appropriate, in the course of audit and review assignments. Likewise, both external auditors and Internal Audit regularly report to the Audit and Control Committee the degree of enforcement of recommendations resulting from such assignments.

It has kept regular meetings with other corporate departments of the INDITEX Group for the purposes of overseeing the effectiveness of internal control systems of the Group, including SCIF, and verifying their suitability and integrity and the degree of implementation of action plans to meet audit recommendations.

Internal Audit is a corporate function included in the current organizational structure by means of a direct link to the Board of Directors, which ensures a full independence in the performance of its activities. Internal Audit reports to the Audit and Control Committee.

Management of the area is central from headquarters and it relies on representatives at such geographical areas where the presence of the Inditex Group justifies such existence. Additionally, the area is divided into

specialized areas, which permits to gather deeper knowledge on risks and processes.

Internal Audit's budget is approved on an annual basis by the Audit and Control Committee which provides for the human and material resources, both internal and external of the Internal Audit area.

Among the goals of the Internal Audit function are the assessment of risk exposure and the suitability and effectiveness of controls vis-à-vis risks identified and namely, those regarding reliability and integrity of financial and operational information.

Based upon the Scoping Matrix of SCIIF Risks, Internal Audit drafts a pluri-annual plan for the regular review of SCIIF of the Group which is submitted to the update and approval of the Audit and Control Committee on an annual basis.

Such pluri-annual plan envisages reviews of SCIIF for the main processes and geographical areas with a material impact on financial statements of the Group. Priority reviews are set in accordance with the risks identified. Suitability of such plan shall be reviewed every year, further to the update of the process to identify and assess financial information risks.

Namely, the design and effective operation of key transactional controls and of general controls on the main software tools involved in the preparation of the financial information, is subject to review, as well as the review of the general control environment.

Additionally, this review is complemented by the execution and review (KRI, *key risk indicators*) defined by Internal Audit on most critical risks areas, which have been designed to detect and reduce likelihood of risks and mistakes, including those of financial nature and fraud. Execution of such key risk indicators is centralized for all business units and geographical areas, pursuant to the annual plan.

In the implementation of its proceedings, Internal Audit relies on different audit techniques, mainly interviews, analytical reviews, specific transaction control tests, reviews of the effectiveness of software tools and material tests.

Likewise, Internal Audit carries out certain limited procedures of analytical review on consolidated financial statements for the first and third quarter of the year on consolidated information.

Results of the assignments, together with the corrective measures proposed, where appropriate, are reported to the DGF and the Audit and Control Committee. The implementation of such measures has been subsequently monitored by Internal Audit and reported to the Audit and Control Committee.

F.5.2 Whether there is a discussion procedure whereby the auditor, (in accordance with the provisions of the NTA), the internal audit function

and other experts may disclose to the senior management and to the audit committee or the directors of the company any significant internal control weaknesses identified in the course of the review of the financial statements or any other assignment entrusted Likewise, give information on whether there is an action plan to try and correct or reduce weaknesses observed

Internal Audit regularly reports to the Senior Management and the Audit and Control Committee the internal control weaknesses identified in the reviews of SCIIF of the Group, as well as the follow-up of the action plans set out to settle or reduce them.

Meanwhile the External Auditors regularly meet with the DGF and Internal Audit, both to gather information and to disclose any potential control weaknesses which they might detect, where appropriate, in the course of their work.

In the course of its meetings, the Audit and Control deals with the potential weaknesses in control which might have an impact on financial statements, requesting, where appropriate, from the affected areas the relevant information to assess any effects on the financial statements.

Section 43.4 of the Board of Directors' Regulations provides that: *"The Board of Directors shall endeavor to definitively prepare the accounts in such a manner that they do not give rise to qualifications on the part of the auditor. Nonetheless, when the Board considers that it must maintain its criterion, it shall publicly explain the content and scope of the discrepancy"*.

To meet the provisions laid down in the above referred section 43.4, any discussion or different view existing is anticipated in the meetings held between the Audit and Control Committee and the external auditors. Meanwhile, external auditors report, where appropriate, about the main improvement issues on internal control identified as a result of their work. Additionally, the Management reports on the degree of implementation of the relevant action plans set in train to correct or reduce the issues identified.

On the other hand, the Audit and Control Committee meets with the auditors of the individual and consolidated statements for the purposes of reviewing on the one hand the financial statements of the Group and on the other, certain half-yearly financial information that the Board of Directors must provide to the market and its supervisory bodies, overseeing compliance with legal requirements and the appropriate enforcement of generally accepted accounting standards

During FY2013, Internal Auditors have attended five meetings of the Audit and Control Committee and External Auditors three

F.6 Other relevant information



F.7. Report of the external auditor

The Group's Management team has decided to subject the information about SCIIF for FY2013 prepared by the Company's Management to the external auditor for review.

Report:

Where the information on SCIIF sent to the markets has been subject to the review of the external auditor; in such case, the company must attach the relevant report as an annex. Otherwise, it should provide the grounds for not doing so.

Translation of a report originally issued in Spanish. In the event of a discrepancy, the Spanish-language version prevails.

AUDITORS' REPORT ON THE "INFORMATION RELATING TO THE SYSTEM OF INTERNAL CONTROL OVER FINANCIAL REPORTING (ICFR)" OF INDUSTRIA DE DISEÑO TEXTIL, S.A. FOR 2013

To the Directors of
INDUSTRIA DE DISEÑO TEXTIL, S.A.:

As requested by the Board of Directors of Industria de Diseño Textil, S.A. ("the Entity") and in accordance with our proposal-letter of 15 January 2014, we have applied certain procedures to the accompanying "Information relating to the ICFR" of Industria de Diseño Textil, S.A. for 2013, which summarises the internal control procedures of the Entity in relation to its annual financial reporting.

The Board of Directors is responsible for adopting the appropriate measures in order to reasonably guarantee the implementation, maintenance and supervision of an adequate internal control system and for making improvements to that system and for preparing and establishing the content of the accompanying information relating to the ICFR system included in section F) of the accompanying Annual Corporate Governance Report (ACGR).

It should be noted in this regard, irrespective of the quality of the design and operational effectiveness of the internal control system adopted by the Entity in relation to its annual financial reporting, that the system can only permit reasonable, but not absolute, assurance in connection with the objectives pursued, due to the limitations inherent to any internal control system.

In the course of our audit work on the financial statements and pursuant to Technical Auditing Standards, the sole purpose of our assessment of the internal control of the Entity was to enable us to establish the scope, nature and timing of the audit procedures to be applied to the Entity's financial statements. Therefore, our assessment of internal control performed for the purposes of the aforementioned audit of financial statements was not sufficiently extensive to enable us to express a specific opinion on the effectiveness of the internal control over the regulated annual financial reporting.

For the purpose of issuing this report, we applied exclusively the specific procedures described below and indicated in the Guidelines on the Auditors' Report on the Information relating to the System of Internal Control over Financial Reporting of Listed Companies, published by the Spanish National Securities Market Commission on its website, which establishes the work to be performed, the minimum scope thereof and the content of this report. Since the work resulting from such procedures has, in any case, a reduced scope that is significantly less extensive than that of an audit or a review of the internal control system, we do not express an opinion on the effectiveness thereof, or on its design or operating effectiveness, in relation to the Entity's annual financial reporting for 2013 described in the accompanying information on the ICFR system. Therefore, had we applied procedures additional to those established in the aforementioned Guidelines or performed an audit or a review of the internal control over the regulated annual financial reporting, other matters or aspects might have been disclosed which would have been reported to you.

Also, since this special engagement does not constitute an audit of financial statements and is not subject to the Consolidated Spanish Audit Law, approved by Legislative Royal Decree 1/2011, of 1 July, we do not express an audit opinion in the terms provided for in that Law.

The procedures applied were as follows:

1. Perusal and understanding of the information prepared by the Entity in relation to the ICFR system - disclosure information included in the directors' report - and assessment of whether this information addresses all the information required considering the minimum content described in section F, relating to the description of the ICFR system, of the ACGR form, as established in CNMV Circular 5/2013 of 12 June 2013.
2. Inquiries of personnel in charge of preparing the information detailed in point 1 above for the purpose of achieving: (i) familiarisation with the preparation process; (ii) obtainment of the information required in order to assess whether the terminology used is adapted to the definitions provided in the reference framework; (iii) obtainment of information on whether the aforementioned control procedures have been implemented and are in use at the Entity.
3. Review of the explanatory documents supporting the information detailed in point 1 above, including documents directly made available to those responsible for describing the ICFR systems. In this respect, the aforementioned documentation includes reports prepared by the Internal Audit Department, senior executives or other internal or external experts providing support functions to the Audit Committee.
4. Comparison of the information detailed in point 1 above with the knowledge on the Entity's ICFR obtained through the procedures applied during the financial statement audit work.
5. Reading of the minutes taken at meetings of the Board of Directors, Audit and Control Committee and other committees of the Entity to evaluate the consistency between the ICFR business transacted and the information detailed in point 1 above.
6. Obtainment of the representation letter in connection with the work performed, signed by those responsible for preparing and formulating the information detailed in point 1 above.

The procedures applied to the information relating to the ICFR system did not disclose any inconsistencies or incidents that might affect the information.

This report has been prepared exclusively in the context of the requirements of Spanish Securities Market Law 24/1988, of 28 July, amended by Sustainable Economy Law 2/2011, of 4 March, and by CNMV Circular 5/2013 of 12 June 2013, published by the Spanish National Securities Market Commission for the purposes of the description of the ICFR system in Annual Corporate Governance Reports.

DELOITTE, S.L.



Manuel Arranz Alonso
March 19th, 2014

G	DEGREE TO WHICH THE GOOD GOVERNANCE RECOMMENDATIONS HAVE BEEN FOLLOWED
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Indicate the degree of conformance of the company to the recommendations of the Unified Good Governance Code.

If any recommendation is not complied with or complied in part by the Company, a detailed explanation of the reasons should be included, providing shareholders, investors and the market in general with sufficient information to assess the company's course of action. General explanations will not be acceptable.

- 1. The By-Laws of listed companies do not limit the maximum number of votes that can be cast by a single shareholder, or impose other obstacles to the takeover of the company by means of the acquisition of its shares on the market.**

See sections: A.10, B.1, B.2, C1.23 and C.1.24

Complies Explain

- 2. When both the parent company and a company controlled by it are listed companies, they both provide detailed public disclosure on:**

a) Their respective areas of activity, and any business dealings between them, as well as between the controlled listed company and other companies belonging to the group;

b) The mechanisms in place to resolve any conflicts of interest that may arise.

See sections: D.4, D.7

Complies Complies in part Explain Not applicable

- 3. Even if not expressly required under applicable commercial Laws, transactions involving a structural change of the company and, in particular, the following, are submitted to the shareholders at the General Meeting of Shareholders for approval:**

a) The transformation of listed companies into holding companies through "subsidiarization" or reallocating core activities to controlled entities that were previously carried out by the company itself, even if the latter retains full ownership of the former;

b) The acquisition or disposal of key operating assets, when it involves an actual change in the corporate purpose;

c) Transactions whose effect is tantamount to the liquidation of the company.

Complies Complies in part Explain

Although the case described under letter a) of this Recommendation is not expressly covered in the Regulations of the General Meeting of Shareholders, Chapter III of Act 3/2009 of 3 April on the structural amendments of private companies, expressly governs the segregation (full transfer on account of universal succession of one or several parts of the assets of one company, each of which sets an economic unit, to one or several companies, and the segregated company receives shares of the beneficiary companies) and the “subsidiarization” (full transfer of the assets of a company to a newly incorporated company, in exchange for the full stock of the beneficiary company) of private companies, by submitting the above referred transactions (segregation and subsidiarization) to the regulation of split-off, where appropriate. Therefore, such transactions which basically encompass the case referred to under letter a) of this Recommendation should be subject to the prior approval of the Annual General Meeting of Shareholders, pursuant to the provisions of the above referred Act.

Likewise, the cases described under letters b) and c) are expressly provided in Section 6.j) of the Regulations of the General Meeting of Shareholders as issues which need to be approved by the Annual General Meeting of Shareholders.

4. Detailed proposals of the resolutions to be adopted at the Annual General Meeting, including the information to which recommendation 28 refers, are made public at the time of publication of the notice of the General Meeting of Shareholders.

Complies Explain

5 Matters that are substantially independent are voted on separately at the General Meeting of Shareholders, in order to allow the shareholders to express their voting preferences separately. This rule applies, in particular:

a) To the appointment or ratification of directors, issues which shall be voted on individually;

b) In the event of amendments of the Articles of Association, to each article or group of articles that is substantially independent of one another.

Complies Complies in part Explain

6. **Companies allow split votes so financial intermediaries who are recorded as having shareholder status but act for different clients can divide their votes in accordance with the instructions given by such clients.**

Complies Explain

7. **The Board performs its duties with a unity of purpose and independent judgment, affording equal treatment to all shareholders in furtherance of the corporate interests, which shall be understood to mean the optimization, in a sustained fashion, of the financial value of the Company.**

It likewise ensures that in its dealings with stakeholders, the Company abides by the laws and regulations, fulfils its obligations and contracts in good faith, respects the customs and good practices of the industries and territories in which it operates and upholds any other social responsibility standards to which it has voluntarily adhered.

Complies Complies in part Explain

8. **The Board assumes responsibility, as its core mission, for approving the company's strategy and the organization required to put it into practice, and to ensure that Management meets the goals set while pursuing the company's interest and corporate purpose. As such, the Board in plenary session reserves for itself the right to approve:**

a) The company's policies and general lines of strategy, and in particular:

i) The Strategic or business Plan as well as the management goals and annual budgets;

ii) The investment and financing policy;

iii) The design of the structure of the corporate group;

iv) The corporate governance policy;

v) The corporate social responsibility policy;

vi) The policy for compensation and assessment of the performance of senior managers;

vii) The risk control and management policy, as well as the periodic monitoring of internal information and control systems.

viii) The dividend policy and the policy regarding treasury stock and, especially, the limits thereto.

See sections: C.1.14, C.1.16 and E.2

b) The following decisions:

i) At the proposal of the chief executive of the Company, the appointment and, if applicable, removal of senior managers, as well as their severance packages.

ii) The compensation of directors and, in the case of executive directors, the additional compensation to be paid for their executive duties and other terms of their contracts.

iii) The financial information that the Company must periodically disclose publicly due to its status as listed company.

iv) Investments or transactions of all kinds which are strategic in nature due to the large amount or special characteristics thereof, unless approval thereof falls upon the shareholders at the General Meeting of Shareholders.

v) The creation or acquisition of interests in special-purpose entities or entities registered in countries or territories regarded as tax havens, as well as any other transactions or operations of a similar nature whose complexity might impair the transparency of the group.

c) Transactions made by the company with directors, with significant shareholders or shareholders with Board representation, or with other persons related thereto (“related-party transactions”).

However, Board authorization need not be required in connection with related-party transactions that simultaneously meet the following three conditions:

1st They are governed by standard-form agreements applied on an across-the-board basis to a large number of clients;

2nd They are conducted at prices or rates generally set by the party acting as supplier of the goods or services in question;

3rd The amount thereof is not higher than 1% of the annual revenues of the Company

It is recommended that related-party transactions be approved by the Board after favourable report of the Audit and Control Committee or, where appropriate, such other committee handling the same function; and that the directors affected thereby should neither exercise nor delegate their votes, and should be absent from the meeting room while the Board deliberates and votes on the transaction.

It is recommended that the powers granted herein to the Board are conferred without the power of delegation, except for those mentioned under b) and c) above, which may, for urgent reasons, be adopted by the Executive Committee subject to subsequent ratification by the Board in plenary session.

See Sections D.1 and D.6

Complies Complies in part Explain

- 9. In order to operate effectively and in a participatory manner, the Board ideally is comprised of no less than five and no more than fifteen members.**

See section: C.1.2

Complies Explain

- 10. Non-executive proprietary and independent directors are a vast majority on the Board and the number of executive directors is the minimum necessary number, bearing in mind the complexity of the corporate group and the percentage interest held by the executive directors in the Company's share capital.**

See sections: A.3 and C.1.3.

Complies Complies in part Explain

- 11. Among non-executive directors, the relation between the number of proprietary directors and independent directors reflects the proportion existing between the share capital of the company represented by proprietary directors and the rest of its capital.**

This strict proportionality standard can be relaxed so that the weight of proprietary directors is greater than would correspond to the total percentage of the share capital that they represent:

1st In large cap companies, where few or no equity stakes attain the legal threshold as significant, but there are shareholders holding interests with a high absolute value.

2nd In case of companies with a plurality of shareholders represented on the Board but not otherwise related.

See sections: A.2, A.3 and C.1.3

Complies Explain

12 The number of independent directors represents at least one-third of the total number of directors.

See section: C.1.3

Complies Explain

13. The status of each director is explained by the Board at the General Meeting of Shareholders at which the shareholders are to make or ratify their appointment and that such status is confirmed or reviewed, as the case may be, annually in the Annual Corporate Governance Report, after verification by the Nomination and Remuneration Committee. Said report also discloses the reasons for the appointment of proprietary directors at the proposal of shareholders controlling less than 5% of the share capital, as well as the reasons for not having accommodated formal petitions, if any, for presence on the Board from shareholders whose equity stake is equal to or greater than that of others at whose proposal proprietary directors have been appointed.

See sections: C.1.3 and C.1.8

Complies Complies in part Explain

14. Where female directors are few or non-existent, the Board explains the reasons for this situation and the measures taken to correct it; and in particular, the Nominating Committee takes steps to ensure that, when new vacancies are filled:

a) Recruitment processes do not have an implied bias that hinders the recruitment of female directors;

b) The company deliberately seeks women with the target professional profile and includes them among the potential candidates.

See section: C.1.2., C.1.4, C.1.5, C.1.6, C.2.2 and C.2.4

Complies Complies in part Explain Not applicable

15. The Chairman, being responsible for the effective running of the Board, ensures that directors receive adequate information in advance of Board meetings; promotes debate and the active involvement of directors during Board meetings; safeguards their rights to freely take a position and express their opinion; and, working with the chairmen of the appropriate committees, organizes and coordinates regular assessments of the Board and, where appropriate of the Chief Executive Officer.

See section: C.1.19 and C.1.41

Complies Complies in part Explain

16. Where the Chairman of the Board is also the chief executive officer, one of the independent directors is authorized to request the calling of a Board meeting or the inclusion of new items on the agenda; to coordinate and echo the concerns of non-executive directors; and to lead the Board's assessment of the Chairman.

See section: C.1.22

Complies Complies in part Explain Not applicable

17. The Secretary of the Board takes particular care to ensure that the Board's actions:

a) Adhere to the letter and the spirit of laws and their implementing regulations, including those approved by the regulatory authorities;

b) Comply with the Articles of Association and the Regulations of the General Meeting of Shareholders, the Board of Directors' Regulations and other regulations of the company;

c) Are informed by those good governance recommendations included in this Unified Code as the company has subscribed to.

And, in order to safeguard the independence, impartiality and professionalism of the Secretary, his/her appointment and removal are reported by the Nominating Committee and approved by the Board in plenary session; and that such appointment and removal procedures are set forth in the Board's Regulations

See section: C.1.34

Complies Complies in part Explain

18. **The Board meets with the frequency required to perform its duties efficiently, in accordance with the calendar and agendas set at the beginning of the fiscal year, and that each Director is entitled to propose items of the agenda that were not originally included therein.**

See sections: C.1.29

Complies Complies in part Explain

19. **Directors' absences are limited to unavoidable cases and quantified in the Annual Corporate Governance Report. And when there is no choice but to grant a proxy, it is granted with instructions.**

See sections: C.1.28, C.1.29 and C.1.30

Complies Complies in part Explain

20. **Where directors or the Secretary express concerns about a proposal or, in the case of the directors, regarding the running of the company, and such concerns have not been resolved at a Board meeting, such concerns are recorded in the minutes at the request of the person expressing them.**

Complies Complies in part Explain Not applicable

21. **The Board in plenary session assesses the following on a yearly basis:**

a) **The quality and efficiency of the running of the Board;**

b) **On the basis of the report submitted by the Nomination and Remuneration Committee, the performance of their duties by the Chairman of the Board and by the chief executive officer;**

c) **The running of its Committees, on the basis of the report they submit;**

See section: C.1.19 and C.1.20

Complies Complies in part Explain

22. **All directors are able to exercise the right to request any additional information they require on matters within the Board's competence. Unless the Articles of Association or the Board provide otherwise, such requests are addressed to the Chairman or the Secretary of the Board.**

See section: C.1.41

Complies Explain

- 23. All directors are entitled to call on the company for the advice they need to carry out their duties. The company provides suitable channels for the exercise of this right, which, in special circumstances, may include external advice at the company's expense.**

See section: C.1.40

Complies Explain

- 24. Companies organize induction programs for new Directors to rapidly and adequately acquaint them with the Company and its corporate governance rules. Directors are also offered refresher training programs when circumstances so advise.**

Complies Complies in part Explain

- 25. Companies require that directors devote sufficient time and effort to perform their duties efficiently, and, as such:**

a) Directors inform the Nomination and Remuneration Committee of their other professional duties, in case they might detract from the necessary dedication;

b) Companies lay down rules about the number of boards on which their directors may sit.

See sections: C.1.12, C.1.13 and C.1.17

Complies Complies in part Explain

- 26. The proposal for the appointment or re-election of directors that the Board submits to the shareholders at the General Meeting of Shareholders, as well as their interim appointment through the co-option system, are approved by the Board:**

a) On the proposal of the Nomination and Remuneration Committee, as regards independent directors;

b) After report of the Nomination and Remuneration Committee, as regards the remaining directors.

See sections: C.1.3

Complies Complies in part Explain

27. Companies post the following information regarding directors on their websites, and keep such information updated:

a) Professional and biographical profile;

b) Other Boards of Directors of listed or unlisted companies on which they sit;

c) Indication of the director's category, stating, as regards proprietary directors, the shareholder they represent or to whom they are related.

d) Date of their first and subsequent appointments as a company director; and

e) Shares held in the company and options thereon held by them.

Complies Complies in part Explain

28. Proprietary directors tender their resignation when the shareholder they represent sells its entire shareholding interest. The appropriate number of them does likewise when such shareholder reduces its interest to a level that requires the reduction of the number of its proprietary directors.

See sections: A.2, A.3 and C.1.2

Complies Complies in part Explain

29 The Board of Directors does not propose the removal of any independent director prior to the expiration of the term, set in the Articles of Association, for which he/she was appointed, except where good cause is found by the Board upon a prior report of the Nomination and Remuneration Committee. In particular, good cause shall be deemed to exist whenever the director has failed to perform the duties inherent in his /her position or comes under any of the circumstances leading him/her to no longer being independent, pursuant to the provisions of Order EEC/461/2013.

The removal of independent directors may also be proposed as a result of Tender Offers, mergers or other similar corporate transactions that entail a change in the share capital structure of the Company, when such changes in the structure of the Board

follow from the proportionality standard mentioned in Recommendation 11.

See section: C.1.2, C.1.9 and C.1.27

Complies

Explain

Section 24 of the Board of Directors' Regulations requires a prior report of the Nomination and Remuneration Committee for the proposed early dismissal by any independent director before his/her tenure expires, but it has not been deemed necessary to include into these regulations the provision pursuant to which this proposal need not be submitted unless there is good cause. Anyway, no proposal for the early dismissal of any independent director has been submitted so far.

- 30. Companies establish rules obliging directors to report and, if appropriate, to resign in those instances as a result of which the credit and reputation of the company might be damaged and, in particular, they require that such directors report to the Board any criminal charges brought against them, and the progress of any subsequent proceedings.**

If a director is indicted or tried for any of the crimes described in Section 213 of the Act on Capital Companies, the Board examines the matter as soon as practicable and, in view of the particular circumstances thereof, decides whether or not it is appropriate for the director to continue to hold office. And the Board provides a substantiated account thereof in the Annual Corporate Governance Report.

See sections: C.1.42 and C.1.43

Complies Complies in part Explain

- 31. All directors clearly express their opposition when they feel that any proposed resolution submitted to the Board might be contrary to the best interests of the company. And in particular, independent directors and the other directors not affected by the potential conflict of interest do likewise in the case of decisions that could be detrimental to the shareholders lacking Board representation.**

Where the Board adopts material or reiterated resolutions about which a director has expressed serious reservations, such director draws the pertinent conclusion and if he/she chooses to resign, sets out the reasons in the letter referred to in the next Recommendation.

This Recommendation also applies to the Secretary of the Board, even if he/she is not a director.

Complies Complies in part Explain Not applicable

- 32. Directors who give up their place before their tenure expires, through resignation or otherwise, explain the reasons in a letter sent to all members of the Board. Without prejudice to such withdrawal being communicated as a relevant fact, the reason for the withdrawal is explained in the Annual Corporate Governance Report.**

See section: C.1.9

Complies Complies in part Explain Not applicable

- 33. Remuneration paid by means of delivery of shares in the company or companies that are members of the group, share options or instruments indexed to the price of the shares, and variable compensation linked to the company's performance or pension schemes is confined to executive directors.**

This recommendation shall not apply to the delivery of shares when such delivery is subject to the condition that the directors hold the shares until they cease to hold office as directors.

Complies Explain

- 34. The remuneration of non-executive directors is such as is necessary to compensate them for the dedication, qualifications and responsibility required by their position, but is not so high as to jeopardize their independence.**

Complies Explain

- 35. The compensation linked to company results takes into account any qualifications included in the external auditor's report that reduce such earnings.**

Complies Explain Not applicable

- 36. In the case of variable compensation, compensation policies include technical safeguards to ensure that such compensation**

reflects the professional performance of the beneficiaries thereof and not simply the general performance of the markets or of the industry in which the company does business or circumstances of this kind.

Complies

Explain

Not applicable

- 37 Where there is an Executive Committee (hereinafter, the “Executive Committee”), the breakdown of its members by director category is similar to that of the Board, and its secretary is the Secretary of the Board.**

See sections: C.2.1 and C.2.6

Complies

Complies in part

Explain

Not applicable

- 38. The Board is always kept informed of the matters dealt with and the resolutions adopted by the Executive Committee, and all members of the Board receive a copy of the minutes of the meetings of the Executive Committee.**

Complies

Explain

Not applicable

- 39 In addition to the Audit Committee mandatory under the Stock Exchange Act, the Board of Directors forms a single Nomination and Remuneration Committee as a separate committee of the Board, or a Nomination Committee and a Remuneration Committee.**

The rules governing the make-up and operation of the Audit and Control Committee and the Nomination and Remuneration Committee or committees are set forth in the Board’s Regulations, and include the following:

a) The Board appoints the members of such Committees, taking into account the background, knowledge, qualifications and experience of the Directors and the responsibilities of each Committee, discusses its proposals and reports, and receives a report, at the first meeting of the full Board following the meetings of such committees, on their activities and the work.

b) These Committees are formed exclusively of non-executive directors and have a minimum of three members. The foregoing is without prejudice to the attendance of executive directors or senior managers, when expressly resolved by the members of the Committee.

c) The Chairmen of the Committee are independent directors.

d) They may receive external advice, whenever they feel this is necessary for the discharge of their duties.

e) Minutes are prepared of their meetings, and a copy sent to all Board members.

See Sections: C.2.1 and C.2.4

Complies Complies in part Explain

40. Supervising compliance with internal codes of conduct and corporate governance rules is entrusted to the Audit and Control Committee, the Nomination and Remuneration Committee or, if they exist separately, to the Compliance or Corporate Governance Committee

See Sections C.2.3 and C.2.4

Complies Explain

41. The members of the Audit and Control Committee and, particularly, the Chairman thereof, are appointed taking into account their background, knowledge and experience in accounting, auditing and risk management matters.

Complies Explain

42. Listed companies have an internal audit function which, under the supervision of the Audit and Control Committee, ensures the smooth operation of the information and internal control systems.

See Sections: C.2.3

Complies Explain

43. The head of internal audit submits to the Audit and Control Committee his/her annual work plan; reports to it directly on any issues arising in the execution of such plan; and submits an activities report to it at the end of each fiscal year.

Complies Complies in part Explain

44. Risk control and management policy specifies at least:

a) The different types of risk (operational, technological, financial, legal, reputational, etc.) the company is exposed to, including

contingent liabilities and other off-balance sheet risks among financial or economic risks.

- b) The determination of the risk level the company sees as acceptable;**
- c) Measures in place designed to mitigate the impact of the risks identified, should they materialize;**
- d) The internal reporting and control systems to be used to monitor and manage the above risks, including contingent liabilities and off-balance sheet risks.**

See section: E

Complies Complies in part Explain

45. It is incumbent on the Audit and Control Committee:

1st With respect to the internal control and reporting systems:

- a) To monitor the preparation and the integrity of the financial information relating to the company and, if appropriate, to the group, checking compliance with legal requirements, the appropriate demarcation of the scope of consolidation, and the correct application of accounting standards.**
- b) To periodically review internal control and risk management systems so main risks are properly identified, managed and disclosed.**
- c) To ensure the independence and efficacy of the internal audit function; propose the selection, appointment, reappointment and removal of the head of the internal audit service; propose the department's budget; receive regular reports on its activities; and verify that senior management takes into account the findings and recommendations of its reports.**
- d) To establish and supervise a mechanism whereby staff can report, confidentially and, if appropriate, anonymously, potentially significant irregularities within the company that they detect, in particular financial or accounting irregularities.**

2nd With respect to the external auditor:

- a) To make recommendations to the Board for the selection, appointment, reappointment and replacement of the external auditor, and the terms of its engagement.**
- b) To receive regular information from the external auditor on the audit plan and the results of the implementation thereof, and**

check that senior management takes its recommendations into account.

c) To monitor the independence of the external auditor, to which end:

i) The company reports a change of auditor to the CNMV as a relevant fact, accompanied by a statement of any disagreements with the outgoing auditor and the reasons for the same.

ii) In the event of resignation of the external auditor, the Committee investigates the circumstances that may have given rise thereto.

See sections: C.1.36, C.2.3, C.2.4 and E.2

Complies

Explain

46. The Audit and Control Committee may cause any employee or officer of the company to appear before it, and even order their appearance without the presence of any other manager.

Complies

Explain

47 The Audit and Control Committee reports to the Board, prior to the passing thereby of the relevant resolutions, on the following matters specified in Recommendation 8:

a) The financial information that the Company must periodically make public due to its status as a listed company. The Committee should ensure that interim financial statements are prepared under the same accounting standards as the annual financial statements and, to this end, consider whether a limited review by the external auditor is appropriate.

b) The creation or acquisition of interests in special-purpose entities or entities registered in countries or territories considered tax havens, and any other transactions or operations of a comparable nature whose complexity might impair the transparency of the group.

c) Related-party transactions, unless such prior reporting duty has been assigned to another supervision and control committee.

See sections: C.2.3 and C.2.4

Complies Complies in part Explain

- 48. The Board of Directors endeavours to present the annual accounts to the shareholders at the Annual General S Meeting without reservations or qualifications in the auditor's report and, in the exceptional instances where they do exist, both the Chairman of the Audit and Control Committee and the auditors give a clear account to the shareholders of the content and scope of such reservations or qualifications.**

See section: C.1.38

Complies Complies in part Explain

- 49. The majority of the members of the Nomination Committee –or of the Nomination and Remuneration Committee, if one and the same– are independent directors.**

See sections: C.2.1

Complies Complies in part Explain

- 50. The Nomination and Remuneration Committee has the following duties, in addition to those stated in the earlier Recommendations:**

a) To assess the qualifications, background knowledge and duties and qualifications required of the candidates to fill each vacancy, and decide the time and dedication necessary for them to properly perform their duties.

b) To examine or organize, in the manner it deems appropriate, the succession of the Chairman and the chief executive and, if appropriate, make proposals to the Board for such succession to take place in an orderly and well-planned manner.

c) To report on senior manager appointments and removals that the chief executive proposes to the Board.

d) To report to the Board on the gender diversity issues discussed in Recommendation 14 of this Code.

See sections: C.2.4

Complies Complies in part Explain Not applicable

51. The Nomination and Remuneration Committee consults with the Company's Chairman and chief executive, especially on matters relating to executive directors.

And that any board member may request that the Nomination and Remuneration Committee consider possible candidates to fill vacancies for the position of director, if it finds them suitably qualified.

Complies Complies in part Explain Not applicable

52. The Nomination and Remuneration Committee is responsible for the following duties, in addition to those set forth in the earlier recommendations:

a) To propose to the Board of Directors:

i) The compensation policy for directors and senior managers;

ii) The individual compensation of executive directors and other terms of their contracts.

iii) The basic terms and conditions of the contracts with senior managers.

b) To ensure compliance with the compensation policy set by the company.

See sections: C.2.4

Complies Complies in part Explain Not applicable

53. The Nomination and Remuneration Committee consults with the Chairman and chief executive of the Company, especially on matters relating to executive directors and senior managers.

Complies Explain Not applicable

[H] OTHER INFORMATION OF INTEREST

1. If there is any other relevant aspect as regards corporate governance in the company or in group entities that has not been covered in this Report, but is necessary to include to provide more comprehensive and well grounded information on the corporate governance structure and practices in your entity or its group, detail them briefly

2. In this section, any other information, clarification or nuance may be included that is related to the previous sections of the report, to the extent that they are relevant and not reiterative.

In particular, indicate if the company is subject to different legislation than the Spanish legislation in corporate governance matters and, where appropriate, include the information that the company is obligated to provide which is different to that required in this report.

The company may also indicate if it has voluntarily signed up to other international industry-wide or any other codes of ethical principles or best practices. Where applicable, the code in question will be identified along with the date of signing.

The Company is subject to the Spanish legislation in corporate governance matters.

As previously stated, the Board of Directors of the Company approved on 17 July 2012, after report of the Audit and Control Committee, the Code of Conduct and Responsible Practices and amended the Code of Conduct for Manufacturers and Suppliers. The Board of Directors had also previously approved, in July 2000, the Internal Regulations of Conduct regarding Transactions in Securities of Industria de Diseño Textil and its corporate group.

Health and safety of the product standards willingly undertaken by INDITEX are:

- **Clear to Wear.** This is the Inditex Group's health of the product standard which is mandatory and general for all its finished products, footwear, accessories, fabrics and trimmings. It seeks to eliminate or regulate the use of such substances which use is restricted by law.
- **Safe to Wear.** This is the Inditex Group's safety of the product standard mandatory and general for its entire production. It has been developed in accordance with the most exacting and updated legislation in this area, and has been designed to ensure the security of all items commercialized by Inditex.

Codes and global commitments willingly undertaken by INDITEX are:

- **UNI GLOBAL UNION** (www.uniglobalunion.org). It encourages respect for and promotion of fundamental rights and decent work within the retail and distribution network. Date of adherence: 2 October 2009.
- **The United Nations Global Compact** (www.globalcompact.org). A United Nations initiative to encourage social dialogue between companies and the civil society. Date of adherence: 31 October 2001.

- **Ethical Trading Initiative (ETI)** (www.ethicaltrade.org). This is a dialogue Platform to improve working conditions of workers in developing countries. It is an alliance between companies, international trade unions, and non-governmental organizations. Date of adherence: 17 October 2005.
- **Framework Agreement with IndustriALL Global Union** (formerly, ITGLWF) (www.industrialunion.org). To promote essential human and social rights within Inditex's supply chain, including the definition of mechanisms of joint action within the supply chain to implement the Code of Conduct for Manufacturers and Suppliers. Date of adherence: 4 October 2007. Inditex and IndustriALL executed on 4 May 2012 the "Protocol to define the involvement of trade unions in the reinforcement of the International Framework Agreement within Inditex's supply chain."
- **Zero Discharge of Hazardous Chemicals in 2020.** Commitment towards restriction and elimination of certain chemicals in the process to manufacture goods. Date of execution: 27 November 2012.
- **ILO's Better Work Programme** (www.betterwork.org). Platform to improve compliance with labour regulations and competitiveness of global supply chains Adherence date: October 2007. In the course of this partnership, Inditex and Better Work executed on 9 October 2013 a specific collaboration agreement whereby Inditex becomes a direct buyer partner of the Better Work programme.
- **The CEO Water Mandate** (www.ceowatermandate.org). A United Nations initiative to support companies in the development, implementation and disclosure of their water-related strategies and policies. Adherence date: 30 June 2011.
- **Sustainable Apparel Coalition** (www.apparelcoalition.org). An initiative of the textile sector to set in train a joint sustainable index to assess the environmental performance of their suppliers during the production process. Adherence date: 20 October 2011.
- **Textile Exchange** (www.textileexchange.org). Platform to promote the growing of organic cotton, and global sustainability within the textile sector. Adherence date: 8 September 2010.
- **Better Cotton Initiative** (www.bettercotton.org). Initiative to develop and promote best practices in the traditional growing of cotton to benefit the farmers and the environment, and to ensure the future of the sector. Adherence date: 1 July 2011.
- **Code of Tax best practices.** It encourages a mutually cooperative relationship between the Tax Agency and the companies. Adherence date: 21 September 2010.

- **Collaboration agreement between the Ministry of Health and Consumption and the fashion sector in Spain**, dated 23 January 2007. It seeks to defend and promote the rights of Spanish consumers within the fashion world, namely regarding training, and the promotion of a healthy-looking appearance.
 - **Agreement on Buildings Safety in the Textile Industry in Bangladesh** dated 13 May 2013. This agreement has been executed by international brands and retailers, local and international trade unions and NGOs, for the purposes of ensuring lasting improvements in working conditions of the textile industry in said country.
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This annual corporate governance report was approved by the Board of Directors of the Company at its meeting of 18 March 2014.

Indicate whether any Directors voted against or abstained in connection with the approval of this Report.

Yes

No